

CITY OF KEENE, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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CITY OF KEENE NEW HAMPSHIRE

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2020**



**Prepared by:
The Finance Department**

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

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**INTRODUCTORY
SECTION**

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City of Keene

New Hampshire

February 17, 2021

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

The Keene Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Keene, New Hampshire (the City) for the fiscal year ending June 30, 2020. 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 2018 Census, the population in the 37.0 square miles of land known as the City of Keene was 23,056. 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>2020 Standing Committee Assignment</u>
Mayor	George S. Hansel	2021	N/A
Ward One Councilors	Janis O. Manwaring Raleigh C. Ormerod	2021 2023	Municipal Services, Facilities & Infrastructure Finance, Organization & Personnel
Ward Two Councilors	Mitchell H. Greenwald Robert C. Williams	2021 2023	Planning, Licenses and Development Municipal Services, Facilities & Infrastructure
Ward Three Councilors	Michael Giacomo Terry M. Clark	2023 2021	Municipal Services, Facilities & Infrastructure Finance, Organization & Personnel
Ward Four Councilors	Gladys Johnsen Catherine Workman	2023 2021	Planning, Licenses and Development Planning, Licenses and Development
Ward Five Councilors	Philip M. Jones Thomas F. Powers	2021 2023	Planning, Licenses and Development Finance, Organization & Personnel
At Large Councilors	Randy L. Filiault Bettina A. Chadbourne Kate M. Bosley Michael J. Remy Stephen L. Hooper	2021 2021 2021 2021 2021	Municipal Services, Facilities & Infrastructure Municipal Services, Facilities & Infrastructure Planning, Licenses and Development Finance, Organization & Personnel Finance, Organization & Personnel

*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 - COVID-19 has impacted economies all over the world with record-high unemployment rates. However, the City of Keene continued to report lower than federal and state unemployment rates. As reported by the New Hampshire Department of Employment Security,

Keene's unemployment rate was 7.1%; slightly lower than the state rate 7.4%, and 2.3% lower than the federal rate of 8.4% for 2020.

As the city struggles with the economic impact of the COVID-19 pandemic, tax collections surprisingly continued to trend high with 97.53% of the 2019 (FY20) tax warrant collected. However, due to the financial constraints COVID-19 has had on city residents and the local economy, the liening process for tax year 2019 did not transpire until September of 2020 with a lien amount of \$1,331,246, down slightly from \$1,386,997 for 2018 (FY19).

Economic Development

As we all know COVID-19 has affected communities throughout the country and state of New Hampshire. The effects on the local economy have varied due to the unique and diverse character of the City. Keene continues to move forward with economic development. The recently proposed changes and adoption of the Land Development Code is one example as to how the City is preparing for future needs and development plans.

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

- A new 50,000 square foot biomass fuel facility creating renewable energy in the form of wood chips was constructed in 2020 contributing to the area's sustainability.
- Opening in 2021, the redevelopment of a former industrial site into a new automobile related business.

The City continues to be successful in competing for and receiving grants that have leveraged other investments. In 2020, the City received two federal (CDBG) grants for projects amounting to \$500,000 each. The first project is for the acquisition and expansion of the Monadnock Food Co-op located in downtown Keene on Cypress Street. The second federal grant was awarded to Southwest Community Services for the acquisition and renovation of three shelters also located in the downtown area.

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

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

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

Guided by fiscal policy, anticipated capital expenditures are identified in the seven-year CIP, bi-annually, which forecasts projects anticipated within that time period with an estimated cost in excess of \$35,000 and anticipated useful life of at least five years. Individual project requests are consolidated into a capital program combined with revenue and operating cost projections to

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

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

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

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

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

The "base valuation" for computing the debt limit consists of the City's equalized assessed valuation plus property formerly taxed by the City prior to enactment of the State Business Profits Tax Law all as determined annually by the State of New Hampshire Department of Revenue Administration. For Keene, the "base valuation" for computing the debt limit is \$1,992,795,421 (2019).

Long-term debt outstanding from general obligation bonds and direct borrowings as of June 30, 2020 totaled \$32,223,503 and the amount authorized and unissued totaled \$8,891,000.

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

Retirement - Provision for the retirement of teachers and other municipal employees is handled via the New Hampshire Retirement System. The City of Keene currently has approximately 237 active and 170 retired members of the System and its predecessor programs.

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

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

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

As of June 30, 2019, the City has completed an actuarial valuation of its Post-Employment Benefits other than Pensions liability in accordance with GASB Statement 75. According to this report, the Total OPEB Liability was \$4,548,406 or 26.69% of covered payroll. As the City participates in the New Hampshire Retirement System, the City’s proportionate share of the medical subsidy was \$3,237,661 or 18.44% of covered payroll.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Keen for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The Certificate of Achievement award is valid for a period of one year only. The City believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

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

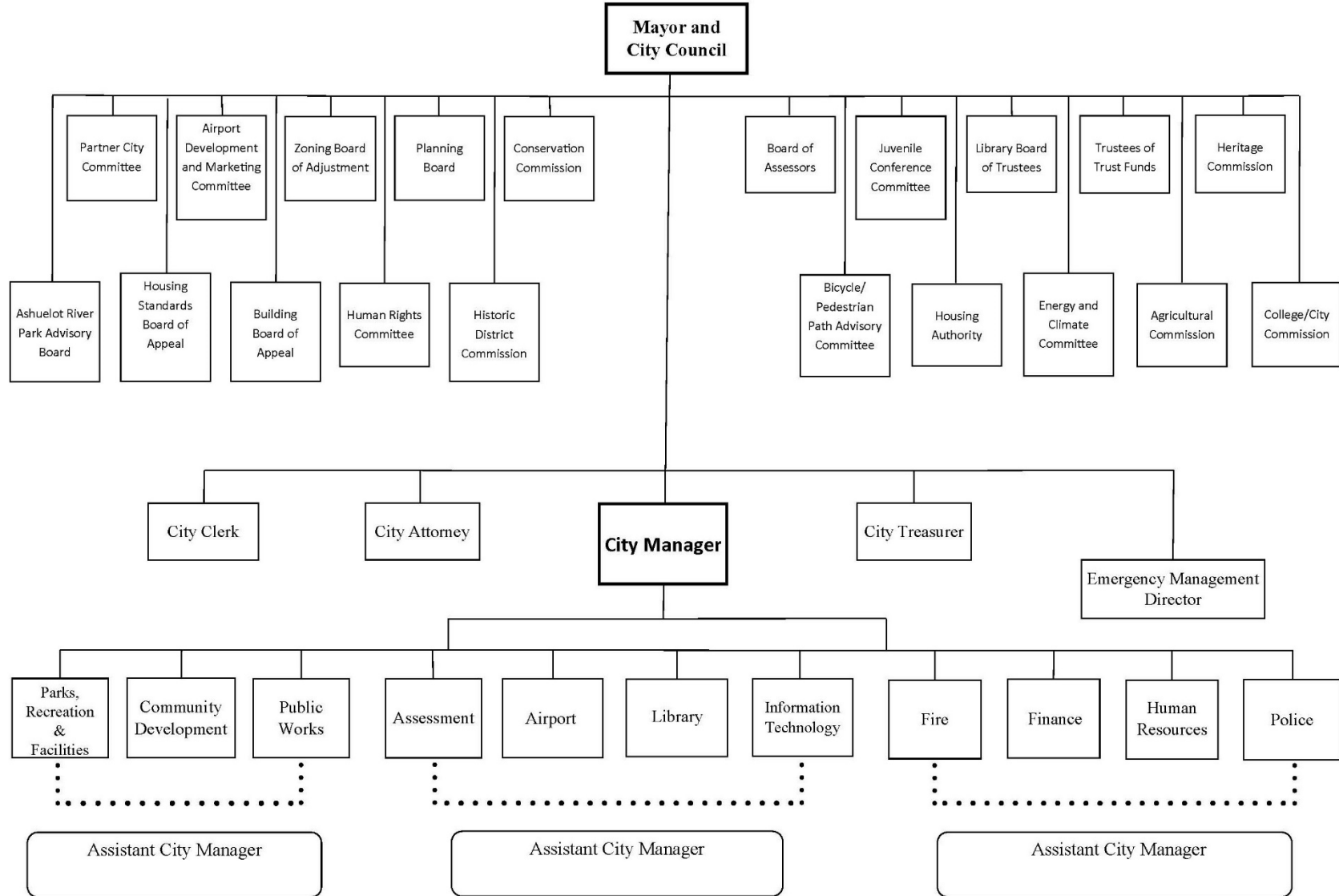
Thank you to the finance staff and all City departments for their cooperation and assistance in gathering the information contained in this report.

Respectfully submitted,

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

Merri E.B. Howe
Finance Director

**City of Keene
Organizational Chart**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Keene
New Hampshire**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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



The combining and individual fund financial statements and schedules appearing on pages 94 through 101 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections appearing on pages 3 through 11, and 106 through 122 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021 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.

A handwritten signature in black ink that reads "Melanson". The signature is written in a cursive, flowing style.

Merrimack, New Hampshire
February 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Keene, New Hampshire (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020.

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 required/other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, solid waste fund, and capital projects fund. Data from all other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Required/Other supplementary information (other than MD&A). 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 \$130,109,283 (i.e., net position), a change of \$7,188,557 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$34,252,111, a change of \$1,173,588 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,184,021, a change of \$2,481,401 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</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 60,284,861	\$ 58,266,475	\$ 20,496,925	\$ 19,722,091	\$ 80,781,786	\$ 77,988,566
Capital assets	96,687,639	96,739,551	58,902,856	58,337,995	155,590,495	155,077,546
Total assets	156,972,500	155,006,026	79,399,781	78,060,086	236,372,281	233,066,112
Deferred outflows of resources	5,223,622	6,126,346	369,902	420,955	5,593,524	6,547,301
Current liabilities	13,389,300	13,682,364	4,081,151	2,218,983	17,470,451	15,901,347
Noncurrent liabilities	62,516,059	67,187,017	10,950,166	12,883,564	73,466,225	80,070,581
Total liabilities	75,905,359	80,869,381	15,031,317	15,102,547	90,936,676	95,971,928
Deferred inflows of resources	20,501,410	20,328,415	418,436	392,344	20,919,846	20,720,759
Net investment in capital assets	73,675,189	69,956,379	49,350,970	47,115,869	123,026,159	117,072,248
Restricted	10,925,796	11,404,883	-	-	10,925,796	11,404,883
Unrestricted	(18,811,632)	(21,426,686)	14,968,960	15,870,281	(3,842,672)	(5,556,405)
Total net position	\$ 65,789,353	\$ 59,934,576	\$ 64,319,930	\$ 62,986,150	\$ 130,109,283	\$ 122,920,726

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 \$130,109,283, a change of \$7,188,557 in comparison to the prior year.

The largest portion of net position, \$123,026,159, 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, \$10,925,796, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(3,842,672) primarily resulting from unfunded pension and OPEB liabilities.

	CHANGES IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 12,971,125	\$ 13,526,115	\$ 10,090,661	\$ 10,093,050	\$ 23,061,786	\$ 23,619,165
Operating grants and contributions	4,268,360	3,406,882	34,500	-	4,302,860	3,406,882
Capital grants and contributions	2,371,339	4,876,546	390,293	220,561	2,761,632	5,097,107
General revenues:						
Property taxes	28,122,695	22,974,005	-	-	28,122,695	22,974,005
Payment in lieu of taxes	1,107,500	443,461	-	-	1,107,500	443,461
Penalties and interest on taxes	639,756	337,501	-	-	639,756	337,501
Investment income	766,490	1,486,136	340,798	389,885	1,107,288	1,876,021
Miscellaneous	592,586	346,105	-	-	592,586	346,105
Total revenues	50,839,851	47,396,751	10,856,252	10,703,496	61,696,103	58,100,247
Expenses:						
General government	8,152,525	7,216,829	-	-	8,152,525	7,216,829
Public safety	17,665,400	16,193,749	-	-	17,665,400	16,193,749
Public works	9,635,462	11,239,823	-	-	9,635,462	11,239,823
Welfare and human services	747,728	801,566	-	-	747,728	801,566
Airport	1,396,849	1,298,840	-	-	1,396,849	1,298,840
Library	1,540,768	1,654,529	-	-	1,540,768	1,654,529
Community development	1,468,186	1,435,562	-	-	1,468,186	1,435,562
Parks and facilities	3,629,902	3,455,725	-	-	3,629,902	3,455,725
Interest	771,454	604,575	-	-	771,454	604,575
Water	-	-	3,784,833	3,909,379	3,784,833	3,909,379
Sewer	-	-	5,737,639	5,839,543	5,737,639	5,839,543
Total expenses	45,008,274	43,901,198	9,522,472	9,748,922	54,530,746	53,650,120
Change in net position before permanent fund contributions	5,831,577	3,495,553	1,333,780	954,574	7,165,357	4,450,127
Permanent fund contributions	23,200	19,750	-	-	23,200	19,750
Change in net position	5,854,777	3,515,303	1,333,780	954,574	7,188,557	4,469,877
Net position - beginning of year	59,934,576	56,419,273	62,986,150	62,031,576	122,920,726	118,450,849
Net position - end of year	\$ 65,789,353	\$ 59,934,576	\$ 64,319,930	\$ 62,986,150	\$ 130,109,283	\$ 122,920,726

Governmental activities. Governmental activities for the year resulted in a change in net position of \$5,854,777 or 9.77%. The primary reasons for the positive change in net position are general fund operating results further discussed in Section D, along with the City’s practice of funding capital projects with own-source revenue (property taxes and capital reserve accounts) of approximately \$2.0 million, and receiving approximately \$610 thousand from the Federal Aviation Administration (FAA) for runway and taxiway extension.

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,333,780 or 2.12%. The primary reason for the positive change in net position relates to the City budgeting for an approximately \$1.2M increase to net position to ensure that rates and resources are maintained at a level to cover current and future operating/capital costs (cost recovery), as outlined in the City’s fiscal policies.

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 \$34,252,111, a change of \$1,173,588 in comparison to the prior year. Key elements of this change are as follows:

General fund operations (prior to transfers)	\$ 4,335,518
Solid waste fund operations	136,054
Capital project expenditures in excess of	(3,604,955)
Other	<u>306,971</u>
Total	\$ <u><u>1,173,588</u></u>

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

The capital project fund had a change in fund balance of \$(3,604,955) prior to transfers. This change is primarily the result of expending funds for capital projects that were funded by long-term debt in prior years.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,184,021, while total fund balance was \$20,037,543.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund tax levy. Refer to the following table:

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of Total General Fund Tax Levy</u>
Unassigned fund balance	\$ 13,184,021	\$ 10,702,620	\$ 2,481,401	15.7%
Total fund balance	\$ 20,037,543	\$ 16,648,667	\$ 3,388,876	23.9%

The unassigned fund balance of the general fund changed by \$2,481,401 which was primarily driven by positive budgetary results and close out of the prior year nonspendable fund balance.

The total fund balance of the general fund changed by \$3,388,876 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (645,461)
Property tax collections in excess of budget	1,143,552
Other revenues in excess of budget	505,413
Expenditures less than budget	1,643,303
Change in capital reserves	433,088
Other	<u>308,981</u>
Total	<u>\$ 3,388,876</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 and debt service.

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.

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

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>
Downtown Infrastructure and Facility	\$ 1,463,897	\$ 1,285,272	\$ 178,625
Bridges	768,976	750,880	18,096
Fire Equipment	571,777	713,269	(141,492)
Road and Sidewalk Infrastructure	394,160	-	394,160
Transfer/Recycle Facility	168,146	371,978	(203,832)
Other Capital Reserves	<u>848,960</u>	<u>661,429</u>	<u>187,531</u>
Total	<u>\$ 4,215,916</u>	<u>\$ 3,782,828</u>	<u>\$ 433,088</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 \$14,968,960, a change of \$(901,321) 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 \$184,206 for the purpose of funding construction costs of the Library Campus Development Project. This appropriation was funded by unassigned fund balance.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$155,590,495 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

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

- Purchase of police cars and radios
- Purchase of dump trucks
- Airport Weather Observing Station project
- Airport runway 14/32 reconstruction
- Library Campus Development project
- Goose Pond Dam rehab
- Various ongoing infrastructure improvements

Additional information on capital assets can be found in Note 10.

Long-term debt - At the end of the current fiscal year, total bonded debt outstanding was \$33,402,310 (inclusive of bond premiums), all of which was backed by the full faith and credit of the City.

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

Additional information on long-term debt can be found in Note 14.

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

COVID-19 has impacted the economy at the federal, state, and local levels. Unemployment rates have drastically increased by 6.7% locally as of June 2020. Cheshire County and State of New Hampshire also reported increases of 5.7% and 6.7% respectively. State and local economies stalled as COVID-19 shuttered businesses and health and safety guidelines placed limitations on customers and accessibility. City revenues for FY 2020 remained fairly stable with motor vehicle revenues ending the fiscal year \$103,130 higher than FY 2019 though ambulance fees, library and recreation programs, and interest earning experienced decreases. Property tax revenue collections remained consistent with previous years with 97.53% of the 2019 (FY20) tax warrant collected.

The economic impact of COVID-19 is expected to extend into the future. The city will plan and prepare accordingly utilizing the budgetary controls created and adopted in its fiscal policy. This policy outlines the budget guidelines that include preparing a balanced budget, unassigned fund balance amounts, debt service, as well as establishes a limitation on property tax revenue increases, and it will guide the budgeting process and tax rate setting for the upcoming fiscal year.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

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CITY OF KEENE, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 52,309,772	\$ -	\$ 52,309,772
Investments	7,270,196	9,287,116	16,557,312
Receivables, net of allowance for uncollectibles:			
Property taxes	419,286	-	419,286
User fees	-	3,696,853	3,696,853
Accounts receivable	915,168	11,082	926,250
Notes receivable	-	270,197	270,197
Intergovernmental	1,553,498	20,000	1,573,498
Internal balances	(5,042,840)	5,042,840	-
Due from external parties - fiduciary funds	7,750	-	7,750
Prepaid items	98,793	-	98,793
Inventory	246,284	281,470	527,754
Other assets	<u>31,612</u>	<u>-</u>	<u>31,612</u>
Subtotal current assets	57,809,519	18,609,558	76,419,077
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	2,155,342	-	2,155,342
Notes receivable	320,000	1,887,367	2,207,367
Capital assets:			
Land and construction in progress	25,385,819	5,564,716	30,950,535
Capital assets, net of accumulated depreciation	<u>71,301,820</u>	<u>53,338,140</u>	<u>124,639,960</u>
Subtotal noncurrent assets	99,162,981	60,790,223	159,953,204
Deferred Outflows of Resources			
Related to pensions	4,374,823	255,798	4,630,621
Related to OPEB	693,072	78,658	771,730
Other	<u>155,727</u>	<u>35,446</u>	<u>191,173</u>
Total Assets and Deferred Outflows of Resources	162,196,122	79,769,683	241,965,805
Liabilities			
Current:			
Warrants payable	817,827	503,889	1,321,716
Accounts payable	697,813	330,161	1,027,974
Accrued liabilities	917,953	76,606	994,559
Payroll withholdings	2,404,459	-	2,404,459
Tax refunds payable	3,547,939	-	3,547,939
Unearned revenue	-	1,481,202	1,481,202
Other current liabilities	521,246	58,845	580,091
Current portion of long-term liabilities:			
Bonds payable	3,527,687	1,597,420	5,125,107
Tax increment financing bonds payable	568,000	-	568,000
Other liabilities	<u>386,376</u>	<u>33,028</u>	<u>419,404</u>
Subtotal current liabilities	13,389,300	4,081,151	17,470,451
Noncurrent:			
Bonds payable, net of current portion	17,184,014	7,973,189	25,157,203
Tax increment financing bonds payable, net of current portion	2,552,000	-	2,552,000
Net pension liability	32,417,388	1,895,460	34,312,848
Total/Net OPEB liability	7,001,797	784,270	7,786,067
Other liabilities, net of current portion	<u>3,360,860</u>	<u>297,247</u>	<u>3,658,107</u>
Subtotal noncurrent liabilities	62,516,059	10,950,166	73,466,225
Deferred Inflows of Resources			
Related to pensions	2,279,055	133,258	2,412,313
Related to OPEB	1,423,836	217,787	1,641,623
Other	<u>16,798,519</u>	<u>67,391</u>	<u>16,865,910</u>
Total Liabilities and Deferred Inflows of Resources	96,406,769	15,449,753	111,856,522
Net Position			
Net investment in capital assets	73,675,189	49,350,970	123,026,159
Restricted for:			
Grants and other statutory restrictions	4,969,047	-	4,969,047
Permanent funds:			
Nonexpendable	5,668,799	-	5,668,799
Expendable	287,950	-	287,950
Unrestricted	<u>(18,811,632)</u>	<u>14,968,960</u>	<u>(3,842,672)</u>
Total Net Position	<u>\$ 65,789,353</u>	<u>\$ 64,319,930</u>	<u>\$ 130,109,283</u>

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

CITY OF KEENE, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 8,152,525	\$ 3,955,780	\$ 2,480,036	\$ -	\$ (1,716,709)	\$ -	\$ (1,716,709)
Public safety	17,665,400	2,363,133	1,470,765	-	(13,831,502)	-	(13,831,502)
Public works	9,635,462	5,380,272	234,973	1,638,172	(2,382,045)	-	(2,382,045)
Welfare and human services	747,728	22,279	35,171	-	(690,278)	-	(690,278)
Airport	1,396,849	426,562	9,473	612,861	(347,953)	-	(347,953)
Library	1,540,768	29,480	4,487	120,306	(1,386,495)	-	(1,386,495)
Community development	1,468,186	389,114	-	-	(1,079,072)	-	(1,079,072)
Parks and facilities	3,629,902	404,505	33,455	-	(3,191,942)	-	(3,191,942)
Interest	771,454	-	-	-	(771,454)	-	(771,454)
Total Governmental Activities	45,008,274	12,971,125	4,268,360	2,371,339	(25,397,450)	-	(25,397,450)
Business-Type Activities							
Water	3,784,833	4,055,576	34,500	-	-	305,243	305,243
Sewer	5,737,639	6,035,085	-	390,293	-	687,739	687,739
Total Business-Type Activities	9,522,472	10,090,661	34,500	390,293	-	992,982	992,982
Total	\$ 54,530,746	\$ 23,061,786	\$ 4,302,860	\$ 2,761,632	(25,397,450)	992,982	(24,404,468)
		General Revenues					
		Property taxes			28,122,695	-	28,122,695
		Payment in lieu of taxes			1,107,500	-	1,107,500
		Penalties and interest on taxes			639,756	-	639,756
		Investment income			766,490	340,798	1,107,288
		Miscellaneous			592,586	-	592,586
		Permanent fund contributions			23,200	-	23,200
		Total general revenues and permanent fund contributions			31,252,227	340,798	31,593,025
		Change in Net Position			5,854,777	1,333,780	7,188,557
		Net Position					
		Beginning of year			59,934,576	62,986,150	122,920,726
		End of year			\$ 65,789,353	\$ 64,319,930	\$ 130,109,283

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2020

	General	Solid	Capital	Nonmajor	Total
	<u>Fund</u>	<u>Waste</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets					
Cash and short-term investments	\$ 51,477,668	\$ -	\$ -	\$ 832,104	\$ 52,309,772
Investments	683,768	-	-	5,971,936	6,655,704
Receivables:					
Property taxes, net	2,814,578	-	-	-	2,814,578
Accounts receivable, net	372,601	465,634	-	74,056	912,291
Intergovernmental	6,914	-	1,240,962	305,622	1,553,498
Due from other funds	-	2,123,493	2,518,227	1,400,215	6,041,935
Advance to other funds	-	603,190	-	-	603,190
Prepaid items	98,793	-	-	-	98,793
Other assets	<u>31,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,612</u>
Total Assets	\$ <u>55,485,934</u>	\$ <u>3,192,317</u>	\$ <u>3,759,189</u>	\$ <u>8,583,933</u>	\$ <u>71,021,373</u>
Liabilities					
Warrants payable	\$ 328,469	\$ 37,029	\$ 349,046	\$ 50,297	\$ 764,841
Accounts payable	83,825	443,154	119,989	30,407	677,375
Accrued liabilities	423,553	24,559	1,380	223,415	672,907
Payroll withholdings	2,404,458	-	-	-	2,404,458
Due to other funds	11,966,887	36,563	-	5,032	12,008,482
Advance from other funds	603,190	-	-	-	603,190
Other liabilities	<u>521,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,246</u>
Total Liabilities	16,331,628	541,305	470,415	309,151	17,652,499
Deferred Inflows of Resources					
Unavailable revenues	2,389,551	-	-	-	2,389,551
Taxes collected in advance	16,727,212	-	-	-	16,727,212
Fund Balances					
Nonspendable	98,793	-	-	5,668,799	5,767,592
Restricted	-	-	1,742,577	2,605,983	4,348,560
Committed	5,607,279	2,651,012	1,868,838	-	10,127,129
Assigned	1,147,450	-	-	-	1,147,450
Unassigned	<u>13,184,021</u>	<u>-</u>	<u>(322,641)</u>	<u>-</u>	<u>12,861,380</u>
Total Fund Balances	<u>20,037,543</u>	<u>2,651,012</u>	<u>3,288,774</u>	<u>8,274,782</u>	<u>34,252,111</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>55,485,934</u>	\$ <u>3,192,317</u>	\$ <u>3,759,189</u>	\$ <u>8,583,933</u>	\$ <u>71,021,373</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, 2020

Total governmental fund balances	\$	34,252,111
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.		93,875,784
Deferred outflows of resources are the consumption of net position applicable to future reporting periods, and therefore, are not reported in governmental funds:		
Related to pensions		4,374,823
Related to OPEB		693,072
Losses on refunding bonds		155,727
Revenues are reported on the accrual basis of accounting and are not deferred until collection.		2,149,608
Long-term notes receivable not due in the current period are not reported in the funds.		320,000
Tax refunds payable not due and payable in the current period, and therefore, are not reported in the funds.		(3,547,939)
Internal service funds are used to account for the financing of services provided by one department to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,464,310
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(230,542)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:		
Bonds payable		(20,711,701)
Tax increment financing bonds payable		(3,120,000)
Net pension liability		(32,417,388)
Total/Net OPEB liability		(7,001,797)
Other long-term liabilities (compensated absences and landfill liability)		(3,692,517)
Deferred inflows of resources are the acquisition of net position applicable to future reporting periods, and therefore, are not reported in governmental funds:		
Related to pensions		(2,279,055)
Related to OPEB		(1,423,836)
Gains on refunding bonds		(71,307)
Net position of governmental activities	\$	<u>65,789,353</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, 2020

	General <u>Fund</u>	Solid Waste <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues					
Property taxes	\$ 28,903,215	\$ -	\$ -	\$ 836,230	\$ 29,739,445
Charges for services	2,425,244	4,664,846	90,900	1,144,983	8,325,973
Intergovernmental	3,115,877	-	701,473	1,413,700	5,231,050
Licenses and permits	4,096,909	56,262	-	45,737	4,198,908
Investment income (loss)	684,851	69,958	-	(22,732)	732,077
Contributions	-	-	234,488	157,359	391,847
Miscellaneous	<u>174,664</u>	<u>30,403</u>	<u>249,080</u>	<u>131,031</u>	<u>585,178</u>
Total Revenues	39,400,760	4,821,469	1,275,941	3,706,308	49,204,478
Expenditures					
General government	6,132,800	-	-	957,207	7,090,007
Public safety	14,068,250	-	-	1,758,135	15,826,385
Public works	2,517,710	4,543,565	-	59,034	7,120,309
Welfare and human services	747,620	-	-	-	747,620
Airport	650,399	-	-	-	650,399
Library	1,403,318	-	-	53,433	1,456,751
Community development	1,422,219	-	-	-	1,422,219
Parks and facilities	3,370,228	-	-	80,503	3,450,731
Debt service:					
Principal	3,874,575	58,500	-	520,000	4,453,075
Interest	878,123	18,350	-	69,025	965,498
Capital outlay	<u>-</u>	<u>-</u>	<u>4,880,896</u>	<u>-</u>	<u>4,880,896</u>
Total Expenditures	<u>35,065,242</u>	<u>4,620,415</u>	<u>4,880,896</u>	<u>3,497,337</u>	<u>48,063,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,335,518	201,054	(3,604,955)	208,971	1,140,588
Other Financing Sources (Uses)					
Transfers in	1,299,906	-	1,988,270	12,081	3,300,257
Transfers out	<u>(2,246,548)</u>	<u>(65,000)</u>	<u>(163,996)</u>	<u>(791,713)</u>	<u>(3,267,257)</u>
Total Other Financing Sources (Uses)	<u>(946,642)</u>	<u>(65,000)</u>	<u>1,824,274</u>	<u>(779,632)</u>	<u>33,000</u>
Change in Fund Balance	3,388,876	136,054	(1,780,681)	(570,661)	1,173,588
Fund Balances at Beginning of Year	<u>16,648,667</u>	<u>2,514,958</u>	<u>5,069,455</u>	<u>8,845,443</u>	<u>33,078,523</u>
Fund Balances at End of Year	\$ <u>20,037,543</u>	\$ <u>2,651,012</u>	\$ <u>3,288,774</u>	\$ <u>8,274,782</u>	\$ <u>34,252,111</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, 2020

Net changes in fund balances - Total governmental funds	\$ 1,173,588
<p>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:</p>	
Capital outlay	4,162,538
Depreciation	(4,408,473)
<p>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:</p>	
Repayments of general obligation and tax increment financing bonds	5,173,075
<p>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.</p>	
	130,514
<p>This amount represents the change in notes receivable.</p>	
	320,000
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</p>	
	38,345
<p>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:</p>	
Bond premium amortization	174,202
Amortize gain on prior years refunding bonds	11,884
Amortize loss on prior years refunding bonds	(30,387)
Net pension liability and related deferred outflows and inflows of resources	(1,057,502)
Net OPEB liability and related deferred outflows and inflows of resources	85,044
Other (compensated absences and landfill liability)	(215,787)
<p>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.</p>	
	297,736
Change in net position of governmental activities	\$ <u>5,854,777</u>

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-Type Activities Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Total	Activities Internal Service Funds
Assets				
Current:				
Investments	\$ 3,365,065	\$ 5,922,051	\$ 9,287,116	\$ 614,492
User fees, net of allowance for uncollectibles	1,558,039	2,138,814	3,696,853	-
Accounts receivable	-	11,082	11,082	2,877
Notes receivable	-	270,197	270,197	-
Intergovernmental receivables	20,000	-	20,000	-
Due from other funds	1,738,090	3,304,750	5,042,840	931,457
Inventory	<u>154,873</u>	<u>126,597</u>	<u>281,470</u>	<u>246,284</u>
Total current assets	6,836,067	11,773,491	18,609,558	1,795,110
Noncurrent:				
Notes receivable, net of current portion	-	1,887,367	1,887,367	-
Capital assets:				
Land and construction in progress	4,255,202	1,309,514	5,564,716	-
Capital assets, net of accumulated depreciation	<u>22,872,210</u>	<u>30,465,930</u>	<u>53,338,140</u>	<u>2,811,855</u>
Total noncurrent assets	27,127,412	33,662,811	60,790,223	2,811,855
Deferred Outflows of Resources				
Related to pensions	111,588	144,210	255,798	-
Related to OPEB	34,887	43,771	78,658	-
Other	<u>-</u>	<u>35,446</u>	<u>35,446</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	34,109,954	45,659,729	79,769,683	4,606,965
Liabilities				
Current:				
Warrants payable	267,799	236,090	503,889	52,986
Accounts payable	142,691	187,470	330,161	20,438
Accrued liabilities	32,523	44,083	76,606	14,512
Unearned revenue	-	1,481,202	1,481,202	-
Other current liabilities	7,443	51,402	58,845	-
Current portion of long-term liabilities:				
Bonds payable	191,198	1,406,222	1,597,420	-
Other liabilities	<u>14,887</u>	<u>18,141</u>	<u>33,028</u>	<u>5,472</u>
Total current liabilities	656,541	3,424,610	4,081,151	93,408
Noncurrent:				
Bonds payable, net of current portion	893,788	7,079,401	7,973,189	-
Net pension liability	826,870	1,068,590	1,895,460	-
Total/Net OPEB liability	347,758	436,512	784,270	-
Other liabilities, net of current portion	<u>133,983</u>	<u>163,264</u>	<u>297,247</u>	<u>49,247</u>
Total noncurrent liabilities	2,202,399	8,747,767	10,950,166	49,247
Deferred Inflows of Resources				
Related to pensions	58,132	75,126	133,258	-
Related to OPEB	97,027	120,760	217,787	-
Other	<u>21,878</u>	<u>45,513</u>	<u>67,391</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	3,035,977	12,413,776	15,449,753	142,655
Net Position				
Net investment in capital assets	26,061,149	23,289,821	49,350,970	2,811,855
Unrestricted	<u>5,012,828</u>	<u>9,956,132</u>	<u>14,968,960</u>	<u>1,652,455</u>
Total Net Position	\$ <u>31,073,977</u>	\$ <u>33,245,953</u>	\$ <u>64,319,930</u>	\$ <u>4,464,310</u>

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services	\$ 4,055,576	\$ 6,035,085	\$ 10,090,661	\$ 2,653,607
Other	-	-	-	7,413
Total Operating Revenues	4,055,576	6,035,085	10,090,661	2,661,020
Operating Expenses				
Salaries and benefits	1,575,285	1,801,850	3,377,135	790,024
Other operating expenses	1,243,718	2,323,335	3,567,053	1,132,332
Depreciation	930,619	1,361,752	2,292,371	434,955
Total Operating Expenses	3,749,622	5,486,937	9,236,559	2,357,311
Operating Income	305,954	548,148	854,102	303,709
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	34,500	-	34,500	-
Investment income	126,023	214,775	340,798	34,411
Loss on disposal of capital assets	-	-	-	(7,384)
Interest expense	(35,211)	(250,702)	(285,913)	-
Total Nonoperating Revenues (Expenses), Net	125,312	(35,927)	89,385	27,027
Income Before Contributions	431,266	512,221	943,487	330,736
Contributions				
Capital contributions	-	390,293	390,293	-
Transfers out	-	-	-	(33,000)
Change in Net Position	431,266	902,514	1,333,780	297,736
Net Position at Beginning of Year	30,642,711	32,343,439	62,986,150	4,166,574
Net Position at End of Year	\$ 31,073,977	\$ 33,245,953	\$ 64,319,930	\$ 4,464,310

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, 2020

	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	\$ 4,025,386	\$ 7,381,636	\$ 11,407,022	\$ 2,663,137
Payments to vendors	(1,070,858)	(2,172,896)	(3,243,754)	(1,473,552)
Payments to employees for salaries and benefits	<u>(1,588,269)</u>	<u>(2,017,403)</u>	<u>(3,605,672)</u>	<u>(550,843)</u>
Net Cash Provided By Operating Activities	1,366,259	3,191,337	4,557,596	638,742
Cash Flows From Noncapital Financing Activities				
Transfers out	-	-	-	(33,000)
Proceeds (payments) under interfund loan agreements	<u>737,141</u>	<u>777,981</u>	<u>1,515,122</u>	<u>(29,882)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	737,141	777,981	1,515,122	(62,882)
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(1,917,842)	(939,390)	(2,857,232)	(636,362)
Principal payments on bonds	(188,583)	(1,419,632)	(1,608,215)	-
Interest expense	(35,735)	(236,221)	(271,956)	-
Capital contributions	<u>34,500</u>	<u>(997,611)</u>	<u>(963,111)</u>	<u>-</u>
Net Cash (Used For) Capital and Related Financing Activities	(2,107,660)	(3,592,854)	(5,700,514)	(636,362)
Cash Flows From Investing Activities				
Proceeds from sale of investments	-	-	-	26,091
Purchase of investments	(121,763)	(591,239)	(713,002)	-
Investment income	<u>126,023</u>	<u>214,775</u>	<u>340,798</u>	<u>34,411</u>
Net Cash Provided By Investing Activities	<u>4,260</u>	<u>(376,464)</u>	<u>(372,204)</u>	<u>60,502</u>
Net Change in Cash and Short-Term Investments	-	-	-	-
Cash and Short-Term Investments, Beginning of Year	-	-	-	-
Cash and Short-Term Investments, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 305,954	\$ 548,148	\$ 854,102	\$ 303,709
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	930,619	1,361,752	2,292,371	434,955
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(12,373)	(127,066)	(139,439)	2,116
Intergovernmental receivables	(20,000)	-	(20,000)	-
Inventory	(29,584)	(27)	(29,611)	(8,067)
Other assets	-	6,158	6,158	2,503
Deferred outflows - related to pensions	39,066	74,204	113,270	-
Deferred outflows - related to OPEB	(31,337)	(37,038)	(68,375)	-
Warrants and accounts payable	202,444	144,308	346,752	(74,707)
Accrued liabilities	17,524	58,306	75,830	(21,767)
Unearned revenue	-	1,481,202	1,481,202	-
Other liabilities	(28)	(7,585)	(7,613)	-
Net pension liability	(131,151)	(337,648)	(468,799)	-
Total/Net OPEB liability	70,742	19,512	90,254	-
Deferred inflows - related to pensions	(25,865)	(48,170)	(74,035)	-
Deferred inflows - related to OPEB	<u>50,248</u>	<u>55,281</u>	<u>105,529</u>	<u>-</u>
Net Cash Provided By Operating Activities	<u>\$ 1,366,259</u>	<u>\$ 3,191,337</u>	<u>\$ 4,557,596</u>	<u>\$ 638,742</u>

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, 2020

	Private Purpose Trust Funds
Assets	
Investments:	
Corporate equities	\$ <u>3,933,691</u>
Total Investments	<u>3,933,691</u>
Total Assets	3,933,691
Liabilities	
Due to external parties - governmental funds	<u>7,750</u>
Total Liabilities	<u>7,750</u>
Net Position	
Restricted for other purposes	\$ <u><u>3,925,941</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, 2020

	<u>Private Purpose Trust Funds</u>
Additions	
Investment income (loss):	
Increase (decrease) in fair value of investments	\$ <u>(25,296)</u>
Total additions	(25,296)
Deductions	
Benefits	<u>62,458</u>
Total deductions	<u>62,458</u>
Net increase	(87,754)
Net position restricted for other purposes	
Beginning of year	<u>4,013,695</u>
End of year	\$ <u><u>3,925,941</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation governed by a Mayor/City Council/Manager form of government. As required by generally accepted accounting principles, these financial statements present the City and applicable component units for which the government is considered to be financially accountable. In fiscal year 2020, it was determined that no entities met the required GASB 14 (as amended by GASB 61) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *solid waste fund* accounts for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.
- The *capital projects fund* accounts for the activity pertaining to various construction/renovation projects and the purchase of vehicles and equipment of the City.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 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. Generally, 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".

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.

Investments, generally, are presented at fair value (except certificates of deposit which are reported at cost). Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using the net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period investments measured at the NAV for fair value are not subject to level classification.

The City invests in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool managed by the State Banking Commission. The portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and investments are valued at amortized cost.

E. 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."

F. 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.

G. 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.

Capital assets are 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

H. *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.

I. *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.

J. *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.

K. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

B. Excess of Expenditures Over Appropriations

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

General fund		
Non-departmental (employee benefits)	\$	(48,474)
City clerk		(3,723)
Fire		(1,276)

3. Deposits and Investments

State statutes (RSA 48:16) place certain limitation on the nature of deposits and investments available to the City. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), in NH Banks or banks outside the State if such banks pledge and deliver to a third-party custodial bank with various collateralized security, in accordance with RSA 383:22. NHPDIP is under the control of the New Hampshire Banking Commission and Advisory Committee. Participation units of the NHPDIP are considered short-term for financial presentation purposes due to high liquidity of the fund and are carried at amortized cost in accordance with GASB Statement 79.

Custodial Credit Risk

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 Statute, “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, 2020, \$3,913,700 of the City’s bank balance of \$64,976,655 was exposed to custodial credit risk as uninsured and/or uncollateralized. The uncollateralized amount represents the cash portion of the Cambridge Trust Company investment portfolios, held by the Trustees of Trust Funds.

Investment Summary

The following is a summary of the City's investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Alternative pooled funds	\$ 104,489
Certificates of deposits	3,314,903
Corporate bonds	1,134,174
Corporate equities	5,945,807
Equity mutual funds	982,722
Federal agency securities	6,807,435
Fixed income taxable funds	906,772
Mortgage backed securities	430,182
Municipal bonds	101,274
U.S. Treasury notes	763,245
Total investments	<u>\$ 20,491,003</u>

A. Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the City's brokerage firm, which is also the Counterparty to these securities. The City does not have formal investment policies for custodial credit risk. The City manages this custodial credit risk with SIPC and excess SIPC.

As of June 30, 2020, all of the City’s total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the City’s brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	Held by <u>Counterparty</u>
Alternative pooled funds	\$ 104,489	\$ 104,489
Certificates of deposits	3,314,903	3,314,903
Corporate bonds	1,134,174	1,134,174
Corporate equities	5,945,807	5,945,807
Equity mutual funds	982,722	982,722
Federal agency securities	6,807,435	6,807,435
Fixed income taxable funds	906,772	906,772
Mortgage backed securities	430,182	430,182
Municipal bonds	101,274	101,274
U.S. Treasury notes	763,245	763,245
Total	<u>\$ 20,491,003</u>	<u>\$ 20,491,003</u>

B. Credit Risk – Investments of Debt Securities

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):

<u>Investment Type</u>	<u>Amount</u>	<u>Ratings as of Year-End</u>					
		<u>Aaa</u>	<u>Aa3</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>Not Rated</u>
Alternative pooled funds	\$ 104,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,489
Certificates of deposits	3,314,903	-	-	-	-	-	3,314,903
Corporate bonds	1,134,174	-	-	261,939	329,984	542,251	-
Corporate equities	5,945,807	-	-	-	-	-	5,945,807
Equity mutual funds	982,722	-	-	-	-	-	982,722
Federal agency securities	6,807,435	6,807,435	-	-	-	-	-
Fixed income taxable funds	906,772	-	-	-	-	-	906,772
Mortgage backed securities	430,182	430,182	-	-	-	-	-
Municipal bonds	101,274	-	101,274	-	-	-	-
U.S. Treasury notes	763,245	763,245	-	-	-	-	-
Total investments	<u>\$ 20,491,003</u>	<u>\$ 8,000,862</u>	<u>\$ 101,274</u>	<u>\$ 261,939</u>	<u>\$ 329,984</u>	<u>\$ 542,251</u>	<u>\$ 11,254,693</u>

C. Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the City’s investment in a single issuer. 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 – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s practice around 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
Certificates of deposits	\$ 3,314,903	\$ 1,528,239	\$ 1,786,664	\$ -
Corporate bonds	1,134,174	100,306	214,053	819,815
Federal agency securities	6,807,435	1,503,360	5,304,075	-
Fixed income taxable funds	906,772	-	-	906,772
Mortgage backed securities	430,182	-	-	430,182
Municipal bonds	101,274	-	101,274	-
U.S. Treasury notes	763,245	-	763,245	-
Total	\$ <u>13,457,985</u>	\$ <u>3,131,905</u>	\$ <u>8,169,311</u>	\$ <u>2,156,769</u>

E. Foreign Currency Risk - Investments

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

F. Fair Value

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

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

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

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

The City has the following fair value measurements as of June 30, 2020:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Alternative pooled funds	\$ 104,489	\$ -	\$ 104,489	\$ -
Corporate bonds	1,134,174	-	1,134,174	-
Corporate equities	5,945,807	5,945,807	-	-
Equity mutual funds	982,722	982,722	-	-
Federal agency securities	6,807,435	-	6,807,435	-
Fixed income taxable funds	906,772	906,772	-	-
Mortgage backed securities	430,182	-	430,182	-
Municipal bonds	101,274	-	101,274	-
U.S. Treasury notes	763,245	-	763,245	-
Total	\$ 17,176,100	\$ 7,835,301	\$ 9,340,799	\$ -

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

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. 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, 2020 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long-Term Portion
Tax liens	\$ 2,348,764	\$ (193,422)	\$ -	\$ 2,155,342
Elderly liens	213,217	(21,322)	191,895	-
Tax deeded properties	252,068	(25,206)	226,862	-
Timber yield tax	529	-	529	-
Total property taxes	<u>\$ 2,814,578</u>	<u>\$ (239,950)</u>	<u>\$ 419,286</u>	<u>\$ 2,155,342</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.

5. 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, 2020 consist of the following:

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Water	\$ 1,559,039	\$ (1,000)	\$ 1,558,039
Sewer	<u>2,145,004</u>	<u>(6,190)</u>	<u>2,138,814</u>
Total	\$ <u>3,704,043</u>	\$ <u>(7,190)</u>	\$ <u>3,696,853</u>

6. 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	\$ 465,634	\$ 465,634
Ambulance services	223,227	223,227
Other	223,430	223,430
Fleet services	<u>-</u>	<u>2,877</u>
Total Accounts Receivable	\$ <u>912,291</u>	\$ <u>915,168</u>

7. Notes Receivable

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 229,118	\$ 41,079	\$ 270,197
2022	229,118	37,107	266,225
2023	229,118	32,960	262,078
2024	229,569	28,706	258,275
2025	174,167	24,506	198,673
2026-2030	721,495	64,108	785,603
2031-2034	<u>107,603</u>	<u>8,910</u>	<u>116,513</u>
Total	<u>\$ 1,920,188</u>	<u>\$ 237,376</u>	<u>\$ 2,157,564</u>

The governmental activities balance of \$320,000 is due from Monadnock Economic Development Corporation (MEDC).

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2020.

9. 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, 2020 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 11,966,887
Solid Waste Fund	2,123,493	36,563
Capital Project Fund	2,518,227	-
Special Revenue Funds:		
Grants	1,001,930	-
Parking	398,285	-
Permanent Fund	-	5,032
Enterprise Funds:		
Water	1,738,090	-
Sewer	3,304,750	-
Internal Service Funds:		
Fleet	771,616	-
PC Replacement	159,841	-
Fiduciary Funds	-	7,750
Total	<u>\$ 12,016,232</u>	<u>\$ 12,016,232</u>

During fiscal year 2007, the City voted to authorize \$2,100,000 for the design and construction of a round-about at the intersection of Main, Marlboro, and Winchester Streets. The appropriation was funded by an inter-fund loan from the solid waste fund to the general fund, water fund, and sewer fund, for \$1,723,400, \$191,440, and \$185,160, respectively. These advanced funds will be repaid according to a payment schedule through fiscal year 2027. The water and sewer portions were paid in full in 2015. As of June 30, 2020, the following balances remain outstanding:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ -	\$ 603,190
Solid Waste Fund	<u>603,190</u>	<u>-</u>
Total	<u>\$ 603,190</u>	<u>\$ 603,190</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	\$ 1,299,906	\$ 2,246,548
Solid Waste Fund	-	65,000
Capital Project Fund	1,988,270	163,996
Nonmajor Funds:		
Special Revenue Funds:		
Grants	12,081	500,000
Parking	-	60,000
Library Renovation Trust	-	119,000
Permanent Fund	-	112,713
Internal Service Funds:		
PC Replacement	-	33,000
Total	\$ <u>3,300,257</u>	\$ <u>3,300,257</u>

Of the \$2,246,548 transfer out from the general fund, \$1,714,278 was to capital projects, which represents the City's practice of funding certain capital activity from general fund revenues and capital reserves.

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.

10. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities - Total				
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,408,130	\$ 8,544,356	\$ -	\$ 49,952,486
Vehicles and equipment	24,402,842	1,139,391	(394,970)	25,147,263
Land improvement	10,749,850	211,485	-	10,961,335
Infrastructure	<u>81,935,865</u>	<u>6,748,150</u>	<u>-</u>	<u>88,684,015</u>
Total capital assets, being depreciated	158,496,687	16,643,382	(394,970)	174,745,099
Less accumulated depreciation for:				
Buildings and improvements	(15,409,680)	(832,955)	-	(16,242,635)
Vehicles and equipment	(16,108,908)	(1,236,607)	387,586	(16,957,929)
Land improvement	(7,904,121)	(392,242)	-	(8,296,363)
Infrastructure	<u>(59,564,729)</u>	<u>(2,381,624)</u>	<u>-</u>	<u>(61,946,353)</u>
Total accumulated depreciation	<u>(98,987,438)</u>	<u>(4,843,428)</u>	<u>387,586</u>	<u>(103,443,280)</u>
Total capital assets, being depreciated, net	59,509,249	11,799,954	(7,384)	71,301,819
Capital assets, not being depreciated:				
Land	19,321,964	-	-	19,321,964
Construction in progress	<u>17,908,338</u>	<u>2,232,955</u>	<u>(14,077,437)</u>	<u>6,063,856</u>
Total capital assets, not being depreciated	<u>37,230,302</u>	<u>2,232,955</u>	<u>(14,077,437)</u>	<u>25,385,820</u>
Governmental activities capital assets, net	<u>\$ 96,739,551</u>	<u>\$ 14,032,909</u>	<u>\$ (14,084,821)</u>	<u>\$ 96,687,639</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities - General				
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,408,130	\$ 8,544,356	\$ -	\$ 49,952,486
Vehicles and equipment	17,464,874	503,029	-	17,967,903
Land improvement	10,749,850	211,485	-	10,961,335
Infrastructure	<u>81,935,865</u>	<u>6,748,150</u>	<u>-</u>	<u>88,684,015</u>
Total capital assets, being depreciated	151,558,719	16,007,020	-	167,565,739
Less accumulated depreciation for:				
Buildings and improvements	(15,409,680)	(832,955)	-	(16,242,635)
Vehicles and equipment	(11,788,772)	(801,652)	-	(12,590,424)
Land improvement	(7,904,121)	(392,242)	-	(8,296,363)
Infrastructure	<u>(59,564,729)</u>	<u>(2,381,624)</u>	<u>-</u>	<u>(61,946,353)</u>
Total accumulated depreciation	<u>(94,667,302)</u>	<u>(4,408,473)</u>	<u>-</u>	<u>(99,075,775)</u>
Total capital assets, being depreciated, net	56,891,417	11,598,547	-	68,489,964
Capital assets, not being depreciated:				
Land	19,321,964	-	-	19,321,964
Construction in progress	<u>17,908,338</u>	<u>2,232,955</u>	<u>(14,077,437)</u>	<u>6,063,856</u>
Total capital assets, not being depreciated	<u>37,230,302</u>	<u>2,232,955</u>	<u>(14,077,437)</u>	<u>25,385,820</u>
Governmental activities - general capital assets, net	<u>\$ 94,121,719</u>	<u>\$ 13,831,502</u>	<u>\$ (14,077,437)</u>	<u>\$ 93,875,784</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities - Internal Service				
Capital assets, being depreciated:				
Vehicles and equipment	\$ 6,937,968	\$ 636,362	\$ (394,970)	\$ 7,179,360
Total capital assets, being depreciated	6,937,968	636,362	(394,970)	7,179,360
Less accumulated depreciation for:				
Vehicles and equipment	(4,320,136)	(434,955)	387,586	(4,367,505)
Total accumulated depreciation	(4,320,136)	(434,955)	387,586	(4,367,505)
Governmental activities - internal service capital assets, net	\$ 2,617,832	\$ 201,407	\$ (7,384)	\$ 2,811,855

	Beginning	Increases	Decreases	Ending
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,638,106	\$ -	\$ -	\$ 20,638,106
Vehicles and equipment	18,343,036	31,831	-	18,374,867
Land improvement	428,115	19,300	-	447,415
Infrastructure	63,853,925	2,167,533	-	66,021,458
Total capital assets, being depreciated	103,263,182	2,218,664	-	105,481,846
Less accumulated depreciation for:				
Buildings and improvements	(11,220,855)	(389,460)	-	(11,610,315)
Vehicles and equipment	(9,852,603)	(707,783)	-	(10,560,386)
Land improvement	(405,568)	(2,487)	-	(408,055)
Infrastructure	(28,372,308)	(1,192,641)	-	(29,564,949)
Total accumulated depreciation	(49,851,334)	(2,292,371)	-	(52,143,705)
Total capital assets, being depreciated, net	53,411,848	(73,707)	-	53,338,141
Capital assets, not being depreciated:				
Land	2,478,735	-	-	2,478,735
Construction in progress	2,447,412	2,244,245	(1,605,677)	3,085,980
Total capital assets, being depreciated, net	4,926,147	2,244,245	(1,605,677)	5,564,715
Business-type activities capital assets, net	\$ 58,337,995	\$ 2,170,538	\$ (1,605,677)	\$ 58,902,856

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

Governmental Activities	
General government	\$ 420,638
Public safety	568,877
Public works	2,198,216
Library	276,283
Parks and facilities	222,832
Airport	721,627
Fleet	434,955
Total governmental activities	\$ 4,843,428

Business-Type Activities	
Water	\$ 930,619
Sewer	<u>1,361,752</u>
Total business-type activities	\$ <u>2,292,371</u>

11. Deferred Outflows of Resources

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

Deferred outflows of resources (exclusive of pension and OPEB) for governmental activities of \$155,727, resulted from the loss on prior year debt refundings that will be amortized over the life of the new bonds.

12. Warrants and Accounts Payable

The City separates expenditures incurred in fiscal year 2020 but paid after year-end between two accounts. Warrants payable represents expenditures associated with an open purchase order, while accounts payable represent costs incurred that either were liquidated against a blanket purchase order (i.e., credit card purchases) or have no existing purchase order.

13. Tax Refunds Payable

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

14. Long-Term Debt

A. General Obligation Bonds (Public Offerings) and State Revolving Loans (Direct Borrowing)

The City issues general obligation bonds and state revolving loans to provide funds for the acquisition and construction of major capital facilities. The City has outstanding general obligation bonds from public offerings totaling \$19,532,894 related to governmental activities. The City has general obligation bonds from public offerings and state revolving loans related to business-type activities totaling \$4,962,857 and

\$4,607,752, respectively. General obligation bonds and state revolving loans currently outstanding are as follows:

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
	Through		as of
<u>Governmental Activities:</u>			<u>6/30/20</u>
Hanger construction	03/2022	3.50 - 5.10%	\$ 25,000
Drainage improvements	03/2022	3.50 - 5.10%	65,500
Transfer station addition	03/2022	3.50 - 5.10%	45,000
Bridge rehabilitation	03/2022	3.50 - 5.10%	10,000
Emergency service facility	03/2022	3.50 - 5.10%	89,000
Intersection improvements	03/2022	3.50 - 5.10%	44,000
Property acquisition	03/2022	3.50 - 5.10%	707,250
Public improvements	05/2023	2.50 - 4.17%	600,000
Drainage 2010	10/2020	2.00 - 4.00%	90,000
Road construction 2010	10/2020	2.00 - 4.00%	100,000
Fire Station 2010	10/2030	2.00 - 4.00%	2,750,000
Robin Hood dam	10/2030	2.00 - 4.00%	330,000
Energy improvements	12/2021	2.00 - 3.00%	375,000
Infrastructure 2011	12/2021	2.00 - 3.00%	400,000
Consolidated infrastructure 2013	01/2023	2.00%	341,200
Municipal facilities 2013 refunded	01/2026	2.00%	1,949,400
Sidewalk construction 2013 refunded	01/2026	2.00%	30,000
Drainage improvements 2013 refunded	01/2026	2.00%	135,000
General Obligation Bonds 2015	11/2034	2.00 - 4.00%	2,375,000
Consolidated infrastructure	09/2026	2.00 - 4.00%	945,000
City Hall boiler replacement & oil tank removal	09/2026	2.00 - 4.00%	70,000
Defibrillator replacement	09/2023	2.00 - 4.00%	38,000
Flood management	09/2026	2.00 - 4.00%	277,000
Consolidated infrastructure	09/2026	2.00 - 4.00%	1,016,000
Defibrillator replacement	09/2023	2.00 - 4.00%	36,000
Goose Pond dam improvements	09/2021	2.00 - 4.00%	41,000
2017 Refunding Series B	07/2028	2.00 - 4.00%	1,396,544
Transfer station tip floor replacement	09/2026	2.00 - 4.00%	72,000
LED Street Lighting	09/2038	3.00 - 3.50%	230,000
Airport Terminal Improvements	09/2038	3.00 - 3.50%	170,000
Consolidated Infrastructure	09/2038	3.00 - 3.50%	1,170,000
Consolidated Infrastructure	09/2038	3.00 - 3.50%	1,140,000
Flood Management	09/2038	3.00 - 3.50%	840,000
Winchester Street Bypass	09/2038	3.00 - 3.50%	565,000
Goose Pond Dam Improvements	09/2038	3.00 - 3.50%	840,000
Transfer Station Energy Source	09/2038	3.00 - 3.50%	225,000
Total Governmental Activities			\$ <u>19,532,894</u>

<u>Business-Type Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/20
Water Fund:			
Treatment facility refunded	09/2021	0.00%	\$ 148,936
'09 Infrastructure	11/2022	0.00%	221,050
Reservoir dam repairs	09/2036	2.00 - 4.00%	<u>715,000</u>
Total Water Fund			1,084,986
Sewer Fund:			
Sewer main improvements	01/2033	2.00 - 2.75%	578,400
Martel court pump & motor control	01/2023	2.00%	346,100
Advance treatment refunded	01/2026	2.00%	119,900
Sewer main improvement refunded	01/2026	2.00%	395,000
WWTP closure	11/2034	2.00 - 4.00%	600,000
2017 Refunding Series 2016 B	07/2028	2.00 - 4.00%	948,457
'10 Infrastructure	09/2023	0.00%	551,247
'09 Infrastructure	12/2023	1.98%	451,841
WWTP construction	05/2025	1.60%	3,234,678
2018 Martel Court Headworks Replace	09/2033	3.00 - 3.50%	<u>1,260,000</u>
Total Sewer Fund			<u>8,485,623</u>
Total Business-Type Activities			<u>\$ 9,570,609</u>

B. Future Debt Service

The annual payments to retire all general obligation bonds and state revolving loans outstanding as of June 30, 2020 are as follows:

<u>Governmental</u>	<u>General Obligation Bonds (Public Offerings)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,353,485	\$ 682,135	\$ 4,035,620
2022	3,141,485	565,675	3,707,160
2023	2,580,735	454,493	3,035,228
2024	2,014,485	356,122	2,370,607
2025	1,922,656	282,071	2,204,727
2026 - 2030	5,125,048	661,325	5,786,373
2031 - 2035	1,230,000	103,362	1,333,362
2036 - 2039	<u>165,000</u>	<u>11,184</u>	<u>176,184</u>
Total	<u>\$ 19,532,894</u>	<u>\$ 3,116,367</u>	<u>\$ 22,649,261</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation bonds outstanding as of June 30, 2020:

General fund	\$ 17,765,894
Solid waste fund	342,000
Parking fund	<u>1,425,000</u>
Total	\$ <u>19,532,894</u>

Water Fund:	State Revolving Loans (Direct Borrowing)			General Obligation Bonds (Public Offerings)		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 146,198	\$ -	\$ 146,198	\$ 45,000	\$ 24,700	\$ 69,700
2022	148,859	-	148,859	45,000	22,900	67,900
2023	74,929	-	74,929	45,000	21,100	66,100
2024	-	-	-	45,000	19,300	64,300
2025	-	-	-	45,000	17,500	62,500
2026 - 2030	-	-	-	210,000	62,750	272,750
2031 - 2035	-	-	-	200,000	29,250	229,250
2036 - 2037	-	-	-	80,000	2,600	82,600
Total Water Fund	\$ <u>369,986</u>	\$ <u>-</u>	\$ <u>369,986</u>	\$ <u>715,000</u>	\$ <u>200,100</u>	\$ <u>915,100</u>

Sewer Fund:	State Revolving Loans (Direct Borrowing)			General Obligation Bonds (Public Offerings)		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 897,707	\$ 74,812	\$ 972,519	\$ 508,515	\$ 136,189	\$ 644,704
2022	897,707	62,707	960,414	503,515	120,508	624,023
2023	897,707	50,602	948,309	493,015	104,606	597,621
2024	897,707	3,848	901,555	378,515	89,084	467,599
2025	646,938	10,319	657,257	376,344	75,705	452,049
2026 - 2030	-	-	-	1,307,953	210,866	1,518,819
2031 - 2035	-	-	-	680,000	52,294	732,294
Total Sewer Fund	\$ <u>4,237,766</u>	\$ <u>202,288</u>	\$ <u>4,440,054</u>	\$ <u>4,247,857</u>	\$ <u>789,252</u>	\$ <u>5,037,109</u>

C. Tax Increment Financing Bonds

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

- \$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 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:

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/20</u>
Wells Street	12/2021	2.00 - 3.00%	\$ 730,000
93rd and Norway Infrastructure	11/2024	2.00 - 4.00%	375,000
Parking - Courthouse	05/2033	2.00 - 2.75%	320,000
Library Campus Development	09/2036	2.00 - 4.00%	<u>1,695,000</u>
Total Governmental Activities			<u>\$ 3,120,000</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, 2020 are as follows:

<u>Governmental</u>	<u>General Obligation Bonds (Public Offerings)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 568,000	\$ 95,452	\$ 663,452
2022	565,000	77,630	642,630
2023	202,000	64,552	266,552
2024	202,000	56,910	258,910
2025	201,000	49,288	250,288
2026 - 2030	627,000	173,081	800,081
2031 - 2035	565,000	74,482	639,482
2036 - 2037	<u>190,000</u>	<u>6,175</u>	<u>196,175</u>
Total	<u>\$ 3,120,000</u>	<u>\$ 597,570</u>	<u>\$ 3,717,570</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable	\$ 23,360,969	\$ -	\$ (3,828,075)	\$ 19,532,894	\$ (3,353,485)	\$ 16,179,409
Unamortized premium	1,353,009	-	(174,202)	1,178,807	(174,202)	1,004,605
Subtotal bonds payable	24,713,978	-	(4,002,277)	20,711,701	(3,527,687)	17,184,014
Tax increment financing						
bonds payable	4,465,000	-	(1,345,000)	3,120,000	(568,000)	2,552,000
Net pension liability	31,850,785	566,603	-	32,417,388	-	32,417,388
Total OPEB liability	7,595,189	-	(593,392)	7,001,797	-	7,001,797
Other:						
Landfill closure	524,357	-	(58,262)	466,095	(58,262)	407,833
Accrued employee benefits	3,025,830	557,894	(302,583)	3,281,141	(328,114)	2,953,027
Subtotal - other	3,550,187	557,894	(360,845)	3,747,236	(386,376)	3,360,860
Totals	\$ 72,175,139	\$ 1,124,497	\$ (6,301,514)	\$ 66,998,122	\$ (4,482,063)	\$ 62,516,059
Business-Type Activities						
Bonds payable						
General obligation bonds	\$ 5,529,782	\$ -	\$ (566,925)	\$ 4,962,857	\$ (553,515)	\$ 4,409,342
Bonds payable						
Direct borrowing	5,649,042	-	(1,041,290)	4,607,752	(1,043,905)	3,563,847
Subtotal bonds payable	11,178,824	-	(1,608,215)	9,570,609	(1,597,420)	7,973,189
Net pension liability	2,364,259		(468,799)	1,895,460	-	1,895,460
Total OPEB liability	694,016	90,254	-	784,270	-	784,270
Other:						
Accrued employee benefits	282,978	75,595	(28,298)	330,275	(33,028)	297,247
Subtotal - other	282,978	75,595	(28,298)	330,275	(33,028)	297,247
Totals	\$ 14,520,077	\$ 165,849	\$ (2,105,312)	\$ 12,580,614	\$ (1,630,448)	\$ 10,950,166

Long-Term Liabilities

General obligation bonds and loans issued by the City for various municipal projects are approved by City Council and repaid with revenues recorded in the general fund and user fees recorded in enterprise funds. All other long-term liabilities are repaid from the funds that the cost relates to, primarily the general fund and enterprise funds.

F. Authorized and Unissued Debt

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2020 are as follows:

<u>Purpose</u>	<u>Amount</u>
City Hall Rear Wall	\$ 176,000
Flood Management	505,000
Road Rehabilitation	1,264,000
Winchester Street Bypass	859,000
Transfer Station Roof	168,000
Woodward Pond Dam Improvements	1,727,000
Airport Fuel Tanks	508,000
Flood Management	733,000
Road Rehabilitation	893,000
Municipal Building Improvements	310,000
Police Dispatch Console	235,000
Colony Court - Bloomer Swamp Main	<u>1,513,000</u>
Total	<u>\$ 8,891,000</u>

G. Legal Debt Margin

The following is a computation of the legal debt margin as of June 30, 2020:

Equalized assessed valuation - 2019	\$ <u>1,992,795,421</u>
Debt Limits:	
General - 3% of equalized valuation	\$ 59,783,863
Parking - 0.5% of equalized valuation	9,963,977
Water - 10% of equalized valuation	<u>199,279,542</u>
	269,027,382
Total debt outstanding	32,223,503
Less: debt exempt from limit	<u>(14,115,609)</u>
	<u>18,107,894</u>
Legal debt margin	<u>\$ 250,919,488</u>

15. 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, 2020, the balance in the landfill capital reserve is \$22,170. 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, 2020:

Balance - July 1, 2019	\$ 524,357
Expenditures recognized in the Solid Waste Fund	<u>(58,262)</u>
Balance - June 30, 2020	<u>\$ 466,095</u>

The \$466,095 reported as landfill closure and postclosure care liability at June 30, 2020 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

16. Deferred Inflows of Resources

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

The following is a summary of other deferred inflows of resources (exclusive of Pension and OPEB) balances as of June 30, 2020:

	Entity-wide Basis		Fund Basis		
	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Proprietary Funds Water	Sewer
Unavailable revenues	\$ -	\$ -	\$ 2,389,551	\$ -	\$ -
Taxes collected in advance	16,727,212	21,712	16,727,212	21,712	-
Gains on refunding bonds	<u>71,307</u>	<u>45,679</u>	<u>-</u>	<u>166</u>	<u>45,513</u>
Total	<u>\$ 16,798,519</u>	<u>\$ 67,391</u>	<u>\$ 19,116,763</u>	<u>\$ 21,878</u>	<u>\$ 45,513</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 and in the proprietary funds statement of net position 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 and in the proprietary funds statement of net position in connection with the unamortized amount of gains resulting from the refunding of long-term bonds.

17. **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, 2020:

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

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

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

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. The City's fund balance policy, approved by City Council,

permits the City Manager and Finance Director to assign fund balance amounts to a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

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

Following is a breakdown of the City's fund balances at June 30, 2020:

	General Fund	Solid Waste Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 98,793	\$ -	\$ -	\$ -	\$ 98,793
Permanent funds	-	-	-	5,668,799	5,668,799
Total Nonspendable	98,793	-	-	5,668,799	5,767,592
Restricted					
Capital projects	-	-	1,742,577	-	1,742,577
Grant fund	-	-	-	411,654	411,654
For debt service	-	-	-	706,849	706,849
Library fund	-	-	-	769,690	769,690
Library renovation	-	-	-	6,947	6,947
Other special revenue funds	-	-	-	429,842	429,842
Permanent funds	-	-	-	281,001	281,001
Total Restricted	-	-	1,742,577	2,605,983	4,348,560
Committed					
Solid waste	-	2,651,012	-	-	2,651,012
Retirement	1,391,363	-	-	-	1,391,363
Capital Reserve Funds:					
Fire equipment	571,777	-	-	-	571,777
Bridges	768,976	-	-	-	768,976
Downtown infrastructure and facilities	1,463,897	-	-	-	1,463,897
Other capital reserve funds	1,411,266	-	-	-	1,411,266
Capital projects	-	-	1,868,838	-	1,868,838
Total Committed	5,607,279	2,651,012	1,868,838	-	10,127,129
Assigned					
Encumbered for:					
General government	321,913	-	-	-	321,913
Public works	378,819	-	-	-	378,819
Other	446,718	-	-	-	446,718
Total Assigned	1,147,450	-	-	-	1,147,450
Unassigned					
General fund	13,184,021	-	-	-	13,184,021
Deficits	-	-	(322,641)	-	(322,641)
Total Unassigned	13,184,021	-	(322,641)	-	12,861,380
Total Fund Balance	\$ 20,037,543	\$ 2,651,012	\$ 3,288,774	\$ 8,274,782	\$ 34,252,111

18. 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, 2020, the City held performance deposits totaling \$576,697.

19. 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	23	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 10.88% to 26.43% of covered compensation. The City’s contributions to the System for the year ended June 30, 2020 was \$3,055,329, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At June 30, 2020, the City reported a liability of \$34,312,848 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the City’s proportion was 0.713%, which was an increase of 0.002% from its previous year proportion.

For the year ended June 30, 2020, the City recognized pension expense of \$3,679,230. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 189,720	\$ (737,824)
Changes of assumptions	1,231,131	-
Net difference between projected and actual earnings on pension plan investments	-	(280,287)
Changes in proportion and differences between contributions and proportionate share of contributions	154,441	(1,394,202)
Contributions subsequent to the measurement date	<u>3,055,329</u>	<u>-</u>
Total	\$ <u>4,630,621</u>	\$ <u>(2,412,313)</u>

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. 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:	
2021	\$ 581,428
2022	(1,154,527)
2023	(360,522)
2024	<u>96,600</u>
Total	\$ <u>(837,021)</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%, including inflation
Investment rate of return	7.25%, net of investment expense, including inflation

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, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

G. Target Allocation

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

<u>Asset Class</u>	Target Allocation <u>Percentage</u>	Average Long- Term Expected Real Rate of <u>Return</u>
Large cap equities	22.50 %	4.25%
Small/mid cap equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l equities (unhedged)	13.00	4.50%
Emerging int'l equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core bonds	9.00	1.12%
Global multi-sector fixed income	10.00	2.46%
Absolute return fixed income	<u>6.00</u>	1.50%
Total fixed income	25.00	
Private equity	10.00	7.90%
Private debt	<u>5.00</u>	4.86%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	3.00%
Total	<u><u>100.00</u></u> %	

H. 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.

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

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

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 45,946,317	\$ 34,312,848	\$ 24,697,877

J. Pension Plan Fiduciary Net Position

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

20. Other Post-Employment Benefits (GASB 75)

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

payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

A. City OPEB Plan

All the following OPEB disclosures for the City OPEB Plan are based on a measurement date of June 30, 2019.

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

Plan Membership

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	35
Active employees	<u>257</u>
Total	<u><u>292</u></u>

Funding Policy

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	3.50%
Healthcare cost trend rates	8.0% for 2019, decreasing 0.5% per year to 5.50%, then grading down to an ultimate trend rate of 3.90%
Retirees' share of benefit-related costs	100%
Participation rate	60% of eligible retired employees

The discount rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index at June 27, 2019.

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

Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial study.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability of \$4,548,406 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2019.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, beginning of year	\$ 4,914,106
Changes for the year:	
Service cost	209,926
Interest	193,648
Differences between expected and actual experience	(1,071,997)
Changes of assumptions or other inputs	543,148
Benefit payments	<u>(240,425)</u>
Net Changes	<u>(365,700)</u>
Balances, end of year	\$ <u>4,548,406</u>

Changes in assumptions and other inputs reflect a decrease in the discount rate from 3.87% in 2019 to 3.50% in 2020 and a decrease in the ultimate healthcare cost trend rate.

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% Decrease	Current Discount Rate	1% Increase
\$ 5,005,074	\$ 4,548,406	\$ 4,140,905

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% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 4,036,444	\$ 4,548,406	\$ 5,156,013

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

For the year ended June 30, 2020, the City recognized an OPEB expense of \$159,495. At June 30, 2020, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (1,324,347)
Changes of assumptions	<u>462,682</u>	<u>(308,005)</u>
Total	<u>\$ 462,682</u>	<u>\$ (1,632,352)</u>

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

Year Ended June 30:

2021	\$ (244,079)
2022	(244,079)
2023	(244,079)
2024	(231,613)
2025	(147,059)
Thereafter	<u>(58,761)</u>
Total	<u>\$ (1,169,670)</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 20A, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

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

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

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

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The City contributed 0.29% of gross payroll for Group I employees, 1.81% of gross payroll for Group I teachers, and 3.66% of gross payroll for Group II fire and police department members. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

The City's proportionate share of the NHRS Medical Subsidy as of June 30, 2020 is based upon an actuarial valuation performed as of June 30, 2018 (rolled forward to

June 30, 2019) using a measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%, including inflation
Investment rate of return	7.25%, net of investment expense, including inflation

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, 2018 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, 2019 was \$3,237,661, representing 0.738%.

For the year ended June 30, 2020, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$431,105. At June 30, 2020, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (5,633)
Net difference between projected and actual earnings on OPEB plan investments	-	(3,638)
Changes in proportion and differences between contributions and proportionate share of contributions	647	-
Contributions subsequent to the measurement date	<u>308,401</u>	<u>-</u>
Total	<u>\$ 309,048</u>	<u>\$ (9,271)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

Year Ended June 30:	
2021	\$ (7,399)
2022	(2,413)
2023	250
2024	<u>938</u>
Total	\$ <u>(8,624)</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:

1% Decrease	Current Discount Rate	1% Increase
\$ 3,511,736	\$ 3,237,661	\$ 2,999,508

Healthcare Cost Trend Rate

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

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

The following consolidates the City’s total OPEB liability and related deferred outflows/(inflows), and the City’s proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/(inflows) at June 30, 2020:

	Total OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total OPEB Expense
City OPEB Plan	\$ 4,548,406	\$ 462,682	\$ (1,632,352)	\$ 159,495
Proportionate share of NHRS Medical Subsidy Plan	<u>3,237,661</u>	<u>309,048</u>	<u>(9,271)</u>	<u>431,105</u>
Total	\$ <u>7,786,067</u>	\$ <u>771,730</u>	\$ <u>(1,641,623)</u>	\$ <u>590,600</u>

21. Commitments and Contingencies

COVID-19 – The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the City, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

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

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

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

Encumbrances – At year-end the City’s general fund has \$1,147,450 in encumbrances that will be honored in the next fiscal year.

22. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the City beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the City beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF KEENE, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance with Final Budget Positive <u>(Negative)</u>
Revenues				
Property taxes	\$ 25,269,436	\$ 25,269,436	\$ 25,269,436	\$ -
Interest, penalties, and other taxes	1,866,089	1,866,089	1,856,300	(9,789)
Licenses and permits	3,651,852	3,651,852	4,096,909	445,057
Intergovernmental	3,081,316	3,081,316	3,115,877	34,561
Charges for services	2,034,996	2,034,996	1,941,433	(93,563)
Other revenues	<u>1,987,201</u>	<u>1,987,201</u>	<u>2,116,348</u>	<u>129,147</u>
Total Revenues	37,890,890	37,890,890	38,396,303	505,413
Expenditures				
Elected and Appointed Officials:				
Mayor & city council	146,260	146,260	139,004	7,256
Outside agencies & unclassified	375,436	375,435	348,269	27,166
Non-departmental (employee benefits)	681,753	427,138	475,612	(48,474)
Risk management	265,813	265,813	251,523	14,290
City manager	466,784	476,959	475,203	1,756
City attorney	347,787	353,568	297,359	56,209
City clerk	637,635	647,296	651,019	(3,723)
Administrative Services:				
Assessment	492,891	501,945	499,580	2,365
Finance (including Human services)	2,485,810	2,518,763	2,119,171	399,592
Human resources	392,353	399,747	391,306	8,441
Information technology	1,316,822	1,335,779	1,328,198	7,581
Debt service	4,898,455	4,898,455	4,752,698	145,757
Community Services:				
Fire	7,184,300	7,196,033	7,197,309	(1,276)
Library	1,472,295	1,502,400	1,403,193	99,207
Parks, Rec & Facilities (including Youth services)	3,705,994	3,723,332	3,671,872	51,460
Police	7,637,775	7,669,209	7,229,330	439,879
Municipal Development Services:				
Airport	743,817	752,691	689,974	62,717
Community development	1,492,501	1,508,563	1,379,153	129,410
Public works	<u>4,578,286</u>	<u>4,623,381</u>	<u>4,379,691</u>	<u>243,690</u>
Total Expenditures	<u>39,322,767</u>	<u>39,322,767</u>	<u>37,679,464</u>	<u>1,643,303</u>
Other Financing Sources/(Uses)				
Transfers in	4,229,089	4,229,089	3,019,657	(1,209,432)
Transfers out	(3,258,467)	(3,442,673)	(2,393,940)	1,048,733
Use of fund balance	<u>461,255</u>	<u>645,461</u>	<u>-</u>	<u>(645,461)</u>
Total Other Financing Sources/(Uses)	<u>1,431,877</u>	<u>1,431,877</u>	<u>625,717</u>	<u>(806,160)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,342,556</u>	\$ <u>1,342,556</u>

See Independent Auditors' Report.

CITY OF KEENE, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
SOLID WASTE FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 4,667,068	\$ 4,664,846	\$ (2,222)
Licenses and permits	58,000	56,262	(1,738)
Investment income	42,700	69,958	27,258
Miscellaneous	<u>-</u>	<u>30,403</u>	<u>30,403</u>
Total Revenues	4,767,768	4,821,469	53,701
Expenditures			
Public works	5,225,099	4,543,565	681,534
Debt service:			
Principal	58,500	58,500	-
Interest	<u>22,340</u>	<u>18,350</u>	<u>3,990</u>
Total Expenditures	5,305,939	4,620,415	685,524
Other Financing Sources/(Uses)			
Issuance of general obligation bonds	168,000	-	(168,000)
Use of fund balance	435,171	-	(435,171)
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>538,171</u>	<u>(65,000)</u>	<u>(603,171)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ <u>-</u>	\$ <u>136,054</u>	\$ <u>136,054</u>

See Independent Auditors' Report.

**Notes to the Required Supplementary Information
for General Fund and Solid Waste Fund Budget**

Budgetary Basis

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

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>	Revenues and <u>Transfers In</u>	Expenditures and <u>Transfers Out</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 40,700,666	\$ 37,311,790
Adjust tax revenue to accrual basis	(1,143,552)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(802,771)
Add end of year appropriation carryforwards to expenditures	-	1,147,451
To reverse capital reserve activity	(258,934)	174,154
To reverse City admin charges	2,117,780	2,117,780
To reverse nonbudgeted activity	-	125,000
Budgetary Basis	<u>\$ 41,415,960</u>	<u>\$ 40,073,404</u>

See Independent Auditors' Report.

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

(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2020	June 30, 2019	0.71311951%	\$34,312,848	\$ 17,557,403	195.43%	65.6%
June 30, 2019	June 30, 2018	0.71056295%	\$34,215,044	\$ 16,972,184	201.59%	64.7%
June 30, 2018	June 30, 2017	0.75131322%	\$36,949,530	\$ 16,674,883	221.59%	62.7%
June 30, 2017	June 30, 2016	0.76700000%	\$40,814,329	\$ 16,476,203	247.72%	58.3%
June 30, 2016	June 30, 2015	0.77180000%	\$30,574,215	\$ 16,312,424	187.43%	65.5%
June 30, 2015	June 30, 2014	0.75190000%	\$28,223,639	\$ 15,533,864	181.69%	66.3%

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

See Independent Auditors' Report.

CITY OF KEENE, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	\$ 3,055,329	\$ 3,055,329	\$ -	\$ 17,714,773	17.25%
June 30, 2019	\$ 3,107,400	\$ 3,107,400	\$ -	\$ 17,557,403	17.70%
June 30, 2018	\$ 3,005,032	\$ 3,005,032	\$ -	\$ 16,972,184	17.71%
June 30, 2017	\$ 2,759,440	\$ 2,759,440	\$ -	\$ 16,674,883	16.55%
June 30, 2016	\$ 2,738,529	\$ 2,738,529	\$ -	\$ 16,476,203	16.62%
June 30, 2015	\$ 2,910,722	\$ 2,910,722	\$ -	\$ 16,312,424	17.84%

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

See Independent Auditors' Report.

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

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total OPEB Liability
June 30, 2020	June 30, 2019	0.73849892%	\$ 3,237,661	\$ 17,557,403	18.44%	7.75%
June 30, 2019	June 30, 2018	0.73716947%	\$ 3,375,099	\$ 16,972,184	19.89%	7.53%
June 30, 2018	June 30, 2017	0.51745837%	\$ 2,365,995	\$ 16,674,883	14.19%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2020	\$ 308,401	\$ 308,401	\$ -	\$17,714,773	1.74%
June 30, 2019	\$ 326,339	\$ 326,339	\$ -	\$17,557,403	1.86%
June 30, 2018	\$ 307,677	\$ 307,677	\$ -	\$16,972,184	1.81%

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

See Independent Auditors' Report.

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

(Unaudited)

City of Keene OPEB Plan*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 209,926	\$ 213,897	\$ 267,444
Interest	193,648	198,431	164,088
Differences between expected and actual experience	(1,071,997)	(588,774)	-
Changes of assumptions or other inputs	543,148	(134,387)	(384,126)
Benefit payments	<u>(240,425)</u>	<u>(207,886)</u>	<u>(209,207)</u>
Net change in total OPEB liability	(365,700)	(518,719)	(161,801)
Total OPEB liability - beginning	<u>4,914,106</u>	<u>5,432,825</u>	<u>5,594,626</u>
Total OPEB liability - ending	<u>\$ 4,548,406</u>	<u>\$ 4,914,106</u>	<u>\$ 5,432,825</u>

*Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditors' Report.

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

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

PERMANENT FUNDS

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

CITY OF KEENE, NEW HAMPSHIRE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds						
	Grants <u>Fund</u>	Parking <u>Fund</u>	Library <u>Fund</u>	Library Renovation Expendable <u>Trust</u>	Other Expendable <u>Trusts</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Assets							
Cash and short-term investments	\$ 46,523	\$ -	\$ 128,918	\$ 6,947	\$ -	\$ 649,716	\$ 832,104
Investments	-	-	640,772	-	38,372	5,292,792	5,971,936
Receivables:							
Accounts receivable, net	58,547	3,185	-	-	-	12,324	74,056
Intergovernmental	305,622	-	-	-	-	-	305,622
Due from other funds	<u>1,001,930</u>	<u>398,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400,215</u>
Total Assets	<u>\$ 1,412,622</u>	<u>\$ 401,470</u>	<u>\$ 769,690</u>	<u>\$ 6,947</u>	<u>\$ 38,372</u>	<u>\$ 5,954,832</u>	<u>\$ 8,583,933</u>
Liabilities							
Warrants payable	\$ 49,849	\$ 448	\$ -	\$ -	\$ -	\$ -	\$ 50,297
Accounts payable	28,803	1,604	-	-	-	-	30,407
Accrued liabilities	215,467	7,948	-	-	-	-	223,415
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,032</u>	<u>5,032</u>
Total Liabilities	294,119	10,000	-	-	-	5,032	309,151
Fund Balances							
Nonspendable	-	-	-	-	-	5,668,799	5,668,799
Restricted	<u>1,118,503</u>	<u>391,470</u>	<u>769,690</u>	<u>6,947</u>	<u>38,372</u>	<u>281,001</u>	<u>2,605,983</u>
Total Fund Balances	<u>1,118,503</u>	<u>391,470</u>	<u>769,690</u>	<u>6,947</u>	<u>38,372</u>	<u>5,949,800</u>	<u>8,274,782</u>
Total Liabilities and Fund Balances	<u>\$ 1,412,622</u>	<u>\$ 401,470</u>	<u>\$ 769,690</u>	<u>\$ 6,947</u>	<u>\$ 38,372</u>	<u>\$ 5,954,832</u>	<u>\$ 8,583,933</u>

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

CITY OF KEENE, NEW HAMPSHIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds						
	Grants Fund	Parking Fund	Library Fund	Library Renovation Expendable Trust	Other Expendable Trusts	Permanent Funds	Total Nonmajor Governmental Funds
Revenues							
Property taxes	\$ -	\$ 836,230	\$ -	\$ -	\$ -	\$ -	\$ 836,230
Charges for services	248,386	896,597	-	-	-	-	1,144,983
Intergovernmental	1,383,580	27,120	3,000	-	-	-	1,413,700
Licenses and permits	45,737	-	-	-	-	-	45,737
Investment income	281	12,556	5,877	514	(245)	(41,715)	(22,732)
Contributions	12,366	-	1,487	120,306	-	23,200	157,359
Miscellaneous	73,679	51,985	5,367	-	-	-	131,031
	<u>1,764,029</u>	<u>1,824,488</u>	<u>15,731</u>	<u>120,820</u>	<u>(245)</u>	<u>(18,515)</u>	<u>3,706,308</u>
Total Revenues							
Expenditures							
General government	957,207	-	-	-	-	-	957,207
Public safety	591,931	1,166,204	-	-	-	-	1,758,135
Public works	59,034	-	-	-	-	-	59,034
Library	-	-	53,177	256	-	-	53,433
Parks and facilities	80,503	-	-	-	-	-	80,503
Debt service:							
Principal	-	520,000	-	-	-	-	520,000
Interest	-	69,025	-	-	-	-	69,025
	<u>1,688,675</u>	<u>1,755,229</u>	<u>53,177</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>3,497,337</u>
Total Expenditures							
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,354	69,259	(37,446)	120,564	(245)	(18,515)	208,971
Other Financing Sources (Uses)							
Transfers in	12,081	-	-	-	-	-	12,081
Transfers out	<u>(500,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(119,000)</u>	<u>-</u>	<u>(112,713)</u>	<u>(791,713)</u>
	<u>(487,919)</u>	<u>(60,000)</u>	<u>-</u>	<u>(119,000)</u>	<u>-</u>	<u>(112,713)</u>	<u>(779,632)</u>
Total Other Financing Sources (Uses)							
Change in Fund Balance	(412,565)	9,259	(37,446)	1,564	(245)	(131,228)	(570,661)
Fund Balances at Beginning of Year	<u>1,531,068</u>	<u>382,211</u>	<u>807,136</u>	<u>5,383</u>	<u>38,617</u>	<u>6,081,028</u>	<u>8,845,443</u>
Fund Balances at End of Year	\$ <u>1,118,503</u>	\$ <u>391,470</u>	\$ <u>769,690</u>	\$ <u>6,947</u>	\$ <u>38,372</u>	\$ <u>5,949,800</u>	\$ <u>8,274,782</u>

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

CITY OF KEENE, NEW HAMPSHIRE

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

ANNUALLY BUDGETED NONMAJOR GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

	Parking		
	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 836,230	\$ 836,230	\$ -
Charges for services	1,062,023	896,597	(165,426)
Intergovernmental	42,500	27,120	(15,380)
Investment income	2,251	12,556	10,305
Miscellaneous	655	51,985	51,330
Total Revenues	1,943,659	1,824,488	(119,171)
Expenditures			
Public safety	1,246,315	1,166,204	80,111
Debt service:			
Principal	520,000	520,000	-
Interest	69,025	69,025	-
Total Expenditures	1,835,340	1,755,229	80,111
Other Financing Sources (Uses)			
Use of fund balance	3,981	-	(3,981)
Transfers out	(112,300)	(60,000)	52,300
Total Other Financing Sources (Uses)	(108,319)	(60,000)	48,319
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ -	\$ 9,259	\$ 9,259

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

INTERNAL SERVICE FUNDS

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

The City of Keene has the following Internal Service Funds:

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

CITY OF KEENE, NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Assets			
Current:			
Investments	\$ 614,492	\$ -	\$ 614,492
Accounts receivable	2,877	-	2,877
Due from other funds	771,616	159,841	931,457
Inventory	246,284	-	246,284
Total current assets	1,635,269	159,841	1,795,110
Noncurrent:			
Capital assets:			
Capital assets, net of accumulated depreciation	2,811,855	-	2,811,855
Total noncurrent assets	2,811,855	-	2,811,855
Total Assets	4,447,124	159,841	4,606,965
Liabilities			
Current:			
Warrants payable	45,601	7,385	52,986
Accounts payable	19,434	1,004	20,438
Accrued liabilities	14,512	-	14,512
Current portion of long-term liabilities:			
Compensated absences	5,472	-	5,472
Total current liabilities	85,019	8,389	93,408
Noncurrent:			
Compensated absences, net of current portion	49,247	-	49,247
Total noncurrent liabilities	49,247	-	49,247
Total Liabilities	134,266	8,389	142,655
Net Position			
Net investment in capital assets	2,811,855	-	2,811,855
Unrestricted	1,501,003	151,452	1,652,455
Total Net Position	\$ 4,312,858	\$ 151,452	\$ 4,464,310

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

CITY OF KEENE, NEW HAMPSHIRE

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities Internal Service Funds		
	Fleet <u>Fund</u>	PC Replacement <u>Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 2,564,024	\$ 89,583	\$ 2,653,607
Other	<u>6,354</u>	<u>1,059</u>	<u>7,413</u>
Total Operating Revenues	2,570,378	90,642	2,661,020
Operating Expenses			
Salaries and benefits	786,325	3,699	790,024
Other operating expenses	981,375	150,957	1,132,332
Depreciation	<u>434,955</u>	<u>-</u>	<u>434,955</u>
Total Operating Expenses	<u>2,202,655</u>	<u>154,656</u>	<u>2,357,311</u>
Operating Income (Loss)	367,723	(64,014)	303,709
Nonoperating Revenues (Expenses)			
Investment income	29,555	4,856	34,411
Loss on disposal of capital assets	<u>(7,384)</u>	<u>-</u>	<u>(7,384)</u>
Total Nonoperating Revenues (Expenses)	<u>22,171</u>	<u>4,856</u>	<u>27,027</u>
Income (Loss) before transfers	389,894	(59,158)	330,736
Transfers			
Transfers out	<u>-</u>	<u>(33,000)</u>	<u>(33,000)</u>
Change in Net Position	389,894	(92,158)	297,736
Net Position at Beginning of Year	<u>3,922,964</u>	<u>243,610</u>	<u>4,166,574</u>
Net Position at End of Year	<u>\$ 4,312,858</u>	<u>\$ 151,452</u>	<u>\$ 4,464,310</u>

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

CITY OF KEENE, NEW HAMPSHIRE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 2,572,495	\$ 90,642	\$ 2,663,137
Payments to vendors	(1,326,181)	(147,371)	(1,473,552)
Payments to employees for salaries and benefits	<u>(550,843)</u>	<u>-</u>	<u>(550,843)</u>
Net Cash Provided By (Used For) Operating Activities	695,471	(56,729)	638,742
Cash Flows From Noncapital Financing Activities			
Transfers out	-	(33,000)	(33,000)
Proceeds (payments) under interfund loan agreements	<u>(114,755)</u>	<u>84,873</u>	<u>(29,882)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(114,755)	51,873	(62,882)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	<u>(636,362)</u>	<u>-</u>	<u>(636,362)</u>
Net Cash (Used For) Capital and Related Financing Activities	(636,362)	-	(636,362)
Cash Flows From Investing Activities			
Proceeds from sale of investments	26,091	-	26,091
Investment income	<u>29,555</u>	<u>4,856</u>	<u>34,411</u>
Net Cash Provided By Investing Activities	<u>55,646</u>	<u>4,856</u>	<u>60,502</u>
Net Change in Cash and Short-Term Investments	-	-	-
Cash and Short-Term Investments, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Short-Term Investments, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating income (loss)	\$ 367,723	\$ (64,014)	\$ 303,709
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	434,955	-	434,955
Changes in assets and liabilities:			
User fees	2,116	-	2,116
Inventory	(8,067)	-	(8,067)
Other assets	2,503	-	2,503
Warrants and accounts payable	(81,992)	7,285	(74,707)
Accrued liabilities	<u>(21,767)</u>	<u>-</u>	<u>(21,767)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 695,471</u>	<u>\$ (56,729)</u>	<u>\$ 638,742</u>

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

CITY OF KEENE, NEW HAMPSHIRE

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Fleet Fund			PC Replacement Fund		
	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues						
Charges for services	\$ 2,511,295	\$ 2,564,025	\$ 52,730	\$ 89,583	\$ 89,583	\$ -
Investment income	4,495	29,555	25,060	-	4,856	4,856
Other	-	6,354	6,354	4,000	1,059	(2,941)
Total Revenues	<u>2,515,790</u>	<u>2,599,934</u>	<u>84,144</u>	<u>93,583</u>	<u>95,498</u>	<u>1,915</u>
Expenses						
Salaries and benefits	612,221	529,076	83,145	-	-	-
Other operating expenses	1,387,221	1,246,008	141,213	177,035	154,656	22,379
Depreciation	390,000	434,955	(44,955)	-	-	-
Total Expenses	<u>2,389,442</u>	<u>2,210,039</u>	<u>179,403</u>	<u>177,035</u>	<u>154,656</u>	<u>22,379</u>
Other Financing Sources (Uses)						
Use (addition) of net position	(126,348)	-	126,348	116,452	-	(116,452)
Transfers out	-	-	-	(33,000)	(33,000)	-
Total Other Financing (Uses)	<u>(126,348)</u>	<u>-</u>	<u>126,348</u>	<u>83,452</u>	<u>(33,000)</u>	<u>(116,452)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>\$ -</u>	<u>\$ 389,895</u>	<u>\$ 389,895</u>	<u>\$ -</u>	<u>\$ (92,158)</u>	<u>\$ (92,158)</u>

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

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**STATISTICAL
SECTION**

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CITY OF KEENE, NEW HAMPSHIRE

STATISTICAL SECTION

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

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

City of Keene, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 51,674,961	\$ 52,044,769	\$ 51,051,333	\$ 56,711,431	\$ 56,903,534	\$ 57,485,620	\$ 59,166,584	\$ 66,711,745	\$ 69,956,379	\$ 73,675,189
Restricted	7,784,887	7,861,947	7,844,383	8,181,255	8,451,104	9,138,862	11,757,799	9,833,924	11,404,883	10,925,796
Unrestricted	11,122,218	11,231,799	12,963,681	11,493,999	(15,389,928)	(16,519,232)	(17,115,229)	(20,126,396)	(21,426,686)	(18,811,632)
Total governmental activities net position	\$ 70,582,066	\$ 71,138,515	\$ 71,859,397	\$ 76,386,685	\$ 49,964,710	\$ 50,105,250	\$ 53,809,154	\$ 56,419,273	\$ 59,934,576	\$ 65,789,353
Business-type activities										
Net investment in capital assets	\$ 39,404,898	\$ 39,516,773	\$ 40,061,829	\$ 40,449,004	\$ 41,793,286	\$ 45,601,603	\$ 46,911,847	\$ 47,558,442	\$ 47,115,869	\$ 49,350,970
Unrestricted	14,253,707	15,016,733	15,890,392	17,180,651	15,184,011	14,630,415	14,425,082	14,473,134	15,870,281	14,968,960
Total business-type activities net position	\$ 53,658,605	\$ 54,533,506	\$ 55,952,221	\$ 57,629,655	\$ 56,977,297	\$ 60,232,018	\$ 61,336,929	\$ 62,031,576	\$ 62,986,150	\$ 64,319,930
Primary government										
Net investment in capital assets	\$ 91,079,859	\$ 91,561,542	\$ 91,113,162	\$ 97,160,435	\$ 98,696,820	\$ 103,087,223	\$ 106,078,431	\$ 114,270,187	\$ 117,072,248	\$ 123,026,159
Restricted	7,784,887	7,861,947	7,844,383	8,181,255	8,451,104	9,138,862	11,757,799	9,833,924	11,404,883	10,925,796
Unrestricted	25,375,925	26,248,532	28,854,073	28,674,650	(205,917)	(1,888,817)	(2,690,147)	(5,653,262)	(5,556,405)	(3,842,672)
Total primary government net position	\$ 124,240,671	\$ 125,672,021	\$ 127,811,618	\$ 134,016,340	\$ 106,942,007	\$ 110,337,268	\$ 115,146,083	\$ 118,450,849	\$ 122,920,726	\$ 130,109,283

Data Source:

Audited Financial Statements

City of Keene, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 424,072	\$ 425,964	\$ 381,611	\$ 363,483	\$ 341,018	\$ 362,095	\$ 699,572	\$ 640,262	\$ 94,085	\$ 98,793
Committed	2,417,136	2,700,437	3,074,928	3,423,762	3,517,742	3,380,255	3,968,918	4,661,196	5,049,191	5,607,279
Assigned	1,099,218	1,281,293	1,175,686	1,258,208	1,378,786	1,038,111	436,301	418,729	802,771	1,147,450
Unassigned	6,771,406	6,801,027	6,050,735	6,498,576	6,763,152	7,495,863	8,655,952	8,924,574	10,702,620	13,184,021
Total General Fund	\$ 10,711,832	\$ 11,208,721	\$ 10,682,960	\$ 11,544,029	\$ 12,000,698	\$ 12,276,324	\$ 13,760,743	\$ 14,644,761	\$ 16,648,667	\$ 20,037,543
Other Governmental Funds										
Nonspendable	\$ 5,559,717	\$ 5,460,867	\$ 5,629,927	\$ 6,104,692	\$ 5,659,081	\$ 5,585,419	\$ 5,881,176	\$ 5,317,971	\$ 5,935,014	\$ 5,668,799
Restricted	10,680,705	9,257,416	6,009,770	3,723,770	6,857,313	3,405,551	5,764,563	5,995,590	6,569,207	4,348,560
Committed	3,823,670	3,161,878	2,998,753	2,428,004	4,064,769	2,673,426	6,572,329	3,048,755	4,113,680	4,519,850
Unassigned	(1,277,123)	(142,719)	-	(68,306)	(2,890)	-	-	(1,611,338)	(188,045)	(322,641)
Total Other Governmental Funds	\$ 18,786,969	\$ 17,737,442	\$ 14,638,450	\$ 12,188,160	\$ 16,578,273	\$ 11,664,396	\$ 18,218,068	\$ 12,750,978	\$ 16,429,856	\$ 14,214,568

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 21,751,017	\$ 22,676,964	\$ 23,133,820	\$ 24,210,554	\$ 25,288,836	\$ 26,432,668	\$ 26,967,454	\$ 27,159,503	\$ 27,353,420	\$ 29,739,445
Charges for services	7,522,029	7,658,470	7,291,378	7,369,188	7,533,948	7,629,481	8,485,858	8,416,059	9,006,321	8,325,973
Intergovernmental	6,136,097	4,959,426	5,493,486	6,140,731	4,484,310	4,652,406	3,862,127	6,744,527	7,344,170	5,231,050
Licenses and permits	2,842,526	2,808,529	2,992,017	3,071,633	3,294,504	3,501,521	4,384,530	4,251,933	4,100,599	4,198,908
Investment income	1,432,108	743,734	947,051	972,289	593,061	237,109	657,924	775,538	1,447,812	732,077
Contributions	509,470	169,117	122,326	228,801	479,409	839,470	1,922,518	2,285,116	959,008	391,847
Miscellaneous	665,610	907,199	1,345,792	785,568	1,564,627	819,207	301,616	284,496	327,043	585,178
Total revenues	40,858,857	39,923,439	41,325,870	42,778,764	43,238,695	44,111,862	46,582,027	49,917,172	50,538,373	49,204,478
Expenditures by Function										
General government	5,198,843	4,915,937	5,239,355	5,107,881	5,410,852	6,287,467	6,180,882	6,552,501	6,268,348	7,090,007
Public safety	12,204,212	12,447,867	13,131,516	13,344,198	14,139,779	14,224,160	14,438,473	14,856,213	15,284,919	15,826,385
Public works	7,825,883	8,010,095	7,800,682	7,905,279	8,067,083	6,403,527	6,878,521	7,511,885	7,036,466	7,120,309
Welfare and human services	1,774,941	1,595,458	1,666,794	1,628,021	1,752,376	1,671,546	1,665,998	1,742,081	801,363	747,620
Airport	451,520	491,315	482,788	551,662	549,447	573,307	614,617	625,712	638,408	650,399
Library	1,226,346	1,254,878	1,258,461	1,325,446	1,473,703	1,435,749	1,378,262	1,376,184	1,531,189	1,456,751
Community development	1,441,564	1,515,779	1,029,380	726,662	1,506,517	477,780	696,896	563,731	1,425,470	1,422,219
Parks and facilities	2,851,822	2,693,356	2,634,966	2,989,163	2,907,419	2,870,008	2,891,011	3,082,351	3,384,630	3,450,731
Debt service:										
Principal	2,819,790	3,629,878	4,313,918	4,282,772	4,250,422	4,922,760	5,958,531	4,561,262	4,150,325	4,453,075
Interest	1,306,726	1,412,183	1,429,974	1,191,789	1,086,337	1,070,867	1,025,032	979,711	965,706	965,498
Capital outlay	6,670,728	11,778,205	10,008,596	6,734,484	4,164,096	8,863,593	4,910,046	12,588,613	9,741,708	4,880,896
Miscellaneous	23,683	21,166	12,610	1,074	23,747	-	-	-	-	-
Total expenditures	43,796,058	49,766,117	49,009,040	45,788,431	45,331,778	48,800,764	46,638,269	54,440,244	51,228,532	48,063,890
Excess of revenues										
Over(under) expenditures	(2,937,201)	(9,842,678)	(7,683,170)	(3,009,667)	(2,093,083)	(4,688,902)	(56,242)	(4,523,072)	(690,159)	1,140,588
Other Financing Sources (Uses)										
Issuance of general obligation bonds	9,295,000	7,856,700	2,775,200	-	5,530,000	-	5,676,000	-	5,705,000	-
Issuance of refunding bonds	-	-	3,850,900	-	-	-	2,151,304	-	-	-
Bond premiums on general obligation bonds	-	-	-	-	-	-	821,082	-	667,943	-
Bond premiums on refunding bonds	-	-	-	-	-	-	253,002	-	-	-
Payment to escrow agent	-	-	(3,961,406)	-	-	-	(807,071)	-	-	-
Gain on refunding	-	-	(25,739)	-	-	-	-	-	-	-
Transfers in	3,998,021	3,519,678	5,015,021	3,808,287	3,481,201	2,340,391	2,802,014	8,166,582	2,746,683	3,300,257
Transfers out	(2,568,245)	(2,086,338)	(3,595,560)	(2,387,841)	(2,071,336)	(2,289,149)	(2,802,014)	(8,226,582)	(2,746,683)	(3,267,257)
Total other financing sources (uses)	10,724,776	9,290,040	4,058,416	1,420,446	6,939,865	51,242	8,094,317	(60,000)	6,372,943	33,000
Net Change in fund balances	\$ 7,787,575	\$ (552,638)	\$ (3,624,754)	\$ (1,589,221)	\$ 4,846,782	\$ (4,637,660)	\$ 8,038,075	\$ (4,583,072)	\$ 5,682,784	\$ 1,173,588

Debt Service as a percentage of non-capital outlay expenditures	11.06%	12.47%	13.34%	13.60%	12.36%	13.25%	15.91%	13.11%	11.79%	12.34%
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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
2020	\$ 26,412,988	\$ -	\$ 5,829	\$ -	\$ 3,381,346	\$ 1,107,500	\$ 30,907,663
2019	24,864,983	-	5,660	-	3,278,216	443,461	28,592,320
2018	24,733,654	124,920	17,669	-	3,170,954	444,471	28,491,668
2017	24,742,331	-	20,875	-	3,128,771	433,772	28,325,750
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

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						
2020	\$ 1,086,718,570	\$ 702,042,900	\$ 74,173,700	\$ 1,862,935,170	\$ 5,798,816	\$ 1,862,926,070	\$ 37.60	\$ 1,992,795,421	93.5%
2019	1,068,637,240	674,838,019	88,110,200	1,831,585,459	4,503,416	1,827,082,043	37.12	1,920,248,283	95.4%
2018	1,065,706,600	656,357,900	78,914,000	1,800,978,500	4,942,200	1,796,036,300	37.22	1,847,773,971	97.5%
2017	1,064,310,740	655,367,400	73,554,600	1,793,232,740	4,598,925	1,788,633,815	36.39	1,799,430,397	99.7%
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%

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
2020	\$ 14.81	\$ 16.68	\$ 2.14	\$ 18.82	\$ 33.63	\$ 3.97	\$ 37.60
2019	14.36	16.64	2.21	18.85	33.21	3.91	37.12
2018	14.06	17.26	2.36	19.62	33.68	3.54	37.22
2017	14.02	16.36	2.43	18.79	32.81	3.58	36.39
2016	13.42	15.28	2.35	17.63	31.05	3.36	34.41
2015	12.93	15.04	2.39	17.43	30.36	3.32	33.68
2014	12.44	14.60	2.44	17.04	29.48	3.27	32.75
2013	12.15	13.54	2.47	16.01	28.16	3.24	31.40
2012	11.78	13.32	2.37	15.69	27.47	3.35	30.82
2011	11.32	13.55	2.27	15.82	27.14	3.03	30.17

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>2020 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>2011 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Net Assessed Value</u>
Eversource (formerly PSNH)	Utility	\$ 91,115,000	1	4.89 %	\$ 48,602,000	1	2.55 %
Keene MZL LLC (formerly MB Keene Monadnock LLC)	Retail/Commercial Space	29,310,900	2	1.57	31,675,600	2	1.67
Riverside Improvements LLC	Retail/Commercial Space	21,099,000	3	1.13	23,587,100	3	1.24
Realties Inc/Ellis Robertson	Retail/Commercial Space	19,848,230	4	1.07	23,340,000	4	1.23
480 West Street LLC	Retail/Commercial Space	14,978,700	5	0.80	-	-	-
Target Corporation	Retail/Commercial Space	13,799,900	6	0.74	14,679,100	5	0.77
Tanglewood Park Cooperative, Inc.	Manufactured Home Park	11,849,600	7	0.64	-	-	-
AH Keene LLC	Elderly Housing	11,276,200	8	0.61	-	-	-
Home Depot	Retail/Commercial Space	11,207,300	9	0.60	12,158,700	6	0.64
Washington Park of Keene LLC	Apartments/Mixed Use	11,128,000	10	0.60	-	-	-
Total Principal Taxpayers		235,612,830		12.65 %	154,042,500		8.10 %
Total Net Assessed Taxable Value		<u>\$ 1,862,926,070</u>			<u>\$ 1,902,367,700</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⁾	Property Tax Levied for		Collected within the Fiscal Year of the Levy		Subsequent Tax lien Collections	Balance at end of Current Fiscal Year	Total Collections to Date	
	Fiscal Year	Amount	Amount	% of Levy			Amount	% of Levy
(FY)								
2020	\$ 69,371,848	\$ 67,645,277	97.51%	\$ 653,915	\$ 1,716,400	\$ 68,299,192	98.45%	
2019	69,267,152	67,971,414	98.13%	1,386,997	512,407	68,173,431	98.42%	
2018	68,166,295	66,968,501	98.24%	1,318,773	115,252	67,379,570	98.85%	
2017	66,236,957	65,229,896	98.48%	1,162,354	4,485	65,229,896	98.48%	
2016	64,484,906	63,554,757	98.56%	930,149	190	63,963,378	99.19%	
2015	63,162,701	62,099,707	98.32%	1,062,995	-	63,043,025	99.81%	
2014	61,244,506	60,490,420	98.77%	1,008,649	-	60,976,828	99.56%	
2013	59,161,150	58,080,982	98.17%	1,080,168	-	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	-	56,817,638	98.55%	

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.

⁽¹⁾ Fiscal year 2020 is the City's tax year 2019.

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 Inc	Actual Taxable Value of Property
	General Obligation Bonds	Tax Increment Financing Bonds	Capital Leases	General Obligation Bonds and Direct Borrowing	Tax Increment Financing Bonds								
2020	\$ 20,711,701	\$ 3,120,000	\$ -	\$ 9,570,609	\$ -	\$ 33,402,310	\$ 1,455	2.55%	1.81%	22,953	\$ 69,371,848	\$ 56,971	\$ 1,862,926,070
2019	24,713,978	4,465,000	-	11,178,824	-	40,357,802	1,750	3.16%	2.19%	23,056	69,267,152	55,398	1,827,082,043
2018	21,181,294	5,090,000	92,417	11,347,223	-	37,710,934	1,643	3.07%	2.05%	22,949	68,166,295	53,499	1,796,036,300
2017	24,951,556	5,881,000	182,257	13,032,258	-	44,047,071	1,882	3.58%	2.39%	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

*based on the Census' American Community Survey 2016 5-yr estimate and the Census' 2017 Population Estimates

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct Debt:										
City of Keene										
Net General Obligation Debt Outstanding	\$ 33,109,918	\$ 33,874,263	\$ 31,589,609	\$ 27,959,901	\$ 29,898,542	\$ 25,638,281	\$ 24,951,556	\$ 21,181,294	\$ 24,713,978	\$ 20,711,701
Percentage Applicable to Government	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount Applicable to Government	\$ 33,109,918	\$ 33,874,263	\$ 31,589,609	\$ 27,959,901	\$ 29,898,542	\$ 25,638,281	\$ 24,951,556	\$ 21,181,294	\$ 24,713,978	\$ 20,711,701
Subtotal Direct Debt	\$ 33,109,918	\$ 33,874,263	\$ 31,589,609	\$ 27,959,901	\$ 29,898,542	\$ 25,638,281	\$ 24,951,556	\$ 21,181,294	\$ 24,713,978	\$ 20,711,701
Overlapping Debt:										
Cheshire County										
Net General Obligation Debt Outstanding	\$ 35,290,923	\$ 33,381,627	\$ 28,539,277	\$ 28,040,000	\$ 26,075,096	\$ 28,040,000	\$ 46,095,000	\$ 49,585,000	\$ 46,000,000	\$ 48,855,000
Percentage Applicable to Government*	25.69%	26.04%	26.11%	26.11%	26.44%	26.11%	26.18%	25.40%	25.42%	24.83%
Amount Applicable to Government	\$ 9,065,850	\$ 8,691,541	\$ 7,452,633	\$ 7,321,244	\$ 6,894,516	\$ 7,321,244	\$ 12,067,671	\$ 12,593,648	\$ 11,694,258	\$ 12,130,697
Keene Union School District										
Net General Obligation Debt Outstanding	\$ -	\$ -	\$ 38,223,428	\$ 35,196,745	\$ 29,421,201	\$ 32,263,902	\$ 26,666,003	\$ 24,109,630	\$ 21,630,370	\$ 19,225,934
Percentage Applicable to Government	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
Amount Applicable to Government	\$ -	\$ -	\$ -	\$ 35,196,745	\$ 29,421,201	\$ 32,263,902	\$ 26,666,003	\$ 24,109,630	\$ 21,630,370	\$ 19,225,934
Subtotal Overlapping Debt	\$ 9,065,850	\$ 8,691,541	\$ 7,452,633	\$ 42,517,989	\$ 36,315,717	\$ 39,585,146	\$ 38,733,674	\$ 36,703,278	\$ 33,324,628	\$ 31,356,631
Grand Total	\$ 42,175,768	\$ 42,565,804	\$ 39,042,242	\$ 70,477,890	\$ 66,214,259	\$ 65,223,427	\$ 63,685,230	\$ 57,884,572	\$ 58,038,606	\$ 52,068,332

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

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

City of Keene, New Hampshire

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Base Value for Debt Limits ⁽¹⁾	\$ 1,887,318,000	\$ 1,819,399,000	\$ 1,819,399,000	\$ 1,819,399,000	\$ 1,758,640,000	\$ 1,738,800,000	\$ 1,792,296,603	\$ 1,840,121,797	\$ 1,920,248,283	\$ 1,992,795,421
Legal Debt Limits (% of Base Value)										
General - 1.75% thru 1998, 3% 1999 on ⁽²⁾	\$ 56,619,540	\$ 54,582,000	\$ 54,582,000	\$ 54,582,000	\$ 52,759,000	\$ 52,164,000	\$ 53,768,898	\$ 55,203,654	\$ 57,192,053	\$ 59,783,863
Parking - 0.05%	94,365,900	9,097,000	9,097,000	9,097,000	8,798,000	8,694,000	8,961,483	9,200,609	9,532,009	9,963,977
Water - 10% ⁽²⁾	188,731,800	181,940,000	181,940,000	181,940,000	175,864,000	173,880,000	179,229,660	184,012,180	190,640,177	199,279,542
	\$ 339,717,240	\$ 245,619,000	\$ 245,619,000	\$ 245,619,000	\$ 237,421,000	\$ 234,738,000	\$ 241,960,041	\$ 248,416,443	\$ 257,364,239	\$ 269,027,382
Issued Debt at June 30										
Total Issued Debt at June 30	\$ 40,896,000	\$ 45,465,000	\$ 45,738,000	\$ 42,513,000	\$ 44,270,000	\$ 43,826,000	\$ 43,864,814	\$ 37,618,517	\$ 39,004,793	\$ 32,943,505
Less Water Fund	(947,631)	(566,300)	(818,956)	(1,456,876)	(1,203,752)	(987,122)	(1,769,366)	(1,459,584)	(1,273,569)	(1,084,986)
Less Sewer Fund ⁽³⁾	(4,413,703)	(5,281,085)	(6,665,364)	(7,226,432)	(8,097,707)	(12,930,695)	(11,262,892)	(9,887,639)	(9,905,255)	(8,485,623)
Less TIF, Parking, Landfill ⁽³⁾	(3,037,525)	(6,182,936)	(6,935,853)	(6,106,296)	(6,031,019)	(5,115,740)	(6,113,675)	(5,274,000)	(4,865,500)	(3,462,000)
	32,497,141	33,434,679	31,317,827	27,723,396	28,937,522	24,792,443	24,718,881	20,997,294	22,960,469	19,910,896
Authorized Unissued at June 30										
Total Authorized Unissued Debt at June 30	11,315,000	17,425,840	9,715,000	11,860,000	8,863,000	12,706,000	135,000	7,258,500	4,699,000	8,891,000
Less Water Fund	(780,000)	(780,000)	(780,000)	-	-	-	-	-	-	-
Less Sewer Fund ⁽³⁾	(6,235,000)	(13,066,700)	(8,175,000)	(7,495,000)	(6,690,000)	(6,045,000)	-	(1,350,000)	(1,727,000)	(1,727,000)
Less TIF, Parking, Landfill ⁽³⁾	-	(2,389,140)	(760,000)	(760,000)	(105,000)	(105,000)	-	(250,000)	(168,000)	(1,681,000)
Total Debt Subject to general limit	\$ 36,797,141	\$ 34,624,679	\$ 31,317,827	\$ 31,328,396	\$ 31,005,522	\$ 31,348,443	\$ 24,853,881	\$ 26,655,794	\$ 25,764,469	\$ 25,393,896
Legal Debt Margin										
General	\$ 19,822,399	\$ 19,957,321	\$ 23,264,173	\$ 23,253,604	\$ 21,753,478	\$ 20,815,557	\$ 28,915,017	\$ 28,547,860	\$ 31,427,584	\$ 34,389,967
Water Fund	\$ 187,004,169	\$ 180,593,700	\$ 180,341,044	\$ 180,483,124	\$ 174,660,248	\$ 172,892,878	\$ 177,460,294	\$ 182,552,596	\$ 189,366,608	\$ 198,194,556
% of Legal Debt Limits Used										
General	65.0%	63.4%	57.4%	57.4%	58.8%	60.1%	46.2%	48.3%	45.0%	42.5%
Water Fund	0.9%	0.7%	0.9%	0.8%	0.7%	0.6%	1.0%	0.8%	0.7%	0.5%

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
2020	22,953 *	\$ 711,382	\$ 30,993 **	9.20% ***
2019	23,056	709,410	30,769	2.70%
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%

*Based on U.S. Census Bureau Quick Facts: Keene, NH Population estimates July 1, 2019

** Based on 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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cheshire Medical Center/Dartmouth Hitchcock - Keene	1,554	1	13.05%	1,028	1	8.31%
C & S Wholesale Grocers	1,200	2	10.08%	850	3	6.87%
Keene School District	1,141	3	9.59%	682	4	5.51%
Keene State College	789	4	6.63%	960	2	7.76%
National Grange Mutual Insurance	420	5	3.53%	371	9	3.00%
Markem-Imaje Corporation	400	6	3.36%	450	6	3.64%
Smith Industrial Medical Systems	350	7	2.94%	550	5	4.44%
City of Keene	309	8	2.60%	385	8	3.11%
Timken Super Precision	267	9	2.24%	423	7	3.42%
Janos Technologies	75	10	0.63%	-		0.00%
Total Principal Employers	6,505		54.65%	5,699		46.06%
Total City Employment	11,904	(1)		approx 12,377		

Data Source

(1) Based on labor force residing in Keene - NHDES 2020

City of Keene, New Hampshire

City Government Employees by Division - Full Time Equivalents

Last Ten Fiscal Years

Departments	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
City Attorney	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59
Assessment	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	14.18	14.18	14.18	14.18	15.18	15.18	15.18	15.18	15.18	15.18
Human Resources	2.80	2.80	2.80	2.80	2.80	2.80	2.91	3.00	3.00	3.00
Information Technology	7.00	6.80	6.80	6.90	7.00	7.00	7.00	7.00	7.00	7.00
General Government	38.57	38.37	38.37	38.47	38.57	38.57	38.68	39.77	39.77	39.77
Fire	47.80	45.80	45.80	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Police	55.56	54.45	54.53	52.75	55.75	55.75	53.75	56.75	56.75	56.75
Health and Code	7.67	6.67	8.14	8.23	8.33	7.83	8.33	8.33	8.00	8.00
Parking	5.70	5.70	5.70	6.39	5.42	5.33	5.10	5.12	6.86	6.86
Public Safety	116.73	112.62	114.17	113.37	115.50	114.91	113.18	116.20	117.61	117.61
Public Works	31.12	29.12	29.12	28.04	26.38	26.21	26.33	27.43	28.73	28.73
Solid Waste	7.46	7.46	7.38	7.85	7.58	7.77	10.17	10.27	10.27	10.27
Fleet Services	7.29	6.29	6.25	6.29	6.29	6.25	6.25	6.25	6.25	6.25
Public Works	45.87	42.87	42.75	42.18	40.25	40.23	42.75	43.95	45.25	45.25
Human Services	3.30	3.30	3.04	3.53	2.71	2.64	2.64	2.64	2.64	2.64
Youth Services	2.03	2.03	1.76	1.39	1.10	1.27	1.27	1.00	1.00	1.00
Welfare and human services	5.33	5.33	4.80	4.92	3.81	3.91	3.91	3.64	3.64	3.64
Airport	2.00	2.00	2.00	2.00	2.00	2.80	2.80	2.80	3.00	3.00
Library	10.00	10.00	10.00	8.00	8.00	9.44	10.07	10.74	11.26	11.26
Planning	6.00	5.00	3.90	4.65	4.91	4.91	4.91	4.91	4.91	4.91
Parks and facilities	17.99	15.99	16.04	17.24	16.25	15.95	15.30	16.24	19.09	19.09
Water	12.29	8.09	8.59	11.34	12.03	12.03	12.00	11.48	12.61	12.61
Sewer	15.99	15.24	14.66	15.99	15.30	15.22	13.24	14.77	15.63	15.63
Grand Totals	270.77	255.51	255.28	258.16	256.62	257.97	256.84	264.50	272.77	272.77

Data Source

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

City of Keene, New Hampshire

Operating Indicators by Function Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Police										
Number of police calls answered	37,548	35,857	34,951	32,723	31,567	29,382	29,688	29,796	28,706	27,615
Traffic violations	5,311	4,553	3,963	3,114	4,814	5,848	5,425	6,219	5,260	7,963
Parking violations	20,083	21,919	17,997	18,879	19,079	21,776	25,686	30,461	21,791	14,542
Total Offenses Reported (prior calendar year basis)										
Group A	2,018	2,367	2,317	2,615	2,327	2,181	1,926	1,875	1,606	1,574
Group B	1,292	1,484	1,343	1,303	1,243	1,181	1,856	3,851	1,876	1,681
Fire and Rescue										
Calls answered	3,848	4,133	4,044	4,152	4,543	4,865	4,865	4,767	4,837	4,985
False alarms	30	24	23	17	24	21	64	15	42	16
Patients treated and transported	2,054	2,125	2,138	2,025	2,274	2,456	2,480	2,413	2,403	2,327
Patients treated only	127	209	233	327	289	228	222	38	1	12
Water										
Average daily consumption (in thousands of gallons)	*	*	*	1,602	1,519	1,516	1,415	1,411	1,432	1,408
Maximum daily capacity in gallons (safe yield but maximum daily capacity 6MGD)	*	*	*	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
Sewer										
Daily average treatment (in thousands of gallons)	3,230	3,670	2,910	3,400	2,840	2,370	2,290	2,780	2,953	2,190
Maximum daily capacity in gallons (avg daily flow but designed for 21MGD)	5,180,000	5,180,000	5,380,000	5,380,000	5,380,000	5,380,000	6,000,000	6,000,000	6,600,000	6,600,000

⁽¹⁾ The 2020 figure is based on 2019 calendar year

Data Source

Various city departments

* Data unavailable

City of Keene, New Hampshire

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	4	4	3	3	3
Number of support vehicles	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	126	126	126	126	126	126	126	126	126	126
Number of traffic lights (in sets)	*	*	*	*	*	*	13	13	13	13
Number of street lights ⁽¹⁾	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,155	1,150	1,150
Parks & facilities										
Number of parks	16	16	16	16	16	16	16	16	16	16
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Miles of maintained trails	*	*	*	*	*	*	8	8.2	8	8
Water										
Water main (miles)	100+	100+	100+	109	123	124	124	124	124	124
Maximum daily capacity (in thousands of gallons)	*	*	*	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Sewer										
Sanitary sewers (miles)	*	*	103	105	100	106	106	106	94.2	94.2
Maximum daily capacity of treatment (in thousands of gallons (avg daily flow but designed for 21MGD)	5,180	5,180	5,380	5,380	5,380	5,380	6,000	6,000	6,600	6,600

⁽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