

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer or solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the City within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

NEW ISSUE

Book-Entry-Only

RATING: S&P “SP-1+”

(See “RATING” herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes (as defined herein) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes, interest on the Notes, is exempt from the New Hampshire personal income tax on interest. See “TAX MATTERS:” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.



\$78,425,000*

CITY OF MANCHESTER, NEW HAMPSHIRE

GENERAL OBLIGATION BOND ANTICIPATION NOTES, 2025 SERIES 1

Dated: November 13, 2025

Due: November 12, 2026

<u>Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>CUSIP No. †</u>
\$78,425,000*	%	%	

The \$78,425,000* General Obligation Bond Anticipation Notes, 2025 Series 1 (the “Notes”) of the City of Manchester, New Hampshire (the “City”) will mature on November 12, 2026. Interest on the Notes will be payable at maturity. The Notes are not subject to redemption prior to maturity. See “THE NOTES” herein.

The Notes will be issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), Brooklyn, New York. DTC will act as securities depository for the Notes. Payment of the principal of, and interest on the Notes will be made by the City to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein. See “Book-Entry-Only System” under “THE NOTES” herein.

The Notes will be general obligations of the City and contain a pledge of the full faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the City has the power and statutory authority to levy *ad valorem* taxes on all taxable property in the City, without limitation as to rate or amount; provided that, to the extent the City establishes any development districts pursuant to Chapter 162-K of the New Hampshire Revised Statutes Annotated, taxes levied on certain taxable property located within any such district may be restricted and unavailable to pay the principal of and interest on the Notes. Provided further, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “Nature of Obligation” under “THE NOTES”, “NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT” and “MUNICIPAL BANKRUPTCY” herein.

The Notes are offered when, as and if issued, subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and to certain other conditions referred to herein. PFM Financial Advisors LLC, Boston, Massachusetts, has served as municipal advisor to the City in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or its custodial agent, on or about November 13, 2025.

Dated: October __, 2025

*Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2025 CUSIP Global Services. All rights reserved. The CUSIP number has been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Notes. Neither the Underwriter, the City or the Municipal Advisor are responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness on the Notes or as indicated above. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Notes or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

No dealer, broker, salesperson or other person has been authorized by the City, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the City and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City and the Municipal Advisor that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

FOR NEW HAMPSHIRE RESIDENTS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

City of Manchester, New Hampshire

MAYOR

Jay Ruais

BOARD OF ALDERMEN

Ward 1 Chris Morgan	Ward 7.....Ross Terrio
Ward 2..... Dan Goonan	Ward 8.....Edward Sapienza
Ward 3..... Pat Long	Ward 9.....Jim Burkush
Ward 4..... Christine Fajardo	Ward 10.....Bill Barry
Ward 5..... Anthony Sapienza	Ward 11.....Norm Vincent
Ward 6..... Crissy Kantor	Ward 12.....Kelly Thomas
At Large ... Joseph Kelly Lavasseur	At LargeDan O’Neil

CITY OFFICIALS

Sharon Y. Wickens..... Finance Officer

Michele Bogardus.....Deputy Finance Officer

Matthew NormandCity Clerk

Emily Gray Rice.....City Solicitor

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

MUNCIPAL ADVISOR

PFM Financial Advisors LLC
Boston, Massachusetts

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OFFICIAL STATEMENT

\$78,425,000*

CITY OF MANCHESTER, NEW HAMPSHIRE

GENERAL OBLIGATION BOND ANTICIPATION NOTES, 2025 SERIES 1

INTRODUCTORY STATEMENT

This Official Statement (which includes the cover page and Appendices) is provided for the purpose of setting forth information concerning the City of Manchester, New Hampshire (the “City” or “Manchester”) in connection with the sale of \$78,425,000* General Obligation Bond Anticipation Notes, 2025 Series 1, (the “Notes”) to be issued by the City as described herein. The proceeds of the Notes will be used to finance a portion of the costs of various school related capital projects of the City and to pay costs of issuance for the Notes. Certain credit factors concerning the City and the Notes are described throughout this Official Statement, which must be read in its entirety. This Official Statement speaks only as of its date and the information contained herein is subject to change after the date hereof.

All quotations from and summaries and explanations of acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Description

The Notes are dated the date of delivery thereof and will bear interest at the interest rate as shown on the cover page of this Official Statement. Principal and interest on the Notes will be paid at maturity.

The Notes will be issued in registered form and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), Brooklyn, New York, which will act as securities depository for the Notes. Individual purchases will be made in book-entry-form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes. Principal and interest on the Notes will be paid by the City to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See “THE NOTES - Book-Entry-Only System” herein.

Nature of Obligation

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the City has the power and statutory authority to levy *ad valorem* taxes on all taxable property in the City without limitation as to rate or amount; provided that, to the extent the City establishes any development districts pursuant to Chapter 162-K of the New Hampshire Revised Statutes Annotated, taxes levied on certain taxable property located within any such district may be restricted and unavailable to pay the principal of and interest on the Notes. See “APPENDIX A – City of Manchester – Information Statement – City Revenues – Tax Increment Financing for Development Districts” hereto.

At the maturity date of the Notes, the City anticipates that the Notes will be paid from the proceeds of the sale of long-term bonds or from the proceeds of renewal notes. In the event that the City does not have market access for the sale of either long-term bonds or renewal notes, its ability to make timely payment of the principal of the Notes would be significantly impaired.

*Preliminary, subject to change.

Chapter 33 of the New Hampshire Revised Statutes Annotated (“RSA”), known as the “Municipal Finance Act”, provides the amount of each payment of principal and interest on all loans issued by a municipality shall, without vote of the municipality, be annually assessed and collected. Except for certain taxes on the increased assessed value in development districts, no provision is made, however, for a lien on any portion of the tax levy to secure bonds and notes, or judgments thereon, in priority to other claims. See “NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT” herein.

The obligations of the City and the enforcement thereof are subject to exercise of the sovereign police powers of the State of New Hampshire and the constitutional powers of the United States of America, to the federal bankruptcy act and other existing and future laws affecting creditors’ rights to the extent the same may be constitutionally applied, and to the exercise of judicial discretion in accordance with general equitable principles. See “MUNICIPAL BANKRUPTCY” herein.

Book-Entry-Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC’s partnership nominee) or in such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities held under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security held by DTC (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities held by DTC are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities held by it; DTC’s records reflect only the identity of the Direct Participants to whose accounts

such securities are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities held by it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of the securities or its paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participants or Indirect Participants and not of DTC nor its nominee, the paying agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Notes as nominee of DTC, references herein to the holders or registered owners of the Notes shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes.

Neither the City nor its paying agent will have any responsibility or obligation to the Direct Participants or Indirect Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Direct Participant or Indirect Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct Participant or Indirect Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Notes or (iv) any other action taken by DTC or its partnership nominee as owner of the Notes.

Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION FOR NOTES

Bonds and notes are authorized on behalf of the City by a two-thirds (2/3) vote of the fourteen aldermen. State administrative approval is required prior to borrowing for certain purposes, e.g. pension obligation bonds.

The general debt limit of the City is 9.75% of base valuation, as described below. Not more than seven percent (7%) of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment, and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of ten percent (10%) of the City's base valuation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes are sometimes excluded from a city or town's debt limit.

The base valuation for computing the debt limit is determined by adding the amount of taxable property lost to cities, towns and districts as a result of the enactment of the State Business Profits Tax Law to the "equalized assessed valuation." As of June 30, 2025, the City had a total outstanding general obligation debt of \$324,117,146 and authorized and unissued general obligation debt of \$29,554,533 which will be subject to its general debt limit.

The City's general debt limit is \$1,901,987,489. The remaining borrowing capacity under the general debt limit is \$1,767,718,965.

PURPOSES FOR NOTES

The Notes were authorized by resolution of the Board of Mayor and Aldermen adopted on December 5, 2023. Proceeds from the sale of the Notes, including premium, will be used to finance a portion of the cost of various school related capital projects of the City and to pay costs of issuance for the Notes. A portion of the Notes in the amount of \$28,400,000 will refund at maturity presently outstanding bond anticipation notes dated November 14, 2024 and due November 14, 2025.

The projects being financed are included in Phase I of the District's Long-Term Facilities Plan (the "Plan"). The total cost of the Plan is \$290 million. The Plan includes the closing of Henry Wilson Elementary School. The students will be relocated to Beech Street Elementary School and McDonough Elementary School until a new Beech Street Elementary School is constructed as part of the Plan. In addition, the remaining fifth grade classrooms in the District will be relocated to Hillside and McLaughlin Middle Schools. The Middle School at Parkside and Southside Middle School have already accepted fifth grade students. Portable classrooms are needed to accommodate the students from Henry Wilson that are moving to Beech and McDonough Elementary Schools. Portable classrooms are also needed at all four middle schools to accommodate the fifth grade classes. Additions will be constructed at all middle schools. A new Beech Street Elementary School will be constructed and all Henry Wilson Elementary students, kindergarten through grade four, will attend Beech Street Elementary School.

CITY OF MANCHESTER, NEW HAMPSHIRE

The City is located on the Merrimack River in south central New Hampshire, approximately 58 miles north of Boston, Massachusetts. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield and Merrimack. The City has a population of 115,644 according to the 2020 US Census and according to the New Hampshire Office of State Planning, is expected to continue to grow as noted herein. The City occupies a land area of 33.0 square miles. The Manchester Metropolitan Area, with a ten - mile radius, has a population of 323,662 and the Manchester Trade Area, with a twenty mile radius, has a population of over 663,963. The Manchester Metropolitan Area and the Manchester Trade Area are areas that the City believes represent key geographic regions for the City's growing economy. The City is the largest city north of Boston and has been visited by nearly every candidate for President dating back to Abraham Lincoln, especially since the time when New Hampshire began hosting the "first-in-the-nation" presidential primary.

For more information concerning the City, see Appendix A and Appendix B hereto.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Notes, and Bond Counsel has assumed compliance by the City, with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes, interest on the Notes is exempt from the New Hampshire personal income tax on interest.

Bond Counsel express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Note Premium

In general, if an owner acquires the Notes for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Notes after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on the Notes (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Notes through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

RATING

S&P Global Ratings (“S&P”) has assigned the rating of “SP-1+” to the Notes.

Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained only from S&P. There can be no assurance given that such rating will be continued for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, the circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the liquidity and market price of the Notes.

COMPETITIVE BIDDING

The Notes were offered for sale by the City on October 28, 2025. _____ (the “Underwriter”) was the successful bidder for the Notes. Information provided by the Underwriter regarding the interest rate and reoffering yield of the Notes is set forth on the cover page of this Official Statement.

The Notes were purchased from the City by the Underwriter at a price of \$ _____, reflecting the principal amount of \$ _____, plus net original issue premium of \$ _____, less underwriter’s discount of \$ _____. The Underwriter may offer to sell the Notes to certain dealers and others at a price or yield other than the initial public offering price or yield and the public offering price or yield may be changed from time to time by the Underwriter.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be dated as of the date of the issuance of the Notes and will speak only as of that date. A form of the approving opinion of Bond Counsel is set forth in Appendix C hereto.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT

Neither the Notes nor the proceedings with respect thereto specifically provide any remedies to the noteholders if the City defaults in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the noteholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Note, a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the City to levy and collect a tax upon all taxable property within the City, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Notes. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See “MUNICIPAL BANKRUPTCY” herein.

MUNICIPAL BANKRUPTCY

The federal bankruptcy code permits a municipality, such as the City, that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts provided such municipality is authorized by applicable state law. No New Hampshire statute specifically authorizes a New Hampshire municipality, such as the City, to file for bankruptcy under the federal bankruptcy code.

Bankruptcy proceedings by the City could have adverse effects on the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The federal bankruptcy code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Notes, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the federal bankruptcy code cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy code are not to be construed as an indication that the City expects to resort to the provisions of the federal bankruptcy code.

SECONDARY MARKET DISCLOSURE

In order to assist the underwriter in complying with Rule 15c2-12 (the “Rule 15c2-12”) promulgated by the Securities and Exchange Commission, the City has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”) in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) note calls (other than mandatory sinking fund redemptions), if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the City, and no person, including any holder of the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The undertaking, however, may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the City upon the delivery of the Notes will be on file at the office of the Finance Officer of the City.

On July 8, 2022, the City was advised that certain event notice filings required to be filed under its continuing disclosure agreements were not timely filed on the Electronic Municipal Market Access (“EMMA”) website maintained by the MSRB. Such event notice filings were required to be made in connection with the redemption of certain of the City’s outstanding bonds. Redemption notices dated November 1, 2020, with respect to certain of the City’s then outstanding General Obligation Public Improvement Bonds, Series 2010B (Federally Taxable – Issuer Subsidy – Build America Bonds) and General Obligation Refunding Bonds, Series 2010F, were posted on EMMA on November 26, 2020. Redemption notices dated December 2, 2020, with respect to certain of the City’s then outstanding General Obligation Public Improvement Bonds, Series 2010D (Federally Taxable – Issuer Subsidy – Build America Bonds) and General Obligation Public Improvement Bonds, Series 2010E (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) were posted on EMMA on December 29, 2020. Such event notice filings should have been filed on or about November 13, 2020, and December 15, 2020, respectively. All of such bonds have been redeemed and are no longer outstanding.

In addition, there were late filings with respect to five State revolving fund loans. The City has taken steps to assure that future filings will be completed on a timely basis.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Boston, Massachusetts has served as Municipal Advisor to the City in connection with the issuance of the Notes. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM is an independent municipal advisory firm and is not engaged in the business of underwriting, trading, or distributing public securities.

INDEPENDENT ACCOUNTANTS

The audited financial statements of the City for the year ended June 30, 2024 are included in Appendix B of this Official Statement and have been audited by CBIZ CPAs P.C., independent accountants, as stated in their report appearing in Appendix B. CBIZ CPAs P.C., the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CBIZ CPAs P.C., also has not performed any procedures relating to this Official Statement.

ABSENCE OF MATERIAL LITIGATION

In the opinion of the City Solicitor, no litigation of any nature is now pending or, to her knowledge, threatened restraining or enjoining the issuance or delivery of the Notes or the levy or collection of any taxes to pay the interest on or principal of the Notes, or in any manner questioning the authority or proceedings for the issuance of the Notes or for the levy or collection of said taxes, or relating to the Notes or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the City nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded. In the opinion of the City Solicitor, there is no pending litigation likely to result, either individually or in the aggregate, in final judgment against the City that would materially affect its financial position.

CITY OF MANCHESTER, NEW HAMPSHIRE

By: /s/
Mayor

By: /s/
City Finance Officer

APPENDIX A

CITY OF MANCHESTER – INFORMATION STATEMENT

**CITY OF MANCHESTER, NEW HAMPSHIRE
INFORMATION STATEMENT
DATED OCTOBER 20, 2025**

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CITY OF MANCHESTER, NEW HAMPSHIRE

The City is located on the Merrimack River in south central New Hampshire, approximately 58 miles north of Boston, Massachusetts. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield and Merrimack. The City has a population of approximately 115,644 according to the 2020 report of the United States Census Bureau, and is expected to continue to grow as noted herein. The City occupies a land area of 33.0 square miles. The Manchester Metropolitan Area, with a ten-mile radius, has a population of 339,322. The Manchester Metropolitan Area and the Manchester Trade Area are areas that the City believes represent key geographic regions for the City's growing economy. The City is the largest city north of Boston and has been visited by nearly every candidate for President dating back to Abraham Lincoln, especially since the time when New Hampshire began hosting the "first-in-the-nation" presidential primary.

The City's history dates back to 1651 and was first settled in the early Eighteenth Century by John Goffe, on land, which is now the City, which was the disputed territory of Massachusetts and New Hampshire. This land became part of New Hampshire when New Hampshire became a separate province in 1741. In 1751, the area was incorporated as a town and renamed Derryfield. Over the next century, the town evolved from a grazing field into a manufacturing center with major cotton and wool milling industries. Samuel Blodgett, the visionary of this development, compared the town to the industrial center of Manchester, England: hence, in 1810, the name of the town was officially changed to Manchester. In 1846, Manchester was granted its city charter. Manchester was one of the first planned cities in the country. Its streets are laid out in a grid pattern and major streets run parallel to the Merrimack River. Over a number of years, the City's economy has undergone a transition from one that was manufacturing-based (textiles) to one that includes a diverse array of businesses and industries. Currently, the City has a diverse economy with a combination of manufacturing, service and retail firms. Once the home of the world's largest textile mill complex, the City is now home to over 300 diversified manufacturing firms along with service firms as noted herein.

The City owns, and through its Department of Aviation, operates Manchester – Boston Regional Airport ("MHT", "Manchester Airport" or "Airport"). Strategically located in the heart of northern New England, MHT offers air travelers easy access, competitive airfares, ample parking near the terminal and a comprehensive schedule of non-stop and direct jet service. MHT, a self-supporting, City-owned entity, is the largest commercial passenger, cargo, and general aviation airport in all of northern New England.

The State of New Hampshire is recognized nationally for livability and economic strengths:

- #2 Overall Best State (2025) — U.S. News & World Report
- #1 Public Safety / Crime & Corrections (2025) — U.S. News & World Report
- #1 in Economic Opportunity (2025) — U.S. News "Best States"
- #1 Safest State in the Nation (2025) — NEC / Governor's press based on U.S. News data
- #1 in Child Well-Being (2025 KIDS COUNT) — Annie E. Casey Foundation / NH DHHS
- #1 Best State to Retire (2025, Bankrate) — New Hampshire ranks #1 among all states in Bankrate's 2025 retirement ranking.

The City's audited financial statements for the fiscal year ended June 30, 2024 are included herein as Appendix B.

GOVERNMENT AND FINANCIAL CONTROLS

The City operates with a strong mayor form of government. The Mayor is the City's full-time chief executive officer. The Mayor has certain appointment powers and budget line-item veto authority. The City's current charter (the "Charter") was approved by the voters of the City at the November 5, 1996 general election.

The Charter includes an ethics policy, a local initiative option, and calls for the formation of a Charter Review Committee every ten years. The next mandated charter review will be in 2031.

City Administration

The City is governed by an elected Mayor and a fourteen-member Board of Aldermen representing each of the City’s twelve wards and two aldermen elected at-large. The executive and administrative powers of the City are vested in the Mayor who is popularly elected for two years on a nonpartisan basis. Mayor Jay Ruais is currently serving as the 49th Mayor of Manchester, elected in 2023. His first term in office commenced in January 2024 and ends in January 2026. The Board of Mayor and Aldermen approves the City’s budget. The Board of Aldermen nominate and appoint the City’s officers. The Finance Committee, consisting of the full Board of Mayor and Aldermen, approves labor contracts and adopts monetary appropriations.

The following table sets forth the City’s principal executive officials:

<u>Title</u>	<u>Name</u>	<u>Selection</u>
Mayor	Jay Ruais	Elected
Finance Officer	Sharon Wickens	Appointed (1)
City Clerk	Matthew Normand	Appointed (1)
City Solicitor	Emily Gray Rice	Appointed (2)

- (1) Appointed by the Board of Aldermen.
- (2) Appointed by the Mayor and approved by the Board of Aldermen.

The following table sets forth the City’s Board of Aldermen:

<u>Name</u>	<u>Ward</u>
Chris Morgan	1
Dan Goonan	2
Pat Long	3
Christine Fajardo	4
Anthony Sapienza	5
Crissy Kantor	6
Ross Terrio	7
Edward Sapienza	8
Jim Burkush	9
Bill Barry	10
Norm Vincent	11
Kelly Thomas	12
Dan O'Neil	At- Large
Joseph Kelly Levasseur	At- Large

City Financial Management and Controls

City financial management is the responsibility of the City’s Department of Finance which is staffed by 12 full-time personnel. The head of the Department of Finance is the Finance Officer of the City. The Department of Finance is responsible for establishing and maintaining a system of controls and financial reporting to ensure that the City’s assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with law and generally accepted accounting

principles. The Department of Finance performs significant and ongoing monitoring of the financial performance of the City's departments and enterprise funds, including monthly and quarterly interim reports and forecasted year-end revenue and expenditure balances. As required by City ordinance and by the Charter, interim financial reports are submitted to the Board of Mayor and Aldermen and all City department heads. Key revenue and expense items are highlighted in these reports by the Finance Officer for attention by the respective readers.

The City ended Fiscal Year (FY) 2024 with an overall increase of \$6.4 million in the general fund balance over FY 2023. The City's "rainy day" revenue stabilization reserve increased by \$5,396 to \$12,323,538. The special revenue account which accounts for one-time revenues, (i.e., property sales, etc.) decreased by \$588,170 to \$3,718,790 from \$4,306,960. The City's reserves for worker's compensation, health insurance, and general liability remained at \$9,168,267. A non-spendable combined reserve balance of \$1,801,883 consisted of prepaid expenses, adopted program reserves and inventories.

Interim reports are reviewed with the Committee on Accounts, Enrollment and Revenue Administration ("COA"). The COA is a five-member standing committee of the Board of Aldermen. The COA meets on a regular basis to review and to discuss financial matters.

The City has an adopted Investment Policy. The Finance Officer reports on investment performance to the Board of Mayor and Aldermen on a quarterly basis.

The City has adopted debt policies and ordinances for the handling of one-time revenues, insurance reserves and undesignated fund balances.

Below are brief resumes of the key employees in the City's Department of Finance:

City's Finance Officers:

Sharon Y. Wickens, CTP - Ms. Wickens is the Finance Officer for the City. Ms. Wickens has been with the City for twenty-seven years and served as the Deputy Finance Officer prior to being named Finance Officer in 2020. As the Finance Officer, Ms. Wickens is directly responsible for maintaining the City's credit rating and managing the City's debt, accounting, budgeting and financial reporting functions.

Michele Bogardus, CTP – Ms. Bogardus is the Deputy Finance Officer for the City. Ms. Bogardus has been with the City for twenty years and served as a Senior Financial Analyst prior to being named Deputy Finance Officer in January of 2021. Ms. Bogardus is responsible for overseeing the City's treasury and financial reporting divisions, as well as monitoring the City's banking relationships, investments, and revenues.

Municipal Services

The City provides general governmental services for the territory within its boundaries, including but not limited to, police and fire protection, collection and disposal of waste and recycling, water and sewer services, highways, and street maintenance. Public education is provided through the Manchester School District (the "District") for grades kindergarten through twelve and vocational education is available in grades nine through twelve. In addition, the City maintains 55 parks, 2 skating arenas, the Derryfield Country Club, 2 municipal pools, 2 splash pads, and one lake for public use. The Manchester Housing and Redevelopment Authority provides assisted housing through family developments, elderly developments, and the administration of the City's participation in the United States Department of Housing and Urban Development Section 8 program.

The City is located in Hillsborough County. The principal services provided by the County are a Superior Courthouse, a jail, a nursing home, a registry of deeds, and a probate court.

Below is a summary of major areas in which the City provides municipal services.

Education

The Manchester School District is the largest and oldest school system in the State of New Hampshire (the “State”). The District is comprised of a developmental preschool program, thirteen elementary schools, four middle schools, four high schools, a regional Career and Technical Education Center and a program for alternative education. During the 2024-2025 academic year, the District is serving approximately 11,940 students, including Sending District (hereinafter defined) students, and is employing approximately 2,517 full-time and part-time faculty and staff, including active substitutes. The table below sets forth recent trends in Manchester’s school enrollment:

ENROLLMENT IN PUBLIC SCHOOLS				
<u>Year</u>	<u>Elementary</u>	<u>Middle/Junior High</u>	<u>Senior High</u>	<u>Total</u>
2024-2025	4,926	3,510	3,504	11,940
2023-2024	5,401	2,998	3,817	12,216
2022-2023	5,389	3,018	3,923	12,330
2021-2022	5,395	3,171	4,175	12,741
2020-2021	5,546	3,079	4,106	12,731

Public Safety

Police Department

The Manchester Police Department has an authorized FTE sworn complement of 266 and a non-sworn complement of 70 support staff totaling 336 employees. The department is also authorized for a part-time support staff employee and 30 Reserve Officers.

School Resource officers total 9 and are assigned to the Middle and High Schools. They continue to remain a valuable resource to the school department, investigating cases and responding to trouble. They also serve as an excellent crime prevention tool by learning and responding to potential issues before they occur.

The Crime Prevention and Community Police Unit remains active and is heavily involved in Community Watch Groups and PTA's. The unit takes a proactive approach to eliminating problems before they occur.

Our Special Investigative Unit continues its fight against the illegal use and sale of drugs in our community. Despite their aggressive approach, effects of drug abuse continue to plague society and often expand from the sale and use of illegal substances to crimes such as domestic violence, burglary and theft. As a result, drug abuse often affects more than the individual user.

Fire Department

The Manchester Fire Department (MFD) operates 10 engine companies (3 spare Engines), 3 aerial trucks, 2 forestry trucks, 4 rescue boats and one heavy rescue/hazardous materials company, a Building Collapse trailer, a Decontamination trailer, a Mass Casualty trailer, Water Rescue Unit Squad 1, ATV1 and ATV 2; and 10 fire stations located throughout the City. The personnel complement of the MFD is 1 Chief, 3 Assistant Chiefs, 14 Battalion Chiefs, 204 Line Staff (Captains, Lieutenants and Firefighters), 8 Emergency Dispatchers and 4 Dispatch Supervisors, 1 Fire Marshal, 3 Fire Inspectors, 1 Communications Superintendent, 4 Communication Technicians, 1 Training Captain, 1 EMS Officer, 2 Emergency Vehicle Technicians, 1 Emergency Management Coordinator, 1 Information Support Specialist, 1 Risk Reduction Coordinator, and 5 Administrative Support Staff which serves a population of approximately 115,644 residents and thousands of daily visitors.

MFD personnel engage in fire suppression, prevention, investigation, hazardous materials response, terrorism response, emergency medical services and Homeland Security/Emergency Management functions. The MFD provides “first responder” emergency medical services and administers the City’s contract with a private

emergency medical service provider, American Medical Response (AMR). Manchester Fire is also responsible for the installation and maintenance of radio and emergency communication equipment for every City department.

Duties performed by MFD personnel include daily preventative maintenance to the buildings, apparatus, and equipment of the department. MFD personnel perform fire prevention, investigation, and building inspections, and recommend appropriate corrective measures to ensure the safety of the citizens and to ensure compliance with Federal, State and Local codes and ordinances. The department has expanded its emergency services under Emergency Management to include hazardous materials, bioterrorism and homeland security response and Seabrook Nuclear power plant evacuation and decontamination preparedness. The MFD responds to water rescue emergencies in all bodies of water including the Merrimack River which meanders through the City for approximately eleven miles. The department completes the documentation and reporting requirements of the City and other State and Federal regulatory agencies. The City has a Class II ISO rating, the highest in the State of New Hampshire.

Health and Sanitation

Health

Established in 1839, the City of Manchester Health Department (MHD) is an innovative municipal, local health department grounded in the principles and application of the core public health functions; assessment, policy development and assurance. To carry out the core functions and the ten essential services of public health practice, the MHD is structured into four major Branches and one Team that aim to work both cross-divisionally and with other community partners to improve the public's health. These include Neighborhood and Family Health, Environmental Public Health and Emergency Preparedness, Infectious Disease, Healthy Aging and the Public Health and Safety Team. Through a variety of public and private funding sources, the Department employs 55 full and part time public health professionals. Collectively, when needed, the MHD team can provide 24/7 public health emergency response for the City.

The community's health care and dental providers work closely with the Department to ensure that emerging public health issues are monitored and addressed through prevention and a quick response. For the past forty years, the MHD has served in partnership with Catholic Medical Center to deliver primary healthcare for individuals experiencing homelessness. The MHD also partners with Makin It Happen to promote a recovery ready culture and to build resiliency among the City's and region's youth, families and neighborhoods with a focus on substance misuse prevention and mental wellness. Lastly, the MHD provides mobile dental care to all children in the District through the use of a state-of-the-art dental clinic van by visiting all twenty-one public schools. Through the use of a preventive health van, the Department can provide relevant public health services in all areas of the City.

The MHD receives significant private, state and federal grants for public health promotion and protection that enables it to coordinate community work on issues such as emergency response preparation, mass vaccination and outbreak response such as with COVID-19, and neighborhood health improvement. Relocation of the Health Department to the Carol Rines Center was completed in 2003 and provides for better constituent services. The building is a more modern and larger facility that is equipped to handle potentially infectious clients in negative-pressure clinic rooms as well as having large conference space to convene health care providers, social service agencies and community groups. The facility, which is equipped with backup generator power so that the MHD can fully operate in the event of an emergency, provides a fully-equipped secondary Emergency Operation Center for the City. It also serves as a polling station for Ward 3. The Department also oversees the operation of the William B. Cashin Senior Activity Center on the west side of the City.

The Department's organizational structure and operations are designed to continually assess community needs, employ evidence-based interventions/services to address priority health concerns among Manchester residents, partner with community agencies and healthcare organizations to ensure the public's health, and evaluate community solutions intended to achieve better health outcomes. The MHD strives to be the "chief health strategist" of the Manchester community and a high achieving local governmental health department that

balances the provision of traditional public health services with more “upstream” strategies which focus on the social determinants of health across priority neighborhoods and targeted populations. In 2016, the MHD and the City of Manchester were selected as one of six communities nationally to receive the Robert Wood Johnson Foundation’s “Culture of Health” Prize Award and in 2017; the Department was selected for the Kresge Foundation Emerging Leaders in Public Health Initiative. In 2024, the Department was awarded the CDC’s “Project Public Health Ready” recognition. This recognition status highlights MHD’s dedication to public health preparedness and commitment to continuous quality improvement. PPHR recognition confirms that MHD has a thorough and coordinated emergency response plan in place and that staff have the training to protect the health of the community during an emergency.

Sanitation

The City provides curbside collection of trash, bulky items, yard waste, and recyclables, and oversees the post-closure monitoring requirements of the Dunbarton Road landfill. The collection of trash and bulky items is performed by the Highway Division, and the transfer of this material to a lined landfill is performed by Waste Management, Inc. via contract with the City. Yard waste and weekly recycling collection is performed by Casella Waste Services, also under contract with the City. These contracts are managed by the Highway Division. The curbside collection of yard waste and recycling contract is valid through December 31, 2025. The trash disposal contract is valid through June 30, 2026.

The City also operates a transfer station (“Drop Off Facility”) that accepts a variety of solid wastes, including construction and demolition debris, electronics, tires, and other items that are not collected curbside. The Drop Off Facility is managed by the Highway Division. Over the past five years, more customer traffic has resulted in a 34% increase in revenue. Renegotiation of contracts and vendor agreements has reduced operating costs by 15%.

The addition of thirteen SMART trash receptacles in the downtown area has drastically improved cleanliness and aesthetics in the immediate area. Additionally, the strategic planning of over seventy sidewalk receptacles in various locations throughout the city provides pedestrians with easier access to deposit waste.

In 2019, the Highway Division upgraded the trash collection vehicle fleet with five automated trash collection trucks, which reduces the number of personnel needed on a truck from three to one. Implementing automated collection has increased aesthetics throughout our neighborhoods, reduced litter, and reduced refuse collector injuries by 56%.

Transportation

Highways

Manchester is the focal point of New Hampshire’s transportation system and is served by a network of highways, including the F.E. Everett Turnpike, U.S. Route 3, NH Route 101, and Interstates 93 and 293. All of these major transportation corridors intersect in Manchester immediately north of the technology and industry sectors of northeastern Massachusetts as well as the Interstates 95 and 495 beltways around Boston. Access to downtown Manchester is provided by Interstate 293 via Granite Street, Queen City Avenue, and the Amoskeag interchange.

The State of New Hampshire has more than 4,100 miles of State and Federal highways. The State Legislature enacts a ten-year highway funding plan administered by the New Hampshire Department of Transportation that serves as a guideline for the maintenance and expansion of highway development in the State. Large projects that have directly impacted the City include the expansion of the Manchester Boston Regional Airport, construction of a highway and bridge for direct access between the airport and Interstate 293/F.E. Everett Turnpike, and the continued widening of Interstate 93 from the Massachusetts border to Manchester, and past and future upgrades to Interstate 293 Exits 4, 5, 6 & 7.

Manchester is strategically located at the junction of New Hampshire's critical infrastructure with active rail, highway, and air systems. Commercial and industrial interests thrive due to the convenient transportation infrastructure for the movement of people and goods to all major cities in the Northeast and beyond.

The City is directly responsible for the maintenance of 414 miles of local streets, 250 miles of sidewalks, 364 miles of sewer, and 205 miles of drainage. The City has adopted an Asset Management program and has worked to increase the funding requested for maintenance of the roadway system over the past several years. A dynamic assessment of roadway and sidewalk attributes and distresses have been catalogued to allow a predictive network-level approach to street and sidewalk maintenance. The strategy is focused on main arteries throughout the City with application of the correct treatment on individual sections of roadway and sidewalks to preserve and extend life. The technique places a premium on maintenance/preservation to avoid costly reconstruction, which maximizes the lifecycle of paved surfaces while minimizing the cost per mile. Plans for the current fiscal year include another 5-1/2 miles of roadway reconstruction. Work was completed both under contract and by City forces and was budgeted at \$5.4M this year. Notable projects in 2024 included many roads and several of the corridors in the City such as Rockland Avenue, Cohas Avenue, Huse Road, Mitchell Street, Wilson Street, and Cilley Road. The Dorr's Pond Dam rehabilitation project was completed as well as the Downtown Rail Trail Connector from South Beech Street to Baker Street.

The City maintains an ongoing inspection, maintenance, and rehabilitation program for all of its 34 bridges. The City's bridge rehabilitation projects typically receive an 80% reimbursement from the State of New Hampshire's Municipally Managed Bridge Program. Included among the City's bridges are five bridges that span the Merrimack River connecting the City's east and west sides. These are the Notre Dame Bridge, the Queen City Bridge, the Amoskeag Bridge, the Granite Street Bridge, and the Hands Across the Merrimack pedestrian bridge. Also included among the City's bridges is the Nazaire E. Biron Bridge that spans the Piscataquog River.

There are two bridge projects in the engineering design stage for rehabilitation in the next five years including the Amoskeag WB bridge and the Elm Street bridge. The Amoskeag EB Bridge is currently under construction with a completion schedule for fall 2026. The current project and two upcoming projects are anticipated to cost approximately \$45M and are included in the State of New Hampshire Bridge Program for an 80% reimbursement of overall costs.

Road and bridge infrastructure maintained by the City also includes a street light system of over 9,000 lights and 164 traffic signals. The traffic signal system is regularly inspected and maintained by City forces who have converted each location to LED technology. Several intersections have been upgraded over the last few years with new equipment including signal heads, mast arms, and control cabinets. Other locations continue to receive partial upgrades to signal heads and/or control devices as well as optimized timing and coordination plans.

The City was awarded a Congressionally Directed Spending grant administered thru HUD to upgrade signals downtown in the amount of \$850,000. In addition, the City was awarded a SMART grant in the amount of \$2M for improvements to the signal technology along several street corridors. The City continues in the design phase for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) project. This \$30M project will include a pedestrian bridge over the Granite and South Commercial intersection, a new connection from South Commercial to Elm over the active rail line, a new multi-modal connection from Elm Street to Willow Street and the reconfiguration of the Queen City Ave, South Willow, Willow Street, and Cilley Road intersection. This project is designed to target the heavy congestion in the downtown by creating new relief points as well as opening up thousands of acres of property to new development potential.

Freight and Public Transportation

Manchester is served by the Boston and Maine Railroad. Motor freight service to all points is available from a number of nationally known transport companies, and a daily express service is maintained to all major cities within a 200-mile radius as well as New York City. United Parcel Service, Airborne Express, and Federal Express provide daily small package air freight service from the Manchester - Boston Regional Airport, and have invested

millions of dollars to increasing ramp, sorting, and distribution capabilities in Manchester. The Manchester - Boston Regional Airport is New England's third largest cargo airport.

The Manchester Transit Authority operates bus service throughout Manchester and provides connections to Nashua and Concord. Additionally, the MTA operates the Green Dash, a free shuttle that runs from the Millyard area through Downtown. Regularly scheduled bus service to Boston's South Station and Logan International Airport from downtown Manchester is provided by Boston Express (Concord Coachlines) seven days-a-week.

Technology

The Information Systems Department continues to implement and upgrade software applications throughout city departments. Since last reporting, the city has completed the implementation of a Human Resource Management System along with the replacement of the legacy payroll system. The city is now in process of implementing a complete ERP solution including financials, asset management, licensing and permitting.

A significant upgrade has been made in the city's information technology infrastructure in the 2025 fiscal year, 800 terabytes of hyper converged storage was installed. This investment allows the city to continue to realize the of the savings of virtualization and hyper convergence technologies.

The addition of an AI chatbot to the city website allows residents to get the answers they need quickly and accurately, no matter the time of day or the language they speak. The city web site has over 1,400 web pages, 13,400 documents and 27,400 highway maps and plans. The city has many trained employees adding and updating content daily. The website is mobile friendly and continues to add services making it an integral part of the city's communications strategy. In addition to the main website, the city has a number of supporting sites for specific programs including: Leadsafe Manchester, Sustainability Manchester, Manchester Development Corp, Your Manchester, Manchester City Library, and the Health Department's neighborhood health site My Manchester.

In addition to the AI chatbot, City Departments are beginning to deploy AI applications to utilize this significant transformative technology. An AI working group has developed AI guidelines to assist departments deploying this technology.

The City makes available a mobile app Manchester NH Connect that allows residents and visitors to interactively report issues along with giving them quick access to City information. The City utilizes a number of social media accounts including Facebook, X, Waze and Nixle, to communicate and inform users of emergencies, weather alerts, road closures, traffic updates, announcements and other public information. All social media sites must comply with the City's Social Media Policy.

The City maintains a geographic information system (GIS). The city's GIS software is based on the Environmental Systems Research Institute's ArcGIS server and desktop offerings, and has been kept current to take advantage of the latest GIS technologies. The City has a dedicated GIS administrator who along with expert users in departments maintain various GIS datasets, generate specialty maps, and use GIS software to perform spatial analyses. Various GIS data sets, especially parcels and street centerlines, are used by the city's police and fire computer-aided dispatching system to aid in locating service calls and analyzing responses. The City has deployed a simple-to-use web map internet application that is available to all City employees and the public. This website provides spatial query capabilities regardless of GIS experience. Asset management systems in use by public works and City utility departments are GIS-based to coordinate and plan work projects. The Central Square TRAKiT Community Development system is also GIS-based. GIS planimetric data and aerial imagery are updated three times per year.

Recreation

The Parks, Recreation & Cemetery Division of the Department of Public Works operates and maintains over 1,400 acres of land. This includes: 45 parks encompassing over 900 acres; the 18-hole, 116-acre Derryfield Country Club golf course; two major ice arenas totaling (JFK Coliseum and West Side Arena); Gill Stadium, which

seats 2,200 people; two professional-grade disc golf courses; three swimming areas (two pools and one beach); two splash pads; a winter ski/tubing area (McIntyre Ski Area, via contract); grounds at 21 city schools, encompassing 115 acres; over 20 miles of walking and biking trails; 14 military squares; upwards of 50,000 trees; and nine cemeteries, encompassing 300 acres.

Recreational programs run by the Division include: Fun In The Sun, a summer youth camp; Aquatics; Tennis in the Parks; drop-in basketball and pickleball; public ice skating; the Clem Lemire Hockey Tournament; Walk for Your Health; vacation week camps and activities; Movies in the Park; Spring Carnival; Easter Basket Giveaway; Independence Day Celebration; Fall Festival; sports clinics; and various other events.

Ongoing major projects include: expansion of the existing rail trails; installation of replacement playgrounds at parks and schools; large-scale renovations of Sheehan-Basquil Park and Wolfe Park; restoration of historic Valley Cemetery; coordination of volunteer stewardship efforts; rehabilitation of parking lots; upgrades to ice arenas; lighting improvements; and repair/replacement of multiple athletic courts.

Our vision is an interconnected system of parks, trails, memorials, facilities and programs that promote healthy individuals and communities. Towards this end, the Division is committed to expanding the diversity of its recreational infrastructure and programs to allow for broader participation by individuals with varying interests and abilities. We are also working to increase access points to Manchester's natural amenities, such as rivers, ponds and Rock Rimmon, through an expanding network of well-maintained trails. We are committed to promoting appreciation of art, history, culture and place by supporting festivals in parks and installing new interpretive signage at points of interest. We pursue constant upgrades to the efficiency of maintenance operations by exploring new technologies and implementing industry best practices.

Risk Management

Cyber Security

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As recipient and provider of personal, private or sensitive information, the City may be subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computing resources, networks and systems.

To counter these threats, the City employs a Defense in Depth (DiD) strategy. This approach allows the City to minimize risk for a cybersecurity incident. The City has deployed a series of information technology defensive mechanisms that are layered in order to protect valuable data and information. This multi-layered approach with intentional redundancies increases the security posture of the City and addresses many different attack vectors. These systems are constantly monitored by both internal and external resources. These systems include firewalls with intrusion prevention software, application/SSL inspection appliances, behavior-based antivirus and network access control. The City is deploying multi-factor authentication (MFA) across the enterprise. MFA is currently deployed for all remote access and on all servers. MFA deployment to all City computer systems is well underway with an expected completion by the end of 2025.

The City has personnel focused on cyber threats and deploying new technologies to minimize the risks of cyber security incidents. Email threat protection, Security Information and Events monitoring system and deep SSL inspection appliances have been deployed. Security policies to reflect these changes have been developed by the Information Systems in conjunction with representatives from many departments.

The City has a comprehensive backup system including offsite backups, immutable backups and air-gapped backups. These backups provide a quick recovery mechanism in the event of a cyber-security event. Although the City can't guarantee it will be successful in preventing every cyberattack, the City has implemented measures to mitigate the loss of data and reduce the likelihood that City systems and services will be offline for an extended period of time.

The City has three data centers that have file and print servers, email servers, internet access, offsite backups, firewalls, intrusion detection systems and redundant computer aided dispatch systems for Fire and Police Departments. Data center connectivity has been upgraded to 40 gigabits to ensure real-time replication to our disaster recovery solution. All on premise servers are protected by this solution, with a recovery time objective under 60 minutes and a recovery point objective under 5 minutes.

Climate Change

The City of Manchester is aware that changing climate patterns, both globally and in New Hampshire, will worsen the effects of natural hazards and affect future planning and mitigation efforts. Changes are already being observed and documented. Long-term climate change is likely to cause the following impacts on the City:

- Heavier, more frequent precipitation events, which may cause more riverine flooding and flash flooding events.
- Longer periods of drought which may affect water availability and increase the threat for wildfires.
- Increasing air and water temperatures.
- More frequent high heat days and heat waves.

How rapidly these changes will be felt is uncertain. The City aims to become more adaptable and resilient to these changing conditions. We are in the process of updating our 2018 Hazard Mitigation Plan (“HMP”), focusing on ways to reduce long- and short-term risks to a variety of hazards. Storms on the eastern seaboard will likely impact the City. As climate conditions intensify, City officials and members of the Hazard Mitigation Committee, will continue to work together and update the HMP accordingly.

Climate changes may intensify and increase the frequency of events as outlined in the City’s HMP such as droughts, rain storms that causes flooding, increase in air temperatures that increase or prolong heat waves etc. The City continually evaluates its climate resilience and is implementing various measures in order to reduce the impacts of climate change, to protect its assets and to build social resiliency, and mitigate any fiscal impacts.

Environmental Resiliency

The City of Manchester has adopted several programs and ordinances for hazard mitigation. Below are brief descriptions of a few of these programs and how they aid in hazard mitigation.

Emergency Operations Plan - Manchester maintains an Emergency Operations Plan. The latest update of this plan was conducted during 2018. The plan coordinates the City Departments’ actions and responses before, during and after emergency operations. Events planned for range from flooding and snowstorms to downed aircrafts and nuclear attack. The plan was prepared to conform to guidelines by the Federal 63 Emergency Management Agency, U.S. Nuclear Regulatory Commission, Federal Energy Regulatory Commission, the New Hampshire Emergency Management Agency and the NH Emergency Management Plan. The plan establishes the Emergency Operations Center (at the Central Fire Station). The EOC provides room for staff meetings, communication between departments and agencies, and media relations. The Emergency Operations Plan procedures addresses evacuation procedures, emergency notification, and evacuation routes to be taken. Additionally, it includes a Terrorism Assessment, a HazMat annex, and decontamination annex.

Floodplain District (Zoning Ordinance & Subdivision and Site Plan Regulations) - Floodplain District regulations apply to all lands designated as special flood hazard areas by FEMA in its Flood Insurance Study for the City of Manchester, N.H. and Digital Flood Insurance Rate Maps. Encroachments, including fill, new construction, substantial improvements to existing structures, and other development are prohibited unless certification by a registered professional engineer is provided by the applicant demonstrating that such encroachment will not result in any increase in flood levels during the occurrence of the 100-year base flood. The Building Commissioner shall review all building permit applications for new construction or substantial improvements to determine whether proposed building sites will be reasonably safe from flooding.

Elevation Certificates - An Elevation Certificate is required when (1) a structure is built or substantially improved within a known flood zone, or (2) if the flood map shows a part of the lot within the flood zone and the certified foundation plan shows the house is located within the flood zone. The land surveyor must supply the footing elevation.

Wetlands Regulations (Zoning Ordinance) A twenty-five (25) foot setback shall be maintained from proposed buildings, structures and parking lots, or enlargements thereof, to any wetland within the State Statutory jurisdiction of the NH Department of Environmental Services. Such setback shall not apply to wetlands, or portions thereof, which have been approved for filling by the NH Department of Environmental Services. In addition, no on-site subsurface disposal system or any part thereof shall be constructed or enlarged within one hundred twenty-five (125) feet of a wetland

In addition to the programs listed above the City prepared a Phase II Long-Term Control Plan to address the Combined Sewer Overflows (CSO's) on the City's East Side and submitted it to the EPA in March of 2010. The Phase II CSO abatement program recommends \$160 million in environmental infrastructure improvements over 20 years to the City's east side. Due to area flooding, the City completed construction of the first two Phase II contracts. In September of 2020, the City and the EPA agreed to an update to the Long-Term Control Plan and Phase II program, which was incorporated into a formal Consent Decree. The Phase II program is estimated to have a project cost of \$380 million with an implementation of 20 years.

The City has been governed under, and been in compliance with, the Municipal Separate Storm Sewer System (MS4) national permit since 2004. In 2018 the MS4 permit was reissued and the City is currently in full compliance with all requirements.

Enterprise Funds

Manchester-Boston Regional Airport

The City of Manchester, NH owns and, through its Department of Aviation, operates Manchester-Boston Regional Airport ("MHT" or the "Airport"). The Airport is located in both the City of Manchester and the Town of Londonderry, New Hampshire; approximately six miles south of the downtown Manchester area and lies within both Hillsborough and Rockingham Counties. The 1,200-acre Airport is the largest air carrier airport in the State of New Hampshire.

Airlines serving the Airport include: Southwest Airlines, American Airlines, Avelo Airlines, Breeze Airlines, JetBlue, Sun Country (paused)) and United Airlines. Combined, these airlines provide non-stop service to Baltimore-Washington, Charleston (seasonal) Charlotte, Chicago (O'Hare and Midway), Concord, NC, Fort Myers (seasonal), Minneapolis St Paul (seasonal), Myrtle Beach (seasonal), Orlando, Philadelphia, Raleigh-Durham, Tampa and Washington National, Wilmington, NC - with one-stop connections to the world. The Airport welcomed approximately 1.3 million total passengers during Calendar Year 2024.

During the last twenty years, the airport has experienced reductions in passenger activity. The decline in activity can be attributed to airline consolidations and an increase in low-cost airline competition at Boston's Logan International Airport (BOS). MHT is the third largest cargo airport in New England and in 2024 processed 213 million pounds of cargo. The Airport meets regularly with incumbent carriers as well as other prospective airlines to bring more seats and service to the Manchester market. Demand for air service remains strong with load factors generally averaging in the mid to high eighty percentile.

The City has financed approximately \$281 million in capital improvements through the issuance of Airport Revenue Bonds. These improvements include construction of a new terminal building (1994), and two subsequent terminal additions; taxiway and runway extensions and improvements; a six-level parking deck and new surface parking lots; roadway improvements; navigational aid upgrades; and land acquisition. The Airport has approximately \$89 million bonds/loans outstanding as of June 2025. These bonds are limited obligations payable

from net revenues of the Airport. None of the Airport revenue bonds constitute or give rise to any charge against the taxing power of the City.

Manchester-Boston Regional Airport is a major economic engine for the State of New Hampshire, creating jobs, facilitating commerce and providing access to the global marketplace. The Airport contributes approximately \$770 million dollars each year to the local economy.

Utilities

Gas, electric, and communication services are provided by private utilities. Water and sewer services are provided by the City, as described below:

Wastewater Enterprise

The City of Manchester's Department of Public Works - Environmental Protection Division (EPD) is an enterprise that owns and operates a regional wastewater treatment plant (WWTP). This WWTP provides service for Manchester and, through inter-municipal agreements, for the towns of Bedford, Goffstown, and Londonderry, a metro area with a population of 172,000. Under the requirements of the Clean Water Act a National Pollution Discharge Elimination System Permit has been issued to EPD by the US Environmental Protection Agency. This permit requires that wastewater be treated before it is discharged into the Merrimack River and must meet federal water quality standards that are specified within the permit.

EPD is operated on a self-supporting enterprise basis. The sewer user rates were established for paying the cost of construction, payment of debt, operation and maintenance, and replacement of the facilities. The rates consist of a fixed service charge and variable usage charges based on water consumed as well as strength of wastewater for industrial users. The rates are enacted by ordinance as recommended by the staff of the EPD to ensure that the fund is self-supporting. The current sewer rate is \$5.51 as of 4/01/25 per 100 cubic feet. In addition to the rates, other major sources of revenue include town contributions on the capital expenditures, as well as the operations and maintenance costs, septage fees, effluent reuse fees, state/federal grants, investment income on invested surplus balances, and interest fees collected on delinquent payments.

The City's wastewater treatment facilities include a WWTP that was constructed in 1975, about 385 miles of sewers, 11 pumping stations, and appurtenances thereto. The current capacity of the plant is 42 million gallons per day (mgd) with a 2024 average flow of 22 mgd.

EPD completed a WWTP facilities plan in 2010 to address aging/failing equipment and to comply with increasingly stringent federal/state regulations. The facilities plan recommended investing \$75 million over 15 years to upgrade the WWTP and meet future regulatory requirements. EPD has completed all of these projects and are now starting Phase II projects with a \$30 million phosphorus compliance project.

EPD completed a ten-year \$58 million federally mandated Combined Sewer Overflows (CSOs) abatement program in 2010. An updated plan for the City's Phase II CSO program focusing on the Manchester's east side was submitted to EPA in March 2010 and finalized in September 2020. Phase II work started in 2012 and two construction contracts were completed for about \$20 million. The City is currently budgeting about \$380 million over 20-years to complete the Phase II CSO program. Work is currently ongoing on five CSO projects.

The City completed the \$30 million Cohas Brook Sewer Project in 2024. This project brought sewer and service to the City's southeast side: expanding service to an estimated 1,000 properties in that area.

The City is investing about \$3.5 million annually to address its aging and failing sewer system through an EPA mandated operations and maintenance program called CMOMs. The City is also investing \$500,000 annually to address its aging and failing combined drainage system through an EPA mandated program called MS4.

The City has financed approximately \$152.2 million in capital projects through the issuance of Sewer Revenue Bonds, and anticipates to close in early 2026 on bonding for an estimated \$231million in capital projects.

These projects include the study, design, and construction of various environmental infrastructure improvements. These improvements address aging and failing infrastructure, new regulatory compliance requirements, and a federally mandated combined sewer overflow abatement program. The Environmental Protection Division (EPD) expects to have approximately \$383 million bonds outstanding at the end of June 2026. These bonds are limited obligations payable from the net revenues of the EPD. None of the sewer revenue bonds constitute or give rise to any charge against the taxing power of the City. As of June 30, 2025, the City has outstanding approximately \$152.2 million in bonds for the EPD that are first payable from revenues of the EPD and are also backed by the taxing power of the City.

Manchester Water Works

The City owns and, through the Manchester Water Works (MWW), operates a regional water treatment plant and distribution system. The management of the MWW is vested in the Water Commission in accordance with the Charter. The Water Commission consists of seven members which include the Mayor (ex officio) and six sitting members appointed by the Mayor and confirmed by the Board of Aldermen.

The City's water department is operated on a self-supporting enterprise basis. Lake Massabesic is the source of supply of drinking water to the City. The City's potable water treatment facility was originally built in 1974 and had a 40 million gallons per-day (MGD) capacity. In November 2005 MWW began operations at its completely upgraded treatment facility which includes ozone disinfection, eight new deep bed filters, 50 MGD capacity high efficiency finished water pumping, new chemical storage and a state of the art laboratory. In 2023 MWW completed construction of a new water treatment facility along the bank of the Merrimack River in Hooksett, NH with a capacity to provide additional potable water to the distribution system of 7.2MGD. Current peak utilization is up to 32 million gallons per day. MWW has an ongoing replacement or rehabilitation program, which entails the addition of 10,000 — 20,000 feet of new water mains annually. The distribution system, which consists of 515 miles of water mains and over 3,500 fire hydrants is maintained and upgraded annually and is in excellent condition. MWW has an average un-accounted for water of less than 5%.

MWW is the primary water utility in the south-central region of New Hampshire. Its retail distribution area includes the City of Manchester and certain areas of six surrounding municipalities consisting of the towns of Auburn, Bedford, Goffstown, Hooksett, Londonderry and Litchfield. Through an interconnection agreement signed in 2019 with six other parties including five NH towns, MWW began selling water into southern NH with a contractual commitment of up to 3.1 MGD. This franchise area of approximately 55.5 square miles serves a population of approximately 120,000 people. The MWW also supplies water service to four wholesale customers who in turn distribute that water to an area of approximately 85 square miles. All told, MWW serves approximately 60,000 customers on a wholesale basis across various customer classes outside of Manchester.

The MWW, through its Board of Water Commissioners (the "Board"), is responsible for setting and imposing the water rates and charges for City residents and for all other retail and wholesale customers in the MWW's service area. The MWW Resolution requires the MWW to maintain rates at levels sufficient to pay operating expenses of the System, to pay debt service on bonds and provide for reserves. The Board last voted to implement an increase in rates to be implemented in fiscal year 2026 of 3%. Currently a typical residential customer will pay an annual water bill of approximately \$316, which is one of the lowest of all public water systems in the State. Historically, the MWW has collected approximately 45% of all water bills within 30 days of billing, approximately 85-90% within 60 days of billing and close to 100% within 90 days of billing. Total debt service coverage for fiscal year ended June 30, 2024 on all outstanding debt was 3.99%.

Employee Relations

Pursuant to New Hampshire RSA 273-A, all public employees in the State of New Hampshire have the right to organize and to bargain collectively with their public employers on matters of wages, hours, and other conditions of employment other than managerial policy. The City has approximately 1,361 employees and approximately 71% are bargaining unit members.

The following identifies the City of Manchester’s municipal labor organizations, their affiliations, the length of each contract and the date on which the contract expired or expires.

Organization	Affiliation	Contract Duration
Airport Authority	Teamsters	2025-2027
DPW, Facilities Division	AFSCME	2025-2027
DPW, Master Contract Highway/Parks/EPD	AFSCME	2025-2027
DPW, Central Fleet Maintenance	AFSCME	2025-2027
Fire Supervisors	MAFS	2025-2027
Firefighters	IAFF	2025-2027
Police Patrolman	MPPA	2022-2026
Police Support Staff	Teamsters	2025-2027
Police Supervisors	MAPS	2022-2026
Health Department	AFSCME	2025-2027
Library	Teamsters	2025-2027
Water Works	USWA	2025-2027
Welfare Department	Teamsters	2025-2027

AFSCME: American Federation of State, County, and Municipal Employees

MAPS: Manchester Association of Police Supervisors

MPPA: Manchester Association of Police Patrolmen

USWA: United Steelworkers of America

IAFF: International Association of Firefighters

Teamsters: Local 633 of New Hampshire

MAFS: Manchester Association of Fire Supervisors

In addition to the above listed groups that are officially organized, there is one other group that has retained their status as Non-affiliated Employees. The “Non-affiliated” group is comprised of administrative, clerical, and supervisory personnel in most of the departments listed above, as well as the entire segment of employees which account for the “General Government” grouping.

FINANCIAL OPERATIONS

Accounting Methods

The City follows generally accepted accounting principles (“GAAP”) for governmental units when reporting its financing operations except as indicated in footnote 1 of the City’s General Purpose Financial Statements presented in Appendix B.

Financial Statements

Audited financial statements of the City’s accounts are prepared annually. The most recent audit was performed by Marcum LLP (formerly Melanson Heath) for the 2024 fiscal year, and the audited statements are attached as Appendix B to this Official Statement.

Budget and Appropriation Process

The Charter provides for the Mayor, and such other officials as the Mayor shall select, to prepare a budget for consideration by the Board of Aldermen. The Mayor's proposed budget must include certain historic and projected expense and revenue information and statements of anticipated tax levy and debt service requirements. The Mayor's proposed budget is referred to a public hearing. After the public hearing, the Board of Mayor and Aldermen may adopt the proposed budget with or without amendment. If amendments are made, a second public hearing may be held prior to final adoption. The Mayor may veto the entire budget or line items thereof. In the event of a veto, all portions of the budget not vetoed shall be passed. If the Board of Mayor and Aldermen fails to adopt appropriation resolutions for the ensuing fiscal year by June 30th, the Mayor's budget as originally proposed shall prevail.

The Charter provides for supplemental appropriations, reductions of appropriations and transfers of appropriations under certain limited circumstances.

Budget Control Charter Amendment

The voters of the City adopted an amendment to the City Charter which limits annual budget increases.

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

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

The amendment further provides as follows: "Capital expenditures may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all the aldermen elected... The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the alderman elected vote to renew the exception for the next budget year." "If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero."

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

Fiscal Results

The City ended FY24 with actual revenues and other financing sources on a budgetary basis of \$181.8 million, \$2.6 million more than the estimated revenues. Federal and state grants were \$1.5 million over budgetary estimates. Non-enterprise charges for sales and services were \$561 thousand over budgetary estimates. Other revenues were \$88 thousand over budgetary estimates. Licenses and permits were \$486 thousand over budgetary

estimates. Actual investment income was \$622 thousand over budgetary estimates. Transfers in were \$845 thousand under budget primarily due to the decrease in Parking Funds transferred.

Actual expenditures on a budgetary basis and other financing uses totaled \$183 million, \$2.3 million less than budgeted. Highlighted in expenditure variances include the following: General Government expenditures were \$4.7 million more than budgeted primarily due to the increased costs of health insurance. Highway and Streets and Public Safety were \$5.7 million and \$503 thousand under budget, respectively, primarily due to attrition and savings from open positions. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$5 million.

The following table sets forth the City's General Fund operating budgets for fiscal years 2023-2025. Enterprise funds, the County tax, veteran exemptions and the overlay reserve for abatements are excluded from this table.

Budget Trends

	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
Education	\$ 187,097,818	52.93%	\$ 191,759,220	51.33%	\$ 227,982,610	55.10%
General Government	18,742,866	5.30%	25,011,825	6.69%	25,559,290	6.18%
Public Safety	51,633,067	14.61%	55,605,988	14.88%	57,760,666	13.96%
Highway and Streets	17,917,102	5.07%	19,504,209	5.22%	19,968,652	4.83%
Health and Welfare	4,078,143	1.15%	3,066,657	0.82%	3,308,180	0.80%
Culture & Recreation	6,649,562	1.88%	7,161,121	1.92%	7,618,111	1.84%
Economic Development	10,000	0.00%	175,907	0.05%	223,888	0.05%
Non-Departmental						
Health, Dental & Life Insurance	13,299,112	3.76%	15,276,990	4.09%	17,195,489	4.16%
Retirement	25,134,031	7.11%	25,555,116	6.84%	27,291,207	6.60%
Other	12,799,533	3.62%	14,389,264	3.85%	10,734,674	2.59%
Debt Service	16,100,000	4.55%	16,100,000	4.31%	16,100,000	3.89%
Total Budget	<u>\$ 353,461,234</u>	<u>100.0%</u>	<u>\$ 373,606,297</u>	<u>100.0%</u>	<u>\$ 413,742,767</u>	<u>100.0%</u>
Less MSD Budget	<u>(187,097,818)</u>		<u>(191,759,220)</u>		<u>(227,982,610)</u>	
General Fund Budget	<u>\$ 166,363,416</u>		<u>\$ 181,847,077</u>		<u>\$ 185,760,157</u>	

CITY REVENUES

Property Taxes

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

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

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

As of levy year 2019, interest accrues on delinquent taxes at a rate of 8 percent per annum and during the redemption period interest accrues at 14 percent per annum. For levy years 2018 and older, interest accrues at 12 percent per annum and accrues at 18 percent per annum during the redemption period. Beyond the two-year period of redemption, the City has the right to foreclose on properties for which taxes have not been paid. Properties are deeded to the City unless the Governing Body has notified the tax collector that it will not accept the deed because acceptance could result in liability under environmental statutes imposing strict liability on owners. Except for any paramount federal lien and subject to bankruptcy and insolvency laws, tax liens take precedence over all other liens, and tax collector's deeds are free and clear of all encumbrances.

The following table sets forth the City's tax rate per \$1,000 valuation, the gross tax levy, population, and the tax levy per capita for each of the last five fiscal years.

Tax Rates and Tax Levies

Fiscal Year	Tax Rate Assessed Valuation	Gross Tax Levy	Population (1)	Levy Per Capita
2024	\$18.86	\$249,090,440	115,644	2,154
2023	18.24	240,265,477	115,644	2,078
2022	17.68	230,339,629	115,644	1,992
2021	24.66	224,581,356	115,644	1,942
2020	24.32	220,851,248	112,525	1,963

(1) State of New Hampshire, Planning Department

The following table sets forth the City's tax levy, overlay reserve, and tax collections for the last five fiscal years.

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
			Amount	Percentage of Levy			Amount	Percentage of Levy
2025 *	2024	\$ 258,152,414	\$ 255,429,215	98.95%	2,735,199		\$258,164,414	100.00%
	2024	249,090,440	247,163,347	99.23%	1,927,093		249,090,440	100.00%
	2023	240,265,477	238,680,440	99.34%	1,585,037		240,265,477	100.00%
	2022	230,339,629	228,746,240	99.31%	1,593,389		230,339,629	100.00%
	2021	224,581,356	222,898,115	99.25%	1,705,767		224,603,882	100.01%

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.

The above information presents the information for each period for which it is levied.

A tax levy provides taxes remitted in the following year.

* Preliminary numbers

The annual tax rate and tax levy are established by the State of New Hampshire Department of Revenue Administration (DRA) in October or November of the fiscal year, based on adopted appropriations of the City and Hillsborough County and anticipated non-property tax revenues. Tax rates and levies are established separately for the county, municipal, and local and state school portions.

The tax levy calculations set forth in the following table for fiscal years 2021 through 2025 are presented in the same manner as supplied to DRA for tax rate setting purposes. A requirement of DRA is that all costs included under departmental appropriations on behalf of the MSD be reflected as part of the school costs and reduced from the original appropriation category. Therefore, the categorical amounts in the tax levy calculation cannot easily be equated to those shown below;

Calculation of Property Tax Levy

	2021	2022	2023	2024	2025
Departmental Requirements					
General Government	67,085,084	68,395,020	73,064,806	76,759,043	80,526,046
Public Safety	48,954,180	50,472,176	51,633,037	55,605,988	57,760,666
Highways & Streets	17,074,509	17,910,100	18,633,305	20,394,255	20,797,486
Sanitation	-	-	-	-	-
Health	3,048,884	3,086,303	3,118,707	1,771,943	1,904,321
Welfare	1,072,699	956,744	959,436	1,033,487	1,130,321
Culture & Recreation	5,623,365	5,883,511	6,606,707	7,113,543	7,575,429
Economic Development	5,147,400	7,659,200	7,669,200	5,315,907	4,622,007
Education	189,779,228	178,931,657	192,917,789	197,579,191	233,802,581
Debt Service Requirements					
Principal on Long-Term Loans	11,863,203	11,300,000	11,300,000	11,300,000	11,300,000
Interest on Long-Term Loans	5,349,442	4,800,000	4,800,000	4,800,000	4,800,000
Non-Departmental Requirements:					
Transit Subsidy	1,373,782	1,373,420	1,373,420	1,594,761	1,657,544
County Tax	11,862,098	12,554,109	12,181,288	14,145,214	14,780,490
Veteran's Exemptions	1,372,526	1,306,658	1,321,580	1,295,084	1,354,918
Overlay Reserve for Abatement	474,197	462,590	138,694	342,442	1,023,740
Total Estimated Requirements	<u>370,080,597</u>	<u>365,091,488</u>	<u>385,717,969</u>	<u>399,050,858</u>	<u>443,035,549</u>
Estimated Revenues:					
Taxes, Penalties & Interest	1,585,445	1,677,300	1,597,000	1,468,015	1,572,414
Auto Registration	22,375,797	22,142,388	22,145,860	23,120,642	23,120,642
Licenses & Permits	6,056,280	6,362,360	6,137,200	6,258,460	6,116,085
State and Federal Revenues	11,091,220	10,631,024	10,706,286	13,518,999	13,840,175
Charges for Services	3,394,962	3,513,187	3,502,444	3,529,064	3,803,894
Interest	502,750	1,002,550	1,001,450	2,951,670	2,952,825
Surplus	585,488	950,996	-	1,702,694	1,537,396
Trust & Agency Funds	550,100	550,100	550,100	550,100	550,100
Miscellaneous	17,480,852	18,308,591	18,140,448	16,078,310	16,774,746
Education Adequacy Grant	65,737,715	53,768,700	67,265,090	62,542,378	90,006,266
State Education Taxes	21,027,451	20,862,186	15,458,857	19,682,274	19,591,182
School Revenues	14,590,534	14,647,805	13,192,157	16,998,228	23,357,078
Total Estimated Revenues	<u>164,978,594</u>	<u>154,417,187</u>	<u>159,696,892</u>	<u>168,400,834</u>	<u>203,222,803</u>
Tax Levy	<u>205,102,003</u>	<u>210,674,301</u>	<u>226,021,077</u>	<u>230,650,024</u>	<u>239,812,746</u>

As shown in the Calculation of Property Tax Levy table, for purposes of calculating the property tax levy, estimated departmental budgetary requirements, which in fiscal year 2025 totaled \$443,035,549, are assumed to be

funded first from estimated non-tax revenues, which in fiscal year 2025 totaled \$203,222,803. The remaining budgetary requirements are then assumed to be funded from the property tax levy.

Assessed Valuations

In 2021 the City conducted a City-wide update of values. The revaluation was as of April 1, 2021 and was used to assess property taxes beginning with fiscal year 2022. Based on the NH Constitution, State Law and as a result of Supreme Court decisions regarding school funding, cities and towns in New Hampshire are required to undertake revaluations at least as often as every five years. The City's next scheduled revaluation will be effective for April 1, 2026. The following table sets forth the trend in the City's assessed valuations and statutory exemptions, as of April 1, for each of the last five fiscal years.

Fiscal Year	Real Estate and Personal Property Valuation	Total Statutory Exemptions (1)	Amount of Net Assessed Valuation	Increase/(Decrease) over Previous Year	% Increase/(Decrease) over Previous Year
2025	\$ 13,401,869,267	\$ 122,767,632	\$ 13,279,101,635	\$ (24,641,143)	-0.19%
2024	13,432,026,974	128,284,196	13,303,742,778	39,093,724	0.29%
2023	13,394,778,186	130,129,132	13,264,649,054	135,821,777	1.03%
2022 *	13,259,818,209	130,990,932	13,128,827,277	3,953,735,738	43.09%
2021	9,285,499,629	110,408,090	9,175,091,539	39,058,420	0.43%

* Indicates property revaluation in that year.

(1) Exemptions for the blind, elderly, deaf, and disabled.

Equalized Assessed Valuations

The following table lists the City's total net assessed valuations, the State equalized valuations, the ratio of assessed valuation to equalized valuation, the tax rate per \$1,000 assessed valuation, and the estimated full value tax rate, as of April 1, for each of the last five fiscal years.

Fiscal Year	Total Net Assessed Valuation	Equalized Assessed Valuation	Ratio of Assessed Valuation to Equalized Valuation	Tax Rate Per \$1,000 Assessed Valuation	Estimated Full Value Tax Rate (1)
2024	\$ 13,303,442,778	\$ 19,582,348,514	67.94%	18.86	12.81%
2023	13,264,649,054	18,025,313,533	73.59%	18.24	13.42%
2022 *	13,128,827,277	16,537,392,342	79.39%	17.68	14.04%
2021	9,175,091,539	12,929,074,115	70.96%	24.66	17.50%
2020	9,136,033,119	11,709,689,293	78.02%	24.32	18.97%

(1) Estimated full value as determined annually by State Department of Revenue Administration.

* Indicates property revaluation in that year.

Tax Increment Financing for Development Districts

Cities and towns in New Hampshire are authorized to establish development districts to encourage increased development. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance capital and administrative costs incurred by the city or town in developing the district in accordance with its development program and tax increment financing plan for the district. This may include pledging such "tax increments" for the payment of bonds issued by the city or town to finance development projects. As a result of any such pledge, property taxes raised on the increased assessed value in development districts are

not available for other municipal purposes.

The City has not established any development districts to date.

Non-Property Tax General Fund Revenues

Historically, thirty-five to forty percent of the combined City and MSD General Fund revenues are generated from sources other than property taxes. Of the total non-property tax revenue, over seventy percent has come from three sources: The State of New Hampshire, motor vehicle registration fees, and parking, as described below:

State of New Hampshire

Education Adequacy Grant – This grant is a result of a Supreme Court ruling in 1997 “that it was the State’s duty to provide a constitutionally adequate public education and to guarantee adequate funding.” It is funded through the combination of a State commitment/appropriation and a uniform statewide education property tax on a per student basis. Since the decision, the State legislature has taken a number of actions to address the issues raised by the Court and to meet its constitutional obligation with respect to school funding. Many of such actions have been, and continue to be, subject to subsequent review and decisions by the Court.

Rooms & Meals Tax Distribution — The State of New Hampshire distributes a portion of its Meals & Rooms Tax to cities and towns on a population basis. Payments are made on December 30, subject to annual appropriation by the State. The formula for the distributed amount is determined by the annual growth in the State’s Meals & Room Tax revenue.

Highway Block Grant — The State of New Hampshire annually distributes highway funds to cities and towns for the purposes of construction, reconstruction, resurfacing and bridge inspection. Payments are made on a quarterly basis and are not subject to an annual appropriation.

School Catastrophic Aid — The State of New Hampshire annually appropriates funds to be distributed to cities and towns for assistance in meeting special education costs.

Motor Vehicle Registration Fees

The City collects motor vehicle permit fees at the time of annual registration. Registration dates are based on each vehicle owner’s birthday. The fee is based upon the list price of the vehicle in the year of its manufacture according to a state statutory formula.

Parking

The City collects a parking dividend from its Parking Enterprise at the end of each fiscal year. This dividend is comprised of all parking related revenue minus the operating expenses incurred by the Parking enterprise.

The following table sets forth the City's General Fund revenues from sources other than the property tax for the past five years and does not include State Education Adequacy Grant or MSD revenues.

Non-Property Tax General Fund Revenues					
	2021	2022	2023	2024	2025
Taxes, Interest and Penalties					
Miscellaneous Taxes	\$ 51,644	\$ 59,351	\$ 25,161	\$ 106,982	
Interest and Penalties	935,822	1,172,987	713,680	805,622	666,650
Cable Franchise Fees	1,733,114	1,718,333	1,542,033	1,392,204	1,254,847
	<u>2,720,580</u>	<u>2,950,671.00</u>	<u>2,280,874</u>	<u>2,304,808</u>	<u>1,921,498</u>
Intergovernmental					
Federal Revenues	1,342,986	531,803	370,250	246,944	548,797
Payments in Lieu of Taxes	959,069	913,589	968,059	890,138	1,052,641
State Revenues	5,561,409	2,556,238	6,225,577	9,459,798	2,828,642
	<u>7,863,463</u>	<u>4,001,630</u>	<u>7,563,886</u>	<u>10,596,880</u>	<u>4,430,080</u>
Licenses and Permits					
Auto Registrations	23,138,877	20,237,959	21,677,720	22,214,399	23,201,510
Licenses	526,703	535,914	548,772	620,284	671,184
Permits	2,960,270	3,418,613	4,483,960	4,191,533	4,380,003
	<u>26,625,850</u>	<u>24,192,486</u>	<u>26,710,452</u>	<u>27,026,215</u>	<u>28,252,697</u>
Sales and Services					
General Revenues	232,335	246,278	247,459	204,705	207,869
Public Safety	214,891	274,448	337,119	313,684	313,927
Highways and Streets	1,124,134	978,339	1,179,725	1,122,515	1,455,425
Health	220	3,600	5,675	5,400	5,500
Cemetery, Parks & Recreation	177,439	2,079,594	2,105,620	2,227,238	2,370,497
Zoning Board	72,851	115,025	76,225	81,590	110,230
Parking Violations	850	2,000	3,300	7,898	7,091
Fines	16,204	6,262	35,286	13,723	18,973
Fees	1,274,755	1,300,392	1,256,227	1,271,990	1,285,952
Witness Fees	315	120	120	90	125
	<u>3,113,994</u>	<u>5,006,058</u>	<u>5,246,756</u>	<u>5,248,833</u>	<u>5,775,590</u>
Other Revenue Sources					
Interest Income	374,578	2,899,837	2,452,006	3,558,151	3,824,264
Fund Transfers	2,402,990	2,501,465	2,812,420	2,451,566	550,500
Reimbursements	4,229,199	3,252,057	3,048,292	3,073,241	3,320,402
Rentals and Leases	1,170,556	1,176,397	1,244,587	1,234,280	1,304,952
School Chargebacks	9,206,735	9,487,678	7,811,059	9,055,847	9,083,935
Miscellaneous	1,582,062	17,973	68,396	53,538	89,331
	<u>18,966,119</u>	<u>19,335,407</u>	<u>17,436,760</u>	<u>19,426,621</u>	<u>18,173,384</u>
TOTAL	<u>\$ 59,290,007</u>	<u>\$ 55,486,252</u>	<u>\$ 59,238,728</u>	<u>\$ 64,603,358</u>	<u>\$ 58,553,249</u>

Enterprise Funds

The City currently accounts for the operations of its Parking Operations, the Manchester-Boston Regional Airport, the Environmental Protection Division, and the Manchester Water Works as enterprise funds. These operations are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed through user charges. Each of these enterprise funds are intended to operate on a self-supporting basis from revenues provided in connection with each fund.

CITY INDEBTEDNESS

Debt Summary

The following table sets forth the outstanding debt and authorized and unissued debt as of June 30, 2025.

Outstanding Debt as of June 30, 2025			
General Obligation Debt	Debt Outstanding	Authorized and Unissued	Total Outstanding and Authorized Unissued Debt
School	\$80,680,235	\$295,650,000	\$376,330,235
Baseball Stadium	6,925,862	18,699,533	25,625,395
Other	127,342,662		127,342,662
Pension Obligation Bonds	<u>2,328,402</u>		<u>2,328,402</u>
Subtotal	\$217,277,162	\$314,349,533	\$531,626,695
Self-Supporting			
Parking Facilities	\$977,562		\$977,562
EPD / Sewer	49,218,835		49,218,835
Water	56,643,585		56,643,585
HUD Section 108 Grant Loan	<u>219,000</u>		<u>219,000</u>
Subtotal	\$107,058,982	\$0	\$107,058,982
Subject to Appropriation Bonds			
School Facility Revenue Bonds	<u>\$7,605,000</u>		<u>\$7,605,000</u>
Subtotal	\$7,605,000	\$0	\$7,605,000
Revenue Bonds			
Airport	88,931,810		88,931,810
EPD / Sewer	<u>152,210,000</u>		<u>152,210,000</u>
Subtotal	<u>\$241,141,810</u>	<u>\$0</u>	<u>\$241,141,810</u>
Grand Totals	<u><u>\$573,082,954</u></u>	<u><u>\$314,349,533</u></u>	<u><u>\$887,432,487</u></u>

Issued GO Bond Debt

The City on July 1, 2024 issued \$40,900,000 General Obligation Public Improvement Bonds, Series 2024, consisting of \$37,945,000 General Obligation Public Improvement Bonds, Series 2024A and \$2,955,000 General Obligation Public Improvement Bonds, Series 2024B (Federally Taxable). The proceeds of the Bonds will be used to finance various capital projects and infrastructure improvements of the City.

Subsequent Authorized Unissued Debt

In fiscal year 2024, the State of New Hampshire changed its formula for adequacy aid. This resulted in an annual increase of an additional \$35MM to the Manchester School District. On December 5, 2023, the Board of Mayor and Alderman approved a bond resolution for \$290MM - School's Facilities Project, Phase I. The Manchester School District intends to use the first \$20MM of this annual increase towards the debt service for this project.

Debt Service Requirements

The following table sets forth the required principal and interest payments on general obligation bonds of the City, including general obligation bonds relating to the Manchester School District, as of June 30, 2025.

General Obligation Debt (1)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2025	\$ 14,377,184	\$ 6,101,182	\$ 20,478,366
2026	16,236,355	5,499,596	21,735,951
2027	16,877,590	4,914,139	21,791,729
2028	17,248,529	4,307,255	21,555,784
2029	12,211,102	3,692,974	15,904,076
2030	11,613,786	3,177,254	14,791,040
2031	9,709,800	2,689,374	12,399,174
2032	9,875,000	2,306,760	12,181,760
2033	10,250,000	1,922,743	12,172,743
2034	8,230,000	1,583,788	9,813,788
2035	8,490,000	1,303,163	9,793,163
2036	5,410,000	1,008,525	6,418,525
2037	5,600,000	802,725	6,402,725
2038	5,815,000	587,688	6,402,688
2039	4,075,000	402,463	4,477,463
2040	4,195,000	279,194	4,474,194
2041	3,010,000	151,988	3,161,988
2042	1,180,000	76,825	1,256,825
2043	1,235,000	26,244	1,261,244
	<u>\$ 165,639,346</u>	<u>\$ 40,833,880</u>	<u>\$ 206,473,226</u>

(1) Excludes self supporting debt

Debt Ratios

The following table sets forth the ratio of the City's general obligation tax-supported bonded debt to equalized assessed valuation and per capita debt ratios for the end of the five most recent fiscal years. The table below shows the principal amount of such bonds of the City and excludes outstanding revenue bonds and water and wastewater treatment debt, which are self-supporting. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in part (i.e., school) by non-tax revenues. See "Debt Summary," above.

Fiscal Year End	Net G.O. Bonded Debt Outstanding	Population	Equalized Assessed Valuation	Net Bonded Debt Per Capita	Net Bonded Debt as % of Equalized Assessed Valuation
2024	\$165,639,345	115,644	\$ 19,582,348,514	1,432	0.85%
2023	180,082,640	115,644	18,025,313,533	1,557	1.00%
2022	153,578,687	115,644	16,537,392,342	1,328	0.93%
2021	167,604,990	115,644	12,929,074,115	1,449	1.30%
2020	174,354,900	112,525	11,709,689,293	1,549	1.49%

Capital Budget

The aggregate amount of the City's authorized unissued debt as of June 30, 2025 is \$314,349,533. Direct obligations of the General Fund total \$18,699,533 and for the Manchester School District \$295,650,000. The aggregate amount of the City's authorized unissued debt since June 30, 2025 is \$334,479,533. Direct obligations of the general fund total \$31,924,533, for the Manchester School District \$302,250,000 and MWW SRF for \$305,000. The majority of the dollars appropriated are for the continued renovations and upgrades to various facets of the infrastructure.

The balance of the outstanding financing authorizations is for the Environmental Protection Division (EPD) and Water Enterprise Funds. EPD has completed a number of CSO and Sewer Interceptor projects that have been and are mandated to be done over the next few years. Consequently, the effort has been ongoing to continue to administer and oversee a number of projects simultaneously. Water has completed several capital improvements and upgrades to the City's Water Distribution System and Water Supply Storage Structures. The projects for both the EPD and Water Enterprise Funds are eligible for and financed through the State of New Hampshire, Department

of Environmental Services utilizing State Sewer Revolving Funds. Features of the program are low interest rate financing during the construction phase of the project and the option to negotiate with the State for long-term financing arrangements subsequent to project completion.

The City's Enterprise fund, Manchester-Boston Regional Airport, has outstanding debt issued in accordance with the general resolution that governs its respective revenue bond issuances.

The City's Enterprise Fund, EPD, has outstanding debt issued in accordance with the general resolution that governs its respective revenue bond issuances.

Trend in Tax Anticipation Note Borrowings

The City has not issued tax anticipation notes since fiscal year 1992 and does not expect to do so in the foreseeable future.

Overlapping Debt

The City is situated in Hillsborough County. As of June 30, 2025 there is no overlapping debt, and it is not expected that there will be overlapping debt in the foreseeable future.

Community Improvement Program

The City publishes annually a Community Improvement Program report identifying human service programs and future capital outlay project needs. The program serves as a management tool and input is requested from City officials, department heads and residents. The program is a framework, not a firm commitment on the part of the Board of Mayor and Aldermen. The first year usually constitutes a recommended budget. The program is addressed at various public meetings and discussions involving department heads and finance committee members. This process allows major capital improvement projects to be identified several years in advance of their authorization through the local governmental process.

The following table shows the City's 2025 Community Improvement Program categories and their funding sources. The Community Improvement Program consists of projects funded with general obligation bonds and federal and state grants.

CIP Categories		Funding Types							
Project Categories	2025 Categorical Totals	Bond/MSD Bond	CDBG/CDBG-CV/ESG/HOME/HOME-ARP	Federal/State/Other	ARPA	AHTF	Cash	Enterprise	Degradation Fees MTF/MTC
Health and Human Services	\$ 2,819,468	\$ -	\$ 711,395	\$ 1,980,973	\$ 113,900	\$ -	\$ 13,200	\$ -	\$ -
Transportation and Environment	\$ 402,348,958	\$ 131,125,000	\$ 150,000	\$ 32,023,958	\$ 3,000,000	\$ -	\$ -	\$ 233,750,000	\$ 2,300,000
Community Management	\$ 9,248,351	\$ 8,336,973	\$ 438,960	\$ -	\$ 422,418	\$ -	\$ 50,000	\$ -	\$ -
Recreation and Leisure	\$ 2,850,000	\$ 2,700,000	\$ 50,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	\$ 7,056,564	\$ 100,000	\$ 20,000	\$ 5,296,794	\$ 921,438	\$ -	\$ 187,000	\$ -	\$ 531,333
Housing and Community	\$ 3,989,438	\$ -	\$ 1,777,438	\$ 1,201,000	\$ 411,000	\$ 600,000	\$ -	\$ -	\$ -
Education	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -
TOTALS: \$ 428,512,780		\$ 142,261,973	\$ 3,147,793	\$ 40,602,725	\$ 5,068,756	\$ 600,000	\$ 250,200	\$ 233,750,000	\$ 2,831,333

Capital Borrowing Guidelines

The City has established the following capital borrowing guidelines for general-purpose debt:

- (1) Annual debt service is not to exceed 20 percent of gross revenue.
- (2) Annual increases in debt service payments are not to exceed 20 percent.
- (3) Total outstanding bonded debt is not to exceed 3 percent of the City's assessed valuation.
- (4) Minimum annual debt retirement must be 8 percent of outstanding debt.

The City is in compliance with these guidelines and is currently in the process of reviewing these guidelines in order to have them conform to the financial needs of the City and prudent credit criteria.

RETIREMENT SYSTEMS

State Retirement System

The City contributes to the New Hampshire Retirement System (the “System” or “NHRS”), multiple-employer defined benefit pension plan administered by the state retirement board. The System provides retirement and disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A41-a of New Hampshire Law assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report, which can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8507.

City Contributions to the New Hampshire Retirement System

Fiscal Year	Fire	Police	Total Contributions
2025	\$ 9,708,594	\$ 11,887,984	\$21,596,579
2024	8,957,629	11,475,591	20,433,220
2023	6,671,780	8,710,744	15,382,524
2022	6,494,712	8,416,285	14,910,997
2021	6,036,051	6,699,150	12,735,201

City Retirement System

All eligible City employees, except teachers, police officers and fire fighters who are covered under the NHRS, participate in one of the City’s two retirement systems, the “New System” or the “Old System”. In addition, police officers and firefighters covered by the NHRS may also qualify for supplementary benefits that are administered and paid for by the City. Detailed information describing the systems and the City’s obligations therefore are included in Note 10 to the Financial Statements included in Appendix B to this Official Statement.

New System

In 1974, the City established a single-employer public employee retirement system (the “New System”) to provide pension benefits to employees other than firefighters, police officers, teachers and employees covered under the “Old System” described below. All covered employees hired after January 1, 1974 are required to participate in the New System as a condition of employment. Employees are 100% vested after five years of service.

At December 31, 2024, the City’s accrued pension obligation for the combined pension trusts and health trust was estimated to exceed the pension assets under the New System by \$183,210,530 under the actuarial value.

At June 30, 2024, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$150,430,690 for the MECRS. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$22,027,926. Detailed information describing the City’s Other Post-

Employment Benefits (i.e., OPEB) is included in Note 11 to the Financial Statements included in Appendix B to this Official Statement.

Schedule of Employer Contributions

	Actuarially Determined Contribution (ADC)#	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contributions as a Percentage Covered Payroll
12/31/2024	\$ 1,513,810	\$ 1,513,810	\$ -	\$ 67,129,760	2.26%
12/31/2023	1,770,966	1,770,966	-	62,181,204	2.85%
12/31/2022	1,615,726	1,615,726	-	56,969,297	2.84%
12/31/2021	1,439,820	1,439,820	-	55,323,580	2.60%
12/31/2020	1,252,923	1,252,923	-	54,254,463	2.31%
12/31/2019	1,075,844	1,075,844	-	52,895,992	2.03%

*Based on valuation payroll as of December 31.

Employer contributions based on percentage of payroll. Employer pays the ADC percentage.

Schedule of the Net OPEB Liability Health Trust

	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a Percentage of Total OPEB Liability	Covered Payroll*	Net OPEB Liability as a Percentage of Covered Payroll
12/31/2024	\$ 36,396,809	\$ 24,185,988	\$ 12,210,821	66.45%	\$ 67,129,760	18.19%
12/31/2023	34,864,381	21,370,459	13,493,922	61.30%	62,181,204	21.70%
12/31/2022	38,994,461	18,064,442	20,930,019	46.33%	56,969,297	36.74%
12/31/2021	37,693,363	20,127,378	17,565,985	53.40%	55,323,580	31.75%
12/31/2020	35,238,659	17,419,162	17,819,497	49.43%	54,254,463	32.84%
12/31/2019	30,334,669	14,772,702	15,561,967	48.70%	52,895,992	29.42%

*Based on valuation payroll as of December 31.

Information for previous periods is not available

Old System

Prior to January 1, 1974, all eligible City employees participated in the “Old System”. All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the New System. The Old System was replaced by the New System and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors.

The City funded costs of this plan during fiscal year 2025 and the membership consisted of:

Inactive plan participants currently receiving benefits:	41
Active plan participants:	<u>0</u>
Total	<u>41</u>

The City's annual required contributions for the Old System for the current and last five fiscal years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 642,323
2024	701,383
2023	698,323
2022	658,658
2021	776,228

NHRS Related Supplementary Benefits Plan

The City pays supplementary benefits of up to 50% of the last annual wage for any City employee who participates in the NHRS, was hired before June 30, 1972, and does not receive a pension benefit equal to at least 50% of the last annual wage.

At June 30, 2024, the City reported a net pension liability of \$129,438,428 for its proportionate share of the NHRS' total net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net pension liability was based on an actuarially determined projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At June 30, 2024 the City's proportion was 2.3121%.

SELECTED ECONOMIC INDICATORS AND OTHER INFORMATION

Population

As of the census of 2020, population density in the City is 3,504 persons per square mile. The following table sets forth the estimated population history of the City.

Manchester Area Populations

Year	Manchester City		Manchester Metro Area*		Manchester Trade Area**		NH State Population
2020	115,644	8.40%	339,322	24.63%	692,938	50.30%	1,377,529
2010	109,565	8.32%	323,662	24.59%	663,963	50.44%	1,316,470
2000	107,006	8.66%	310,304	25.11%	628,386	50.86%	1,235,550
1990	99,567	8.98%	268,564	24.21%	548,037	49.41%	1,109,117
1980	90,936	9.88%	212,246	23.05%	433,543	47.09%	920,610

* MANCHESTER METRO AREA (10-mile radius); Manchester, Allentown, Amherst, Auburn, Bedford, Bow, Candia, Chester Derry, Dunbarton, Goffstown, Hooksett, Litchfield, Londonderry, Merrimack, New Boston, Pembroke, Raymond, and Weare.

** MANCHESTER TRADE AREA (20-mile radius); METRO AREA and Atkinson, Brentwood, Brookline, Chichester, Concord, Danville, Deerfield, Deering, Epping, Epsom, Francetown, Freemont, Greenfield, Hampstead, Henniker, Hollis, Hopkinton, Hudson, Kingston, Loudon, Lyndeborough, Milford, Mont Vernon, Nashua, Northwood, Nottingham, Pelham, Plaistow, Salem, Sandown, Wilton, and Windham.

SOURCES:

Population – US Census, 1980, 1990, 2000, 2010 and 2020.

Population Estimates and Projections – NH Office of State Planning.

Manchester Metropolitan Area

The Manchester Metropolitan Area (10-mile radius), located in the heart of the Merrimack Valley in south central New Hampshire is the industrial, wholesale, retail and business service center of New Hampshire and much of northern New England.

Manchester is the largest city in New Hampshire and the core city in one of the three federally designated Primary Metropolitan Statistical Area (PMSA) in the State. According to US Census figures, the Manchester Metropolitan Area, with 19 communities in three counties, contained 212,246 persons (23.05% of the State total of 920,610) in 1980, while the 2020 figures show a 40-year Metropolitan Area increase to 339,322 (25% of the State total of 1,377,529).

Median Age and Income Levels

The following table compares the median age, mean family income, and per capita income for Manchester, the State of New Hampshire, and the United States. The information presented includes the latest year for which such information is available.

Median Age and Income Levels

	<u>Manchester</u>	<u>New Hampshire</u>	<u>United States</u>
Median Age:			
2025	37.9	43.2	38.7
2024	38.2	43.1	38.9
2023	36.9	43.0	38.8
2022	36.0	42.9	38.6
2021	36.0	42.8	38.4
Median Household Income:			
2023	\$ 77,415	\$ 96,838	\$83,730
2022	74,769	90,845	83,449
2021	77,415	95,788	75,149
2020	74,040	82,331	85,333
2019	91,627	81,181	76,088
Per Capita Income:			
2023	\$ 44,220	\$ 50,867	\$68,531
2022	49,675	74,663	65,473
2021	45,584	73,762	57,843
2020	45,584	67,535	61,290
2019	34,096	64,747	58,472

Source: US Census Bureau American Community Quick Facts

Employment

The City has a diversified industrial economy. The following tables list the major categories of payroll and employment for the City for calendar years 2020 through 2024, and for the first quarter of calendar year 2025.

City Employment and Payrolls

<u>Year</u>	<u>Type</u>	<u>Number of Firms</u>	<u>Payroll</u>	<u>Average Employment</u>
1st Qtr 2025	Goods Producing	340	\$ 768,510,600	7,950
	Service Producing	2,690	4,108,567,320	53,206
	Total	<u>3,030</u>	<u>\$ 4,877,077,920</u>	<u>61,156</u>
2024	Goods Producing	363	\$ 731,666,156	7,981
	Service Producing	2,741	4,024,102,368	54,536
	Total	<u>3,104</u>	<u>\$ 4,755,768,524</u>	<u>62,517</u>
2023	Goods Producing	366	\$ 583,086,400	7,760
	Service Producing	2,777	3,856,839,168	55,186
	Total	<u>3,143</u>	<u>\$ 4,439,925,568</u>	<u>62,946</u>
2022	Goods Producing	363	\$ 644,941,440	7,656
	Service Producing	2,794	3,956,404,140	54,541
	Total	<u>3,157</u>	<u>\$ 4,601,345,580</u>	<u>62,197</u>
2021	Goods Producing	371	\$ 545,575,955	7,536
	Service Producing	2,778	3,608,673,269	53,023
	Total	<u>3,149</u>	<u>\$ 4,154,249,224</u>	<u>60,559</u>
2020	Goods Producing	344	\$ 602,605,533	7,233
	Service Producing	2,730	3,405,130,334	52,039
	Total	<u>3,074</u>	<u>\$ 4,007,735,867</u>	<u>59,272</u>

Source: NH Department of Employment Security Covered Employment and Wage annual averages.

Labor Force and Employment and Unemployment Rates

The following table sets forth the City's average labor force and unemployment rates for calendar years 2014 through 2024 and the unemployment rates for New Hampshire, New England and the United States as a whole for the same period.

<u>Year</u>	<u>City</u>		<u>Annual Average Unemployment Rate</u>						
	<u>Labor Force</u>	<u>Employment</u>	<u>Manchester</u>		<u>New Hampshire</u>		<u>New England</u>		<u>United States</u>
2024	67,440	65,570	2.8	%	2.6	%	3.6	%	4
2023	63,960	62,490	2.3		2.6		3.3		3.6
2022	64,250	60,933	2.7		2.4		4.0		3.8
2021	62,940	60,770	4.0		6.7		6.9		5.3
2020	65,257	60,159	7.8		6.7		8.0		8.1
2019	65,581	63,842	2.7		2.6		3.1		3.7
2018	64,854	63,112	2.7		2.6		3.5		3.9
2017	63,560	61,675	3.0		2.8		3.8		4.4
2016	62,703	60,795	3.0		2.9		4.1		4.9
2015	61,995	59,714	3.7		3.4		4.9		5.3
2014	61,931	59,036	4.7		4.3		5.9		6.2

Largest Employers

Excluding the City itself, the following table lists the largest employers in the City.

<u>Name</u>	<u>Product/Function</u>	<u>Employees</u>
Southern NH University	Education	11,989
Elliot Hospital	Acute Care	3,969
Home Depot	Retail Hardware	2,571
Catholic Medical Center	Acute Care	2,400
Easter Seals	Social Services	2,300
Eversource	Electric Utility	1,348
United Parcel Service	Package Transportation	1,131
DEKA Research & Development	Manufacturing	1,000
Macy's	Retail	900
Veterans Affairs Medical Center	Health Care	850
TD Bank	Financial Services	850
Comcast	Media & Tehnology	800
Vibracoutsics USA Inc.	Gaskets- Packaging	750
Staples	Office Supplies	671
Velcro USA	Fasteners & Hooks	650
St. Anslem College	Education	650
Burndy LLC	Electronics	630
Summit Packaging	Manufacturing	600
AutoFair Automotive Group	Automobile Dealer	500
Kalwall Corp.	Prefabricated Metals	375

Source: 2025 Book of Lists, NH Business Review

Largest Taxpayers

The following table lists the ten largest taxpayers for tax year 2024, it is comprised of businesses representing a diverse array of industries and made up only 6.42% of the City's total assessed valuation.

Taxpayer	2024 Assessed Value	Percentage of Total City Taxable Assessed Value
Public Service Co. of NH	\$ 203,322,200	1.53%
Energy North Natural Gas, Inc.	160,510,000	1.20%
PRCP-NH Manchester LLC	80,282,000	0.60%
Waterford Place HLDG LCC	77,495,800	0.58%
MNH LLC	66,718,400	0.50%
Wellington DHC, LLC	65,299,400	0.49%
Village Circle Way	61,884,400	0.46%
The Timbers	52,355,700	0.39%
1200 Elm Street, LLC	43,920,800	0.33%
Greenview Associates LP	43,445,000	0.33%
	<u>\$ 855,233,700</u>	<u>6.42%</u>

Source: City of Manchester, Board of Assessor

Building Permits

The following table sets forth the number of building permits issued by the City for public and private construction projects and their estimated construction costs for fiscal years 2016 through June 30, 2025.

Fiscal Year	New Construction		Additions and Alterations		Permits Issued	Total Estimated Cost
	Residential	Non-Residential	Residential	Non-Residential		
	(1)					
*2025	\$ 20,152,562	\$ 14,628,330	\$ 18,577,938	\$ 150,686,710	893	\$ 204,045,540
*2024	\$ 22,026,881	\$ 112,871,916	\$ 12,374,531	\$ 89,235,256	871	\$ 236,508,584
2023	\$ 26,036,636	\$ 60,021,066	\$ 16,354,364	\$ 114,720,872	958	\$ 217,132,938
2022	\$ 29,111,996	\$ 3,940,650	\$ 14,914,351	\$ 90,450,580	1,071	\$ 138,417,577
2021	\$ 21,616,653	\$ 22,494,490	\$ 10,714,470	\$ 74,388,244	1,018	\$ 129,213,857
2020	\$ 21,315,843	\$ 35,335,256	\$ 8,225,146	\$ 190,236,523	947	\$ 256,719,921
2019	\$ 25,673,428	\$ 10,643,806	\$ 9,914,312	\$ 88,873,037	1,070	\$ 135,104,583
2018	\$ 25,251,938	\$ 8,678,547	\$ 11,244,597	\$ 100,991,639	1,173	\$ 146,166,721
2017	\$ 25,445,682	\$ 6,751,532	\$ 20,151,063	\$ 85,158,062	1,938	\$ 137,506,339
2016	\$ 39,077,167	\$ 6,264,350	\$ 27,820,848	\$ 68,348,661	2,014	\$ 141,511,026

(1) Includes Residential & Non-Residential Accessory Buildings

*Accessory Dwelling Units above Garages have been included in the Residential New Construction column.

Economic Development

City of Manchester Vision Statement: To be a first-class city to live, work, and visit, built upon our rich history or culture, education, environment, and commerce.

The City of Manchester continues to expand and diversify its economic base, consistently demonstrating strong and resilient economic growth. Manchester is the largest and most dynamic city in Northern New England. It has more than 115,000 residents, about 6,600 commercial establishments, 300 restaurants, cultural amenities, museums and sporting events, and easy access to nature. Over the past ten years, the City has attracted more businesses and people than anywhere else in the region.

Many communities in the Northeast have either maintained or lost population over the prior decades. Manchester's growth, albeit moderate, is a positive indicator of its role as an economic hub for the state and region. Much of this growth is accomplished through major development and redevelopment projects.

The City continues to invest in its downtown and other key growth corridors while also focusing its economic development efforts on retaining existing businesses and providing business assistance programs for new and expanding businesses. In addition, the City continues to work with partners to promote opportunities to prospective businesses, visitors, and residents.

Quality of Life

Forbes continues to rank Manchester among the happiest cities in America. The factors that keep the City in this enviable spot were access to green spaces, a work/life balance, and residents feeling that they could achieve their professional goals. These factors helped influence other notable rankings, such as Manchester's placement in the top 20 cities nationally with the highest net in-migration of millennials.

Also, US News & World Report placed Manchester at #43 on its "Best Places to Live in the US" based on five metrics: job market, value, quality of life, desirability, and net migration.

Employment and Demographics

Manchester stands as one of New Hampshire's largest and most dynamic employment centers, offering a wide range of opportunities across many industries. As of December 2024, the city's unemployment rate was just 2.7%—well below the national average of 3.6%. This strong performance is fueled by a vibrant and youthful population. The largest share of residents falls between the ages of 20 and 34, followed closely by those aged 35 to 54. With a median age of 37—six years younger than the state median—Manchester is a community full of energy, creativity, and ambition.

That energy translates into economic growth and rising prosperity. The City's median household income has steadily increased, reaching more than \$78,000 in 2025, up from \$74,000 in 2023 and \$66,000 in 2022. Together, these trends highlight a community that is not only thriving in the present but also building a strong foundation for long-term success—one that attracts and retains talent, investment, and opportunity.

Manchester has become a diverse economic hub, powered by strong industries in communications, healthcare, technology, and manufacturing. The technology sector, in particular, has emerged as a defining force. The city ranks fifth in the nation for tech employment concentration, with tech professionals representing 11.9% of the total workforce in the Manchester–Nashua metropolitan area—nearly double the national average of just under 6%. Supported by a healthy mix of complementary industries, this growing tech ecosystem continues to position Manchester as a leader in innovation and sustainable economic growth.

Beyond technology, the City's economy remains well-balanced, with healthcare, manufacturing, retail, and other key sectors driving job creation. This diversity underscores Manchester's adaptability and the strength of its workforce across multiple industries.

While the city's manufacturing base has evolved from its historic textile roots to advanced sectors like defense, automotive, and aerospace production, it remains a cornerstone of the local economy. Today, Manchester has also become a hub for the rapidly growing field of bio fabrication—the production of human tissues using both organic and synthetic materials. The expansion of this life-changing industry relies on a highly skilled and diverse workforce spanning advanced manufacturing, biology, biotechnology, computer science, data analytics, engineering, and information technology—further cementing Manchester's reputation as a place where innovation and opportunity converge.

Housing

In 2025, Manchester had an estimated 52,793 housing units. For much of the city's history, new construction was dominated by single-family homes. However, over the past decade, the housing landscape has shifted dramatically toward multi-family development, with a growing number of apartments and condominiums being built across the city. This trend is most evident in downtown Manchester, where multi-family construction is occurring at an all-time high. New developments feature a diverse mix of affordable, market-rate, and high-end units, reflecting the city's commitment to creating a balanced and inclusive housing market. As of late 2024, more than 1,750 new residential units are in various stages of development and construction, representing an estimated total value of \$275,000 per unit.

In recent years, Manchester has gained national recognition as one of the hottest housing markets in the United States—earning Realtor.com's top ranking more than 30 times since 2021. This surge in demand is driven by Manchester's exceptional quality of life, its proximity to major metropolitan areas like Boston, and its relative affordability. The City has claimed the title of the nation's hottest real estate market 22 times since first reaching the top of Realtor.com's list in March 2021, and it continues to appear near the top in most months. Both local residents and out-of-state buyers are actively competing for homes, underscoring Manchester's appeal as both a place to live and invest. With new developments underway to meet growing demand, the city's housing market remains one of its strongest and most vital economic assets.

Manchester's Biofabrication Industry: Pushing the Limits of Innovation

Manchester is working toward becoming the premier global hub for biofabrication, a new, cutting-edge industry that combines biology and manufacturing to produce regenerative medical technologies. Through the manufacturing of cells, tissues, and organs for humans, biofabrication has the potential to revolutionize health care, including how we treat people with chronic diseases such as diabetes, macular degeneration, and heart disease. That groundbreaking work is happening right here in Manchester.

The Advanced Regenerative Manufacturing Institute (ARMI) is leading the charge from the Manchester Millyard, securing more than \$250 million in federal funding since 2016, including \$44 million in 2024. ARMI is spearheading some of the most innovative and complex biofabrication projects on the planet, with many early-stage trials underway. Companies engaged with ARMI are creating curative therapies for: Type 1 diabetes, vision loss, heart failure, Parkinson's disease, kidney disease, blood manufacturing

The U.S. is taking notice. In addition to hundreds of millions of funding, the Manchester-Nashua MSA, known as the 'ReGen Valley Tech Hub,' was named by the U.S. Department of Commerce as one of the 31 U.S. tech hubs to advance innovation and American competitiveness. The designation of ReGen Valley as a Tech Hub marked a significant milestone, building on the recognition Manchester first received through its Federal Build Back Better award. This honor underscores the City's growing reputation as a region with the foundational assets and capabilities to emerge as a global leader in the bio-fabrication industry.

Recreation and Entertainment

Manchester offers residents and visitors a rich array of recreational, cultural, and entertainment opportunities, all within the city limits. Sports fans can catch minor league baseball at Northeast Delta Dental Stadium, home to the New Hampshire Fisher Cats, the Double-A affiliate of the Toronto Blue Jays. The team plays

over 70 home games each season, attracting fans from across the region, and the stadium also hosts concerts, community events, and special gatherings, with seating for 7,500 spectators.

Just a short distance from the stadium, the historic Palace Theatre and its companion venues, The Rex and the Spotlight Room, host a wide variety of performances, including live music, operas, ballets, plays, and comedy shows. Downtown, the SNHU Arena serves as Manchester's premier venue for large-scale events, concerts, and sporting competitions. In June 2025, the arena welcomed the iconic band Phish for a three-day concert that generated over \$14 million in visitor spending for the city. With a seating capacity of around 12,000, the SNHU Arena regularly attracts national and international performers, including Elton John, Aerosmith, Rod Stewart, Justin Timberlake, and Luke Bryan, further cementing Manchester as a cultural and entertainment hub.

Art and culture thrive at the Currier Museum of Art, where residents and visitors can experience masterpieces by Picasso, Matisse, Monet, O'Keeffe, Calder, Scheier, Goldsmith, John Singer Sargent, Frank Lloyd Wright, and Andrew Wyeth.

For outdoor recreation, Manchester offers numerous parks and natural areas, including the scenic Merrimack River, nearby Lake Massabesic, and the 640-acre Manchester Cedar Swamp Preserve. McIntyre Ski Area, a city-owned facility adjacent to Derryfield Park, features eleven trails, two chair lifts, snow tubing lanes, a terrain park, and beginner-friendly lessons, providing affordable winter sports for families. Derryfield Country Club, a municipally owned 18-hole golf course established in 1932, offers memberships, greens fees, lessons, tournaments, and a restaurant with a deck overlooking the course. The Hollows Disc Golf Complex, designed by 2010 PDGA World Champion Eric McCabe, includes two 18-hole courses that cater to both beginners and championship-level players.

Together, these venues and recreational opportunities make Manchester a city where residents can live, play, and explore without leaving its borders, blending cultural richness, sports, arts, and outdoor activities into a vibrant urban experience.

Shopping

Manchester is the undisputed retail center of Hillsborough County and the region. Retail sales in the City of Manchester exceeded what Manchester residents spent by \$1.09 BILLION in 2019 (Source: Envionics). The City represents over one quarter (26.6%) of the sales within the county, which is roughly proportional to the population. Manchester maintains a role as a super-regional retail powerhouse. Manchester will likely remain a retail center. There is room for continued retail growth with continued population growth, excellent positioning as a central city, and regional incomes.

Education Ecosystem

Education is a cornerstone of Manchester's present and future, supported by a strong ecosystem of higher education institutions and K-12 schools. The city is home to several renowned post-secondary institutions, including Southern New Hampshire University and the University of New Hampshire at Manchester, which together educate tens of thousands of students each year. On the K-12 side, Manchester's schools are known as the most diverse in the state and boast smaller class sizes than the national average

Manchester boasts eight area colleges and universities as well as numerous vocation programs. In addition to attracting and educating students, these colleges and universities make many activities and cultural events available to Manchester's wider population. The City is home to Saint Anselm College, Franklin Pierce University at Manchester, Granite State College, Massachusetts College of Pharmacy and Health Sciences (MCPHS), Manchester Community College, the University of New Hampshire at Manchester, and Southern New Hampshire University - Online and Continuing Education, one of the nation's top distance learning universities.

Healthcare Facilities

Catholic Medical Center (CMC)

There are two acute care hospitals in the City. Catholic Medical Center (CMC), a 330-bed hospital offers full medical-surgical care with more than 25 subspecialties, comprehensive orthopedic care, inpatient and outpatient rehabilitation services, a 24-hour emergency department, and diagnostic imaging. CMC is also the home of the nationally-renowned New England Heart & Vascular Institute, which is rated among the top programs in the country. CMC's The Mom's Place, is the first birthing unit in the country to have a neonatal unit focusing on "couplet care". For the past forty years, CMC has partnered with the City of Manchester Health Department to administer Healthcare for the Homeless, which is a federally qualified health center serving individuals experiencing homelessness. They also offer primary care services as well as dedicated community outreach programs.

The Elliot Hospital

The Elliot Hospital, is the largest provider of comprehensive healthcare services in Southern New Hampshire. The Elliot is home to a 296-bed acute care hospital, has the State's largest center for therapeutic radiation and is the region's designated Trauma Center. Specialty services include walk-in emergency care, a comprehensive rehabilitation medicine unit, Medicare certified home health services, and a free physician referral service. The Laser Center offers advanced laser surgery as well as regional training for physicians. Women's health services include a Breast Diagnostic Center and the City's only (level 3) advanced care neonatal intensive care unit (NICU) for critically ill newborns.

In August of 2020, Elliot Hospital opened a new, 22,000 square foot Regional Cancer Center on the Elliot Hospital Campus. The Solinsky Center for Cancer Care at The Elliot includes radiation oncology, cancer screening services, cutting-edge diagnostics and imaging, surgery, radiation therapy services, medical infusion services, post-acute care, palliative care, physical therapy, occupational therapy, integrative medicine, laboratory, pharmacy, support services, parking for 42 cars, drop off area with overhang protection, meditation area, and an outdoor healing garden.

Dartmouth Health Manchester

Dartmouth Health Manchester is a multi-specialty, community group practice with more than 100 physicians and associated providers. Its primary and specialty care departments offer a full range of health services including the Dartmouth Health Children's and Dartmouth Cancer Center. Dartmouth Health recently completed a 91,000 square-foot expansion of its Manchester clinic. An Ambulatory Surgery Center includes a state-of-the art outpatient surgery center that includes six operating rooms and three minor procedure rooms. It also includes a dedicated pediatric pre-op and recovery area. The new space includes expanded laboratory, imaging, and clinical services as well as an onsite café with outdoor seating.

Other Health Service Providers

A Veteran's Administration Hospital is also located in Manchester. Visiting Nurse Association of Manchester provides home health services to area residents. There are over 200 practicing physicians and surgeons with offices in the City, which provides a favorable one doctor per 500 population ratio. Amoskeag Health, formerly known as the Manchester Community Health Center, a federally qualified health center (FQHC), provides family oriented primary health care services to the people of Manchester who are uninsured, underinsured or lacking access to affordable quality healthcare. In addition, Easter Seals and the Moore Center are located within the City helping individuals with disabilities and special needs for over 75 years. Finally, The Mental Health Center of Greater Manchester provides in-patient care for acute cases, day hospital programs for out-patient diagnostic and treatment services for children, adolescents, adults, and the elderly, emergency services (24 hours a day), consultation, and community education.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FROM THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

CITY OF MANCHESTER, NEW HAMPSHIRE



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

CITY OF MANCHESTER, NEW HAMPSHIRE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
July 1, 2023 to June 30, 2024**

**Prepared By:
FINANCE DEPARTMENT**

**Sharon Y. Wickens
Finance Officer**



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Introductory Section

**City of Manchester
Department of Finance**

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

August 7, 2025

To the Honorable Board of Mayor and Aldermen and
Citizens of the City of Manchester, New Hampshire

The Annual Comprehensive Financial Report for the City of Manchester (the City) for the fiscal year ended June 30, 2024 is hereby submitted. The City's Finance Department prepared this Annual Report. The purpose of this report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The Annual Report is presented in three sections: the introductory section, the financial section, and the statistical section. The introductory section, which is unaudited, includes this letter of transmittal, the City's organizational chart, and a listing of City officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, notes to financial statements, required supplementary information, and the combining and individual financial statements and schedules. The statistical section, which is unaudited, includes pertinent financial and general information indicating trends for comparative-basis fiscal years. The MD&A is management's opportunity to provide an overview and analysis of the City's financial operations. The MD&A should be read in partnership with this transmittal letter.

The City's Charter requires an annual audit by an independent certified public accountant. The City has engaged CBIZ CPAs P.C, Certified Public Accountants, to conduct the City's audit for the fiscal year ended June 30, 2024. The auditors' report on the basic financial statements is included in the financial section of this report. In addition to meeting the requirements set forth in State statutes and the Charter, the audit was designed to meet the requirements of the Single Audit Amendments of 1996 and related OMB Circular A-133, including requirements relating to the preparation of the schedule of expenditures of federal awards, or Title 2 CPR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), as applicable including requirements relating to the preparation of the schedule of expenditure of federal awards. The auditor's reports on internal controls and compliance can be found in a separately issued Single Audit Report.

The City's basic financial statements include all entities for which the City is financially accountable and other organizations of the City for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City's financial statements include four discretely presented component units – the Manchester School District (MSD), the Manchester Development Corporation (MDC), the Manchester Public Television Service, Inc. (MPTS) and the Manchester Transit Authority (MTA).

General - Manchester, the largest City north of Boston, is located on the Merrimack River in south central New Hampshire. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield, and Merrimack. According to the 2020 U.S. Census Bureau data, the City has a population of 115,644 and occupies a land area of 33.1 square miles. The Manchester Metropolitan Area, with a ten-mile radius, has a population of over 427,000. The Manchester Metropolitan Area is an area that the City believes to represent a key geographic region for the City's economy.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, water and sewer services, highways, and street and sidewalk maintenance, public health and welfare, and code compliance. Public education is provided through the MSD for grades kindergarten through twelve and vocational education is available in grades nine through twelve. In addition, the City maintains 55 parks, two ice-skating coliseums, the McIntyre Ski Area, the Derryfield Country Club, 2 municipal pools, 2 splash pads, two 18-hole disc golf courses, a minor league baseball stadium and a 10,000-seat civic arena. The City also owns and operates the Manchester-Boston Regional Airport.

Government - The City operates with a strong mayoral form of government. The Mayor is the City's full-time chief executive officer. The Mayor has appointment powers and budget line-item veto authority. The City's Charter, approved by the voters in 1996, includes an ethics policy, a local initiative option, and calls for the formation of a Charter Review Committee every ten years.

The City is governed by an elected Mayor and a fourteen-member Board of Aldermen (BMA) representing each of the City's twelve wards and two aldermen elected at-large. The BMA approves the City's budget. The Finance Committee, consisting of the entire Board of Mayor and Aldermen, approves labor contracts and also adopts monetary appropriations.

City financial management is the responsibility of the Finance Officer and the Department of Finance. The Finance Officer is responsible for establishing and maintaining a system of controls and financial reporting to ensure that the City's assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with law and generally accepted accounting principles (GAAP). The Department of Finance also performs significant and ongoing monitoring of the financial performance of the City's departments and enterprise funds, including monthly and quarterly interim reports and forecasted year-end revenue and expenditure/expense balances for all departments.

As required by City ordinance and by the Charter, interim reports are submitted to the BMA. Interim reports are reviewed with the Committee on Accounts, Enrollment and Revenue Administration (COA). The COA is a five-member standing committee of the Board of Aldermen. The COA meets on a regular basis to review and to discuss financial matters. The City has adopted debt policies and ordinances for the handling of one-time revenues, insurance reserves and undesignated fund balances.

Internal Controls - Management of the City is responsible for establishing and maintaining a system of internal controls over financial reporting to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use; and (2) the reliability and accuracy of financial statements. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgment by management. The City believes that its internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent City Auditor - The Charter requires an Independent City Auditor (IA). The IA is responsible for the independent audit of the City's Annual Report as well as conducting investigations, analyses and research. The existence of the IA provides for strong internal controls.

Appropriation Process and Budget Control - The Charter provides for the Mayor, and such other officials as the Mayor shall select, to prepare a budget for consideration by the Board of Aldermen. The Charter requires budget adoption by the second Tuesday of June. If the BMA fails to adopt appropriation resolutions for the ensuing fiscal year, the Mayor's budget as originally proposed shall prevail. The Charter also provides for supplemental appropriations, reductions of appropriations, transfers of appropriations under certain limited circumstances and allows for the adoption of biennial budgets.

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

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the BMA. Activities of the general fund are included in the annual appropriated budget. Project-length budgets are prepared for the special revenue and capital projects funds. The level of budgetary control is the departmental level within each fund.

Cash Management - The City has an adopted Investment Policy. The Investment Policy conveys the concept that the preservation of capital and the liquidity requirements are the two primary factors considered in the structure of the portfolio. The Finance Officer reports on investment performance to the Board of Mayor and Aldermen on a quarterly basis.

Excess cash is invested in U.S. Government securities, certificates of deposit, repurchase agreements, and the State of New Hampshire (the State) Investment Pool. The maturities of the investments range from thirty days to one year, with the average maturity closer to the thirty-day range. Between 85% - 90% of the cash and investments held at fiscal year-end in the city-wide statements were collateralized through Federal Home Loan Bank letters of credit or through perfected collateral arrangements.

Risk Management - The City has a program of both self-insurance and policies for worker's compensation, health, and general liability. Under this arrangement a third-party administrator manages the claims with the City Risk Manager.

Community Improvement Programs - As part of the budget process, the Finance Officer provides the Mayor and Aldermanic CIP committee with a debt affordability forecast as a basis for the development of the Mayor's recommended CIP program/budget. The project initiatives are envisioned over the ensuing fiscal period in accordance with the affordability forecast.

Economy - As the State's largest city and business center, Manchester enjoys a diversified economic base. The combination of this diversified base along with the City's investment in the Manchester-Boston Regional Airport, the SNHU Arena and various Millyard initiatives should help sustain the City during this challenging economic period. This effort has led to the location of a broad array of businesses and industries within the City, and has provided a base for future economic development. Much of this diversification was accomplished through redevelopment projects, which required public and private cooperation.

The City's current economy appears generally steady with property tax collections rates remaining consistent with prior year. In addition, the Board of Mayor and Aldermen have adopted policies and capital initiatives to further strengthen the City's financial condition and the local economy during this period of economic slowdown.

The labor force in the Manchester NH Metronet numbers 123,820 while the unemployment rate is 2.8% at November 30, 2024.

Debt - The general debt limit of the City is 9.75% of base valuation, one of which Water and Sewer projects ordered by the State Water Supply and Pollution control commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes are sometimes excluded from a city or town's statutory debt limit.

As of June 30, 2024 the City has a total outstanding General Obligation debt of \$254,512,516 for various improvements, infrastructure improvements, school district improvements and economic development projects. Authorized and unissued debt obligations as of June 30, 2024 totaled \$334,684,841.

The City currently retains the following credit ratings; Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), have assigned the ratings of "Aa3" and "AA," respectively. The MSD was assigned the following credit ratings by Moody's and S&P: "A1" and "AA-," respectively.

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

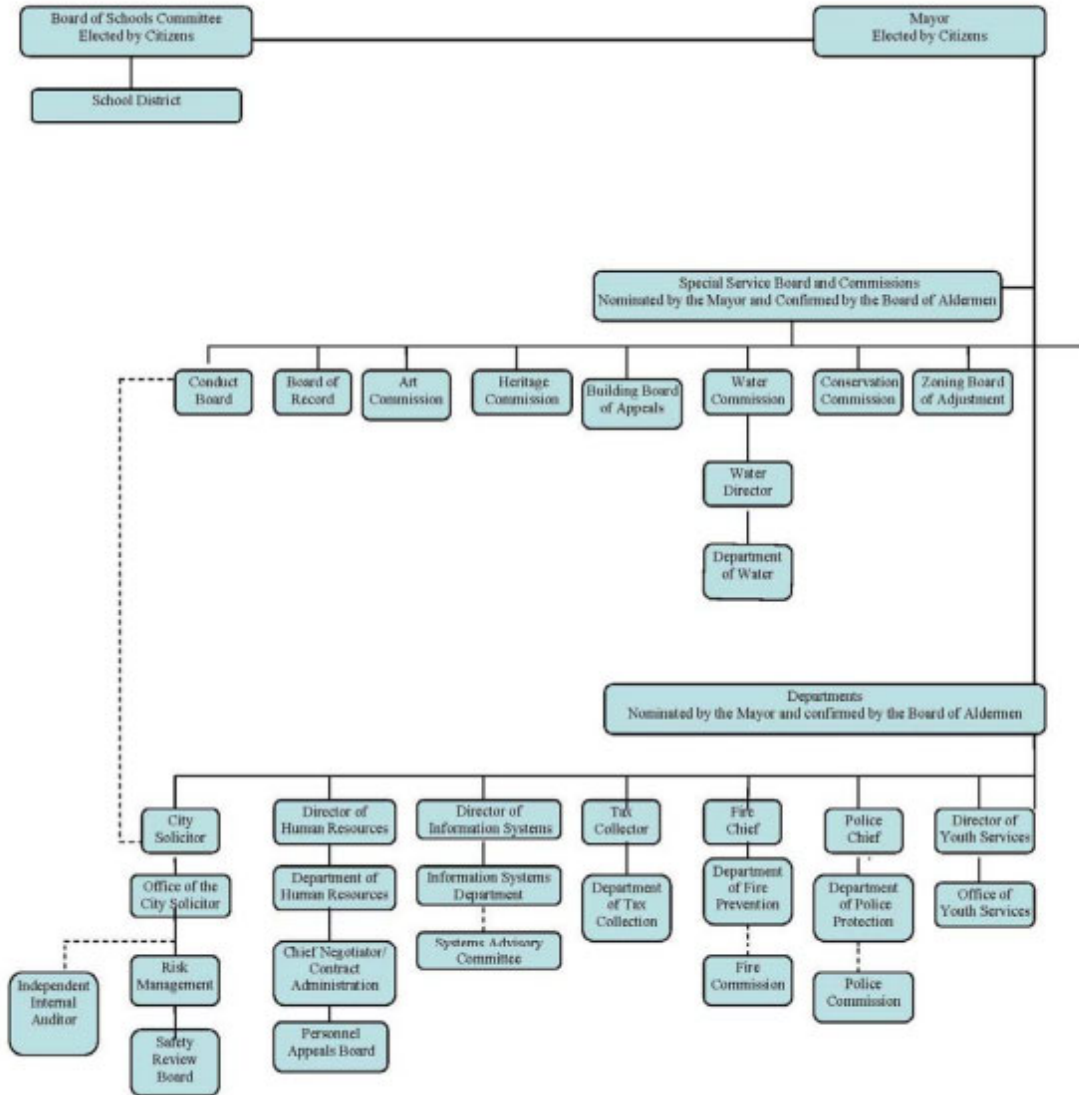
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sharon Y. Wickens". The signature is fluid and cursive, with the first name "Sharon" and last name "Wickens" clearly distinguishable.

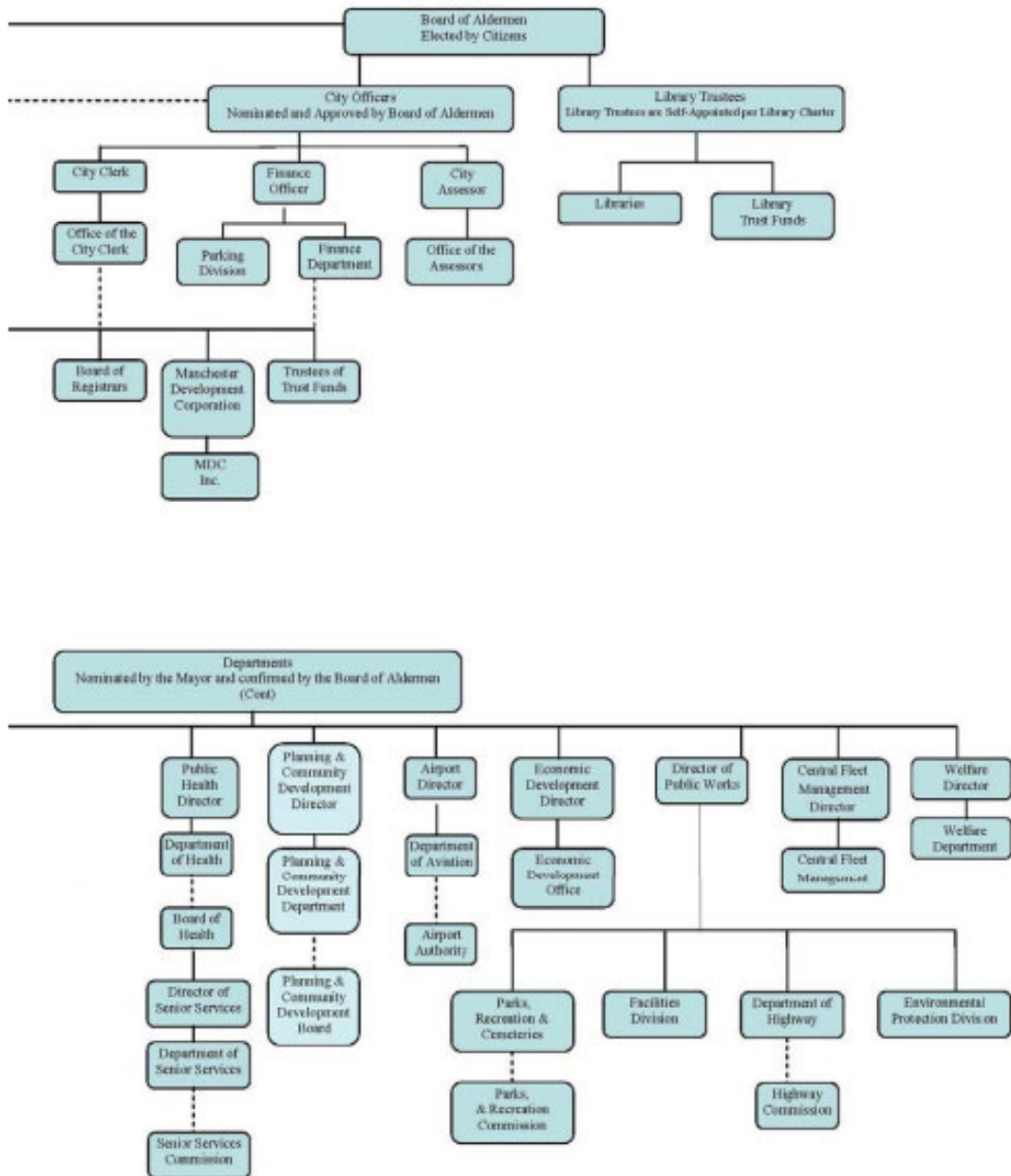
Sharon Y. Wickens
Finance Officer

Base valuation for debt limits is provided annually by the State of New Hampshire Department of Revenue Administration as part of the calculations for equalized assessed valuations for each municipality, and amounted to \$17,956,823,599. The general debt limit of the City amounted to \$1,750,790.

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



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



**List of Principal Officials
in office at the close of fiscal year ended June 30, 2024**

Mayor

Jay Ruais

Aldermen

Ward 1	Chris Morgan	Ward 7	Ross Terrio
Ward 2	Dan Goonan	Ward 8	Edward J. Sapienza
Ward 3	Pat Long	Ward 9	Jim Burkush
Ward 4	Christine Fajardo	Ward 10	Bill Barry
Ward 5	Anthony Sapienza	Ward 11	Norm Vincent
Ward 6	Crissy Kantor	Ward 12	Kelly Thomas
At-large	Joseph Kelly Levasseur *	At-large	Dan O'Neil

* Chairman of the Board

City Departments

Finance Officer	Sharon Y. Wickens
City Clerk	Matthew P. Normand
City Solicitor	Emily Gray Rice
Director of Welfare	Charleen Michaud
Chief of Police	Allen D. Aldenberg
Fire Chief	Ryan Cashin
Public Health Director	Anna Thomas
Director of Public Works	Tim Clougherty
Chief of Parks, Recreation & Cemetery	Mark M. Gomez
Director of Economic Development	Jodie Nazaka, AICP
Director of Fleet Management	Jonathan Hopkins
Airport Director	Theodore S. Kitchens, A.A.E.
Director of Water	Phil Croasdale
Director of Information Systems	Jean Fortier
Director of City Library	Denise Van Zanten
Director of Planning & Community Development	Jeffrey Belanger, AICP
Superintendent of Schools	Jennifer Gillis, EdD
Director of Human Resources	Lisa Drabik
Director of Youth Services	Michael Quigley
Chairman Board of Assessors	Robert Gagne
Collector of Taxes	Brenda Masewic



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Financial Section



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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire ("the City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024 (except for the City of Manchester Employees' Contributory Retirement System which is as of and for the year ended December 31, 2023), 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.

We did not audit the financial statements of the Manchester School District or the Manchester Transit Authority (discretely presented component units of the City), which represents 98.20 percent of the assets and deferred outflows and 99.93 percent of the revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the City of Manchester Employees' Contributory Retirement System, a blended component unit reported as a pension trust fund of the City, which represents 82.5 percent of the assets and 90 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Manchester School District, the Manchester Transit Authority, and the City of Manchester Employees' Contributory Retirement System, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Correction of an Error

As discussed in Note 17 to the financial statements, the June 30, 2023 net position balances have been restated for the correction of an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit for the year ended June 30, 2024, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and schedules for the year ended June 30, 2024, appearing on pages 142 through 149, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

The City's basic financial statements for the year ended June 30, 2023 (not presented herein), were audited by other auditors whose report thereon dated April 12, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The report of the other auditors dated April 12, 2024 stated that the general fund balance information appearing on pages 142 through 143 for the year ended June 30, 2023 was subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with GAAS and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2025 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 the City's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
August 7, 2025

City of Manchester, New Hampshire Management's Discussion and Analysis June 30, 2024

As management of the City of Manchester, New Hampshire (the City) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented herein along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis of the primary government, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows resulting in a total net position at the close of the fiscal year of \$350 million. The total net deficit for Governmental Activities at fiscal year-end was \$(124) million and total net position for Business-Type Activities was \$474 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position increased by \$18 million to \$350 million. The net position increased by \$1.9 million for Governmental Activities and the net position increased by \$16 million for Business-Type Activities. Government-wide expenses were \$341.7 million, while revenues were \$356 million.
- ◆ At the close of the fiscal year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$68.8 million, a decrease of \$12.8 million from the prior fiscal year.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$35.5 million, an increase of \$912 thousand from the prior fiscal year. As of June 30, 2024, the general fund had an unassigned fund balance of \$13.2 million.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 29–31 of this report.

Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a city'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 near-term financing decisions. Reconciliations are provided 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 and Other Grants Fund which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds. Non-major governmental funds for the City include the Capital Projects, United States Department of Housing and Urban Development (DHUD) Section 108 Fund, Community Development Block Grant Fund, Civic Center Fund and the Revolving Loan Fund. Permanent Funds consist of the Cemetery Trust Fund and the Library Trust Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 147–148 and in the combining statement of revenues, expenditures and changes in fund balances on pages 149–150.

The City adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The schedule of revenues, expenditures, and other financing sources/(uses) on a budgetary basis can be found on page 132.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 33 and 34 of this report.

Proprietary funds. The City maintains four proprietary funds. Proprietary (Enterprise) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its Water Works, Environmental Protection Division, Aviation, and the Parking Funds. The proprietary fund financial statements provide separate information for the Water Works, Environmental Protection Division and Aviation, which are considered to be major funds of the City. The Parking Fund is presented as non-major fund in the Business -type Activities Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 37–41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City’s constituency. The City has two pension trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 42–43 of this report.

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. The notes to the financial statements can be found starting on page 49 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City’s assets exceeded its liabilities by \$350 and \$340 million at June 30, 2024 and 2023, respectively.

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

	June 30, 2024			June 30, 2023		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and other assets	\$ 202,105	\$ 78,621	\$ 280,726	\$ 207,599	\$ 88,904	\$ 296,503
Noncurrent	87,290	76,862	164,152	74,836	102,831	177,667
Capital assets	271,073	678,191	949,264	272,462	664,429	936,891
Total Assets	560,468	833,674	1,394,142	554,897	856,164	1,411,061
Deferred Outflows of Resources	50,958	14,796	65,754	67,756	19,705	87,461
Current liabilities	167,550	60,466	228,016	137,449	73,073	210,522
Noncurrent liabilities	470,843	282,610	753,453	502,609	304,296	806,905
Total Liabilities	638,393	343,076	981,469	640,058	377,369	1,017,427
Deferred Inflows of Resources	96,828	31,324	128,152	108,338	32,433	140,771
Net Position:						
Net investment in capital assets	65,454	402,006	467,460	63,089	382,998	446,087
Restricted	46,143	24,192	70,335	39,031	38,914	77,945
Unrestricted (Deficit)	(235,391)	47,871	(187,520)	(227,863)	44,155	(183,708)
Total Net Position	\$ (123,794)	\$ 474,069	\$ 350,275	\$ (125,743)	\$ 466,067	\$ 340,324

A portion of the City's net position totaling \$467 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The portion of the City's net position that is restricted, \$70.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$187.5 million, primarily resulting from the City's unfunded net pension liability.

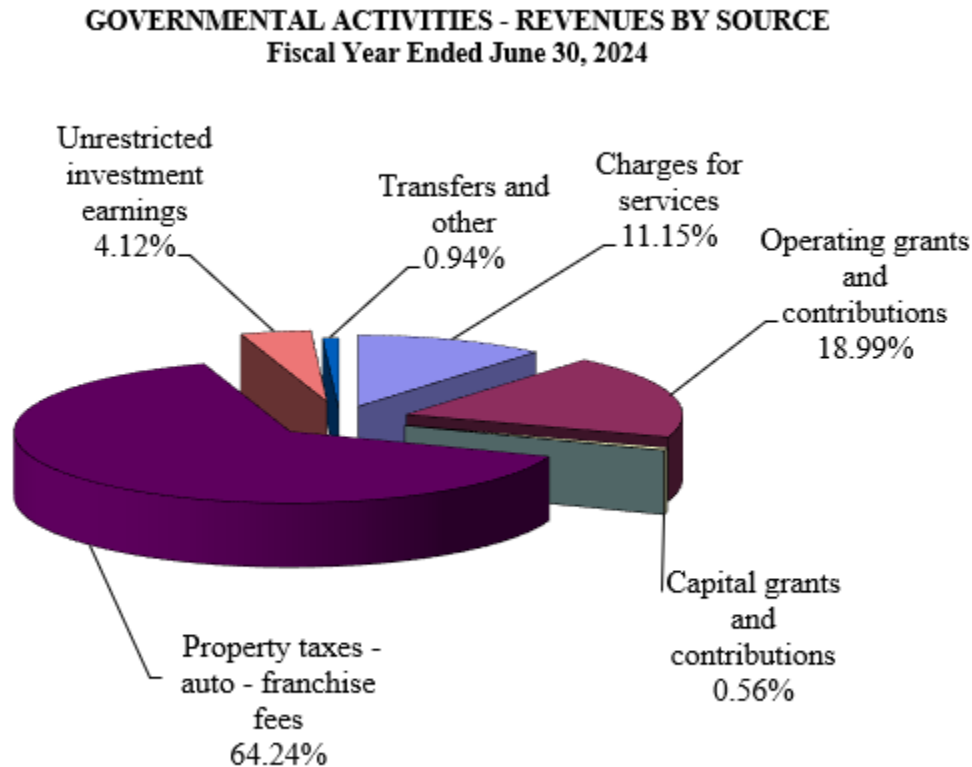
City of Manchester, New Hampshire
Changes in Net Position (\$000s)
Primary Government

	June 30, 2024			June 30, 2023		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 26,228	\$ 91,608	\$ 117,836	\$ 24,624	\$ 86,904	\$ 111,528
Operating grants and contributions	44,667	137	44,804	42,624	7,965	50,589
Capital grants and contributions	1,326	29,295	30,621	1,500	23,876	25,376
General Revenues:						
Property taxes/auto/franchise fees	151,138	-	151,138	147,849	-	147,849
Unrestricted investment earnings	9,698	4,263	13,961	7,278	2,869	10,147
Transfers and other	2,206	(792)	1,414	3,167	(1,733)	1,434
Total revenues	235,263	124,511	359,774	227,042	119,881	346,923
Expenses:						
General government	71,213	-	71,213	56,260	-	56,260
Public safety	87,746	-	87,746	86,337	-	86,337
Health and sanitation	8,781	-	8,781	8,830	-	8,830
Highways and streets	41,013	-	41,013	38,440	-	38,440
Welfare	1,552	-	1,552	1,499	-	1,499
Education and library	9,916	-	9,916	10,062	-	10,062
Parks and recreation	9,602	-	9,602	10,357	-	10,357
Cemetery trust	113	-	113	191	-	191
Investment management fee	77	-	77	74	-	74
Interest expense	3,301	-	3,301	4,305	-	4,305
Operations	-	108,451	108,451	-	98,544	98,544
Total Expenses	233,314	108,451	341,765	216,355	98,544	314,899
Change in net position	1,949	16,060	18,009	10,687	21,337	32,024
Net position - beginning	(125,743)	458,010	332,267	(136,430)	444,730	308,300
Net position - ending	\$ (123,794)	\$ 474,070	\$ 350,276	\$ (125,743)	\$ 466,067	\$ 340,324

The City's total net position increased by \$18.0 million during the fiscal year, with the net position of Governmental Activities increasing by \$1.9 million, and the net position of Business-Type Activities increasing by \$16.0 million. Operating grants and contributions increased by \$2 million, primarily due to an increase in community improvement program revenues; Unrestricted investment earnings increased by \$2.4 million, primarily due to favorable interest rates. General Government expenditures and Highway expenditures increased by \$15 million and \$2.6 million, respectively. General Government expenditures increased primarily due to an increase in benefit costs to the City and an increase in salaries due to collective bargaining contracts. Public Safety expenditures increased primarily from an increase in salaries due to collective bargaining contracts and overtime costs associated with vacant positions.

Governmental Activities

Overall, 64.24% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 11.15% from charges for services then followed by 18.99% from operating and capital grants and contributions, 0.94% from transfers and other, 0.56% of capital grants and contributions, and finally, about 4.12% of the City's revenue in this fiscal year was derived from a combination of investment earnings, gain (loss) of sales of capital assets, transfers, and other revenues. The chart below identifies revenues by source for governmental activities:



Business-Type Activities

Business-type activities increased the City's net position by \$15.8 million.

- ◆ Water Works' total net position decreased by \$6.4 million for the year primarily from normal operations and capital contributions.
- ◆ EPD's net position increased by \$2.4 million, which is comprised of \$140.8 million in invested capital assets, \$1.2 million for the designated replacement fund and \$43.3 million in unrestricted funds. User charges, EPD's largest revenue stream, were \$21.5 million in fiscal year 2024, an increase of \$1.5 million from the prior year. Operating expenses totaled \$23 million, an increase of \$2.5 million from the prior year.

- ◆ Aviation net position increased for the year by \$7.1 million. Aviation fund capital contributions amounted to \$18.9 million, a decrease of \$1.6 million from the previous year. Manchester-Boston Regional Airport experienced a decrease of 4% in passenger enplanements in fiscal year 2024, as enplanements decreased by 29,432 from fiscal year 2023.

Financial Analysis of the Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68.8 million, a decrease of \$12.8 million from fiscal year 2023. The balances in fund balance are considered either non-spendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in Note 1 in the Notes to the Financial Statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$13.2 million while the total fund balance reached \$35.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 7.2% of total general fund expenditures of \$184.2 million, while total fund balance represents 19.2% of that same amount.

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

As shown in the Manchester Water Works Statement of Revenues, Expenses, and Changes in Net Position, the revenue earned from users of the water system was \$22.8 million for the year ended June 30, 2024. Capital contributions were \$9.6 million for the year ended June 30, 2024. The increase was primary due to new connections to the system and Manchester Water Works recognizing \$7.6 million related to the Merrimack Source Development project.

As shown in the Environmental Protection Division (EPD) Fund Statement of Revenues, Expenses and Changes in Net Position, user charges were \$21.5 million in fiscal year 2024, an increase of \$1.5 million from the prior year. Other operating revenues were \$3.8 million in fiscal year 2024, an increase of \$919 thousand from the prior year. Operating expenses totaled \$23 million in fiscal year 2024. Nonoperating revenues (expenses) were (\$616) thousand in fiscal year 2024, a decrease of \$461 thousand from fiscal year 2023.

Manchester-Boston Regional Airport experienced a decrease of 4% in passenger enplanements in FY 2024, as enplanements decreased by 29,432 from fiscal year 2023. The operating loss increased from \$(12,059,550) in fiscal year 2023 to \$(12,357,489) in fiscal year 2024, an increase of 2.47%.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$181.8 million, \$2.6 million more than the estimated revenues. Federal and state grants were \$1.5 million over budgetary estimates. Nonenterprise charges for sales and services were \$561 thousand over budgetary estimates. Other revenues were \$88 thousand over budgetary estimates. Licenses and permits were \$486 thousand over budgetary estimates. Actual investment income was \$622 thousand over budgetary estimates. Transfers in were \$845 thousand under budget primarily due to the decrease in Parking Funds transferred.

Actual expenditures on a budgetary basis and other financing uses totaled \$183 million, \$2.3 million less than budgeted. Highlighted in expenditures variances include the following: General Government expenditures were \$4.7 million more than budgeted primarily due to the increased costs of health insurance. Highway and Streets and Public Safety were \$5.7 million and \$503 thousand under budget, respectively, primarily due to attrition and savings from open positions. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$5 million.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2024, amounted to \$949 million, net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges and new vehicle purchases. The total increase in the City's investment in capital assets for the current fiscal year was \$28.9 million.

City of Manchester, New Hampshire
Capital Assets (net of depreciation) (000s)
June 30, 2024 and 2023
Primary Government

	2024			2023			
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total	Change
Land	\$ 13,967	\$ 60,379	\$ 74,346	\$ 13,967	\$ 61,751	\$ 75,718	\$ (1,372)
Easements	52	-	52	52	-	52	-
Buildings and improvements	155,741	367,687	523,428	163,031	326,907	489,938	33,490
Infrastructure	54,275	85,186	139,461	54,944	134,505	189,449	(49,988)
Interceptors	-	91,877	91,877	-	59,596	59,596	32,281
Equipment, vehicles & intangibles	26,440	56,159	82,599	27,619	45,684	73,303	9,296
Construction in progress	20,598	16,904	37,502	12,849	35,985	48,834	(11,332)
Total	\$ 271,073	\$ 678,192	\$ 949,265	\$ 272,462	\$ 664,428	\$ 936,890	\$ 12,375

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

- ◆ Continued rehabilitation and replacement of playgrounds, athletic fields and recreation facilities at parks and schools throughout the City, as well as completion of the South Manchester Rail Trail.
- ◆ Infrastructure improvements including improvements to over 30 roadways (Highlighting: Commercial St, Harvey Rd, Brown Ave, Irwin Dr, Belmont St, Salmon St, Pine St), sidewalk improvements and sanitary and sewer projects.
- ◆ Continued ESSER and ARPA ventilation improvements, totaling 35 HVAC units across 10 buildings.
- ◆ The completion of the Calef Road (Fire Station #9) Fire Station.
- ◆ The replacement of the chiller plant at the West Side Arena.
- ◆ Continued deferred maintenance projects including boilers, elevators, fire panels and envelope work.
- ◆ Replacement of emergency and rescue vehicles and equipment, purchase of roadway improvement and maintenance vehicles, purchase of streamlined refuse trucks and purchase of police and fire vehicles.
- ◆ Aviation capital improvements and buildings, primarily airfield renovations:
 - ❖ Extensive rehabilitation on Runway 17/35
 - ❖ Improvements on Taxiway H and K
 - ❖ Cargo project work
 - ❖ Airport terminal skylights and HVAC improvements
 - ❖ Pavement updates
- ◆ Water Works buildings and structures, equipment and vehicle replacements.
- ◆ EPD capital improvements and infrastructure.
- ◆ Recreation capital improvements.

Information on the City's capital assets can be found in Note 6 on pages 70-74 of this report.

City of Manchester, New Hampshire
Outstanding Debt
General Obligation and Revenue Bonds (000s)
June 30, 2024 and 2023

	2024			2023		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Total	Activities	Type	Total
	Activities	Activities		Activities	Activities	
General Obligation Bonds	\$ 165,639	\$ 88,873	\$ 254,512	\$ 180,083	\$ 95,371	\$ 275,454
Revenue Bonds	12,225	144,103	156,328	17,970	154,804	172,774
Net Bond Premium	19,642	10,189	29,831	21,166	11,209	32,375
Totals	<u>\$ 197,506</u>	<u>\$ 243,165</u>	<u>\$ 440,671</u>	<u>\$ 219,219</u>	<u>\$ 261,384</u>	<u>\$ 480,603</u>

Long-Term Debt. At the end of the current fiscal year, the City had total debt service requirements including interest payments, on bonded debt outstanding, of \$441 million. General obligation debt is backed by the full faith and credit of the City government. As of June 30, 2024, the City was assigned the following credit ratings; Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned the ratings of "Aa3" and "AA," respectively.

The general debt limit of the City is 9.75% of base valuation. Base valuation (\$17,956,823,599) is determined by adding the amount of taxable property lost to the City as a result of the enactment of the State Business Profit Tax Law to the "equalize assessed valuation." Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from the city's debt limit. The Total Equalized Valuation figure includes Utility Valuation and Railroad Monies Reimbursements. Total bonded debt for the general government includes the MSD portion. As of June 30, 2024, the City recorded long-term debt of \$197.5 million related to Governmental Activities (including \$60.1 million related to the MSD) and \$243 million related to Business-Type Activities, well below its statutory debt limit. Information on the City's long-term debt can be found in Note 8 on page 77 of this report.

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer at One City Hall Plaza, Manchester, New Hampshire 03101.



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Basic Financial Statements

City of Manchester, New Hampshire
Statement of Net Position
June 30, 2024

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 125,875,882	\$ 46,322,920	\$ 172,198,802	\$ 16,514,354
Restricted cash	19,879,561	7,038,916	26,918,477	606,455
Investments	14,382,629	-	14,382,629	-
Receivables, net of allowance	36,651,979	24,942,313	61,594,292	59,954,611
Intergovernmental receivable	-	-	-	47,852,936
Prepaid expenses	920,885	1,684,000	2,604,885	22,365
Internal balances	3,499,381	(3,499,381)	-	-
Inventories	894,920	2,132,458	3,027,378	433,115
Total current assets	202,105,237	78,621,226	280,726,463	125,383,836
Noncurrent assets:				
Restricted cash	-	43,382,963	43,382,963	-
Restricted investments	70,593,546	-	70,593,546	-
Receivables, net of current portion	14,210,589	-	14,210,589	1,774,287
Due from State of New Hampshire	-	5,645,204	5,645,204	-
Lease receivable	2,485,939	27,834,063	30,320,002	-
Capital assets, net of depreciation	271,072,525	678,191,184	949,263,709	63,871,902
Total noncurrent assets	358,362,599	755,053,414	1,113,416,013	65,646,189
Total Assets	560,467,836	833,674,640	1,394,142,476	191,030,025
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	45,750,111	11,410,117	57,160,228	41,915,740
Related to OPEB	5,207,528	1,585,755	6,793,283	2,837,400
Loss on refunding	-	1,799,689	1,799,689	-
Total deferred outflows of resources	50,957,639	14,795,561	65,753,200	44,753,140

	Primary Government			Discretely Presented Component Units
(continued)	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	5,994,669	9,059,888	15,054,557	24,064,731
Retainage payable	-	4,673,077	4,673,077	-
Accrued liabilities	6,995,425	4,741,560	11,736,985	21,555,707
Tax refunds payable	2,865,097	-	2,865,097	-
Other current liabilities	8,234,967	1,326,312	9,561,279	-
Due to school district	86,161,492	-	86,161,492	-
Due to other governments	-	-	-	3,956,360
Due to State of New Hampshire	-	24,877,195	24,877,195	-
Unearned revenue	25,161,533	-	25,161,533	-
Current portion of long-term liabilities:				-
Bonds and notes payable	20,520,372	13,711,483	34,231,855	-
Compensated absences liability	4,035,553	2,076,316	6,111,869	965,134
Insurance claims	7,578,835	-	7,578,835	-
Total current liabilities	167,547,943	60,465,831	228,013,774	50,541,932
Noncurrent liabilities:				
Bonds and notes payable	176,986,343	229,453,958	406,440,301	-
Compensated absences liability	12,106,660	1,252,723	13,359,383	10,745,427
Landfill liability	4,655,700	-	4,655,700	-
Net pension liability	238,646,348	46,529,951	285,176,299	202,331,585
Net OPEB liability	38,448,346	5,374,267	43,822,613	23,893,908
Total noncurrent liabilities	470,843,397	282,610,899	753,454,296	236,970,920
Total Liabilities	638,391,340	343,076,730	981,468,070	287,512,852
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	7,009,958	991,152	8,001,110	1,498,764
Related to OPEB	7,262,160	1,870,054	9,132,214	4,863,117
Related to leases	2,778,941	28,462,904	31,241,845	-
Related to taxes collected in advance	66,377,969	-	66,377,969	47,739,935
Unavailable revenue	13,399,107	-	13,399,107	-
Total deferred inflows of resources	96,828,135	31,324,110	128,152,245	54,101,816
NET POSITION (DEFICIT)				
Net investment in capital assets	65,454,151	402,006,143	467,460,294	63,871,902
Restricted for:				
Passenger facility charges	-	1,693,236	1,693,236	-
Revenue bond O&M	-	8,832,000	8,832,000	-
Renewal and replacement	-	250,000	250,000	-
Bond funds	-	12,242,967	12,242,967	-
Capital improvements	-	1,173,577	1,173,577	-
Cemetery and other trust funds - nonspendable	32,336,178	-	32,336,178	-
Cemetery and other funds - restricted	13,806,480	-	13,806,480	-
Food service	-	-	-	1,287,238
Unrestricted (deficit)	(235,390,809)	47,871,438	(187,519,371)	(170,990,643)
Total Net Position (Deficit)	\$ (123,794,000)	\$ 474,069,361	\$ 350,275,361	\$ (105,831,503)

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

City of Manchester, New Hampshire
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues			
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
Primary government:					
General government	\$ 71,214,976	\$ 17,406,358	\$ 28,550,456	\$ 1,325,702	\$ (23,932,460)
Public safety	87,745,842	2,403,698	2,747,454	-	(82,594,690)
Health and sanitation	8,781,297	349,428	4,211,052	-	(4,220,817)
Highways and streets	41,012,564	2,780,222	6,631,886	-	(31,600,456)
Welfare	1,551,563	40,679	-	-	(1,510,884)
Education	9,915,733	92,092	-	-	(9,823,641)
Parks and recreation	9,601,814	3,155,832	2,526,645	-	(3,919,337)
Cemetery trust	112,999	-	-	-	(112,999)
Investment management fee	76,830	-	-	-	(76,830)
Interest	3,300,720	-	-	-	(3,300,720)
Total governmental activities	233,314,338	26,228,309	44,667,494	1,325,702	(161,092,833)
Business-type activities:					
Water	27,327,640	23,312,287	-	9,604,165	5,588,812
EPD	25,108,523	25,331,934	136,852	788,081	1,148,344
Aviation	53,515,848	38,539,688	-	18,902,295	3,926,135
Parking	2,498,655	4,423,288	-	-	1,924,633
Total business-type activities	108,450,666	91,607,197	136,852	29,294,541	12,587,924
Total primary government	\$ 341,765,004	\$ 117,835,506	\$ 44,804,346	\$ 30,620,243	\$ (148,504,909)
Component units:					
Manchester School District	\$ 257,117,885	\$ 3,873,546	\$ 63,388,770	\$ 2,986,145	\$ (186,869,424)
Manchester Transit Authority	10,723,114	2,723,526	-	54,072	(7,945,516)
Manchester Public Television Service, Inc.	482,145	-	470,153	-	(11,992)
Manchester Development Corporation	5,869	-	-	-	(5,869)
Total component units	\$ 268,329,013	\$ 6,597,072	\$ 63,858,923	\$ 3,040,217	\$ (194,832,801)

(continued)

City of Manchester, New Hampshire
Statement of Activities
For the Fiscal Year Ended June 30, 2024

(continued)	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Change in Net Position:				
Net (expenses) revenues from previous page:	(161,092,833)	12,587,924	(148,504,909)	(194,832,801)
General revenues and transfers:				
Property taxes	127,918,300	-	127,918,300	98,356,311
Auto registration fees	21,827,129	-	21,827,129	-
Franchise fees	1,392,202	-	1,392,202	-
Unrestricted investment earnings	9,698,279	4,263,354	13,961,633	2,102,508
Grants and contributions not restricted to specific programs	-	-	-	123,846,558
Miscellaneous	-	604,177	604,177	4,321,126
Gain (loss) on disposal of assets	305,937	504,372	810,309	4,285
Transfers in (out)	1,900,051	(1,900,051)	-	-
Total general revenues and transfers	163,041,898	3,471,852	166,513,750	228,630,788
Change in net position	1,949,065	16,059,776	18,008,841	33,797,987
Net position (deficits) - beginning - as restated	(125,743,065)	458,009,585	332,266,520	(139,629,490)
Net position (deficits) - ending	<u>\$ (123,794,000)</u>	<u>\$ 474,069,361</u>	<u>\$ 350,275,361</u>	<u>\$ (105,831,503)</u>

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

Balance Sheet
Governmental Funds

City of Manchester, New Hampshire
June 30, 2024

	General Fund	Other Grants Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 75,492,936	\$ 23,884,896	\$ 26,498,050	\$ 125,875,882
Restricted cash and cash equivalents	12,470,043	218,102	7,191,415	19,879,560
Restricted investments	28,319,919	-	42,273,627	70,593,546
Investments	14,382,629	-	-	14,382,629
Receivables, net of allowances for collection losses	39,137,918	802,355	13,299,425	53,239,698
Prepaid items	920,885	-	-	920,885
Due from other funds	45,039,051	-	38,947	45,077,998
Inventories	894,920	-	-	894,920
Total Assets	\$ 216,658,301	\$ 24,905,353	\$ 89,301,464	\$ 330,865,118
<u>Liabilities</u>				
Accounts payable	\$ 4,276,351	\$ 927,201	\$ 1,267,082	\$ 6,470,634
Accrued liabilities	4,259,797	100,100	-	4,359,897
Tax refunds payable	2,865,097	-	-	2,865,097
Other liabilities (escrows)	6,512,928	787,425	462,601	7,762,954
Insurance claims payable	1,511,885	-	-	1,511,885
Due to other funds	-	-	41,578,617	41,578,617
Due to Manchester School District	86,676,883	-	-	86,676,883
Unearned revenue	2,791,813	22,369,720	-	25,161,533
Total Liabilities	108,894,754	24,184,446	43,308,300	176,387,500
<u>Deferred inflows of resources</u>				
Unavailable revenues - property taxes	3,123,984	-	-	3,123,984
Unearned revenues - taxes collected in advance	66,377,969	-	-	66,377,969
Unavailable revenues	-	-	13,399,107	13,399,107
Lease related	2,778,941	-	-	2,778,941
Total deferred inflows of resources	72,280,894	-	13,399,107	85,680,001
<u>Fund Balances</u>				
Nonspendable	1,801,883	-	32,336,178	34,138,061
Restricted	-	2,316,049	24,530,895	26,846,944
Committed	18,389,935	-	171,229	18,561,164
Assigned	2,045,793	-	-	2,045,793
Unassigned	13,245,042	(1,595,142)	(24,444,245)	(12,794,345)
Total Fund Balances	35,482,653	720,907	32,594,057	68,797,617
Total liabilities, deferred inflows of resources and fund balances	\$ 216,658,301	\$ 24,905,353	\$ 89,301,464	\$ 330,865,118

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

**Reconciliation of the Total Governmental Fund
Balances to Net Position of Governmental
Activities in the Statement of Net Position**

**City of Manchester, New Hampshire
Year Ended June 30, 2024**

Total governmental fund balances	\$ 68,797,617
Capital assets used in governmental activities are not financial resources and, therefore, are not required in governmental funds.	271,072,525
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	108,810
Deferred outflows of resources related to pension resulting from difference between expected and actual experience, change of assumptions, projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of pension expense in future years.	45,750,111
Deferred outflows of resources related to OPEB resulting from differences between expected and actual experience, change in assumptions, projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of OPEB expense in future years.	5,207,528
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	3,123,984
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(604,300)
Deferred inflows of resources related to pensions resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of pension expense in future years.	(7,009,958)
Deferred inflows of resources related to OPEB resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of OPEB expense in future years.	(7,262,160)
Long-term liabilities consisting of bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.	(502,978,157)
Net position of governmental activities	<u>\$ (123,794,000)</u>

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

**Statement of Revenues, Expenditures, Other Financing
Sources and Uses, and Changes in Fund Balances
Governmental Funds**

**City of Manchester, New Hampshire
Year Ended June 30, 2024**

	General Fund	Other Grants Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 120,583,086	\$ -	\$ -	\$ 120,583,086
Federal and state grants and aid	10,758,448	25,691,739	8,217,308	44,667,495
Charges for sales and services	5,459,896	-	-	5,459,896
Licenses and permits	27,600,587	-	-	27,600,587
Investment income	3,656,018	-	5,949,821	9,605,839
Contributions	-	1,847,162	166,517	2,013,679
School charge backs	9,055,847	-	-	9,055,847
Lease and rent income	1,172,447	-	-	1,172,447
Debt recovery	688,340	-	-	688,340
Miscellaneous	3,733,002	-	7,550	3,740,552
Total Revenues	182,707,671	27,538,901	14,341,196	224,587,768
Expenditures				
Current:				
General government	46,909,366	11,398,613	14,826,304	73,134,283
Public safety	81,727,424	2,314,080	1,803,234	85,844,738
Health and sanitation	2,536,477	5,619,007	15,000	8,170,484
Highway and streets	25,156,339	7,481,901	7,825,244	40,463,484
Welfare	1,527,161	-	-	1,527,161
Education	3,568,728	-	-	3,568,728
Parks and recreation	6,725,631	2,320,441	1,368,296	10,414,368
Cemetery trust	-	-	112,999	112,999
Debt service:				
Principal retirement	11,287,677	-	-	11,287,677
Interest	4,807,947	-	12,532	4,820,479
Total Expenditures	184,246,750	29,134,042	25,963,609	239,344,401
Excess (Deficiency) of revenues over expenditures	(1,539,079)	(1,595,141)	(11,622,413)	(14,756,633)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	1,306	-	-	1,306
Transfers in	2,450,151	-	276,584	2,726,735
Transfers out	-	-	(826,684)	(826,684)
Total Other Financing Sources (Uses)	2,451,457	-	(550,100)	1,901,357
Net Change in Fund Balances	912,378	(1,595,141)	(12,172,513)	(12,855,276)
Fund Balance, beginning of year	34,570,275	2,316,048	44,766,570	81,652,893
Fund Balance, end of year	\$ 35,482,653	\$ 720,907	\$ 32,594,057	\$ 68,797,617

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

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement
of Activities**

**City of Manchester, New Hampshire
Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ (12,855,276)

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, net of disposals. (1,389,276)

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 (i.e., real estate) differ between the two statements. This amount represents the net change in unavailable revenue. (173,199)

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

Repayments of debt 20,787,068

Bond premium amortization 1,523,188

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 60,043

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in OPEB expense for GASB 75 2,526,072

Increase in pension expense for GASB 68 (3,032,449)

Increase in compensated absences (828,027)

Increase in insurance claims (215,536)

Increase in landfill liability (3,791,300)

Other liabilities (662,243)

Change in net position of governmental activities \$ 1,949,065

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

Proprietary Funds
Statement of Net Position

City of Manchester, New Hampshire
June 30, 2024

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 175	\$ 13,891,580	\$ 32,430,065	\$ 1,100	\$ 46,322,920
Restricted cash and cash equivalents	32,293	113,634	6,892,989	-	7,038,916
Account receivable	2,043,521	2,291,264	3,675,194	-	8,009,979
Unbilled receivables	4,938,327	5,869,963	-	106,975	10,915,265
Intergovernmental receivables	-	538,294	3,990,089	-	4,528,383
Lease receivable	151,859	-	1,336,827	-	1,488,686
Prepaid items	358,513	349,398	976,089	-	1,684,000
Due from other funds	-	-	60,728	-	60,728
Inventories	1,904,866	111,989	115,603	-	2,132,458
Total current assets	9,429,554	23,166,122	49,477,584	108,075	82,181,335
Noncurrent assets:					
Restricted cash and cash equivalents	3,644,283	18,072,245	20,971,135	695,300	43,382,963
Due from State of New Hampshire	-	5,645,204	-	-	5,645,204
Lease receivable	2,274,374	-	25,559,689	-	27,834,063
Capital assets, net, where applicable, of accumulated depreciation	164,402,216	265,728,592	242,841,503	5,218,873	678,191,184
Total noncurrent assets	170,320,873	289,446,041	289,372,327	5,914,173	755,053,414
Total Assets	179,750,427	312,612,163	338,849,911	6,022,248	837,234,749
Deferred Outflows of Resources					
Related to pensions	4,387,461	2,035,983	4,310,278	676,395	11,410,117
Related to OPEB	610,018	296,011	595,647	84,079	1,585,755
Loss on refunding	1,799,689	-	-	-	1,799,689
Total deferred outflows of resources	6,797,168	2,331,994	4,905,925	760,474	14,795,561

(continued)

(continued)

Business-type Activities-Enterprise Funds					
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Fund	Total
Liabilities					
Current liabilities:					
Accounts payable	733,077	4,425,595	3,877,620	23,596	9,059,888
Retainage payable	283,243	2,179,033	2,210,801	-	4,673,077
Accrued liabilities	248,554	2,022,604	2,358,006	112,396	4,741,560
Due to other funds	3,427,848	55,770	41,721	34,770	3,560,109
Due to State of New Hampshire	-	24,877,195	-	-	24,877,195
Other liabilities	-	-	1,266,488	59,824	1,326,312
Current portion of long-term liabilities:					
Bonds and notes payable	4,068,406	3,954,763	5,436,493	251,821	13,711,483
Compensated absences liability	222,658	567,658	1,203,708	82,292	2,076,316
Total current liabilities	8,983,786	38,082,618	16,394,837	564,699	64,025,940
Noncurrent liabilities:					
Bonds and notes payable	54,996,427	81,370,785	92,131,810	954,936	229,453,958
Net OPEB liability	2,201,194	1,033,047	1,930,816	209,210	5,374,267
Net pension liability	18,366,809	8,795,982	17,504,933	1,862,227	46,529,951
Compensated absences liability	1,252,723	-	-	-	1,252,723
Total noncurrent liabilities	76,817,153	91,199,814	111,567,559	3,026,373	282,610,899
Total Liabilities	85,800,939	129,282,432	127,962,396	3,591,072	346,636,839
Deferred Inflows of Resources					
Related to pensions	283,366	49,437	511,351	146,998	991,152
Related to OPEB	724,536	341,719	715,898	87,901	1,870,054
Related to leases	2,426,233	-	26,036,671	-	28,462,904
Total deferred inflows of resources	3,434,135	391,156	27,263,920	234,899	31,324,110
Net Position					
Net investment in capital assets	112,011,491	140,806,215	145,176,321	4,012,116	402,006,143
Restricted	-	1,173,577	23,018,203	-	24,191,780
Unrestricted	(14,698,970)	43,290,777	20,334,996	(1,055,365)	47,871,438
Total Net Position	\$ 97,312,521	\$ 185,270,569	\$ 188,529,520	\$ 2,956,751	\$ 474,069,361

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

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

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-major Fund	Total
Operating Revenues					
Charges for goods and services	\$ 23,033,766	\$ 21,524,610	\$ 31,541,979	\$ 4,423,288	\$ 80,523,643
Other	-	3,793,810	3,142,447	-	6,936,257
Total Operating Revenues	23,033,766	25,318,420	34,684,426	4,423,288	87,459,900
Operating Expenses					
Personnel services	12,214,769	5,498,017	10,347,212	1,137,221	29,197,219
Plant maintenance	2,957,327	4,501,022	1,374,953	72,134	8,905,436
Light/heat and power	2,147,159	3,123,485	2,758,188	45,882	8,074,714
General and administrative	2,652,536	1,306,013	15,561,794	991,622	20,511,965
Depreciation and amortization	6,299,292	8,606,732	16,999,768	222,136	32,127,928
Total Operating Expenses	26,271,083	23,035,269	47,041,915	2,468,995	98,817,262
Operating Income (Loss)	(3,237,317)	2,283,151	(12,357,489)	1,954,293	(11,357,362)
Non-Operating Revenues (Expenses)					
Investment income	311,885	1,306,748	2,570,181	74,540	4,263,354
Interest expense	(1,056,557)	(2,073,253)	(4,749,629)	(29,660)	(7,909,099)
Passenger facility charges	-	-	2,413,905	-	2,413,905
Customer facility charges	-	-	1,441,357	-	1,441,357
Rent and other income	278,521	13,514	-	-	292,035
Reimbursement of interest expenses	-	136,852	-	-	136,852
Financing fees	-	-	(1,467,733)	-	(1,467,733)
Gain on disposal of capital assets	26,523	-	477,849	-	504,372
Miscellaneous income	478,605	-	(131,000)	-	347,605
Total Non-Operating Revenues (Expenses), net	38,977	(616,139)	554,930	44,880	22,648
Net income (loss) before capital contributions and transfers	(3,198,340)	1,667,012	(11,802,559)	1,999,173	(11,334,714)
Capital Contributions and Transfers					
Capital contributions	9,604,165	788,081	18,902,295	-	29,294,541
Transfers out	-	-	-	(1,900,051)	(1,900,051)
Total Capital Contributions and Transfers	9,604,165	788,081	18,902,295	(1,900,051)	27,394,490
Change in Net Position (Deficit)	6,405,825	2,455,093	7,099,736	99,122	16,059,776
Net Position, beginning of year, as restated	90,906,696	182,815,476	181,429,784	2,857,629	458,009,585
Net Position, end of year	\$ 97,312,521	\$ 185,270,569	\$ 188,529,520	\$ 2,956,751	\$ 474,069,361

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

Proprietary Funds
Statement of Cash Flows

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Fund	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 25,569,703	\$ 24,488,396	\$ 35,438,328	\$ 4,453,454	\$ 89,949,881
Cash payments for goods and services	(19,768,435)	(9,095,462)	(20,734,499)	89,760	(49,508,636)
Cash payments to employees for services	-	(5,200,179)	(9,658,591)	(2,269,017)	(17,127,787)
Net Cash Provided by Operating Activities	5,801,268	10,192,755	5,045,238	2,274,197	23,313,458
<u>Cash Flows from Non-Capital and Related Financing Activities</u>					
Paid to general fund	-	-	-	(1,900,051)	(1,900,051)
Proceeds from rental income	278,521	13,514	-	-	292,035
Other income	313,553	-	-	-	313,553
Net Cash Provided by (Used For) Non-Capital & Related Financing Activities	592,074	13,514	-	(1,900,051)	(1,294,463)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Passenger and customer facility charges	-	-	3,724,262	-	3,724,262
Principal paid on bonds and notes	(3,873,758)	(3,620,215)	(5,385,000)	(338,297)	(13,217,270)
Principal paid on defeased debt	-	-	(7,300,000)	-	(7,300,000)
Interest paid on bonds and notes	(1,597,697)	(1,916,127)	(3,885,283)	-	(7,399,107)
Interest paid on defeased debt	-	-	(451,500)	-	(451,500)
Proceeds from bond issuance and State of NH	-	3,088,003	-	-	3,088,003
Bond issuance cost	-	-	(1,775,304)	-	(1,775,304)
Proceeds from sale of capital assets	26,523	131	477,849	17,013	521,516
Contributed capital by federal, state & local governments	2,000,065	1,313,374	24,231,598	-	27,545,037
Acquisition and construction of capital assets	(6,100,487)	(21,208,546)	(22,263,220)	-	(49,572,253)
Net Cash (Used For) Capital & Related Financing Activities	(9,545,354)	(22,343,380)	(12,626,598)	(321,284)	(44,836,616)
<u>Cash Flows from Investing Activities</u>					
Interest and dividends from investments	311,883	1,306,748	2,570,181	(74,540)	4,114,272
Net Cash Provided by (Used for) Investing Activities	311,883	1,306,748	2,570,181	(74,540)	4,114,272
Net Change	(2,840,129)	(10,830,363)	(5,011,179)	(21,678)	(18,703,349)
Cash, Restricted Cash, and Cash Equivalents at Beginning of Year	6,516,880	42,907,822	65,305,368	718,078	115,448,148
Cash, Restricted Cash, and Cash Equivalents at End of Year	\$ 3,676,751	\$ 32,077,459	\$ 60,294,189	\$ 696,400	\$ 96,744,799

(continued)

Proprietary Funds
Statement of Cash Flows (continued)

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (3,237,317)	\$ 2,283,151	\$ (12,357,489)	\$ 1,954,293	\$ (11,357,362)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	6,299,292	8,606,732	16,999,768	222,136	32,127,928
Change in Assets/Deferred Outflows and Liabilities/Deferred Inflows					
Decrease (increase) in receivables	(558,042)	(510,987)	1,073,832	30,166	34,969
Decrease (increase) in lease receivable	-	-	1,328,278	-	1,328,278
Decrease (increase) in unbilled revenue	-	(319,038)	-	-	(319,038)
Decrease (increase) in due from other funds	3,330,160	-	80,216	-	3,410,376
Decrease (increase) in prepaid expenses and other assets	(504,897)	(28,554)	(203,577)	-	(737,028)
Decrease (increase) in inventories	-	(21,490)	21,649	-	159
Decrease (increase) in deferred outflows of resources	1,869,068	982,520	1,979,256	(139,268)	4,691,576
Increase (decrease) in accounts payable	(306,572)	(849,375)	(988,852)	(137,642)	(2,282,441)
Increase (decrease) in accrued liabilities	(50,918)	598,991	-	31,555	579,628
Increase (decrease) in due to other funds	-	14,368	-	-	14,368
Increase (decrease) in compensated absences	67,509	(56,923)	125,548	8,162	144,296
Increase (decrease) in net pension liability	(525,663)	(466,711)	(935,344)	291,604	(1,636,114)
Increase (decrease) in net OPEB liability	(706,967)	(339,902)	(733,702)	(29,558)	(1,810,129)
Increase (decrease) in other liabilities	-	113,846	15,778	78,809	208,433
Increase (decrease) in deferred inflows of resources	125,615	186,127	(1,360,123)	(75,741)	(1,124,122)
Net Cash Provided by Operating Activities	\$ 5,801,268	\$ 10,192,755	\$ 5,045,238	\$ 2,274,197	\$ 23,313,458

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

Fiduciary Funds
Statement of Fiduciary Net Position

City of Manchester, New Hampshire
June 30, 2024

	<u>Pension and Medical Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 8,236,128
Investments	290,683,809
Receivables, net of allowances for collection losses	712,712
Other assets	4,040
Capital assets, net, of accumulated depreciation	<u>2,676</u>
Total Assets	299,639,365
Liabilities	
Accounts payable	177,639
Accrued liabilities	<u>2,113,963</u>
Total Liabilities	<u>2,291,602</u>
NET POSITION	
Restricted for:	
Pension	275,977,304
OPEB	<u>21,370,459</u>
Net Position Restricted for Pension and OPEB Benefits	<u>\$ 297,347,763</u>

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

City of Manchester New Hampshire
Year Ended June 30, 2024

	<u>Pension and Medical Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Employer	\$ 21,925,544	\$ -
Plan members	2,851,651	-
Total Contributions	24,777,195	-
Investment Income		
Interest and dividends	2,897,143	-
Net realized and unrealized appreciation in fair value of investments	31,777,218	-
Other income	684,348	-
Less investment expenses	(978,399)	-
Net Investment Income	34,380,310	-
Taxes collected for County	-	14,145,214
Fees collected for State of New Hampshire	-	6,880,902
Total additions	59,157,505	21,026,116
Deductions		
Benefits paid directly to participants	27,223,460	-
Refunds of employee contributions	631,132	-
Administrative expenses	722,634	-
Payment of taxes to County	-	14,145,214
Payment of fees to State of New Hampshire	-	6,880,902
Total Deductions	28,577,226	21,026,116
Change in Net Position	30,580,279	-
Net Position Restricted for Pension and OPEB Benefits		
Beginning of year	266,767,484	-
End of year	<u>\$ 297,347,763</u>	<u>\$ -</u>

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

City of Manchester, New Hampshire
Discretely Presented Component Units
Statement of Net Position
June 30, 2024

	Component Units				Total Component Units
	Major	Major	Non-Major	Non-Major	
	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,376,120	\$ 1,286,391	\$ 9,786	\$ 1,842,057	\$ 16,514,354
Restricted cash	-	-	-	606,455	606,455
Receivables, net of allowance	58,870,674	1,067,117	-	16,820	59,954,611
Intergovernmental receivable	47,852,936	-	-	-	47,852,936
Prepaid expenses	19,692	2,673	-	-	22,365
Inventories	158,217	274,898	-	-	433,115
Total current assets	120,277,639	2,631,079	9,786	2,465,332	125,383,836
Noncurrent assets:					
Receivables	-	-	-	1,774,287	1,774,287
Capital assets, net of depreciation	56,439,481	7,432,421	-	-	63,871,902
Total noncurrent assets	56,439,481	7,432,421	-	1,774,287	65,646,189
Total Assets	176,717,120	10,063,500	9,786	4,239,619	191,030,025
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	41,915,740	-	-	-	41,915,740
Related to OPEB	2,739,948	97,452	-	-	2,837,400
Total deferred outflows of resources	44,655,688	97,452	-	-	44,753,140

	Component Units				(continued)
	Major	Major	Non-Major	Non-Major	Total Component Units
	Manchester	Manchester	Manchester	Manchester	
	School District	Transit Authority	Public Television Service, Inc.	Development Corporation	
LIABILITIES					
Current liabilities:					
Accounts payable	23,987,195	76,436	50	1,050	24,064,731
Accrued liabilities	20,013,763	123,824	-	-	20,137,587
Insurance claims payable	1,418,120	-	-	-	1,418,120
Due to other governments	3,956,360	-	-	-	3,956,360
Compensated absences	707,152	257,982	-	-	965,134
Total current liabilities	50,082,590	458,242	50	1,050	50,541,932
Noncurrent liabilities:					
Compensated absences	10,517,488	227,939			10,745,427
Net pension liability	202,331,585	-	-	-	202,331,585
Net OPEB liability	21,290,201	2,603,707	-	-	23,893,908
Total noncurrent liabilities	234,139,274	2,831,646	-	-	236,970,920
Total Liabilities	284,221,864	3,289,888	50	1,050	287,512,852
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	1,498,764	-	-	-	1,498,764
Related to OPEB	2,746,048	2,117,069	-	-	4,863,117
Unearned revenues - property taxes	47,739,935	-	-	-	47,739,935
Total deferred inflows of resources	51,984,747	2,117,069	-	-	54,101,816
NET POSITION (DEFICIT)					
Net investment in capital assets	56,439,481	7,432,421	-	-	63,871,902
Restricted for:					
Food service	1,287,238	-	-	-	1,287,238
Unrestricted (deficit)	(172,560,522)	(2,678,426)	9,736	4,238,569	(170,990,643)
Total Net Position (Deficit)	\$ (114,833,803)	\$ 4,753,995	\$ 9,736	\$ 4,238,569	\$ (105,831,503)

City of Manchester, New Hampshire
Discretely Presented Component Units
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Program Revenues				Net (Expenses) Revenues
	Expenses	Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units:					
Manchester School District	\$ 257,117,885	\$ 3,873,546	\$ 63,388,770	\$ 2,986,145	\$ (186,869,424)
Manchester Transit Authority	10,723,114	2,723,526	-	54,072	(7,945,516)
Manchester Public Television Service, Inc.	482,145	-	470,153	-	(11,992)
Manchester Development Corporation	5,869	-	-	-	(5,869)
Total component units	\$ 268,329,013	\$ 6,597,072	\$ 63,858,923	\$ 3,040,217	\$ (194,832,801)

	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	Total
Net (expenses) revenues from above:	(186,869,424)	(7,945,516)	(11,992)	(5,869)	(194,832,801)
General revenues and transfers:					
Property taxes	98,356,311	-	-	-	98,356,311
Unrestricted investment earnings	-	1,950,666	10,254	141,588	2,102,508
Grants and contributions not restricted to specific programs	119,684,313	4,162,245	-	-	123,846,558
Miscellaneous	3,428,564	892,562	-	-	4,321,126
(Loss) on disposal of assets	-	4,285	-	-	4,285
Total general revenues and transfers	221,469,188	7,009,758	10,254	141,588	228,630,788
Change in net position	34,599,764	(935,758)	(1,738)	135,719	33,797,987
Net position (deficits) - beginning	(149,433,567)	5,689,753	11,474	4,102,850	(139,629,490)
Net position (deficits) - ending	\$ (114,833,803)	\$ 4,753,995	\$ 9,736	\$ 4,238,569	\$ (105,831,503)

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



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Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of Manchester, New Hampshire (the City) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The following is a summary of significant policies:

Reporting Entity

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

Discretely Presented Component Units

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

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

Manchester School District (District or MSD) – The MSD is a municipal corporation governed by an elected fourteen (14) member board elected by voters of the School District, with the Mayor of the City serving as Chairperson of the Board. The MSD is responsible for elementary and secondary education within the City's jurisdiction. However, the District is fiscally dependent upon the City, as the City's BMA approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. Other independent auditors audited the MSD, a June 30 year-end, and their report, dated March 18, 2025 was issued under separate cover.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Manchester Transit Authority (MTA) – The MTA was created by the BMA to provide a public transportation system for the citizens of the City. A five-member board appointed by the BMA oversees the MTA. The BMA determines the annual operating subsidy and approves the issuance of bonds. Other independent auditors audited the MTA, a June 30 year-end, and their report, dated February 5, 2025, was issued under separate cover.

Complete financial statements for MSD and MTA may be obtained directly from their administrative offices.

Manchester Transit Authority
110 Elm Street
Manchester NH 03101 - 2799

Manchester School District
20 Hecker Street
Manchester NH 03102

Blended Component Unit

City of Manchester Employees' Contributory Retirement System (MECRS) – The MECRS was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The MECRS' Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the City - one appointed by the Mayor, one elected by the MECRS members and two MECRS members also elected by the MECRS members. Other independent auditors audited the MECRS, a December 31 year end, for the year ended December 31, 2023, and their report; dated August 13, 2024, was issued under separate cover. MECRS is presented as a pension trust fund.

Complete financial statements of the component unit may be obtained directly from its administrative office.

City of Manchester Employees'
Contributory Retirement System
1045 Elm Street – Suite 403
Manchester NH 03101-1824

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, for which the city is financially accountable.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes when levied for, intergovernmental revenues when the eligibility requirements have been met, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 *Other Grants Fund* is to account for all Federal, State and Private grants for special programs administered by the City Departments.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

The City reports the following major proprietary funds:

- The *Water Works Fund* accounts for the operations of the City's water service for residential, commercial and industrial entities for the City and six surrounding communities. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.
- The *Environmental Protection Division (EPD)* accounts for the operations of the City's wastewater treatment plant as well as all services related to the treatment of sewage for the City and three surrounding communities. Its operations are financed from special assessments and direct charges to the users of the service.
- The *Aviation Fund* is used to account for the operations of the City's airport, which is operated by the Department of Aviation (Airport).

Additionally, the City reports the following fiduciary fund types:

- The *Pension and Medical Trust Funds* account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension and OPEB benefit payments to qualified employees.
- The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Accounting Estimates

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

Cash Equivalents

The City's cash equivalents represent short-term investments with an initial maturity of three months or less from the date of acquisition.

Investments

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

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

Allowance for Doubtful Accounts

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

Leases

City as a Lessor

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure a lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Interfund Receivables and Payables

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

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

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

Capital Assets

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

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

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

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports amounts applicable to the net pension liability and OPEB as a result of differences in expected versus actual earning and experience, changes of assumptions and changes in proportion measured at year end. The City reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

be recognized as an inflow of resources (revenue) until that time. The City reports amounts applicable to the net pension liability and OPEB as a result of differences in expected versus actual earning and experience, changes of assumptions and changes in proportion measured at year end. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Long-Term Obligations

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

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

Pension Accounting

Pension Trust Funds:

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

Governmental Funds/Activities:

In governmental funds, expenditures are recognized when paid or are expected to be paid with current available resources. In governmental activities, expense is recognized in accordance with GASB 68. The net pension liability, also in accordance with GASB 68, is calculated on an actuarial basis consistent with the requirements of GASB Statement No 68 and is recognized in the government-wide and business-type financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Funding Policy:

The City makes annual contributions based upon annual actuarial determinations that are different than GASB 68.

OPEB Accounting

Governmental Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In the governmental activities, enterprise funds and business-type activities the city follows GASB Statement No. 75, *Accounting and Financial Reporting 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.

Funding Policy:

The City makes contributions on a pay-as-you-go basis.

Inventories

- Manchester Water Works inventory is stated using the average cost method.
- Environmental Protection Division inventory is stated at cost using the first in first out method.
- Manchester Airport inventory is stated at cost using the lower of cost or market value.
- Other City departments inventory is stated at cost using the average cost method using the first in first out method.

Fund Equity and Net Position

In the Government-Wide and the Proprietary Fund Financial Statements, net positions are classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

In the governmental fund financial statements, the City classifies fund balances as follows:

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

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

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

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

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

Note 2. Concentration Risk – Major Customers

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

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

FY 2024	
Southwest Airlines	54%
American Airlines	31%

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 3. Cash, Cash Equivalents and Investments

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

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

The City's policy for Municipal Revenue Bond Investments follows Chapter 33-B of the RSAs. The investments under this chapter are governed by a resolution and/or by a trust or security agreement between the municipality and a corporate trustee which restricts the types of securities in which the applicable revenue bond proceeds can be invested. Generally, these agreements allow for investments in obligations of the United States government, and certain debt securities.

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

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

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

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

As of June 30, 2024, none of the City's bank balance of \$626,924,525 was exposed to custodial credit risk as uninsured and/or collateralized.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Cash, cash equivalents, and investments of the City consisted of the following at June 30, 2024:

Cash and Cash Equivalents		
Deposits with Financial Institutions	\$	209,117,737
Municipal Backed Investment Fund		21,184,853
Contributory Retirement Pension Cash		8,154,372
Total Cash and Cash Equivalents	\$	238,456,962
General Fund Investments		
U.S. Government Agencies	\$	26,662,037 **
Total General Fund Investments		26,662,037
Library Trust Funds:		
Money Market		50,000 ***
Common Stocks		4,640,292 ***
Equity Mutual Funds		2,396,494
Total Library Trust Funds		7,086,786
Cemetery Trust Funds:		
U.S. Treasury Notes		7,316,956 ***
Mutual Funds		25,487,342
Total Cemetery Trust Funds		32,804,298
Expendable Trust Funds:		
U.S. Treasury Notes		30,702,462 ***
Total Expendable Trust Funds		30,702,462
Old System Pension Trust Fund:		
U.S. Treasury Notes		518,578 ***
Corporate Bonds		484,013 ***
Mortgage Backed		101,201 ***
Equity Mutual Funds		1,188,227
Total Old System Pension Trust Fund		2,292,019
MECRS:		
Equity funds		78,086,450
International equity		28,154,252
Private equity		45,615,287
Global equity		31,514,727
Fixed income		53,962,213
Emerging market funds		16,337,975
Real estate		34,720,886
Total MECRS		288,391,790
Total Investments		387,939,392
Total Cash, Cash Equivalents, Restricted Cash, and Investments	\$	626,396,354

* Uninsured and unregistered, with securities held by the counterparty's trust department in the City's name.

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

Statement of Net Position

Cash and cash equivalents	\$	172,198,802
Restricted cash		70,301,440
Investments		14,382,629
Restricted investments		70,593,546
		<u>327,476,417</u>

Pension Trust Funds

Cash and cash equivalents		8,236,128
Investments		290,683,809
		<u>298,919,937</u>

Total	\$	<u>626,396,354</u>
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Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Market Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
U.S. Treasury notes	\$ 38,537,996	\$ 26,727,934	\$ 8,135,216	\$ 3,674,846	\$ -
U.S. Government agencies	26,662,037	26,662,037	-	-	-
Corporate bonds	484,012	5,897	405,432	60,824	11,859
Mortgage backed	101,201	-	-	17,468	83,733
Municipal backed investment fund	21,184,853	21,184,853	-	-	-
Total	<u>\$ 86,970,099</u>	<u>\$ 74,580,721</u>	<u>\$ 8,540,648</u>	<u>\$ 3,753,138</u>	<u>\$ 95,592</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Credit Risk – Investments: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the rating for each debt type investment.

Rating	Bonds	Backed	Investment Fund
AAA	\$ 69,321	\$ 18,085	\$ -
AA+	43,857	61,455	-
AA	5,692	-	21,184,853
AA-	8,976	-	-
A+	80,052	-	-
A	99,134	-	-
A-	121,325	-	-
BBB	-	-	-
Unrated	55,656	21,661	-
	<u>\$ 484,013</u>	<u>\$ 101,201</u>	<u>\$ 21,184,853</u>

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 an asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

The City (other than MECRS) has the following fair value measurements as of June 30, 2024:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
Description	Amount		
Investments by fair value level:			
Debt securities:			
U.S. Treasury notes	\$ 38,537,996	\$ -	\$ 38,537,996
U.S. Government agencies	26,662,037	-	26,662,037
Corporate bonds	484,013	484,013	-
Mortgage backed	101,201	101,201	-
Common stocks	4,640,292	4,640,292	-
Mutual funds	29,072,063	29,072,063	-
Total	\$ 99,497,602	\$ 34,297,569	\$ 65,200,033

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

Debt securities classified as 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 security's relationship to benchmark quoted prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Manchester Employees Contributory Retirement System (MECRS)

Cash, Cash Equivalents and Investments

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

Interest Rate Risk: Interest rate risk associated with an adverse effect of changes in the fair market value of fixed income securities is not addressed in policy by the MECRS. While policies do exist to limit the percentage of market value in a single issue at any one time and of the total percentage held of any issuer's debt instrument, the duration of the remaining life of individual securities is not subject to any limitations and may therefore introduce a measure of Interest Rate Risk.

<u>Management Firm</u>	<u>Quality Rating</u>	<u>Duration</u>	<u>Fair Value</u>
Income Research & Management	Aa2/AA-	6.22 years	\$ 16,073,225
Loomis Sayles Multisector	BAA2	5.54 years	24,285,478
Fidelity IP Bond Index	U.S. Government	6.62 years	13,603,510
Total Fixed Income			\$ 53,962,213

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

The following represents the fair value of investments held that represent 5% or more of the MECRS investments at December 31, 2023:

MECRS Pension Trust

Aristotle Collective (Domestic equity)	\$ 25,631,029
City of London (Emerging Market Equities)	\$ 16,337,975
Arrowstreet (Global Equity)	\$ 16,510,949
Income Research and Management (Fixed income)	\$ 16,073,225
Loomis Sayles (Fixed Income)	\$ 24,285,478
Loomis Sayles (Global Equity)	\$ 15,003,778
Sands Capital (US Large Cap Growth)	\$ 20,138,827
Boston Trust Walden (Domestic)	\$ 18,597,824
Fidelity Total Int'l Index	\$ 15,056,672

Foreign Currency Risk:

Risk associated with fluctuation in the exchange rate between U.S. dollars and the base currency in other countries, while it exists, can be mitigated by policies which the MECRS has in place. Forward purchase or sales of currencies, including cross currency hedges, are permitted to protect or enhance the U.S. dollar value of the account. The use of derivative instruments such as currency

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

futures or options for currency is also permitted upon completion of any necessary disclosure or other documentation. No speculative currency hedging is permitted.

At December 31, 2023, the system did not have any investments subject to foreign currency risk.

Investment Policy:

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

The Board's investment policy permits fund assets to be invested in U.S. and non-U.S. equities, U.S. and non-U.S. fixed income securities and equity real estate commingled funds. Asset allocations among various classes are as of December 31, 2023:

	Policy Mix	Current Mix		Policy Mix	Current Mix
Domestic Large Cap Equity	18% - 25%	20.1%	High Quality Bonds	5% - 16%	10.0%
Domestic SMid Cap Equity	4% - 8%	6.2%	Real Estate/Real Assets	0% - 16%	12.0%
International Equity	6% - 16%	9.5%	Private Equity	0% - 16%	15.2%
Emerging International Equity	5% - 10%	5.5%	Multi-Sector Fixed Income	4% - 10%	8.2%
Global Equity	8% - 15%	10.6%	Cash	0% - 4%	2.7%

Fair Value:

The MECRS had the following fair value measurements as of December 31 2023:

Fair Value Measurements Using:				
<u>Description</u>	<u>Amount</u>	Quoted prices in active markets for identical assets (Level 1)	Net asset value	Unfunded commitments
Investments by fair value level:				
Fixed income	\$ 53,962,213	\$ 37,888,988	\$ 16,073,225	\$ -
Domestic equity	78,086,450	33,857,597	44,228,853	-
Emerging markets	16,337,975	-	16,337,975	-
Global equity	31,514,727	-	31,514,727	-
International equities	28,154,252	15,056,672	13,097,580	-
Real estate	34,720,886	-	34,720,886	4,277,975
Private equity	45,615,287	-	45,615,287	26,152,326
	<u>\$ 288,391,790</u>	<u>\$ 86,803,257</u>	<u>\$ 201,588,533</u>	<u>\$ 30,430,301</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Taxes and Tax Relief Incentives

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

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

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

As of levy year 2019, interest accrues on delinquent taxes at a rate of 8 percent per annum and during the redemption period interest accrues at 14 percent per annum. For levy years 2018 and older, interest accrues at 12 percent per annum and accrues at 18 percent per annum during the redemption period. Beyond the two-year period of redemption, the City has the right to foreclose on properties for which taxes have not been paid. Properties are deeded to the City unless the Governing Body has notified the tax collector that it will not accept the deed because acceptance could result in liability under environmental statutes imposing strict liability on owners. Except for any paramount federal lien and subject to bankruptcy and insolvency laws, tax liens take precedence over all other liens, and tax collector's deeds are free and clear of all encumbrances.

The City provides property tax relief incentives authorized under New Hampshire RSA 79E, *Community Revitalization Tax Relief Incentive*. The purpose of the program is to provide short-term property tax assessment relief to encourage enhancements to the downtown area with respect to economic activity and to replace or rehabilitate underutilized structures in the urban centers. A property owner can apply for tax relief subject to the following limitations:

- The building is located within the Central Business District (CBSD), as defined by the BMA pursuant to Ordinance 37.02, or the Redevelopment District (RDV) as defined by Article 4.01 A. 10 of the Zoning Ordinance of the City.
- Substantial rehabilitation shall mean rehabilitation of a qualifying structure which costs at least 15% of the pre-rehabilitation assessed valuation or at least \$75,000 whichever is greater.
- The Board of Mayor and Alderman shall grant a tax relief period of up to, but not exceeding, five years.
- In addition to the five years, the Board of Mayor and Alderman may vote to provide two (2) additional years of tax relief for projects that create new residential units and four (4) additional years for a project that includes at least two-thirds (2/3rds) of new affordable housing units.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

- Substantial rehabilitation or replacement shall commence within twelve (12) months of the date if the Board of Mayor and Alderman's decision granting tax relief.

In order to qualify for tax relief, the proposed substantial rehabilitation must provide at least one of the following public benefits:

- Enhances the economic vitality of the downtown;
- Enhances and improves a structure that is culturally or historically important on a local, regional, state, or national level, either independently or within the context of a historic district, town center, or village center in which the building is located;
- Promotes development of municipal centers, providing for efficiency, safety, and a greater sense of community, consistent with New Hampshire RSA 9-B; or
- Increases residential housing in urban or town centers.

RSA Chapter 79E stipulates that the BMA must review the application submitted by the property owner, schedule a public hearing within 60 days of receiving the application, and render a decision on the application within 45 days of the public hearing.

Property tax revenues were reduced by \$594,195 under agreements entered into by the City during fiscal year 2024.

Note 4. Receivables

Receivables were comprised of the following at June 30, 2024:

Primary Government

	General Fund	Other Grants	Nonmajor governmental	Water Works	EPD	Aviation	Nonmajor business type	Total
Property Taxes	\$ 23,988,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,988,077
Due from State of NH and other local governments	5,500,280	600,625	-	-	6,183,498	-	-	12,284,403
Prior year tax liens	313,328	-	-	-	-	-	-	313,328
Tax titles	2,759,845	-	-	-	-	-	-	2,759,845
Due from federal government	-	148,393	-	-	-	3,990,089	-	4,138,482
Accounts receivable-trade	3,695,514	53,337	-	6,981,848	8,161,227	3,675,194	106,975	22,674,095
Notes receivable	-	-	365,425	-	-	-	-	365,425
CDBG Fund Receivable	-	-	13,077,026	-	-	-	-	13,077,026
Leases receivables	2,813,041	-	-	2,426,233	-	26,896,516	-	32,135,790
Other	67,833	-	9,234	-	-	-	-	77,067
Allowance for collection losses	-	-	(152,260)	-	-	-	-	(152,260)
Total fund basis receivables	39,137,918	802,355	13,299,425	9,408,081	14,344,725	34,561,799	106,975	111,661,278
Interest receivable	108,810	-	-	-	-	-	-	108,810
Total entity-wide receivables, net	\$ 39,246,728	\$ 802,355	\$ 13,299,425	\$ 9,408,081	\$ 14,344,725	\$ 34,561,799	\$ 106,975	\$ 111,770,088

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Component Unit – Manchester School District and Manchester Transit Authority

The Manchester School District reported \$106.7 million of receivables at June 30, 2024. Significant receivables included \$47.8 million from the City for fiscal year 2024, \$29.5 million held by the Trustee of Trust Funds, and \$26.2 million from the state and federal governments.

The Manchester Transit Authority reported \$1,067,117 of receivables at June 30, 2024.

Note 5. Interfund Receivables, Payables, and Transfers

Due from/to other funds consisted of the following at June 30, 2024:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 45,039,051	\$ -
Nonmajor Governmental Funds:		
Capital Projects Fund	38,947	41,578,617
Major Enterprise Funds:		
Water Works Fund	-	3,427,848
Environmental Protection Division Fund	-	55,770
Aviation Fund	60,728	41,721
Nonmajor Enterprise Funds:		
Parking Fund	-	34,770
Total	<u>\$ 45,138,726</u>	<u>\$ 45,138,726</u>

The balance of \$41,578,618 due from Capital Projects to the General Fund is the result of a short-term advance. The remaining outstanding balances resulted from the time lag between the dates payments occur between funds for various activities, and are expected to be collected within one year.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Interfund transfers during the year ended June 30, 2024 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 2,450,151	\$ -
Nonmajor Governmental Funds:		
Capital projects fund	276,584	276,584
Permanent trust funds	-	550,100
Nonmajor Enterprise Funds:		
Parking Fund	-	1,900,051
	<u>\$ 2,726,735</u>	<u>\$ 2,726,735</u>

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

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$1,900,051 for the annual transfer of profits. Transfer from the Cemetery Trust Fund to the General Fund of \$550,100 for the annual contribution into the general fund operating budget. Transfer from the General Fund to the Special Revenue Fund, Cash Projects, for General Fund funded Community Improvement Projects.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 6. Capital Assets

Governmental Activities

Changes in the governmental capital assets for the year ended June 30, 2024, were as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated				
Land	\$ 13,967,267	\$ -	\$ -	\$ 13,967,267
Easements	52,426	-	-	52,426
Construction-in-progress	12,849,098	20,240,275	(12,491,348)	20,598,025
Total capital assets, not being depreciated	26,868,791	20,240,275	(12,491,348)	34,617,718
Capital assets, being depreciated				
Buildings	408,108,020	4,425,509	(178,621)	412,354,908
Improvements other than buildings	36,962,907	1,003,531	(5,500)	37,960,938
Intangibles	240,338	30,795	-	271,133
Equipment	37,033,738	2,896,488	(500,994)	39,429,232
Vehicles	36,179,177	1,713,954	(1,919,116)	35,974,015
Infrastructure	144,624,908	4,642,856	-	149,267,764
Total capital assets, being depreciated	663,149,088	14,713,133	(2,604,231)	675,257,990
Less accumulated depreciation				
Buildings	259,782,145	11,719,970	(178,621)	271,323,494
Improvements other than buildings	22,257,706	999,065	(5,500)	23,251,271
Intangibles	147,453	52,174	-	199,627
Equipment	20,645,914	2,843,276	(500,994)	22,988,196
Vehicles	25,041,705	2,895,064	(1,889,151)	26,047,618
Infrastructure	89,681,159	5,311,818	-	94,992,977
Total accumulated depreciation	417,556,082	23,821,367	(2,574,266)	438,803,183
Governmental Activities Capital Assets, Net	\$ 272,461,797	\$ 11,132,041	\$ (12,521,313)	\$ 271,072,525

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Business-Type Activities

Changes in the business-type capital assets for the year ended June 30, 2024, were as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated				
Land	\$ 61,750,756	\$ -	\$ (1,372,151)	\$ 60,378,605
Construction-in-progress	66,391,522	47,729,090	(97,216,510)	16,904,102
Total capital assets, not being depreciated	128,142,278	47,729,090	(98,588,661)	77,282,707
Capital assets, being depreciated				
Buildings	425,804,029	7,143,023	-	432,947,052
Improvements other than buildings	476,455,982	28,792,047	-	505,248,029
Infrastructure	136,443,964	682,164	-	137,126,128
Interceptors	107,029,302	33,994,381	-	141,023,683
Equipment, vehicles and intangibles	88,816,131	26,253,647	(98,644)	114,971,134
Total capital assets, being depreciated	1,234,549,408	96,865,262	(98,644)	1,331,316,026
Less accumulated depreciation				
Buildings	234,286,147	10,245,442	-	244,531,589
Improvements other than buildings	312,746,329	13,231,358	-	325,977,687
Infrastructure	49,802,583	2,138,689	-	51,941,272
Interceptors	47,005,564	2,141,127	-	49,146,691
Equipment, vehicles and intangibles	54,422,141	4,494,444	(106,275)	58,810,310
Less total accumulated depreciation	698,262,764	32,251,060	(106,275)	730,407,549
Business-type Total Capital Assets, Net	\$ 664,428,922	\$ 112,343,292	\$ (98,581,030)	\$ 678,191,184

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

Governmental Activities

General government	\$ 6,238,396
Public safety	2,136,341
Highways and streets	6,819,518
Health and welfare	247,419
Education and library	6,414,961
Parks and recreation	1,964,732
Total depreciation expense – governmental activities	<u>\$ 23,821,367</u>

Business-Type Activities

Water Works	\$ 6,299,084
EPD	8,606,732
Aviation	17,123,107
Parking	222,137
Total depreciation expense – business-type activities	<u>\$ 32,251,060</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Discretely Reported Component Units

Capital assets activity for the School District for the year ended June 30, 2024 consisted of the following:

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets, not being depreciated				
Land	\$ 169,400	\$ -	\$ -	\$ 169,400
Total capital assets, not being depreciated	169,400	-	-	169,400
Capital assets, being depreciated				
Portable classrooms	548,612	21,186,916	(35,000)	21,700,528
Improvements	15,501,033	13,963,701	-	29,464,734
Instruments	202,274	-	-	202,274
Other machinery and equipment	14,600,224	1,410,073	(535,117)	15,475,180
Total capital assets, being depreciated	30,852,143	36,560,690	(570,117)	66,842,716
Total all capital assets	31,021,543	36,560,690	(570,117)	67,012,116
Less accumulated depreciation				
Portable classrooms	406,798	390,017	(15,750)	781,065
Improvements	432,660	765,495	-	1,198,155
Instruments	78,049	26,457	-	104,506
Other machinery and equipment	6,148,281	2,875,745	(535,117)	8,488,909
Less total accumulated depreciation	7,065,788	4,057,714	(550,867)	10,572,635
Total Capital Assets being depreciated, Net	\$ 23,955,755	\$ 32,502,976	\$ (19,250)	\$ 56,439,481

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Capital asset activity for the MTA for the year ended June 30, 2024 consisted of the following:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated				
Land	\$ 129,109	\$ -	\$ -	\$ 129,109
Total capital assets, not being depreciated	129,109	-	-	129,109
Capital assets, being depreciated				
Buildings and improvements	2,838,912	-	-	2,838,912
Buses	11,585,691	1,641,417	(112,617)	13,114,491
Equipment	2,127,215	45,878	(111,997)	2,061,096
Total capital assets being depreciated	16,551,818	1,687,295	(224,614)	18,014,499
Less accumulated depreciation	8,413,013	2,522,765	(224,591)	10,711,187
Total Capital Assets being depreciated, Net	\$ 8,841,331	\$ (835,470)	\$ (23)	\$ 7,432,421

Note 7. Leases Receivable

I. Governmental Activities

Lease receivables consisted of the following at June 30, 2024:

<u>Description</u>	Cumulative Lease Payment over life of lease	Lease Expiration	Interest Rate(s) %	Lease Receivable as of June 30, 2024
195 McGregor Street	\$ 332,040	11/30/2025	0.4570%	\$ 98,530
625 Mammoth Road	27,963	12/31/2022	0.2180%	26,182
Derryfield Park-Trinity HS	105,000	3/4/2054	1.7050%	68,190
Hackett Hill Road	864,000	4/6/2039	1.4620%	617,454
Mcintyre Ski Area	2,129,916	9/30/2035	1.3270%	1,535,277
UNH Water Tank	722,389	8/28/2037	1.3940%	467,408
Total				\$ 2,813,041

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

II. Business Type Activities – Airport

The Airport entered into a 448-month lease as Lessor for the use of Pettengill Road. An initial lease receivable was recorded in the amount of \$6,188,837. The lease was assigned and extended during FY 2024 to a 556-month lease. As of June 30, 2024, the value of the lease receivable is \$5,462,817. The lessee is required to make monthly variable principal and interest payments of \$21,915. The lease has an interest rate of 3.4270%. The value of the deferred inflow of resources as of June 30, 2024 was \$5,270,376, and the Airport recognized lease revenue of \$121,663 during the fiscal year.

The Airport entered into a 264-month lease as Lessor for the use of 7 Perimeter Road. An initial lease receivable was recorded in the amount of \$2,017,315. As of June 30, 2024, the value of the lease receivable is \$1,789,962. The lessee is required to make monthly variable principal and interest payments of \$11,514. The lease has an interest rate of 2.0630%. The value of the deferred inflow of resources as of June 30, 2024 was \$1,742,227, and the Airport recognized lease revenue of \$91,696 during the fiscal year. The lessee has 1 extension option(s), for 120 months.

As of June 30, 2024, there are thirty-one leases. These leases range in length from 2 to 52 years. As of June 30, 2024, the value of the individual lease receivables ranged from \$9,003 to \$5,462,817. The range value of the deferred inflow of resources as of June 30, 2024, was \$8,780 to \$5,270,376, and the Airport recognized lease revenues of \$1,581,285 during the year ended June 30, 2024.

Regulated Leases

The Airport leases office, building and ground space to various airlines. These leases are excluded from lease receivables and related deferred inflows, as these are regulated leases. Lease revenue for the year ending June 30, 2024, was \$4,934,924. Two years remain in the contracts (fiscal year 2026) and minimum expected receipts for fiscal year 2025 are \$5,012,182.

III. Business Type Activities – Water Works

As of June 30, 2024, Manchester Water Works (MWW) reported leases receivable of \$2,426,233. For the fiscal year ended June 30, 2024, MWW reported lease revenue of \$149,055 and interest revenue of \$42,216 related to lease payments received. Also, MWW has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. These leases are summarized as follows:

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Hermit Road Cell Tower	\$ 893,959	\$ 37,498	\$ 15,555
Hermit Road Sublease	538,069	33,714	9,362
Derryfield Park 1 Cell Tower	450,513	34,625	7,839
Derryfield Park 2 Cell Tower	543,692	43,218	9,460
	<u>\$ 2,426,233</u>	<u>\$ 149,055</u>	<u>\$ 42,216</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Hermit Road Cell Tower – On May 28, 1998, MWW entered into a five-year lease agreement with Cellco Partnership, dba Bell Atlantic Mobile for the lease of real property at Hermit Road to be used for a cell tower site. The original agreement was set to expire on May 28, 2003 and was ultimately extended per the options for three additional five-year terms. On February 18, 2009, the agreement was amended to reference the new lessee, Crown Atlantic Company, LLC and was set to expire on April 30, 2018. This amended agreement allowed for seven additional five-year extension terms. Based on this agreement, MWW is receiving annual payments through April 30, 2038 and collected \$21,943 in principal and \$15,555 in interest during fiscal year 2024.

Hermit Road Sublease – On November 11, 2009, Crown Atlantic Company, LLC entered into an agreement with MetroPCS to sublease the cell tower site on Hermit Road. Originally, this was set to expire on March 1, 2018 and included the option to extend for four additional five-year terms. Per the terms of the original Hermit Road Cell Tower Agreement, MWW receives 50% of the lease revenue from Crown Atlantic. Based on this agreement, MWW is receiving monthly payments through March 1, 2038 and collected \$24,352 in principal and \$9,362 in interest during fiscal year 2024.

Derryfield Park 1 Cell Tower – On August 28, 1995, MWW entered into a five-year lease agreement with Cellco Partnership, dba Bell Atlantic Mobile for the lease of real property at Derryfield Park to be used for a cell tower site. The original agreement was extended per the lease options for three additional five-year terms through September 30, 2015. The agreement was then amended in June 2014 to add four additional options to exercise renewal terms of five years each. Based on this agreement, MWW is receiving annual payments through September 30, 2035 and collected \$26,786 in principal and \$7,839 in interest during fiscal year 2024.

Derryfield Park 2 Cell Tower – On December 3, 2009, MWW entered into a five-year lease agreement with New Cingular Wireless PCS, LLC for the lease of real property at Derryfield Park to be used for a cell tower site. The original agreement has lease options for four additional five-year terms. Based on this agreement, MWW is receiving annual payments through September 30, 2034 and collected \$33,758 in principal and \$9,460 in interest during fiscal year 2024.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 8. Long-Term Debt

Below is a listing of the governmental activities long-term debt outstanding at June 30, 2024:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance 6/30/2024
Direct Borrowings:						
GO Series 2021 A	June-21	0.95	\$14,475,000	2025 - 2028	\$1,575,000 - \$4,365,000	\$ 14,085,000
sub total direct borrowings						14,085,000
Public Offerings:						
POB Series 2001 C	November-01	6.22	\$19,006,862	2025 - 2031	\$301,348 - \$512,403	2,840,805
GO Series 2003 C	December-03	5.75	\$24,215,000	2025 - 2029	\$145,000 - \$185,000	825,000
School Series 2004	October-04	5.50	\$61,970,000	2025 - 2028	\$2,520,000 - \$4,620,000	12,225,000
GO Series 2015 A	June-15	3.00 - 5.00	\$29,990,000	2054 - 2035	\$1,370,000- \$2,280,000	21,285,000
GO Series 2015 B	June-15	3.15	\$3,285,000	2025	\$345,000	345,000
GO Series 2018 A	May-18	3.125 - 5.00	\$32,835,000	2025 - 2038	\$830,000 - \$2,390,000	21,885,000
GO Series 2018 B	May-18	3.10	\$1,764,000	2025	\$230,000	230,000
GO Series 2020 A	June-20	2.125 - 4.00	\$40,960,000	2025- 2040	\$1,185,000- \$2,935,001	33,395,000
GO Series 2020 B	June-20	1.25 - 1.70	\$3,300,000	2025 - 2030	\$335,000 - \$340,000	2,020,000
GO Series 2020 C	November-20	3.00 - 5.00	\$43,591,059	2025 - 2041	\$1,198,452 - \$2,759,781	31,638,537
GO Series 2022 A	July-22	4.00 - 5.00	\$36,625,000	2025 - 2043	\$1,045,000 - \$2,515,000	34,775,000
GO Series 2022 B	July-22	4.00 - 5.00	\$2,566,000	2025 - 2033	\$225,000 - \$290,000	2,315,000
sub total public offerings						163,779,342
Total governmental activities long-term debt						\$ 177,864,342

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Below is a listing of the business-type activities' long-term debt outstanding at June 30, 2024:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance 6/30/2024
Direct Borrowings:						
SRF 2018 1	July-17	1.96	\$9,000,000	2025 - 2047	\$253,952 - \$531,217	\$ 7,433,213
SRF 2018 2	July-17	1.225	\$1,200,000	2025 - 2027	\$123,449 - \$142,093	390,503
SRF 2019 1	July-18	2.00	\$2,375,000	2025 - 2038	\$118,750	1,662,500
SRF 2020 1	July-20	1.352	\$5,619,530	2025 - 2050	\$163,067 - \$228,126	5,040,165
SRF 2021 1	November-21	2.000	\$5,907,905	2025 - 2041	\$295,395	5,021,720
2023 DWGT	July-22	2.960	\$1,000,000	2025 - 2042	\$39,465 - \$73,197	929,125
SRF 2023 1	July-23	2.000	\$885,700	2025 - 2033	\$81,070	729,630
SRF 2023 2	December-23	2.000	\$525,660	2025 - 2033	\$75,132	375,660
sub total direct borrowings						21,582,516
Direct Placements:						
Airport Series 2014	December-14	2.44	\$10,000,000	2025 - 2027	\$1,270,567 - \$2,136,521	5,492,161
Airport Series 2015	January-15	2.38	\$2,630,000	2025 - 2027	\$286,958 - \$482,763	1,241,141
Airport Series 2018	November-18	3.44	\$46,030,000	2025 - 2030	\$2,780,000 - \$10,410,000	31,935,000
Airport Series 2020	March-20	3.00	\$13,650,000	2029 - 2035	\$1,321,128 - \$2,211,745	13,650,000
GO Series 2021 B	June-21	1.25	\$16,595,000	2025 - 2032	\$160,000 - \$1,995,000	10,395,000
GO Series 2021 C	June-21	1.40	\$15,955,000	2025 - 2036	\$1,020,000 - \$1,085,000	12,640,000
Airport Series 2021	November-21	3.50	\$12,900,000	2032	\$5,600,000	5,600,000
Airport Series 2023	July-23	6.38	\$39,650,000	2032 - 2043	\$2,300,000 - 4,535,000	39,650,000
sub total direct placements						120,603,302
total direct borrowings						142,185,818
Public Offerings:						
POB Series 2001 C	November-01	6.22	\$1,803,138	2025 - 2031	\$18,652 - \$37,597	194,195
GO Series 2018 A	May-18	3.125 - 5.00	\$2,355,000	2025 - 2038	\$100,000 - \$165,000	1,855,000
GO Series 2020 A	June-20	2.125 - 4.00	\$4,255,000	2025 - 2040	\$140,000 - \$274,999	3,419,997
GO Series 2020 C	November-20	5.00	\$28,888,941	2025 - 2041	\$71,812 - \$234,300	611,463
GO Series 2020 D	November-20	1.02 - 2.31	\$27,505,000	2025 - 2034	\$2,130,000 - \$2,530,000	23,020,000
GO Series 2021 BB A	February-21	2.10 - 5.10	\$18,665,000	2025 - 2046	\$645,000 - \$705,000	14,635,000
GO Series 2021 BB C	July-21	5.1	\$819,000	2025 - 2032	\$50,000 - \$80,575	520,000
EPD Sewer Series 2021	December-21	4.00 - 5.00	\$46,535,000	2031 - 2051	\$85,000 - \$3,880,000	46,535,000
sub total general obligation bonds						90,790,655
Total Business Type long-term debt						\$ 232,976,473

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Primary Government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds, and notes payable at June 30, 2024 were as follows:

Governmental Activities long-term debt:

Fiscal year	Bonds Payable - Direct Borrowings			Public Offerings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,575,000	\$ 133,807	\$ 1,708,807	\$ 17,422,184	\$ 6,639,749	\$ 24,061,933
2026	3,975,000	118,845	4,093,845	14,811,355	5,799,026	20,610,381
2027	4,170,000	81,083	4,251,083	15,242,590	5,111,082	20,353,672
2028	4,365,000	41,468	4,406,468	15,403,526	4,404,388	19,807,914
2029	-	-	-	12,211,102	3,692,974	15,904,076
2030 - 2034	-	-	-	49,678,585	11,679,922	61,358,507
2035 - 2039	-	-	-	29,390,000	4,104,563	33,494,563
2040 - 2043	-	-	-	9,620,000	534,250	10,154,250
Debt Service Requirement	14,085,000	375,203	14,460,203	163,779,342	41,965,954	205,745,296
Add Net Bond Premium	-	-	-	19,642,370	-	19,642,370
Total Governmental Activities	\$ 14,085,000	\$ 375,203	\$ 14,460,203	\$ 183,421,712	\$ 41,965,954	\$ 225,387,666

Business-type Activities long-term debt:

Fiscal year	** Bonds Payable - Direct Borrowing			Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 9,666,774	\$ 5,072,994	\$ 14,739,768	\$ 3,377,816	\$ 2,987,349	\$ 6,365,165
2026	9,754,427	4,853,303	14,607,730	3,393,645	2,905,433	6,299,078
2027	15,938,312	4,631,485	20,569,797	3,417,410	2,818,735	6,236,145
2028	14,417,371	4,207,203	18,624,574	3,476,471	2,725,955	6,202,426
2029	7,770,240	3,764,265	11,534,505	3,533,898	2,626,027	6,159,925
2030 - 2034	37,988,052	15,473,786	53,461,838	19,451,415	11,554,132	31,005,547
2035 - 2039	23,879,860	9,292,269	33,172,129	12,150,000	9,317,765	21,467,765
2040 - 2044	20,159,494	3,117,155	23,276,649	16,465,000	6,836,413	23,301,413
2045 - 2049	2,383,162	113,803	2,496,965	17,910,000	3,610,035	21,520,035
2050 - 2051	228,126	3,084	231,210	7,615,000	459,800	8,074,800
Debt Service Requirement	142,185,818	50,529,347	192,715,165	90,790,655	45,841,644	136,632,299
Add Net Bond Premium	-	-	-	10,188,963	-	10,188,963
Total Business-type Activities	\$ 142,185,818	\$ 50,529,347	\$ 192,715,165	\$ 100,979,618	\$ 45,841,644	\$ 146,821,262

**City of Manchester, New Hampshire – Department of Aviation, Manchester Boston Regional Airport separately issued financial statements presents the amortization of bonds payable, direct placement and direct borrowing separately.

The above tables exclude amounts due to the State of New Hampshire.

Interest rates for the City's outstanding GO bonds range from 0.95% to 6.22%. At June 30, 2024, the City's legal debt limit was \$1,750,790,300. Authorized and unissued financing resolutions as of June 30, 2024 totaled \$334,684,841.

In prior years, the City defeased certain GO and other bonds by placing the securities purchased with the proceeds of new bonds in irrevocable trust accounts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Due within One year
Governmental activities:					
General obligation debt - City	\$ 129,072,640	\$ -	\$ 11,287,677	\$ 117,784,963	\$ 9,898,035
Revenue bonds payable - MSD	17,970,000	-	5,745,000	12,225,000	4,620,000
General obligation bonds payable - MSD	51,010,000	-	3,155,618	47,854,382	4,479,149
Premiums (discounts)	21,165,558	-	1,523,188	19,642,370	1,523,186
Net Bonds Payable	219,218,198	-	21,711,483	197,506,715	20,520,370
Compensated absences	15,314,182	828,008	-	16,142,190	4,035,553
Insurance claims	7,363,299	17,757,963	17,542,425	7,578,837	7,578,837
Net OPEB obligations	44,124,207	-	5,675,861	38,448,346	-
Net pension liability	248,421,717	-	9,775,369	238,646,348	-
Landfill post-closure care	864,400	3,791,300	-	4,655,700	-
	<u>\$ 535,306,003</u>	<u>\$ 22,377,271</u>	<u>\$ 54,705,138</u>	<u>\$ 502,978,136</u>	<u>\$ 32,134,760</u>
Business-type activities					
General obligation debt	\$ 95,371,038	\$ 1,186,360	\$ 7,684,224	\$ 88,873,174	\$ 9,666,774
Revenue bonds	154,803,511	-	10,700,207	144,103,304	3,377,816
Premiums (discounts)	11,208,571	-	1,019,608	10,188,963	666,893
Net Bonds Payable	261,383,120	1,186,360	19,404,039	243,165,441	13,711,483
Net OPEB obligations	7,184,396	-	1,810,129	5,374,267	-
Net pension liability	48,166,065	-	1,636,114	46,529,951	-
Compensated absences	3,070,897	258,142	-	3,329,039	2,076,316
	<u>\$ 319,804,478</u>	<u>\$ 1,444,502</u>	<u>\$ 22,850,282</u>	<u>\$ 298,398,698</u>	<u>\$ 15,787,799</u>

The EPD Enterprise Fund had four loan agreements with balances at June 30, 2024 amounting to \$7,789,510 with the State of New Hampshire, State Water Pollution Control Revolving Fund (SRF) program for the purpose of financing certain projects in connection with the expansion of the wastewater treatment facility and water pollution abatement projects.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$97,568,303 in airport revenue bonds. Pledged revenues total \$38,116,979 and include certain operating and non-operating revenues and account balances under restricted assets. Proceeds from the bonds were used for various airport construction projects. The bonds are payable solely from the airport net revenues and are payable through 2043. As required by the bond agreement, the Authority must maintain a debt services coverage ratio of 1.25 to 1. The coverage ratio for fiscal year 2024 was specifically calculated at 2.18 were paid from PFC's. The total principal and interest remaining to be paid on the bonds is \$97,568,303. Principal and interest paid for the current year was \$9,685,794.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 9. Retirement Plans

The City follows the provisions of Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to all of its employee retirement plans.

City Pension Plans

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

The vast majority of employees of the City participate in the City of Manchester Employees' Contributory Retirement System (MECRS). Certain employees of the City participate in a prior pension plan known as the Old System. In addition, a limited number of former police and fire department employees covered by the NHRS also qualify for supplementary benefits that are administered and paid for by the City.

The City-administered MECRS and Old System pension plans are aggregated and reported as a single fiduciary fund type in the City's financial statements. MECRS also provides OPEB benefits in a separately financed medical trust which is fully described in Note 10. Details of the financial position and results of operations for these plans are as follows:

SCHEDULE OF NET POSITION - PENSION AND MEDICAL TRUST FUNDS

	MECRS Pension Trust 12/31/2023	MECRS Medical Trust 12/31/2023	Old System Pension Trust 6/30/2024	Total
Assets				
Cash and cash equivalents	\$ 6,594,461	\$ 1,559,911	\$ 81,756	\$ 8,236,128
Investments	268,632,881	19,758,909	2,292,019	290,683,809
Receivables, net of allowances for collection losses	609,174	58,720	44,818	712,712
Other assets	1,758	2,282	-	4,040
Capital assets, net where applicable, of accumulated depreciation	2,216	460	-	2,676
Total Assets	275,840,490	21,380,282	2,418,593	299,639,365
Liabilities				
Accounts payable	133,546	9,823	34,270	177,639
Accrued liabilities	2,113,963	-	-	2,113,963
Total Liabilities	2,247,509	9,823	34,270	2,291,602
Net Position				
Restricted for:				
Pension	273,592,981	-	2,384,323	275,977,304
OPEB	-	21,370,459	-	21,370,459
Net Position Restricted for Pension and OPEB Benefits	\$ 273,592,981	\$ 21,370,459	\$ 2,384,323	\$ 297,347,763

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND MEDICAL TRUSTS

	MECRS Pension Trust 12/31/2023	MECRS Medical Trust 12/31/2023	Old System Pension Trust 6/30/2024	Total
Additions				
Contributions				
Employer	\$ 20,154,578	\$ 1,770,966	\$ -	\$ 21,925,544
Plan members	2,073,581	778,070	-	2,851,651
Total Contributions	22,228,159	2,549,036	-	24,777,195
Investment Income				
Interest and dividends	2,612,793	200,199	84,151	2,897,143
Net realized and unrealized appreciation in fair value of investments	29,291,498	2,206,937	278,783	31,777,218
Other income	684,348.00			684,348
Less investment expenses	(924,356)	(54,043)		(978,399)
Net Investment Income	31,664,283	2,353,093	362,934	34,380,310
Total Additions	53,892,442	4,902,129	362,934	59,157,505
Deductions				
Benefits paid directly to participants	24,678,248	1,537,187	1,008,025	27,223,460
Refunds of employee contributions	631,132	-	-	631,132
Administrative expenses	585,823	58,905	77,906	722,634
Total Deductions	25,895,203	1,596,092	1,085,931	28,577,226
Change in Net Position	27,997,239	3,306,037	(722,997)	30,580,279
Net Position Restricted for Pension and OPEB Benefits				
Beginning of year	245,595,742	18,064,422	3,107,320	266,767,484
End of year	\$ 273,592,981	\$ 21,370,459	\$ 2,384,323	\$ 297,347,763

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Net Pension Liability – Primary Government

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense reported by the primary government in the Statement of Net Position and Statement of Activities comprise all the pension plans in which City employees participate. Accordingly, the following additional detail is provided:

**Net Pension Liabilities, Deferred Outflows/Deferred Inflows Related to
Pensions, and Pension Expense - Primary Government**

GOVERNMENTAL ACTIVITIES				
	Deferred <u>Outflows</u>	Net Pension <u>Liability</u>	Deferred <u>Inflows</u>	Pension <u>Expense</u>
MECRS	\$ 23,253,807	\$ 104,694,397	\$ 2,128,277	\$ 14,892,183
Old System	334,505	4,513,525	358,949	115,838
NHRS	<u>22,161,799</u>	<u>129,438,426</u>	<u>4,522,732</u>	<u>14,328,530</u>
Subtotal	45,750,111	238,646,348	7,009,958	29,336,551
BUSINESS-TYPE ACTIVITIES				
	Deferred <u>Outflows</u>	Net Pension <u>Liability</u>	Deferred <u>Inflows</u>	Pension <u>Expense</u>
MECRS	11,373,844	45,736,293	950,582	22,027,926
Old System	<u>36,273</u>	<u>793,658</u>	<u>40,570</u>	<u>20,369</u>
Subtotal	<u>11,410,117</u>	<u>46,529,951</u>	<u>991,152</u>	<u>22,048,295</u>
TOTAL	<u>\$ 57,160,228</u>	<u>\$ 285,176,299</u>	<u>\$ 8,001,110</u>	<u>\$ 51,384,846</u>

Manchester Employees' Contributory Retirement System (MECRS)***A. MECRS Plan Description***

In 1974, the City established a single-employer public employee retirement system (the MECRS) to provide pension benefits to employees other than firefighters, police officers, teachers and employees previously covered under the Old System described below. Manchester School District administration employees are covered under this plan.

MECRS is a component unit of the City of Manchester and is reported as a fiduciary fund type in the City's Annual Comprehensive Financial Report. MECRS also issues an annual stand-alone financial report that is available from the MECRS administrative offices at 1045 Elm Street, Suite 403, Manchester, New Hampshire, 03101-1824. This stand-alone report can also be downloaded from the MECRS website at www.manchesterretirement.org.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Membership in the MECRS consisted of the following at December 31, 2023, the date of the last actuarial valuation:

	Pension	Medical
Retirees and beneficiaries receiving benefits	1,088	459
Terminated vested members	126	126
Active members	1,119	1,119
Total Participants	2,333	1,704

By policy, the MECRS plan requires (i) an annual actuarial valuation with yearly updates and (ii) annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the actuarially determined contribution (ADC) of the MECRS pension plan. Any difference between the ADC and the actual contribution made has been settled by the next actuarial valuation date.

B. MECRS Benefits Provided

Except as described in the following sentences, the MECRS applies to all full-time and permanent part-time employees of the City, including elected and appointed officials. The MECRS does not cover certain categories of employees, such as temporary employees, members of boards and commissions who are not full-time or permanent part-time employees of the City, members of the fire and police departments who are eligible to participate in the New Hampshire Retirement System (NHRS), and other persons who are eligible to participate in NHRS. In addition, the MECRS does not cover active employees hired before January 1, 1974 who elected to remain in the Old System pension plan.

All covered employees hired after January 1, 1974 are required to participate in the MECRS as a condition of employment. Employees are 100% vested after five years of service. The normal retirement age is 60 and the benefit is calculated at 1.5% of final average total compensation during the highest three years of service in the last ten years of service (hereafter final average earnings) multiplied by the years of service. The benefit was increased to 2% for service completed after January 1, 1999. If a member becomes totally and permanently disabled from a job-related incident, there is no service or age requirement and the minimum benefit is 50% of the final average earnings. For a non-job-related incident, disability benefits are payable only if 15 years of service have been rendered and are based on the accrued benefit to the date of disability.

Permanent employees of the City of Manchester prior to January 1, 1974 who were in service as of January 1, 1974, are eligible for early retirement if credited with no less than 20 years of service. Such early retirement benefit shall be equal to the greater of: (i) 50% of the member's final average earnings, or (ii) the sum of the member's years of service multiplied by 1.5% of the member's final average earnings (2% for service completed after January 1, 1999). Members enrolled subsequent to January 1, 1974 are eligible for early retirement benefits if their age plus years of service are equal to or greater than 80, or if they have attained age 55 with 20 years or more of service.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Cost of living adjustments (COLA) are granted pursuant to Administrative Rule 7 by the MECRS Board of Trustees.

MECRS benefit provisions are established by the City and benefit provision changes require amendment of Chapter 218 of the City Charter, first by enabling legislation by the New Hampshire legislature and then subject to approval of the voters of the City through referendum.

C. MECRS Contributions

MECRS employee contribution rates are established by the City. Employee contribution changes require amendment of Chapter 218 of the City Charter, first by enabling legislation by the New Hampshire legislature and then subject to approval of the voters of the City through referendum.

Prior to January 1, 1999, all eligible employees were required to contribute 2.5% of their salaries to the MECRS; this contribution increased to 3.75% after January 1, 1999. If an employee leaves covered employment or dies before 5 years of service, the MECRS refunds accumulated employee contributions and their investment earnings, calculated at rates determined annually by the MECRS Board of Trustees.

The MECRS' legislative authority requires City contributions in amounts sufficient to fund the benefits set forth in the MECRS. The contributions are determined by the MECRS Board of Trustees on the basis of an independent actuary's valuation and are expressed as a percentage of gross payrolls. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension fund obligation.

The City's contribution rates as a percentage of payrolls in 2024 were based on actuarial valuations performed as of December 31, 2023. The City's contributions for 2024 were based on the amount recommended by the actuary. The recommended City contributions for 2024 consisted of normal cost of \$20,289,596. At December 31, 2023, the unfunded prior service costs are being amortized over periods of twenty years. The employer customary actuarial determined contributions represented 36.10% of covered payroll for 2023.

D. MECRS 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 MECRS, and additions to/deductions from the MECRS' fiduciary net position have been determined on the same basis as they are reported by MECRS. 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

E. MECRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions – Primary Government

At June 30, 2024, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$150,430,690 for the MECRS. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$22,027,926. In addition, the City (not including the Manchester School District, a component unit of the City) reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,067,425	\$ -
Changes of assumptions	5,536,718	-
Net difference between projected and actual earnings on pension plan investments	11,715,624	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,785,408	3,078,859
Subtotal	25,105,175	3,078,859
Contributions subsequent to the measurement date	9,522,476	-
Total	\$ 34,627,651	\$ 3,078,859

Deferred outflows of resources related to the MECRS resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

A summary of the amortization of the deferred outflows and deferred inflows can be found later in this note.

F. MECRS Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2023
Actuarial Cost Method:	Entry-Age Normal
Rate of investment return:	6.75%
Projected salary increases:	3.25% - 5.96%
Inflation Rate:	2.50%
COLA assumption	1.0% compounded annually

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Mortality rates were based on the Pub-2010 General Healthy Retiree Tables projected to 2039 using projection scale MP-2019. The post-retirement disability mortality table is the Pub-2010 General Disabled Retiree Tables projected to 2039 using projection scale MP-2019. Pre-retirement mortality is modeled using the Pub-2010 General Employee Tables projected to 2039 using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation at December 31, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Current Target</u>	<u>2024 Assumptions</u>	<u>30 Year Real Returns Weighted Return</u>
Cash	2.0%	3.38%	0.74%
Equities:			
Large cap equities	20.0%	8.02%	5.26%
Small/mid cap equities	6.0%	9.25%	6.46%
Global equity	10.0%	8.70%	5.93%
International equities (Unhedged)	11.0%	8.07%	5.31%
Emerging international equities	7.0%	12.47%	9.60%
Total Equity	54.0%		
Fixed Income:			
High Quality Bonds	12.0%	5.03%	2.35%
Multi-Sector Credit	8.0%	6.37%	3.65%
Total Fixed Income	20.0%		
Alternatives:			
Real estate (core)	12.0%	7.13%	4.39%
Private equity	12.0%	12.89%	10.01%
Total Alternatives	24.0%		
2024 Expected 30 year real return			5.60%

G. MECRS Discount Rate

The discount rate used to measure the total pension liability was 6.75%.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

The following presents the City's (not including the Manchester School District, a component unit of the City) net pension liability calculated using the discount rate of 6.75%, as well as what the City's 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.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>Year Ended</u>			
December 31, 2023	\$ 192,667,233	\$ 150,430,690	\$ 112,638,027

I. MECRS Retiree Health Insurance Sub-Trust

Beginning in 2006, following the November 2005 ratification by City referendum of Chapter 41 Laws of 2005, the MECRS began operating a Retiree Health Insurance Sub-Trust (Sub-Trust) pursuant to the provisions of Internal Revenue Code Section 401(h). In March 2006, the member contribution rate increased by 1.25% to accumulate assets from which to pay benefits and on July 1, 2006, the MECRS began providing health insurance subsidies to both new and existing retirees based upon their creditable service at retirement. The benefit is limited to members who continue to obtain their health insurance through the City's health insurance plan after they retire. The benefit amount for those already retired on March 1, 2006 was equal to 50% of the amount paid to those retiring after that date.

Contributions to the Sub-Trust are commingled with those of the pension trust and are invested in aggregate. All assets are invested as prescribed in the MECRS' investment guidelines. Under no circumstances are the Sub-Trust contributions made by the employee available for refund and in the event of termination, such contributions forfeit to the MECRS. Assets of the Sub-Trust are available solely for the payment of subsidy benefits to qualified members of the MECRS. Should the MECRS be discontinued, assets in excess of those required to meet ongoing benefit obligations of the MECRS would revert to the employer.

Old System Retirement Plan

A. Old System Plan Description

Prior to January 1, 1974, all eligible City employees participated in the Old System, a single employer contributory public employee retirement system (PERS). All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the MECRS. The Old System was replaced by the MECRS and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors. The Old System does not issue separately audited financial statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

As of July 1, 2023, the date of the latest actuarial valuation, Old System membership consisted of:

Members currently receiving benefits	51
Active Vested Members	<u>—</u>
Total Members	<u>51</u>

The Old System was closed to new employees as of January 1, 1974.

B. Old System Benefits Provided

Eligible employees who retire from active employment with the City after completing at least 20 years of service may receive a lifetime annuity equal to 50% of final year’s pay. No other benefits are provided under the Old System plan.

C. Contributions

Active members are not required to contribute to the Old System plan. Actuarially determined employer contributions are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. For the years ended June 30, 2024 and June 30, 2023, the City’s actuarially determined contributions were \$701,383 and \$698,323, respectively. However, the City made no contributions to the Old System pension plan in either of these two fiscal years. Active members do not make contributions under the Old System Pension Plan.

D. Old System Summary of Significant Accounting Policies

The accounting policies of the Old System as reflected in the accompanying financial statements for the year ended June 30, 2024 conform to generally accepted accounting principles for public employee retirement systems (PERS). The more significant accounting policies of the Old System are summarized below:

Basis of Accounting – The Old System financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Investment Policy – Investments are reported at market value. Old System assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Old System pension plan.

Net Pension Liability – 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 Old System and additions to/deductions from the Old System’s fiduciary net position have been determined on the same basis as they are reported by the Old System. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

E. Old System Pension Liability, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At June 30, 2024, the City reported a net pension liability of \$5,307,183 for the Old System plan. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

The components of the Old System net pension liability of the City at June 30, 2024 were as follows:

Total pension liability	\$ 7,691,505
Plan fiduciary net position	<u>(2,384,322)</u>
Net pension liability	<u>\$ 5,307,183</u>
Plan fiduciary net position as a percentage of the total pension liability	31.0%

For the year ended June 30, 2024, the City recognized pension expense of \$(435,880). In addition, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ <u>370,778</u>	\$ <u>399,519</u>

A summary of the amortization of the deferred outflows and deferred inflows can be found later in this note.

F. Old System Actuarial Assumptions

The total Old System pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2024
Actuarial cost method	Entry age normal
Investment Rate	4.02% net investment expenses
Projected salary increase	3.50%
Inflation rate	2.50%

Mortality rates for Pre-Retirement: PUB-2010 General Employees Headcount-Weighted Mortality Table projected with full generational mortality improvement using Scale MP-2020.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Mortality rates for Post-Retirement: PUB-2010 General Employees Headcount-Weighted Mortality Table, separate tables for healthy retirees, contingent survivors, and disabled retirees projected with full generational mortality improvement using Scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Domestic equities	56.00%	4.45%
International equities	-	4.96%
Fixed income	37.00%	1.64%
Cash	7.00%	0.00%
Total	<u>100.0%</u>	

G. Old System Discount Rate

The discount rate used to measure the Old System total pension liability was 4.02%. The projection of cash flows used to determine the discount rate assumed there will continue to be no future contributions made by plan members or the City. Based on those assumptions, the Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 6 periods of projected benefit payments and a 3.93% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.93% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 30, 2024.

H. Old System Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Old System, calculated using the current discount rate of 4.02%, as well as what the Old System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

<u>Year Ended</u>	<u>1% Decrease (3.02%)</u>	<u>Current Discount Rate (4.02%)</u>	<u>1% Increase (5.02%)</u>
June 30, 2024	\$ 5,796,444	\$ 5,307,183	\$ 4,870,098

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

New Hampshire Retirement System (NHRS)***A. NHRS Plan Description***

The City contributes to the NHRS, a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and 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 NHRS, 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 NHRS annual report, which is publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507, or on the NHRS website at www.nhrs.org.

B. NHRS Benefits Provided

Group I 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>Service</u>	Minimum <u>Age</u>	Benefit <u>Multiplier</u>
At least 8 but less than 10 years	21	46	2.4%
At least 6 but less than 8 years	22	47	2.3%
At least 4 but less than 6 years	23	48	2.2%
Less than 4 years	24	49	2.1%

C.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

D. NHRS Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan. For fiscal year 2024, member contribution rates were set at 7% for Group I employees and teachers, 11.55% for Group II police members, and 11.80% for Group II fire members. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16. For fiscal year 2024, the City's pension contribution percentages for covered employee compensation were set at 13.27% for Group I employees, 18.51% for Group I teachers, 28.68% for Group II police members, and 27.75% for Group II fire members.

The City's contributions to the NHRS pension plan for its covered police and fire members for the year ended June 30, 2024 totaled \$18,711,992 (exclusive of a \$1,721,228 medical subsidy), which was equal to its annual required contribution.

E. NHRS 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' 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.

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

At June 30, 2024, the City reported a net pension liability of \$129,438,428 for its proportionate share of the NHRS' total net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net pension liability was based on an actuarially determined projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At June 30, 2024, the City's proportion was 2.3121%.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

For the year ended June 30, 2024, the City recognized pension expense of \$14,328,530. 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	\$ 3,307,439	\$ 52,020
Changes of assumptions	3,406,752	-
Net difference between projected and actual earnings on pension plan investments	1,871,898	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,470,712
Subtotal	8,586,089	4,522,732
Contributions subsequent to the measurement date	13,575,710	-
Total	\$ <u>22,161,799</u>	\$ <u>4,522,732</u>

Deferred outflows of resources related to the NHRS resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2025.

A summary of the amortization of the deferred outflows and deferred inflows can be found later in this note.

G. NHRS Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.00% per year
Wage inflation	2.75% per year (2.25% for Teachers)
Salary increases	5.4% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Mortality rates were based on the Pub-2010 healthy retiree mortality tables with credibility adjustments for each group (police and fire combined) and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the most recent 2015-2019 actuarial experience study.

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

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2021.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Broad US equity	30.00%	5.40%
Global Ex-US equity	<u>20.00%</u>	5.65%
Public Equity	50.00%	
Real estate equity	10.00%	4.00%
Private equity	<u>10.00%</u>	6.65%
Private Market Equity	20.00%	
Private debt	<u>5.00%</u>	5.05%
Private debt	5.00%	
Core U.S fixed income	<u>25.00%</u>	2.15%
Fixed Income	<u>25.00%</u>	
Total	<u><u>100.00%</u></u>	

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

H. NHRS Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 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 collective total pension liability.

I. NHRS 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 6.75%, 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.

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>\$ 175,632,276</u>	<u>\$ 129,438,428</u>	<u>\$ 89,968,610</u>

J. NHRS Fiduciary Net Position

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Net Pension Liability – Component Unit – Manchester School District

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense reported by the Manchester School District in the Statement of Net Position and Statement of Activities comprise all the pension plans in which school district employees participate. Accordingly, the following additional detail is provided:

**Net Pension Liabilities, Deferred Outflows/Deferred Inflows Related to
Pensions, and Pension Expense - Manchester School District**

GOVERNMENTAL ACTIVITIES				
	Deferred Outflows	Net Pension Liability	Deferred Inflows	Pension Expense
MECRS	\$ 9,931,302	\$ 35,792,002	\$ 586,766	\$ 5,366,125
NHRS	31,984,438	166,539,583	911,998	20,599,937
Subtotal	<u>\$ 41,915,740</u>	<u>\$ 202,331,585</u>	<u>\$ 1,498,764</u>	<u>\$ 25,966,062</u>

Manchester Employees' Contributory Retirement System (MECRS)

Certain employees of the Manchester School District participate in MECRS. Actuarial assumptions, contribution requirements, benefits provided, and target allocations are the same as the primary government.

MECRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions – Component Unit – Manchester School District

At June 30, 2024, the Manchester School District, a component unit of the City, reported a net pension liability of \$35,792,002 for the MECRS. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the school district pension liability was determined by an actuarial valuation as of that date.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

For the year ended June 30, 2024, the Manchester School District, a component unit of the City, recognized pension expense of \$5,366,125. In addition, the Manchester School District reported deferred outflows and 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	\$ 1,443,624	\$ -
Changes of assumptions	1,317,352	-
Net difference between projected and actual earnings on pension plan investments	2,787,500	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>1,880,217</u>	<u>586,766</u>
Subtotal	7,428,693	586,766
Contributions subsequent to the measurement date	<u>2,502,609</u>	<u>-</u>
Total	<u>\$ 9,931,302</u>	<u>\$ 586,766</u>

Deferred outflows of resources related to the MECRS resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

A summary of the amortization of the deferred outflows and deferred inflows can be found later in this note.

New Hampshire Retirement System (NHRS)

Certain employees of the Manchester School District participate in NHRS. Actuarial assumptions, contribution requirements, benefits provided, and target allocations are the same as the primary government.

At June 30, 2024, the Manchester School District reported a net pension liability of \$166,539,583 related to the NHRS.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

For the year ended June 30, 2024, the Manchester School District recognized pension expenses of \$20,599,937. In addition, the Manchester School District 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	\$ 4,255,455	\$ 845,068
Changes of assumptions	4,383,235	-
Net difference between projected and actual earnings on pension plan investments	2,408,444	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>3,516,076</u>	<u>66,930</u>
Subtotal	14,563,210	911,998
Contributions subsequent to the measurement date	<u>17,421,228</u>	<u>-</u>
Total	<u>\$ 31,984,438</u>	<u>\$ 911,998</u>

Deferred outflows of resources related to the NHRS resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2025.

A summary of the amortization of the deferred outflows and deferred inflows can be found later in this note.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Amortization of Deferred Outflows and Deferred Inflows Related to Pensions

Detail of the pension related deferred outflows and deferred inflows of resources exclusive of contributions subsequent to the measurement date are as follows:

Deferred Outflows				
	<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$ 16,523,668	\$ 334,505	\$ 8,586,089	\$ 25,444,262
Business-Type Activities:				
Water Works	3,236,685	36,273	-	3,272,958
EPD	1,540,451	-	-	1,540,451
Aviation	3,287,023	-	-	3,287,023
Nonmajor	517,348	-	-	517,348
Subtotal	<u>8,581,507</u>	<u>36,273</u>	<u>-</u>	<u>8,617,780</u>
Total	<u>\$ 25,105,175</u>	<u>\$ 370,778</u>	<u>\$ 8,586,089</u>	<u>\$ 34,062,042</u>
Component Unit:				
School District	<u>\$ 7,428,693</u>	<u>\$ -</u>	<u>\$ 14,563,210</u>	<u>\$ 21,991,903</u>

Deferred Inflows				
	<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$ 2,128,277	\$ 358,949	\$ 4,522,732	\$ 7,009,958
Business-Type Activities:				
Water Works	244,443	38,923	-	283,366
EPD	47,790	1,647	-	49,437
Aviation	511,351	-	-	511,351
Nonmajor	146,998	-	-	146,998
Subtotal	<u>950,582</u>	<u>40,570</u>	<u>-</u>	<u>991,152</u>
Total	<u>\$ 3,078,859</u>	<u>\$ 399,519</u>	<u>\$ 4,522,732</u>	<u>\$ 8,001,110</u>
Component Unit:				
School District	<u>\$ 586,766</u>	<u>\$ -</u>	<u>\$ 911,998</u>	<u>\$ 1,498,764</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

The above amounts reported as deferred outflows and deferred (inflows) of resources will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities					Manchester School District
		Water Works	EPD	Aviation	Nonmajor	Total	
2025	\$ 7,982,054	\$ 1,294,493	\$ 645,609	\$ 1,201,866	\$ 160,362	\$ 11,284,384	\$ 8,962,363
2026	748,433	121,377	60,535	112,692	15,036	1,058,074	(651,053)
2027	10,369,296	1,681,646	838,695	1,561,316	208,321	14,659,274	12,225,615
2028	(680,226)	(110,316)	(55,018)	(102,422)	(13,666)	(961,648)	(43,786)
2029	14,747	2,392	1,193	2,221	296	20,849	-
	<u>\$ 18,434,304</u>	<u>\$ 2,989,592</u>	<u>\$ 1,491,014</u>	<u>\$ 2,775,672</u>	<u>\$ 370,350</u>	<u>\$ 26,060,931</u>	<u>\$ 20,493,139</u>

Note 10. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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.

PRIMARY GOVERNMENT

Plan Descriptions and Background

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

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

The City-administered MECRS Medical Trust is aggregated and reported as a component of the fiduciary fund type in the City's financial statements. Details of the financial position and results of operations are on pages 81 and 82.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Total/Net OPEB Liability – Primary Government

The total/net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense reported by the primary government in the Statement of Net Position and Statement of Activities comprise all the OPEB plans in which City employees participate. Accordingly, the following additional detail is provided:

Net/Total OPEB Liabilities, Deferred Outflows/Deferred Inflows Related to OPEB, and OPEB Expense - Primary Government

GOVERNMENTAL ACTIVITIES				
		Net/Total		
	Deferred	OPEB	Deferred	OPEB
	<u>Outflows</u>	<u>Liability</u>	<u>Inflows</u>	<u>Expense</u>
MECRS	\$ 1,974,414	\$ 7,586,283	\$ 3,537,801	\$ 1,207,504
City	1,609,984	19,352,752	3,724,359	700,503
NHRS	<u>1,623,130</u>	<u>11,509,311</u>	<u>-</u>	<u>177,289</u>
Subtotal	5,207,528	38,448,346	7,262,160	2,085,296
BUSINESS-TYPE ACTIVITIES				
		Net/Total		
	Deferred	OPEB	Deferred	OPEB
	<u>Outflows</u>	<u>Liability</u>	<u>Inflows</u>	<u>Expense</u>
MECRS	1,413,703	3,314,108	1,472,048	512,104
City	<u>172,052</u>	<u>2,060,159</u>	<u>398,006</u>	<u>111,611</u>
Subtotal	<u>1,585,755</u>	<u>5,374,267</u>	<u>1,870,054</u>	<u>623,715</u>
Total	<u>\$ 6,793,283</u>	<u>\$ 43,822,613</u>	<u>\$ 9,132,214</u>	<u>\$ 2,709,011</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

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.

The City’s OPEB plan is an unfunded plan and therefore is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Plan Description

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, 2024, the following employees (including the Manchester School District, a component unit of the City) were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	221
Active employees	<u>2,797</u>
Total	<u><u>3,018</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Investment rate	3.93%, net of investment expenses, including inflation
Healthcare cost trend rates	8% for 2023, decreasing 0.5% per year to 6%, then grading down to an ultimate trend rate of 4.1%
Mortality	Pre-Retirement Mortality: PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019. Post-Retirement Mortality: Healthy Retirees: 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount weighted.
Retirees' share of benefit-related costs	100 percent

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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.

The discount rate was based on the Bond Buyer 20-Bond GO Index published rate on June 30, 2024.

Total OPEB Liability

The City OPEB Plan has a measurement date of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Changes in the Total OPEB Liability

		Total OPEB <u>Liability</u>
Balance at June 30, 2023	\$	29,207,371
Changes for the year:		
Service cost		1,376,803
Interest		1,083,998
Changes in assumptions or other inputs		(691,431)
Benefit payments		<u>(1,771,263)</u>
Net Changes		<u>(1,893)</u>
Balance at June 30, 2024	\$	<u>29,205,478</u>
OPEB liability applicable to Manchester School District		<u>(7,792,567)</u>
Net OPEB liability applicable to City	\$	<u><u>21,412,911</u></u>

Changes of benefit terms reflect changes in collective bargaining agreements.

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

The following presents the City (not including the Manchester School District, a component unit of the City) 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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
<u>\$ 23,287,821</u>	<u>\$ 21,412,911</u>	<u>\$ 19,713,539</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

The following presents the City (not including the Manchester School District, a component unit of the City) 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 (6.00%)	Current Healthcare Cost Trend Rates (7.00%)	1% Increase (8.00%)
<u> </u>	<u> </u>	<u> </u>
\$ 19,086,291	\$ 21,412,911	\$ 24,162,172

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

For the year ended June 30, 2024, the City (not including the Manchester School District, a component unit of the City) recognized an OPEB expense of \$700,503. At June 30, 2024, 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>
Difference between expected and actual experience	\$ -	\$ 2,087,498
Change in assumptions	<u>1,782,036</u>	<u>2,034,867</u>
Total	\$ <u>1,782,036</u>	\$ <u>4,122,365</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

<u>Year Ended June 30:</u>		
2025	\$	(457,579)
2026		(572,090)
2027		(842,543)
2028		(368,192)
2029		(39,997)
Thereafter		<u>(59,928)</u>
Total	\$	<u><u>(2,340,329)</u></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 above, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Actuarial Assumptions and Other Inputs

The City (not including the Manchester School District, a component unit of the City) recognized its proportionate share of the NHRS Medical Subsidy as of June 30, 2024 based upon an actuarial valuation performed as of June 30, 2022 using a measurement date of June 30, 2023. The actuarial valuation used the same actuarial assumptions as in 0, on page 94.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The City's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2023 was \$11,509,311.

For the year ended June 30, 2024, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$177,289. At June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>
Net difference between projected and actual OPEB investment earnings	\$ <u>13,834</u>
Contributions subsequent to the measurement date	<u>1,609,296</u>
Total	\$ <u><u>1,623,130</u></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, 2025.

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

<u>Year Ended June 30:</u>	
2025	\$ (2,290)
2026	(17,476)
2027	37,390
2028	<u>(3,790)</u>
Total	\$ <u><u>13,834</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 12,500,244	\$ 11,509,311	\$ 10,644,751

C. MECRS OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2023.

*General Information about the OPEB Plan**Plan Description*

The MECRS OPEB plan is administered through a trust that meets the criteria in paragraph 4 of GASB 74.

Plan Membership

At December 31, 2023, the following employees (including the Manchester School District, a component unit of the City) were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	459
Terminated vested members	126
Active employees	1,119
Total	<u>1,704</u>

Actuarial Assumptions and Other Inputs

The Net OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified all assumptions are substantially the same as reported in 0 on page 86.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Discount Rate

The discount rate used to measure the Net OPEB liability was 6.75%. 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.

Net OPEB Liability

The MECRS has a measurement date of December 31, 2023, and was determined by an actuarial valuation as of that date.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 38,994,461	\$ 18,064,442	\$ 20,930,019
Changes for the year:			
Service cost	828,254		828,254
Interest	2,608,199		2,608,199
Contributions - employer	-	1,770,966	(1,770,966)
Contributions - employee	-	778,070	(778,070)
Net investment income	-	2,353,094	(2,353,094)
Differences between expected and actual experience	(6,029,325)		(6,029,325)
Benefit payments	(1,537,208)	(1,537,208)	-
Administrative expense	-	(58,905)	58,905
Net Changes	(4,130,080)	3,306,017	(7,436,097)
Balances, end of year	\$ 34,864,381	\$ 21,370,459	\$ 13,493,922
OPEB liability applicable to Manchester School District			(2,593,531)
Net OPEB liability applicable to the City			\$ 10,900,391

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

The following presents the MECRS (not including the Manchester School District, a component unit of the City) 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 14,563,965	\$ 10,900,391	\$ 7,851,912

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

Information regarding the sensitivity of the Net OPEB liability due to changes in healthcare trends is not readily available.

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

For the year ended June 30, 2024, the City recognized an OPEB expense related to MECRS of \$1,207,504. At June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 493,128	\$ 4,381,588
Changes in proportion and differences between employer contribution and share of contribution	588,329	628,261
Change in assumptions	1,166,552	-
Net difference between projected and actual OPEB investment earnings	813,233	-
Subtotal	3,061,242	5,009,849
Contributions subsequent to the measurement date	326,875	-
Total	\$ 3,388,117	\$ 5,009,849

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

<u>Year Ended June 30:</u>	
2025	\$ (38,374)
2026	55,718
2027	71,326
2028	(948,677)
2029	(807,069)
Thereafter	<u>(281,530)</u>
Total	\$ <u><u>(1,948,607)</u></u>

Component Unit – Manchester School District

Net/Total OPEB Liabilities, Deferred Outflows/Deferred Inflows Related to OPEB, and OPEB Expense - School District

<u>Manchester School District</u>				
	<u>Net/Total</u>			
	<u>Deferred</u>	<u>OPEB</u>	<u>Deferred</u>	<u>OPEB</u>
	<u>Outflows</u>	<u>Liability</u>	<u>Inflows</u>	<u>Expense</u>
MECRS	\$ 1,039,952	\$ 2,593,531	\$ 1,272,809	\$ 260,018
City	636,859	7,792,567	1,473,239	266,856
NHRS	<u>1,063,137</u>	<u>10,904,103</u>	<u>-</u>	<u>606,932</u>
Total	\$ <u><u>2,739,948</u></u>	\$ <u><u>21,290,201</u></u>	\$ <u><u>2,746,048</u></u>	\$ <u><u>1,133,806</u></u>

City OPEB Plan

As fully described earlier, certain School Department employees participate in the same plan as City employees. The Manchester School District is allocated its share of the total OPEB liability which totals \$7,792,567 as of June 30, 2024.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

The following presents the Manchester School District, a component unit of the City, 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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 8,474,882	\$ 7,792,567	7,174,133

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

The following presents the Manchester School District, a component unit of the City, 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 (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
\$ 6,945,866	\$ 7,792,567	\$ 8,793,067

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

For the year ended June 30, 2024, the Manchester School District, recognized an OPEB expense of \$266,856. At June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 746,024
Change in assumptions	636,859	727,215
Total	<u>\$ 636,859</u>	<u>\$ 1,473,239</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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

Year Ended June 30:

2025	\$	(163,528)
2026		(204,452)
2027		(301,105)
2028		(131,584)
2029		(14,294)
Thereafter		<u>(21,417)</u>
Total	\$	<u><u>(836,380)</u></u>

New Hampshire Retirement System (NHRS)

Certain School District employees participate in the NHRS Medical Subsidy Plan. Actuarial assumptions, contribution requirements, and target allocations are the same as the Primary Government.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The School District's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2023 was \$10,904,103.

For the year ended June 30, 2024, the District recognized an OPEB expense related to the NHRS Medical Subsidy of \$606,932. At June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

		Deferred Outflows of <u>Resources</u>
Net difference between projected and actual OPEB investment earnings	\$	<u>13,106</u>
Subtotal		13,106
Contributions subsequent to the measurement date		<u>1,050,031</u>
Total	\$	<u><u>1,063,137</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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, 2025.

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

Year Ended June 30:

2025	\$ (2,169)
2026	(16,557)
2027	35,424
2028	<u>(3,592)</u>
Total	\$ <u>13,106</u>

Sensitivity of the School District's Proportionate Share of the OPEB Liability

1% Decrease	Current Discount Rate	1% Increase
5.75%	6.75%	7.75%
<u>\$ 11,842,929</u>	<u>\$ 10,904,103</u>	<u>\$ 10,085,006</u>

Certain School District employees also participate in the MECRS - Medical Subsidy Program. Amounts and disclosures are not considered material.

MTA

MTA contracted with an outside consultant to assist in the determination and valuation of the OPEB liability under GASB 75. An OPEB liability actuarial valuation was completed by the consultants as of June 30, 2023.

Plan Description

The MTA sponsors a post-retirement benefit (OPEB) plan that provides health insurance to retiring employees. The Manchester Transit Authority Retiree Medical Benefit Plan is a single-employer defined benefit healthcare plan administered by the MTA and the Union. The MTA currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-employment benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 11. Contingent Liabilities and Risk Management

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

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

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

Changes in the balances of claims liabilities as described below recorded by the City during the past three years were as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2024	\$7,363,299	\$18,762,810	\$18,547,272	\$7,578,837
2023	\$5,005,822	\$18,506,714	\$16,149,237	\$7,363,299
2022	\$4,819,188	\$17,938,391	\$17,751,757	\$5,005,822

Health

Accident and health claims are administered through a private carrier. The City is self-insured under this program. The City reports an insurance claim payable on a fund basis with a balance at year-end of \$1,511,885. The City maintains a stop-loss policy with limits of \$250,000 per year, per individual.

Property

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

General Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund, which maintains a liability insurance policy that provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city’s liability for an incident to \$325,000 per individual and \$1,000,000 per incident. \$1,179,720 was recorded in the government wide state-ments governmental activities for fiscal year 2024 as the City’s estimated liabilities for unsettled claims.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Worker's Compensation

Worker's compensation claims are administered through a private carrier. The City is self-insured under this program for all City employees. There is a \$1,150,000 limit per employee per claim. \$5,905,005 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in fiscal year 2024 or prior, which have not been settled.

Department of Aviation

The Airport has comprehensive airport liability insurance policies with insurance companies, which provide coverage generally up to \$250,000,000 for each occurrence and \$250,000,000 in the aggregate in any one annual period of insurance. Claims are subject to a deductible amount of \$1,000 for each occurrence up to a maximum of \$10,000 during any one annual insurance period. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Regulatory

The City was issued an Administrative Order in 1998 by the United States Environmental Protection Agency (EPA), requiring the City to evaluate and plan for appropriate treatment of Combined Sewer Overflows (CSOs) pursuant to the Federal Clean Water Act. The City completed all work required by the Administrative Order on schedule in 2010. As of June 30, 2024, there was no pending claim by the EPA or the State.

The City prepared a Phase II Long-Term Control Plan to address the CSOs on the City's East Side and submitted it to the EPA in March 2010. Due to area flooding, the City completed construction of the first two Phase II contracts in 2014 and 2016. In September 2020, the City and EPA agreed to an update to the Long-Term Control Plan and Phase II program, which was incorporated into a formal Consent Decree. The Phase II program consists of environmental infrastructure improvements to be implemented over 20 years with an estimated project cost of \$670 million.

The City was issued a Notice of Violation by the EPA for the wastewater treatment plant's incinerator emissions. The City negotiated a consent decree with the EPA to achieve compliance. An \$8 million incinerator emissions upgrade project was constructed and went online in June of 2019 resulting in full compliance with EPA's new incinerator emissions regulations. EPD was subsequently released from the Consent Decree on January 19, 2023.

The City has been governed under, and been in compliance with, the Municipal Separate Storm Sewer System (MS4) national permit since 2004. In 2018 the MS4 permit was reissued and the City is currently in full compliance with all requirements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$4,655,700 reported as landfill closure and postclosure care liability at June 30, 2024 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 13. 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 assets have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases, in accordance with *GASB Statement No. 87* have been recognized in the fiscal year 2024. *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.

Note 14. Fund Deficits

As of June 30, 2024, the following funds had balance deficits; CDBG Fund \$178,420 and Capital Projects Funds \$11,225,361. The CDBG deficit will be funded through future reimbursements. Borrowing for the capital project fund deficit will occur in fiscal year 2025.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 15. Restricted Net Position

Below is a listing of the primary government's restricted net position at June 30, 2024:

	Governmental		
	Activities	EPD	Aviation
Bond fund	\$ -	\$ -	\$ 5,526,183
Bond reserve fund	-	-	8,665,557
Capital improvement account	-	1,173,577	-
Cemetery and other trust funds-nonspendable	32,336,178	-	-
Cemetery and other trust funds-restricted	13,806,480	-	-
Passenger facility charges	-	-	1,693,236
Renewal and replacement	-	-	250,000
Revenue bond operations and maintenance reserve	-	-	8,832,000
Total Restricted Net Position	46,142,658	1,173,577	24,966,976
Less accrued bond interest	-	-	(1,948,773)
Total Restricted Net Position	<u>\$ 46,142,658</u>	<u>\$ 1,173,577</u>	<u>\$ 23,018,203</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 16. Fund Balances

Primary Government

Below is a table of fund balance categories and classifications at June 30, 2024 for the City governmental funds:

	General Fund	Other Grant Fund	Other Governmental Funds	Total
Fund Balances				
Nonspendable:				
Cemetery/library trust	\$ -	\$ -	\$ 32,336,178	\$ 32,336,178
Inventories	894,920	-	-	894,920
Prepaid items	906,963	-	-	906,963
Total nonspendable	1,801,883	-	32,336,178	34,138,061
Restricted				
Capital projects	-	-	13,040,464	13,040,464
Cemetery/library trust	-	-	10,973,132	10,973,132
Civic center	-	-	319,375	319,375
Grants	-	2,316,049	-	2,316,049
Revolving	-	-	197,924	197,924
Total restricted	-	2,316,049	24,530,895	26,846,944
Committed				
Capital	1,358,817	-	-	1,358,817
Worker's compensation	3,808,375	-	-	3,808,375
General liability insurance	1,996,265	-	-	1,996,265
Health department reserve	610,366	-	-	610,366
Health insurance	3,363,627	-	-	3,363,627
ALS Response	27,900	-	-	27,900
Hud Section 108 Fund	-	-	171,229	171,229
Municipal and Transportation Improvement	1,568,942	-	-	1,568,942
Pine Grove cemetery reserve	149,150	-	-	149,150
Roadway degradation fee reserve	2,016,163	-	-	2,016,163
Severance reserve	928,353	-	-	928,353
Snow reserve	851,790	-	-	851,790
Cash projects fund	1,710,187	-	-	1,710,187
Total committed	18,389,935	-	171,229	18,561,164
Assigned				
General government	714,487	-	-	714,487
Public safety	354,532	-	-	354,532
Health and sanitation	6,394	-	-	6,394
Highway and streets	886,470	-	-	886,470
Welfare	645	-	-	645
Parks and recreation	83,265	-	-	83,265
Total assigned	2,045,793	-	-	2,045,793
Unassigned				
General Fund	13,245,042	-	-	13,245,042
Deficits	-	(1,595,142)	(24,444,245)	(26,039,387)
Total unassigned	13,245,042	(1,595,142)	(24,444,245)	(12,794,345)
Total fund balance	\$ 35,482,653	\$ 720,907	\$ 32,594,057	\$ 68,797,617

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 17. Correction of an Error

During fiscal year 2024, the City identified an error in receivables of the Environmental Protection (sewer) and Water Works enterprise funds. Specifically, commitments from other local governments for their share of debt services costs were recognized upon the execution of the contracts between the City and the other governments, rather than when all eligibility requirements were met. The effect of correcting these errors is presented in the table below:

	Environmental Protection Division	Water Works	Aviation Fund	Non-major Fund	Business-type Activities
Net position, as previously reported, 6/30/23	\$ 188,355,047	\$ 93,424,156	\$ 181,429,784	\$ 2,857,629	\$ 466,066,616
Error correction	(5,539,571)	(2,517,460)	-	-	(8,057,031)
Net position, as restated, 6/30/24	<u>\$ 182,815,476</u>	<u>\$ 90,906,696</u>	<u>\$ 181,429,784</u>	<u>\$ 2,857,629</u>	<u>\$ 458,009,585</u>

Additionally, as of June 30, 2023, error correction reduced accounts receivable by the same amounts. Further, the effect of correcting these errors is to reduce June 30, 2024, assets by \$2.2m and \$5.1 in the MWW and EPD financial statements, respectively.

Note 18. Subsequent Events

On July 25, 2024, the City closed on a \$40,900,000 issuance of General Obligation Public Improvement Bonds. The General Obligation Public Improvement Bonds were issued in two series: \$37,945,000 Series 2024 A Bond, a non-taxable issuance, \$25,755,000 for General Fund projects, \$9,005,000 for Manchester School District projects and \$3,185,000 for Manchester Water Works projects; \$2,955,000 Series 2024 B Bond, a taxable issuance for General Fund projects. The true interest cost on the Series 2024 A is 3.39%, while the true interest cost on the Series 2024 B is 4.99%.

On October 30, 2024, the City's Environmental Protection Division closed on a \$105,675,000 issuance of Sewer Revenue Bonds. The Sewer Revenue Bonds were a new money issue to finance a portion of the costs for various improvements to the City's wastewater treatment, collection and disposal systems and was issued in Sewer Revenue Bonds Series 2024 (Green Bonds), a non-taxable issuance. The true interest cost on Sewer Revenue Bonds Series 2024 is 4.29%.

On November 14, 2024, the Manchester School District closed on a \$28,300,000 issuance of General Obligation Bond Anticipation Notes. The Bond Anticipation Notes will be used to finance a portion of the cost of various school related capital projects of the City and was issued in 2024 Series 1, a non-taxable issuance. The true interest cost on 2024 Series 1 is 3.05%.

Management has evaluated subsequent events through August 7, 2025, the date of this report, which is the date the financial statements were available to be issued.

**Required Supplementary Information
(Unaudited)**

CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE NET PENSION LIABILITY AND CHANGES IN THE NET PENSION LIABILITY*

(Unaudited)

Schedule of the Net Pension Liability
Measured year-ended December 31, six months prior

Schedule of the Net Pension Liability										
Measured year-ended December 31, six months prior										
	2024	2023	2022	2021	2020	Fiscal Year				
						2019	2018	2017	2016	2015
Total pension liability	\$ 459,815,673	\$ 439,499,792	\$ 426,344,434	\$ 413,910,761	\$ 370,984,435	\$ 355,948,216	\$ 344,418,296	\$ 321,887,981	\$ 314,355,740	\$ 297,090,927
Plan fiduciary net position	273,592,981	245,595,722	287,263,228	259,929,360	232,789,386	203,944,655	219,277,973	191,930,272	186,492,399	192,640,171
Net pension liability	\$ 186,222,692	\$ 193,904,070	\$ 139,081,206	\$ 153,981,401	\$ 138,195,049	\$ 152,003,561	\$ 125,140,323	\$ 129,957,709	\$ 127,863,341	\$ 104,450,756
Plan fiduciary net position as a percentage of the total pension liability	59.50%	55.88%	67.38%	62.80%	62.75%	57.30%	63.67%	59.63%	59.33%	64.84%
Covered payroll	\$ 62,181,204	\$ 56,969,297	\$ 55,323,580	\$ 54,254,463	\$ 52,895,992	\$ 51,787,265	\$ 53,364,536	\$ 52,888,074	\$ 52,953,903	\$ 54,267,183
Net pension liability as a percentage of covered payroll	299.48%	340.37%	251.40%	283.81%	261.26%	293.52%	234.50%	245.72%	241.46%	192.47%

Schedule of Changes in the Net Pension Liability
Measured year-ended December 31, six months prior

Schedule of Changes in the Net Pension Liability Measured year-ended December 31, six months prior	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 7,822,395	\$ 7,086,981	\$ 6,793,736	\$ 6,467,132	\$ 6,188,578	\$ 6,361,053	\$ 6,341,280	\$ 6,327,991	\$ 6,468,648	\$ 6,589,804
Interest on the total pension liability	29,077,152	28,215,371	27,407,254	25,471,822	24,447,847	23,689,732	22,956,480	22,438,990	21,231,157	20,108,289
Differences between expected and actual experience in the measurement of the total pension liability	7,227,104	1,617,855	781,152	2,625,836	3,974,876	(172,714)	201,281	(5,201,876)	4,528,433	2,603,699
Changes of assumptions	1,465,950	-	-	29,031,182	-	-	9,866,319	-	-	-
Benefit payments, including refunds of employee contributions	(24,678,227)	(23,267,787)	(21,857,612)	(20,446,872)	(19,575,082)	(18,348,151)	(16,835,045)	(16,032,864)	(14,963,425)	(12,543,344)
Refunds	(598,493)	(497,062)	(690,857)	(222,774)	-	-	-	-	-	-
Net change in total pension liability	20,315,881	13,155,358	12,433,673	42,926,326	15,036,219	11,529,920	22,530,315	7,532,241	17,264,813	16,758,448
Total pension liability - beginning	439,499,792	426,344,434	413,910,761	370,984,435	355,948,216	344,418,296	321,887,981	314,355,740	297,090,927	280,332,479
Total pension liability - ending (a)	459,815,673	439,499,792	426,344,434	413,910,761	370,984,435	355,948,216	344,418,296	321,887,981	314,355,740	297,090,927
Plan fiduciary net position										
Contributions - employer	20,289,596	18,657,250	17,333,301	15,442,093	14,205,016	13,113,367	12,221,415	8,391,457	11,613,137	10,959,998
Contributions - employee	2,580,363	2,551,251	2,478,106	2,374,547	2,440,534	2,387,580	2,342,148	2,389,882	2,744,956	2,254,021
Pension plan net investment income	31,188,606	(38,377,993)	30,846,413	30,899,858	32,777,140	(11,682,616)	30,429,722	11,543,017	(4,783,148)	6,754,397
Benefit payments, including refunds of employee contributions	(24,678,227)	(23,267,787)	(21,857,612)	(20,446,872)	(19,575,082)	(18,348,151)	(16,835,045)	(16,032,864)	(14,963,425)	(12,543,344)
Refunds	(598,493)	(497,062)	(690,857)	(222,774)	-	-	-	-	-	-
Pension plan administrative expense	(784,586)	(733,165)	(775,483)	(910,717)	(876,660)	(702,533)	(759,927)	(791,764)	(693,329)	(601,610)
Other changes	-	-	-	(1,982)	(36,626)	(59,532)	(50,612)	(61,855)	(65,963)	(50,008)
Net change in plan fiduciary net position	27,997,259	(41,667,506)	27,333,868	27,134,153	28,934,322	(15,291,885)	27,347,701	5,437,873	(6,147,772)	6,773,454
Plan fiduciary net position - beginning	245,595,722	287,263,228	259,929,360	232,789,386	203,944,655	219,277,973	191,930,272	186,492,399	192,640,171	185,866,717
Adjustment	-	-	-	5,821	(89,591)	(41,433)	-	-	-	-
Plan fiduciary net position - ending (b)	273,592,981	245,595,722	287,263,228	259,929,360	232,789,386	203,944,655	219,277,973	191,930,272	186,492,399	192,640,171
Net pension liability - ending (a-b)	\$ 186,222,692	\$ 193,904,070	\$ 139,081,206	\$ 153,981,401	\$ 138,195,049	\$ 152,003,561	\$ 125,140,323	\$ 129,957,709	\$ 127,863,341	\$ 104,450,756

* This schedule is inclusive of the Manchester School District, a component unit of the City.

See Independent Auditors' Report

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS AND INVESTMENT RETURNS ***

(Unaudited)

Schedule of Contributions <i>Measured year-ended December 31, six months prior</i>	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 20,289,596	\$ 18,657,250	\$ 17,333,301	\$ 15,442,093	\$ 14,205,016	\$ 13,113,367	\$ 12,221,415 ¹	\$ 8,391,457 ²	\$ 11,613,137 ²	\$ 10,959,998 ²
Contributions in relation to the contractually required contribution	<u>20,289,596</u>	<u>18,657,250</u>	<u>17,333,301</u>	<u>15,442,093</u>	<u>14,205,016</u>	<u>13,113,367</u>	<u>12,221,415</u>	<u>8,391,457</u>	<u>11,613,137</u>	<u>10,959,998</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 62,181,204	\$ 56,969,297	\$ 55,323,580	\$ 54,254,463	\$ 52,895,992	\$ 51,787,265	\$ 53,364,536	\$ 52,888,074	\$ 52,953,903	\$ 54,267,183
Contributions as a percentage of covered payroll	32.63%	32.75%	31.33%	28.46%	26.85%	25.32%	22.90%	15.87%	21.93%	20.20%
Schedule of Investment Returns <i>Measured year-ended December 31, six months prior</i>	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expense	12.9%	-14.9%	11.6%	13.1%	15.9%	-5.5%	15.6%	6.3%	-2.5%	3.6%

* These schedules are inclusive of the Manchester School District, a component unit of the City.

¹ Beginning January 1, 2017, the City returned to a weekly percentage of payroll method for the payment of the employer obligation to the pension fund. As a result of that transition, and as a result of a procedure sanctioned by the actuary, the December 2016 semi-annual payment was cancelled. Under the new payment method, the City will still owe an annual "True-Up" for 2017, to be followed by a final "True-Up" payment for a six month period following the 2018 valuation.

² Except as noted above, 2017, 2016 and 2015 contributions were actuarial determined.

See Independent Auditor's Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,027	\$ 18,157	\$ 34,755	\$ 52,770
Interest on the total pension liability	315,582	338,129	290,205	302,591	478,499	540,284	544,339	516,863	800,703	908,525
experience										
in the measurement of the total pension liability	(426,707)	-	(260,721)	-	(436,791)	-	(901,997)	-	(1,284,322)	(556,703)
Changes of assumptions	(131,389)	(22,123)	(683,189)	(88,715)	284,867	338,910	863,082	(566,613)	1,971,523	534,707
Benefit payments, including refunds of employee contributions	<u>(1,008,024)</u>	<u>(1,025,096)</u>	<u>(1,128,547)</u>	<u>(1,200,876)</u>	<u>(1,264,450)</u>	<u>(1,269,226)</u>	<u>(1,357,692)</u>	<u>(1,405,754)</u>	<u>(1,551,678)</u>	<u>(1,543,414)</u>
Net change in total pension liability	(1,250,538)	(709,090)	(1,782,252)	(987,000)	(937,875)	(390,032)	(836,241)	(1,437,347)	(29,019)	(604,115)
Total pension liability - beginning	<u>8,942,043</u>	<u>9,651,133</u>	<u>11,433,385</u>	<u>12,420,385</u>	<u>13,358,260</u>	<u>13,748,292</u>	<u>14,584,533</u>	<u>16,021,880</u>	<u>16,050,899</u>	<u>16,655,014</u>
Total pension liability - ending (a)	7,691,505	8,942,043	9,651,133	11,433,385	12,420,385	13,358,260	13,748,292	14,584,533	16,021,880	16,050,899
Plan fiduciary net position										
Pension plan net investment income	337,232	317,432	(701,472)	1,298,867	239,784	304,899	574,648	925,222	(75,022)	440,396
Benefit payments, including refunds of employee contributions	(1,008,024)	(1,025,096)	(1,128,547)	(1,200,876)	(1,264,450)	(1,269,226)	(1,357,692)	(1,405,754)	(1,551,678)	(1,543,414)
Pension plan administrative expense	<u>(17,936)</u>	<u>(16,410)</u>	<u>(16,649)</u>	<u>(16,406)</u>	<u>(15,493)</u>	<u>(15,952)</u>	<u>(14,017)</u>	<u>(21,995)</u>	<u>(11,629)</u>	<u>(64,663)</u>
Net change in plan fiduciary net position	(688,728)	(724,074)	(1,846,668)	81,585	(1,040,159)	(980,279)	(797,061)	(502,527)	(1,638,329)	(1,167,681)
Plan fiduciary net position - beginning	<u>3,073,049</u>	<u>3,797,124</u>	<u>5,643,793</u>	<u>5,562,208</u>	<u>6,602,367</u>	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>	<u>11,688,244</u>
Plan fiduciary net position - ending (b)	<u>2,384,320</u>	<u>3,073,049</u>	<u>3,797,124</u>	<u>5,643,793</u>	<u>5,562,208</u>	<u>6,602,367</u>	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>
Net pension liability - ending (a-b)	<u>\$ 5,307,185</u>	<u>\$ 5,868,994</u>	<u>\$ 5,854,009</u>	<u>\$ 5,789,592</u>	<u>\$ 6,858,177</u>	<u>\$ 6,755,893</u>	<u>\$ 6,165,646</u>	<u>\$ 6,204,826</u>	<u>\$ 7,139,646</u>	<u>\$ 5,530,336</u>

See Independent Auditors' Report

CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
(Unaudited)

Schedule of the Net Pension Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	\$ 7,691,505	\$ 8,942,043	\$ 9,651,133	\$ 11,433,385	\$ 12,420,385	\$ 13,358,260	\$ 13,748,292	\$ 14,584,533	\$ 16,021,880	\$ 16,050,899
Plan fiduciary net position	<u>2,384,320</u>	<u>3,073,049</u>	<u>3,797,124</u>	<u>5,643,793</u>	<u>5,562,208</u>	<u>6,602,367</u>	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>
Net pension liability	<u>\$ 5,307,185</u>	<u>\$ 5,868,994</u>	<u>\$ 5,854,009</u>	<u>\$ 5,789,592</u>	<u>\$ 6,858,177</u>	<u>\$ 6,755,893</u>	<u>\$ 6,165,646</u>	<u>\$ 6,204,826</u>	<u>\$ 7,139,646</u>	<u>\$ 5,530,336</u>
Plan fiduciary net position as a percentage of the total pension liability	31.00%	34.37%	39.34%	49.36%	44.78%	49.43%	55.15%	57.46%	55.44%	65.55%
Covered payroll	\$ -	\$ 134,957	\$ 122,117	\$ 122,177	\$ 120,307	\$ 294,625	\$ 283,421	\$ 283,420	\$ 280,592	\$ 458,869
Net pension liability as a percentage of covered payroll	0.00%	4348.79%	4793.77%	4738.69%	5700.56%	2293.05%	2175.44%	2189.27%	2544.49%	1205.21%

Schedule of Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 642,323	\$ 701,383	\$ 698,323	\$ 658,658	\$ 776,228	\$ 808,107	\$ 791,915	\$ 665,949	\$ 692,354	\$ 390,514
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ 642,323</u>	<u>\$ 701,383</u>	<u>\$ 698,323</u>	<u>\$ 658,658</u>	<u>\$ 776,228</u>	<u>\$ 808,107</u>	<u>\$ 791,915</u>	<u>\$ 665,949</u>	<u>\$ 692,354</u>	<u>\$ 390,514</u>
Covered payroll	\$ -	\$ 134,957	\$ 122,117	\$ 122,177	\$ 120,307	\$ 294,625	\$ 283,421	\$ 283,420	\$ 280,592	\$ 458,869
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual money-weighted rate of return, net of investment expenses	11.00%	8.38%	-12.45%	23.38%	3.64%	4.02%	6.86%	10.43%	-0.71%	Not available

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

(Unaudited)

New Hampshire Retirement System						
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2024	June 30, 2023	2.312%	\$ 129,438,428	\$ 48,035,003	269.47%	67.2%
June 30, 2023	June 30, 2022	2.328%	\$ 133,559,540	\$ 45,922,319	290.84%	65.1%
June 30, 2022	June 30, 2021	2.425%	\$ 107,475,241	\$ 44,520,350	241.41%	72.2%
June 30, 2021	June 30, 2020	2.430%	\$ 155,400,626	\$ 43,631,613	356.17%	58.7%
June 30, 2020	June 30, 2019	2.519%	\$ 121,221,028	\$ 42,289,979	286.64%	65.6%
June 30, 2019	June 30, 2018	2.493%	\$ 120,063,396	\$ 41,480,052	289.45%	64.7%
June 30, 2018	June 30, 2017	2.531%	\$ 124,450,514	\$ 39,866,826	312.17%	62.7%
June 30, 2017	June 30, 2016	2.554%	\$ 135,802,989	\$ 38,912,144	349.00%	58.3%
June 30, 2016	June 30, 2015	2.594%	\$ 102,751,888	\$ 38,348,521	267.94%	66.5%
June 30, 2015	June 30, 2014	2.569%	\$ 96,430,327	\$ 37,094,327	259.96%	66.3%

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS**

(Unaudited)

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2024	\$ 13,575,730	\$ 13,575,730	\$ -	\$ 48,035,003	28.26%
June 30, 2023	\$ 13,904,399	\$ 13,904,399	\$ -	\$ 45,922,319	30.28%
June 30, 2022	\$ 13,479,250	\$ 13,479,250	\$ -	\$ 44,520,350	30.28%
June 30, 2021	\$ 11,140,712	\$ 11,140,712	\$ -	\$ 43,631,613	25.53%
June 30, 2020	\$ 10,793,286	\$ 10,793,286	\$ -	\$ 42,289,979	25.52%
June 30, 2019	\$ 10,963,627	\$ 10,963,627	\$ -	\$ 41,480,052	26.43%
June 30, 2018	\$ 10,539,221	\$ 10,539,221	\$ -	\$ 39,866,826	26.44%
June 30, 2017	\$ 9,270,373	\$ 9,270,373	\$ -	\$ 38,912,144	23.82%
June 30, 2016	\$ 9,144,766	\$ 9,144,766	\$ -	\$ 38,348,521	23.85%
June 30, 2015	\$ 8,715,379	\$ 8,715,379	\$ -	\$ 37,094,327	23.50%

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULES OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Total OPEB Liability</u>	<u>Proportionate Share of the Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2024	June 30, 2023	3.368%	\$11,509,311	\$ 48,035,003	23.96%	12.80%
June 30, 2023	June 30, 2022	3.394%	\$12,827,319	\$ 45,922,319	27.93%	10.64%
June 30, 2022	June 30, 2021	3.323%	\$13,308,151	\$ 44,520,350	29.89%	11.06%
June 30, 2021	June 30, 2020	3.335%	\$14,595,692	\$ 43,631,613	33.45%	7.74%
June 30, 2020	June 30, 2019	3.727%	\$16,337,931	\$ 42,289,979	38.63%	7.75%
June 30, 2019	June 30, 2018	3.695%	\$16,917,189	\$ 41,480,052	40.78%	7.53%
June 30, 2018	June 30, 2017	2.521%	\$11,527,086	\$ 39,866,826	28.91%	7.91%
June 30, 2017	June 30, 2016	2.534%	\$12,268,677	\$ 38,912,144	31.53%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2024	June 30, 2023	\$1,474,075	\$1,474,075	\$0	\$48,035,003	3.07%
June 30, 2023	June 30, 2022	\$1,429,382	\$1,429,382	\$0	\$45,922,319	3.11%
June 30, 2022	June 30, 2021	\$1,596,988	\$1,596,988	\$0	\$44,520,350	3.59%
June 30, 2021	June 30, 2020	\$1,596,917	\$1,596,917	\$0	\$43,631,613	3.66%
June 30, 2020	June 30, 2019	\$1,547,812	\$1,547,812	\$0	\$42,289,979	3.66%
June 30, 2019	June 30, 2018	\$1,700,682	\$1,700,682	\$0	\$41,480,052	4.10%
June 30, 2018	June 30, 2017	\$1,634,388	\$1,634,388	\$0	\$39,866,826	4.10%
June 30, 2017	June 30, 2016	\$1,494,227	\$1,494,227	\$0	\$38,912,144	3.84%

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

See Independent Auditor's Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
CITY OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

(Unaudited)

Changes in Total OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability								
Service cost	\$ 1,376,803	\$ 1,347,975	\$ 1,706,119	\$ 1,866,541	\$ 1,412,955	\$ 1,338,843	\$ 1,486,350	\$ 1,665,478
Interest	1,083,998	1,015,310	693,010	801,082	1,079,123	1,108,843	1,231,814	1,028,133
Changes of benefit terms	-	(81,346)	-	-	-	-	-	-
Differences between expected and actual experience	-	(296,480)	-	(5,389,276)	-	(2,556,250)	(5,987,133)	-
Changes of assumptions	(691,431)	699,286	(3,887,333)	259,794	4,054,711	3,830,079	(700,744)	(2,500,260)
Benefit payments, including refunds of member contributions	<u>(1,771,263)</u>	<u>(1,620,965)</u>	<u>(1,491,693)</u>	<u>(1,592,360)</u>	<u>(1,576,421)</u>	<u>(1,655,242)</u>	<u>(1,622,237)</u>	<u>(1,739,426)</u>
Net change in total OPEB liability	(1,893)	1,063,780	(2,979,897)	(4,054,219)	4,970,368	2,066,273	(5,591,950)	(1,546,075)
Total OPEB liability - beginning	<u>29,207,371</u>	<u>28,143,591</u>	<u>31,123,488</u>	<u>35,177,707</u>	<u>30,207,339</u>	<u>28,141,066</u>	<u>33,733,016</u>	<u>35,279,091</u>
Total OPEB liability - ending	\$ <u>29,205,478</u>	\$ <u>29,207,371</u>	\$ <u>28,143,591</u>	\$ <u>31,123,488</u>	\$ <u>35,177,707</u>	\$ <u>30,207,339</u>	\$ <u>28,141,066</u>	\$ <u>33,733,016</u>

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 Auditor's Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEE CONTRIBUTORY RETIREMENT SYSTEM OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND CONTRIBUTIONS

(Unaudited)

Changes in Total OPEB Liability

Measured December 31, six months prior

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 828,254	\$ 836,879	\$ 800,532	\$ 750,882	\$ 722,950	\$ 667,057	\$ 629,368
Interest on unfunded liability - time value of \$	2,608,199	2,516,831	2,355,738	2,103,564	1,993,098	1,834,405	1,657,437
Differences between expected and actual experience in the measurement of the total OPEB liability	(6,029,325)	(401,765)	776,644	(158,010)	108,038	871,321	(139,278)
Changes of assumptions	-	-	-	3,525,938	-	-	2,188,276
Benefit payments, including refunds of employee contributions	<u>(1,537,208)</u>	<u>(1,650,847)</u>	<u>(1,478,210)</u>	<u>(1,318,384)</u>	<u>(1,201,543)</u>	<u>(1,065,835)</u>	<u>(954,291)</u>
Net change in total OPEB liability	(4,130,080)	1,301,098	2,454,704	4,903,990	1,622,543	2,306,948	3,381,512
Total OPEB liability - beginning	<u>38,994,461</u>	<u>37,693,363</u>	<u>35,238,659</u>	<u>30,334,669</u>	<u>28,712,126</u>	<u>26,405,178</u>	<u>23,023,666</u>
Total OPEB liability - ending (a)	<u>34,864,381</u>	<u>38,994,461</u>	<u>37,693,363</u>	<u>35,238,659</u>	<u>30,334,669</u>	<u>28,712,126</u>	<u>26,405,178</u>
Plan fiduciary net position							
Contributions - employer	1,770,966	1,615,726	1,439,820	1,252,923	1,075,844	856,677	715,870
Contributions - employee	778,070	721,128	710,291	702,739	682,470	674,011	680,166
OPEB plan net investment income	2,353,094	(2,696,932)	2,085,283	2,074,039	2,002,516	(688,995)	1,681,916
Benefit payments, including refunds of employee contributions	(1,537,208)	(1,650,847)	(1,478,210)	(1,318,384)	(1,201,543)	(1,065,835)	(954,291)
OPEB plan administrative expense	(58,905)	(52,011)	(48,968)	(58,908)	(47,490)	(37,111)	(44,790)
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128)</u>	<u>(2,239)</u>	<u>(3,484)</u>	<u>-</u>
Net change in plan fiduciary net position	3,306,017	(2,062,936)	2,708,216	2,652,281	2,509,558	(264,737)	2,078,871
Adjustment	-	-	-	(5,821)	(5,315)	(2,340)	-
Plan fiduciary net position - beginning	<u>18,064,442</u>	<u>20,127,378</u>	<u>17,419,162</u>	<u>14,772,702</u>	<u>12,268,459</u>	<u>12,535,536</u>	<u>10,456,665</u>
Plan fiduciary net position - ending (b)	<u>21,370,459</u>	<u>18,064,442</u>	<u>20,127,378</u>	<u>17,419,162</u>	<u>14,772,702</u>	<u>12,268,459</u>	<u>12,535,536</u>
Net OPEB liability - ending (a-b)	<u>\$ 13,493,922</u>	<u>\$ 20,930,019</u>	<u>\$ 17,565,985</u>	<u>\$ 17,819,497</u>	<u>\$ 15,561,967</u>	<u>\$ 16,443,667</u>	<u>\$ 13,869,642</u>

Schedule of Contributions

Measured December 31, six months prior

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,537,208	\$ 1,650,847	\$ 1,478,210	\$ 1,252,923	\$ 1,075,844	\$ 856,677	\$ 715,870
Contributions in relation to the contractually required contribution	<u>1,537,208</u>	<u>1,650,847</u>	<u>1,478,210</u>	<u>1,252,923</u>	<u>1,075,844</u>	<u>856,677</u>	<u>715,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	62,181,204	56,969,297	55,323,580	54,254,463	52,895,992	51,787,265	53,364,536
Contributions as a percentage of covered payroll	2.47%	2.90%	2.67%	2.31%	2.03%	1.65%	1.34%

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

*This schedule is inclusive of the Manchester School District

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

See Independent Auditors' Report.

General Fund
Required Supplementary Information
Schedule of Revenues and Expenditures and
Other Financing Sources (Uses) -
Budget and Actual (Budget Basis) - Unaudited

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 118,707,608	\$ 118,707,608	\$ 118,974,395	\$ 266,787
Federal and state grants and aid	9,246,257	9,246,257	10,758,448	1,512,191
Nonenterprise charges for sales and services	4,639,849	4,639,849	5,200,837	560,988
Licenses and permits	26,540,427	26,540,427	27,026,216	485,789
Interest	2,951,670	2,951,670	3,574,079	622,409
Other	13,339,937	13,339,937	13,427,741	87,804
Total Revenues	175,425,748	175,425,748	178,961,716	3,535,968
<u>Expenditures</u>				
General government	68,561,936	68,630,850	73,399,686	(4,768,836)
Public safety	55,605,988	55,555,102	55,052,264	502,838
Health and sanitation	2,033,170	2,033,170	1,841,957	191,213
Highway and streets	33,323,820	33,328,820	27,643,018	5,685,802
Welfare	1,033,487	1,033,487	1,035,768	(2,281)
Education	2,295,526	2,353,341	2,353,271	70
Parks and recreation	4,868,595	4,868,595	4,738,858	129,737
Debt service:				
Principal retirement	11,300,000	11,300,000	11,287,677	12,323
Interest	4,800,000	4,800,000	4,807,947	(7,947)
Total Expenditures	183,822,522	183,903,365	182,160,446	1,742,919
Excess (Deficiency) of revenues over expenditures	(8,396,774)	(8,477,617)	(3,198,730)	5,278,887
<u>Other Financing Sources (Uses)</u>				
Transfers in	3,701,202	3,701,202	2,855,205	(845,997)
Transfers out	(1,340,000)	(1,340,000)	(750,000)	(590,000)
Total Other Financing Sources (Uses)	2,361,202	2,361,202	2,105,205	(255,997)
Revenues and Other Financing Sources Over Expenses and Other Financing Uses	\$ (6,035,572)	\$ (6,116,415)	\$ (1,093,525)	\$ 5,022,890

See Independent Auditors' Report and Notes to Required Supplementary Information.

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

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Taxes</u>				
Property tax	\$ 116,511,193	\$ 116,511,193	\$ 116,669,587	\$ 158,394
Miscellaneous taxes	21,415	21,415	106,982	85,567
Interest and penalties	495,000	495,000	805,622	310,622
Cable franchise fees	1,680,000	1,680,000	1,392,204	(287,796)
Total Taxes	118,707,608	118,707,608	118,974,395	266,787
<u>Federal and State Grants and Aid</u>				
Federal grants	418,000	418,000	408,511	(9,489)
Payments in lieu of taxes	951,600	951,600	890,138	(61,462)
State Grants	7,876,657	7,876,657	9,459,798	1,583,141
Total Federal and State Grants and Aid	9,246,257	9,246,257	10,758,447	1,512,190
<u>Nonenterprise Charges for Sales and Services</u>				
General revenues	242,320	242,320	204,705	(37,615)
Public safety	276,650	276,650	313,684	37,034
Highway	1,010,248	1,010,248	1,122,515	112,267
Health	10,000	10,000	5,400	(4,600)
Cemetery, Parks & Recreation	1,850,706	1,850,706	2,179,242	328,536
Zoning board	82,000	82,000	81,590	(410)
Parking violations	3,000	3,000	7,898	4,898
Court fines	4,000	4,000	13,723	9,723
Fees	1,160,925	1,160,925	1,272,080	111,155
Total Nonenterprise Charges for Sales and Services	4,639,849	4,639,849	5,200,837	560,988
<u>Licenses and Permits</u>				
Auto registrations	22,688,092	22,688,092	22,214,399	(473,693)
Licenses	556,340	556,340	620,284	63,944
Permits	3,295,995	3,295,995	4,191,533	895,538
Total Licenses and Permits	26,540,427	26,540,427	27,026,216	485,789
<u>Interest</u>				
Income from invested funds	2,951,670	2,951,670	3,574,079	622,409
<u>Other Revenues</u>				
Reimbursements	2,945,798	2,945,798	3,073,241	127,443
Rentals & Leases	1,235,667	1,235,667	1,234,280	(1,387)
School chargebacks	9,155,972	9,155,972	9,055,847	(100,125)
Miscellaneous	2,500	2,500	64,374	61,874
Total Other Revenues	13,339,937	13,339,937	13,427,742	87,805
Total Revenues	175,425,748	175,425,748	178,961,716	3,535,968
Transfers in	3,129,705	3,129,705	2,855,205	(274,500)
Total Transfers in	3,129,705	3,129,705	2,855,205	(274,500)
Total Revenues and Transfers in	\$ 178,555,453	\$ 178,555,453	\$ 181,816,921	\$ 3,261,468

See Independent Auditors' Report and Notes to Required Supplementary Information

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

City of Manchester, New Hampshire
Year Ended June 30, 2024

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
General Government				
Aldermen	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Assessors	819,053	819,053	718,035	101,018
City Clerk	1,177,695	1,177,695	1,128,132	49,563
City Solicitor	1,939,189	1,988,925	1,783,679	205,246
Economic Development	175,907	175,907	175,942	(35)
Civic Contribution	120,086	120,086	121,524	(1,438)
Central Fleet Management	3,807,550	3,807,550	3,848,207	(40,657)
Finance	1,181,504	1,205,654	1,150,740	54,914
Information Systems	2,159,332	2,159,332	2,123,109	36,223
Mayor	258,859	278,859	278,181	678
MPTS	470,153	470,153	470,153	-
MTA	1,594,761	1,594,761	1,594,761	-
Nondepartmental	50,061,835	50,035,713	55,474,994	(5,439,281)
Non-city Program	78,385	78,385	78,385	-
Human Resources	783,725	783,725	710,396	73,329
Planning and Community Development	2,443,437	2,443,437	2,313,942	129,495
Tax Collector	777,253	777,253	764,300	12,953
Youth Services	643,212	643,212	594,276	48,936
Department of Housing Stability	-	1,150	930	220
Total General Government	68,561,936	68,630,850	73,399,686	(4,768,836)
Public Safety				
Fire	24,342,297	24,341,147	24,270,497	70,650
Police	31,263,691	31,213,955	30,781,767	432,188
Total Public Safety	55,605,988	55,555,102	55,052,264	502,838
Health and Sanitation				
Health	2,033,170	2,033,170	1,841,957	191,213
Total Health and Sanitation	2,033,170	2,033,170	1,841,957	191,213
Public Works				
Public Works	33,323,820	33,328,820	32,381,876	946,944
Total Public Works	33,323,820	33,328,820	32,381,876	946,944
Welfare				
Welfare	1,033,487	1,033,487	1,035,768	(2,281)
Total Welfare	1,033,487	1,033,487	1,035,768	(2,281)
Education				
Library	2,295,526	2,353,341	2,353,271	70
Total Education	2,295,526	2,353,341	2,353,271	70
Debt Service				
Principal retirement	11,300,000	11,300,000	11,287,677	12,323
Interest	4,800,000	4,800,000	4,807,947	(7,947)
Total Debt Service	16,100,000	16,100,000	16,095,624	4,376
Total Expenditures	178,953,927	179,034,770	182,160,446	(3,125,676)
Other Financing Uses				
Transfer out	(1,340,000)	(1,340,000)	(750,000)	(590,000)
Total Other Financing Uses	(1,340,000)	(1,340,000)	(750,000)	(590,000)
Total Expenditures and Other Financing Uses	\$ 177,613,927	\$ 177,694,770	\$ 181,410,446	\$ (3,715,676)

See Independent Auditors' Report and Notes to Required Supplementary Information

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2024 – Unaudited

Budgets and Appropriations

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

All portions of the annual City budget and the MSD budget are prepared under the direction of the Mayor. The Mayor establishes the procedures applicable to the preparation and adoption of the annual budget. Budgets include all proposed expenditures and the proposed use of all anticipated revenues.

All departments, agencies, and officers submit detailed statements of departmental budget requests to the Mayor per established procedures.

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

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

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

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

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

Note to Required Supplementary Information

June 30, 2024 – Unaudited

Limitation on Budget Increase

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

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

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

Section 6.15 further provides as follows: “Capital expenditures may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all the Aldermen elected. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the Alderman elected vote to renew the exception for the next budget year. If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero.” The FY 2023 and 2024 budget increases are capped at 3.57% and 4.96%, respectively.

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

Budgetary Accounting

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

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2024 – Unaudited

The City employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statements of Revenues and Expenditures - Budgetary Basis, presents the “actual” results to provide a comparison with the budgets.

The major differences between the budgetary basis and the GAAP basis are:

- (a) Tax revenues are recorded when invoiced (budgetary), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no firm liability exists.

Budget/GAAP reconciliation

Reconciliation of the reported revenues, expenditures and changes in fund balance of the general fund between the budgetary basis and the GAAP basis are presented below:

	Revenues	Expenditures	Other Financing Sources	Net Change
Statement of revenues, expenditures and changes in				
fund balance - budgetary basis	\$ 178,961,716	\$ 182,160,446	\$ 2,105,205	\$ (1,093,525)
Central Business District	258,000	258,881	-	(881)
Activity from reserves accounts	-	-	344,946	344,946
Tax revenues of 2022 recognized in 2023	2,847,766	-	-	2,847,766
Tax revenues of 2023 deferred until 2024	(2,810,656)	-	-	(2,810,656)
Interest paid on notes receivable	70,705	-	-	70,705
Excavation fee program	1,350,690	-	-	1,350,690
Municipal & Transportation improvement	532,985	-	-	532,985
Pine Grove cemetery improvement	36,900	-	-	36,900
ALS Response Reserve - Fire	23,100	-	-	23,100
Sale of capital assets	-	-	1,306	1,306
CIP Projects	1,409,621	1,228,953	-	180,668
Expendable Trust	26,844	-	-	26,844
Special Projects	-	(103,614)	-	103,614
Miscellaneous	-	65,599	-	(65,599)
Health Insurance	-	131,209	-	(131,209)
Severance Pay	-	657,406	-	(657,406)
Expenditures of prior year encumbrances - carry forwards	-	1,806,325	-	(1,806,325)
Current year encumbrances	-	(1,958,455)	-	1,958,455
Statement of revenues, expenditures and changes in				
fund balance (in conformity with GAAP)	\$ 182,707,671	\$ 184,246,750	\$ 2,451,457	\$ 912,378

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



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General Fund

General Fund

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

**General Fund
Comparative Balance Sheets**

**City of Manchester, New Hampshire
June 30, 2024 and 2023**

	2024	2023
<u>Assets</u>		
Cash and cash equivalents	\$ 75,492,936	\$ 82,792,519
Restricted cash and cash equivalents	12,470,043	10,882,372
Restricted investments	28,319,919	19,449,943
Investments	14,382,629	31,539,106
Receivables, net of allowances for collection losses	39,137,918	39,913,992
Prepaid expenses	920,885	1,739,813
Due from other funds	45,039,051	21,484,701
Inventories	894,920	1,041,614
Total Assets	\$ 216,658,301	\$ 208,844,060
<u>Liabilities</u>		
Accounts payable	\$ 4,276,351	\$ 5,187,359
Retainage payable	-	63,729
Accrued liabilities	4,259,797	3,352,186
Tax refunds payable	2,865,097	2,701,460
Other liabilities	6,512,928	4,668,288
Insurance claims payable	1,511,885	1,380,676
Due to Manchester School District	86,676,883	93,241,888
Unearned revenues	2,791,813	2,356,210
Total Liabilities	108,894,754	112,951,796
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	3,123,984	3,248,225
Unavailable revenues - taxes collected in advance	66,377,969	55,038,230
Lease related	2,778,941	3,035,534
Total deferred inflows of resources	72,280,894	61,321,989
<u>Fund Balances</u>		
Nonspendable	1,801,883	2,830,258
Committed	18,389,935	14,932,090
Assigned	2,045,793	2,264,652
Unassigned	13,245,042	14,543,275
Total Fund Balances	35,482,653	34,570,275
Total liabilities, deferred inflows of resources and fund balances	\$ 216,658,301	\$ 208,844,060

See Independent Auditors' Report.

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

City of Manchester, New Hampshire
Years Ended June 30, 2024 and 2023

	2024	2023
<u>Revenues</u>		
Taxes	\$ 120,583,086	\$ 118,606,229
Federal and state grants and aid	10,758,448	7,563,887
Charges for sales and services	5,459,896	5,508,449
Licenses and permits	27,600,587	27,272,195
Interest	3,656,018	2,841,140
School charge backs	9,055,847	7,811,060
Lease and rent income	1,172,447	1,170,848
Debt Recovery	688,340	664,474
Miscellaneous	3,733,002	3,809,151
Total Revenues	182,707,671	175,247,433
<u>Expenditures</u>		
Current:		
General government	46,909,366	37,831,335
Public safety	81,727,424	78,048,082
Health and sanitation	2,536,477	2,333,515
Highway and streets	25,156,339	24,372,182
Welfare	1,527,161	1,380,872
Education	3,568,728	3,260,149
Parks and recreation	6,725,631	6,067,262
Debt service:		
Principal retirement	11,287,677	10,172,104
Interest	4,807,947	5,524,965
Total Expenditures	184,246,750	168,990,466
Deficiency of revenues over expenditures	(1,539,079)	6,256,967
<u>Other Financing Sources (Uses)</u>		
Proceeds from sale of capital assets	1,306	844,133
Transfers in	2,450,151	2,562,150
Total Other Financing Sources (Uses)	2,451,457	3,406,283
Net Change in Fund Balance	912,378	9,663,250
Fund Balance, beginning of year	34,570,275	24,907,025
Fund Balance, end of year	\$ 35,482,653	\$ 34,570,275

See Independent Auditors' Report.

Nonmajor Governmental Funds



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Special Revenue Funds

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

HUD Section 108 Fund

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

CDBG Fund

To account for various Community Development Block Grant funded programs.

Civic Center Fund

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

Revolving Loan Fund

To account for a loan program funded by CDBG funds.

Capital Project Funds

The Capital Project Funds account for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and low-interest state loans.

Permanent Funds

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

Cemetery Trust Fund

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

Library Trust Fund

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

Nonmajor Governmental Funds
Combining Balance Sheet

City of Manchester, New Hampshire
June 30, 2024

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Civic Center Fund	Revolving Loan Fund
Assets				
Cash and cash equivalents	\$ 279,932	\$ 176,457	\$ -	\$ -
Restricted cash and cash equivalents	-	-	473,472	656,573
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	213,165	13,077,026	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 493,097	\$ 13,253,483	\$ 473,472	\$ 656,573
Liabilities				
Accounts payable	\$ 321,868	\$ 28,844	154,097	\$ -
Other liabilities	-	3,952	-	458,649
Due to other Funds	-	-	-	-
Total Liabilities	321,868	32,796	154,097	458,649
Deferred inflows of resources				
Unavailable revenues	-	13,399,107	-	-
Total deferred inflows of resources	-	13,399,107	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	319,375	197,924
Committed	171,229	-	-	-
Unassigned	-	(178,420)	-	-
Total Fund balances	171,229	(178,420)	319,375	197,924
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 493,097	\$ 13,253,483	\$ 473,472	\$ 656,573

(continued)

See Independent Auditors' Report.

Nonmajor Governmental Funds
Combining Balance Sheet (continued)

City of Manchester, New Hampshire
June 30, 2024

	Capital Projects	Permanent Funds		
	Capital Projects Fund	Cemetery Trust	Library Trust	Total
Assets				
Cash and cash equivalents	\$ 25,093,896	\$ 837,510	\$ 110,255	\$ 26,498,050
Restricted cash and cash equivalents	5,982,686	-	78,684	7,191,415
Restricted investments	-	35,186,841	7,086,786	42,273,627
Receivables, net of allowances for collection losses	-	9,234.00	-	13,299,425
Due from other funds	38,947	-	-	38,947
Total Assets	\$ 31,115,529	\$ 36,033,585	\$ 7,275,725	\$ 89,301,464
Liabilities				
Accounts payable	\$ 762,273	\$ -	\$ -	\$ 1,267,082
Other liabilities	-	-	-	462,601
Due to other Funds	41,578,617	-	-	41,578,617
Total Liabilities	42,340,890	-	-	43,308,300
Deferred inflows of resources				
Unavailable revenues	-	-	-	13,399,107
Total deferred inflows of resources	-	-	-	13,399,107
Fund balances				
Nonspendable	-	32,048,977	287,201	32,336,178
Restricted	13,040,464	3,984,608	6,988,524	24,530,895
Committed	-	-	-	171,229
Unassigned	(24,265,825)	-	-	(24,444,245)
Total Fund balances	(11,225,361)	36,033,585	7,275,725	32,594,057
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 31,115,529	\$ 36,033,585	\$ 7,275,725	\$ 89,301,464

See Independent Auditors' Report.

Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances

City of Manchester, New Hampshire

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Civic Center Fund	Revolving Loan Fund
Revenues				
Federal and state grants and aid	\$ -	\$ 2,977,308	\$ 5,240,000	\$ -
Investment income	9,850	-	16,297	34,149
Contributions	-	-	-	-
Other	-	-	-	7,550
Total Revenues	9,850	2,977,308	5,256,297	41,699
Expenditures				
Current:				
General government	-	2,013,883	5,318,889	-
Public safety	-	20,000	-	-
Health and sanitation	-	15,000	-	-
Highway and streets	-	570,155	-	-
Parks and recreation	-	9,412	-	-
Cemetery trust	-	-	-	-
Debt service:				
Interest	12,532	-	-	-
Total Expenditures	12,532	2,628,450	5,318,889	-
Excess (deficiency) of revenues over expenditures	(2,682)	348,858	(62,592)	41,699
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance (Deficit)	(2,682)	348,858	(62,592)	41,699
Fund Balance, beginning of year	173,911	(527,278)	381,967	156,225
Fund Balance, end of year	\$ 171,229	\$ (178,420)	\$ 319,375	\$ 197,924

See Independent Auditors' Report.

(continued)

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

	Capital Projects	Permanent Funds		
	Capital Projects Fund	Cemetery Trust	Library Trust	Total
Revenues				
Federal and state grants and aid	\$ -	\$ -	\$ -	\$ 8,217,308
Investment income	891,524	4,263,467	734,534	5,949,821
Contributions	-	74,425	92,092	166,517
Other	-	-	-	7,550
Total Revenues	891,524	4,337,892	826,626	14,341,196
Expenditures				
Current:				
General government	7,271,218	-	222,314	14,826,304
Public safety	1,783,234	-	-	1,803,234
Health and sanitation	-	-	-	15,000
Highway and streets	7,255,089	-	-	7,825,244
Parks and recreation	1,358,884	-	-	1,368,296
Cemetery trust	-	112,999	-	112,999
Debt service:				
Interest	-	-	-	12,532
Total Expenditures	17,668,425	112,999	222,314	25,963,609
Excess (deficiency) of revenues over expenditures	(16,776,901)	4,224,893	604,312	(11,622,413)
Other Financing Sources (Uses)				
Transfers in	276,584	-	-	276,584
Transfers out	(276,584)	(550,100)	-	(826,684)
Total Other Financing Sources (Uses)	-	(550,100)	-	(550,100)
Net Change in Fund Balance (Deficit)	(16,776,901)	3,674,793	604,312	(12,172,513)
Fund Balance, beginning of year	5,551,540	32,358,792	6,671,413	44,766,570
Fund Balance, end of year	\$ (11,225,361)	\$ 36,033,585	\$ 7,275,725	\$ 32,594,057
See Independent Auditors' Report.				



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Statistical Section

Statistical Section

This part of the City of Manchester, New Hampshire's annual comprehensive 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.

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Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 154

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 162

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 168

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 172

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 175

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

City of Manchester, New Hampshire
Table I

	2015	2016	2017	2018 *	2019	2020**	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 132,864,167	\$ 129,313,006	\$ 136,783,674	\$ 111,460,362	\$ 111,117,342	\$ 98,007,141	\$ 89,974,812	\$ 81,390,993	\$ 63,089,437	\$ 65,454,151
Restricted	28,475,544	28,332,984	31,984,959	34,007,297	34,475,335	35,111,991	44,872,293	38,576,028	38,339,040	46,142,658
Unrestricted	(194,919,019)	(191,048,782)	(218,406,961)	(226,759,159)	(240,679,666)	(252,758,905)	(266,232,264)	(256,396,566)	(227,485,299)	(235,390,809)
Total governmental activities net position	\$ (33,579,308)	\$ (33,402,792)	\$ (49,638,328)	\$ (81,291,500)	\$ (95,086,989)	\$ (119,639,773)	\$ (131,385,159)	\$ (136,429,545)	\$ (126,056,822)	\$ (123,794,000)
Business-type activities:										
Net investment in capital assets	\$ 340,731,477	\$ 357,446,113	\$ 353,802,649	\$ 359,020,913	\$ 373,100,197	\$ 387,371,222	\$ 374,843,955	\$ 315,025,128	\$ 382,997,840	\$ 402,006,143
Restricted	47,118,514	42,767,676	47,520,434	41,422,051	49,740,120	41,441,574	45,452,276	73,509,597	37,802,031	24,191,780
Unrestricted	18,791,549	16,297,466	23,452,904	24,631,511	10,966,243	9,715,703	20,270,557	56,202,660	45,266,748	47,871,438
Total business-type activities net position	\$ 406,641,540	\$ 416,511,255	\$ 424,775,987	\$ 425,074,475	\$ 433,806,560	\$ 438,528,499	\$ 440,566,788	\$ 444,737,385	\$ 466,066,619	\$ 474,069,361
Primary government:										
Net investment in capital assets	\$ 473,595,644	\$ 486,759,119	\$ 490,586,323	\$ 470,481,275	\$ 484,217,539	\$ 485,378,363	\$ 464,818,767	\$ 396,416,121	\$ 446,087,277	\$ 467,460,294
Restricted	75,594,058	71,100,660	79,505,393	75,429,348	84,215,455	76,553,565	90,324,569	112,085,625	76,141,071	70,334,438
Unrestricted	(176,127,470)	(174,751,316)	(194,954,057)	(202,127,648)	(229,713,423)	(243,043,202)	(245,961,707)	(200,193,906)	(182,218,551)	(187,519,371)
Total primary government net position	\$ 373,062,232	\$ 383,108,463	\$ 375,137,659	\$ 343,782,975	\$ 338,719,571	\$ 318,888,726	\$ 309,181,629	\$ 308,307,840	\$ 340,009,797	\$ 350,275,361

* As restated for OPEB accrual.

** As reclassified for School District capital reserve accounts.

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

City of Manchester, New Hampshire
Table II

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government	\$ 45,477,734	\$ 47,456,518	\$ 50,891,446	\$ 51,012,199	\$ 53,017,320	\$ 59,143,917	\$ 59,731,237	\$ 62,713,801	\$ 56,573,916	\$ 71,214,976
Public safety	60,724,148	67,169,582	78,398,684	72,298,704	77,029,203	81,066,826	83,722,722	73,127,559	86,337,495	87,745,842
Health and sanitation	6,252,648	6,932,313	8,175,993	6,922,876	7,533,812	7,578,681	9,583,082	9,478,559	8,830,083	8,781,297
Highways and streets	27,638,943	28,954,003	30,950,866	29,855,676	32,370,413	35,242,387	36,709,585	33,969,409	38,439,962	41,012,564
Welfare	1,261,955	1,243,227	1,353,827	1,355,851	1,230,385	1,302,623	1,167,423	1,088,703	1,498,518	1,551,563
Education and library	9,444,111	10,729,959	13,374,099	10,263,012	10,338,342	10,368,885	9,658,060	9,464,914	10,061,913	9,915,733
Parks and recreation	5,555,694	6,193,407	8,363,631	8,121,107	8,413,930	8,439,589	8,451,110	8,603,732	10,357,165	9,601,814
Cemetery Trust	97,742	89,514	82,500	37,000	74,472	175,000	80,269	73,000	190,502	112,999
Investment management fee	70,922	63,729	72,638	74,411	125,894	79,454	77,648	78,286	74,148	76,830
Interest	5,473,060	5,004,183	4,703,688	4,632,611	4,754,881	4,117,146	4,029,320	2,642,018	4,304,885	3,300,720
Total governmental activities expenses	161,996,957	173,836,435	196,367,372	184,573,447	194,888,652	207,514,508	213,210,456	201,239,981	216,668,587	233,314,338
Business-type activities:										
Water	16,129,517	16,910,802	16,717,107	17,194,578	18,740,309	19,380,325	19,490,056	20,985,449	23,667,241	27,327,640
EPD	18,031,956	17,792,589	18,410,901	18,405,793	17,379,284	19,071,874	19,294,588	19,568,806	22,623,650	25,108,523
Aviation	51,023,435	49,823,452	52,020,524	51,294,318	52,698,100	51,512,295	46,498,247	49,164,941	49,910,465	53,515,848
Recreation	2,218,010	2,217,413	-	-	-	-	-	-	-	-
Parking	2,264,591	2,426,118	2,787,272	2,455,840	2,667,205	2,509,519	2,982,823	2,083,853	2,342,246	2,498,655
Total business-type activities expenses	89,667,509	89,170,374	89,935,804	89,350,529	91,484,898	92,474,013	88,265,714	91,803,049	98,543,602	108,450,666
Total primary government expenses	251,664,466	263,006,809	286,303,176	273,923,976	286,373,550	299,988,521	301,476,170	293,043,030	315,212,189	341,765,004
Program revenue:										
Governmental activities:										
Charges for services:										
General government	14,108,926	13,681,090	12,968,718	13,877,979	13,678,186	15,514,973	14,909,247	14,152,491	\$ 15,377,420	\$ 17,406,358
Public safety	1,799,449	2,332,003	2,055,032	2,392,128	2,270,780	2,240,803	1,740,259	2,123,652	2,551,769	2,403,698
Health and sanitation	2,371,922	2,394,618	2,574,894	2,643,689	2,582,680	2,450,185	2,813,657	2,635,146	302,773	349,428
Highways and streets	3,608,999	3,302,528	6,432,619	3,803,260	4,008,693	3,576,033	2,979,019	2,863,285	2,945,911	2,780,222
Welfare	16,157	12,851	18,172	15,042	16,600	23,163	20,465	33,525	26,124	40,679
Education and library	200,000	2,325,745	475,691	598,787	549,900	346,802	42,460	136,434	282,320	92,092
Parks and recreation	1,212,081	739,982	2,460,752	2,680,624	2,596,643	2,384,826	2,664,332	1,704,915	3,137,592	3,155,832
Operating grants and contributions:										
General government	8,905,625	10,025,686	9,643,349	10,027,247	9,750,463	12,580,423	15,540,262	20,729,145	15,098,561	28,550,456
Public safety	1,377,785	1,123,910	1,451,897	1,669,240	1,450,747	2,419,477	1,804,039	4,390,049	5,127,822	2,747,454
Health and sanitation	1,673,351	2,233,546	3,161,464	2,285,123	2,560,142	2,985,018	4,237,992	5,258,838	3,198,764	4,211,052
Highways and streets	1,990,204	2,297,104	2,172,676	2,220,977	2,222,366	2,711,148	2,309,384	3,494,234	16,207,490	6,631,886
Education and library	55,806	68,976	-	-	-	-	-	-	-	-
Parks and recreation	49,543	70,228	1,045,189	364,532	64,675	51,660	1,180,064	639,335	2,991,170	2,526,645
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	1,500,000	1,325,702
Public safety	-	-	-	-	125,894	335,263	3,237	3,237	-	-
Highways and streets	519,786	2,717,364	1,777,474	2,511,054	900,697	600,494	1,100,267	10,000	-	-
Parks and recreation	14,689	509,915	78,128	212,637	183,686	81,234	781,981	781,981	-	-
Total governmental activities program revenue	37,904,323	43,835,546	46,316,055	45,302,319	42,962,152	48,301,502	52,126,665	58,956,267	68,747,716	72,221,504

(continued)

Changes In Net Position (Continued)

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

City of Manchester, New Hampshire
Table II

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:											
Charges for services:											
Water	\$ 15,061,978	\$ 16,290,013	\$ 17,366,473	\$ 17,376,705	\$ 17,903,419	\$ 18,317,783	\$ 19,090,956	\$ 20,829,307	\$ 21,036,029	\$ 22,480,671	\$ 23,312,287
EPD	20,414,119	21,076,122	20,956,366	20,530,182	18,333,959	20,082,550	19,348,509	21,212,000	21,299,686	22,869,230	25,331,934
Aviation	44,420,536	44,976,038	44,298,025	44,661,332	44,831,750	42,308,101	36,519,014	26,265,809	36,702,151	37,148,153	38,539,688
Recreation	1,450,735	1,306,300	1,559,492	-	-	-	-	-	-	-	-
Parking	4,825,369	5,641,262	5,790,373	5,719,446	5,600,801	5,704,574	4,800,058	4,070,765	4,227,863	4,404,587	4,423,288
Operating grants and contributions:											
EPD	265,603	189,568	174,158	163,113	152,067	141,559	131,583	327,577	260,764	179,059	136,852
Aviation	1,400,000	-	-	10,000	-	-	3,488,593	7,824,091	6,082,284	7,785,981	-
Capital grants and contributions:											
Water	893,519	875,555	1,037,752	2,101,390	1,252,707	4,938,193	1,216,452	3,812,034	769,779	1,290,607	9,604,165
EPD	8,131,231	351,418	140,800	4,402,331	59,842	2,436,580	1,220,987	3,972,059	2,431,687	2,103,712	788,081
Aviation	5,224,240	6,021,700	9,747,920	6,648,922	5,501,802	5,036,803	11,735,901	3,491,433	4,572,974	20,481,722	18,902,295
Total business-type activities program revenues	102,087,330	96,727,976	101,071,359	101,613,421	93,636,347	98,966,143	97,552,053	91,805,075	97,383,217	118,743,722	121,038,590
Total primary government program revenues	140,981,196	134,632,299	144,906,905	147,929,476	138,938,666	141,928,295	145,853,555	143,931,740	156,339,484	187,491,438	193,260,094
Net (expense) revenue:											
Governmental activities	(130,939,096)	(124,092,634)	(130,000,889)	(150,051,317)	(139,271,128)	(151,926,500)	(159,213,006)	(161,119,807)	(142,283,714)	(147,920,871)	(161,092,834)
Business-type activities	10,774,577	7,060,467	11,900,985	11,677,617	4,285,818	7,481,245	5,078,040	3,539,361	5,580,168	20,200,120	12,587,924
Total primary government net expense	(120,164,519)	(117,032,167)	(118,099,904)	(138,373,700)	(134,985,310)	(144,445,255)	(154,134,966)	(157,580,446)	(136,703,546)	(127,720,751)	(148,504,910)
General revenues and other changes in net position:											
Governmental activities:											
Property taxes	93,362,542	101,135,415	98,166,170	96,974,549	99,008,663	100,140,171	101,724,887	106,510,310	108,655,923	125,015,492	127,918,300
Auto registration fees	16,141,777	16,658,483	18,900,997	18,678,231	19,476,158	20,682,404	19,925,661	20,935,398	19,862,286	21,291,780	21,827,129
Franchise fees	1,893,672	1,960,231	2,012,078	2,098,503	2,049,843	1,945,033	1,912,596	1,903,292	1,700,005	1,542,033	1,392,202
Unrestricted investment earnings programs	3,912,561	1,477,956	224,117	3,705,972	3,092,409	3,318,119	2,445,756	10,121,964	(2,933,073)	7,378,078	9,698,279
Investment income	-	-	-	-	-	-	-	-	-	-	-
Debt reimbursement from MSD	6,926,952	7,296,407	7,896,842	8,075,793	8,990,298	8,229,289	7,897,432	7,752,367	8,347,040	-	-
Impact fees	-	-	39,610	-	-	-	-	-	-	-	-
Gain (Loss) on disposal of assets	160,317	(2,035,020)	49,799	(83,098)	112,407	564,893	(674,844)	298,160	(344,218)	1,154,160	305,937
Transfers in (out)	(4,408,790)	2,206,984	2,887,792	3,243,851	3,264,293	3,251,102	2,467,019	1,852,890	1,951,365	1,912,050	1,900,051
Total governmental activities	117,989,031	128,700,456	130,177,405	132,693,801	135,994,071	138,131,011	135,698,507	149,374,381	137,239,328	158,293,593	163,041,898
Business-type activities:											
Unrestricted investment earnings programs	336,537	474,142	748,022	817,168	1,156,762	1,896,575	1,520,176	131,038	(107,990)	2,769,013	4,263,354
Miscellaneous	-	-	15,960	52,437	204,790	884,301	357,182	162,200	434,856	103,320	296,607
Service line protection	-	-	195,419	157,596	-	-	-	-	138,425	-	-
Gain (loss) on disposal of assets	14,042	27,905	(102,879)	(74,252)	568,006	1,721,067	(63,765)	36,648	69,293	176,037	504,372
Transfers in (out)	4,408,790	(2,206,984)	(2,887,792)	(3,243,851)	(3,264,293)	(3,251,102)	(2,476,019)	(1,830,959)	(1,951,365)	(1,912,050)	(1,900,051)
Total business-type activities	4,759,369	(1,704,937)	(2,031,270)	(2,290,902)	(1,334,735)	1,250,841	(662,426)	(1,501,073)	(1,416,781)	1,136,320	3,164,282
Total primary government	\$ 122,748,400	\$ 126,995,519	\$ 128,146,135	\$ 130,402,899	\$ 134,659,336	\$ 139,381,852	\$ 135,036,081	\$ 147,873,308	135,822,547	159,429,913	166,206,180
Changes in net position:											
Governmental activities	\$ (12,950,065)	\$ 4,607,822	\$ 176,516	\$ (17,357,516)	\$ (3,277,057)	\$ (13,795,489)	\$ (23,505,499)	\$ (11,745,426)	(5,044,386)	10,372,723	1,949,065
Business-type activities	15,533,946	5,355,530	9,869,715	9,386,715	2,951,083	8,732,086	4,721,939	2,038,288	4,170,595	21,336,440	16,059,776
Total primary government	\$ 2,583,881	\$ 9,963,352	\$ 10,046,231	\$ (7,970,801)	\$ (325,974)	\$ (5,063,403)	\$ (18,783,560)	\$ (9,707,138)	(873,791)	31,709,163	18,008,841

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

City of Manchester, New Hampshire
Table III

Function / Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	\$ 23,014,551	\$ 23,706,776	\$ 22,612,067	\$ 23,905,226	\$ 23,428,649	\$ 28,095,396	\$ 30,449,509	\$ 34,881,636	\$ 31,975,981	\$ 47,282,516
Public safety	3,177,234	3,455,913	3,506,929	4,061,368	3,847,421	4,995,543	3,547,535	6,513,701	7,679,591	5,151,152
Health and sanitation	4,045,273	4,628,164	5,736,358	4,928,812	5,142,822	5,435,203	7,051,649	7,897,221	3,501,537	4,560,480
Highways and streets	6,118,989	8,316,996	10,382,769	8,535,291	7,131,756	6,887,675	6,388,670	6,367,519	19,153,402	9,412,108
Welfare	16,157	12,851	18,172	15,042	16,600	23,163	20,465	33,525	26,124	40,679
Education and library	255,806	2,394,721	475,691	598,787	549,900	346,802	42,460	136,434	282,320	92,092
Parks and recreation	1,276,313	1,320,125	3,584,069	3,257,793	2,845,004	2,517,720	4,626,377	3,126,231	6,128,762	5,682,477
Total governmental activities	37,904,323	43,835,546	46,316,055	45,302,319	42,962,152	48,301,502	52,126,665	58,956,267	68,747,717	72,221,504
Business-type activities:										
Water	17,165,568	18,404,225	19,478,095	19,156,126	23,255,976	20,307,408	24,641,341	21,805,808	23,771,278	32,916,452
EPD	21,617,108	21,271,324	25,095,626	18,545,868	22,660,689	20,701,079	25,511,636	23,953,566	25,152,001	26,256,867
Aviation	50,997,738	54,045,945	51,320,254	50,333,552	47,344,904	51,743,508	37,581,333	47,357,409	65,415,856	57,441,983
Recreation	1,306,300	1,559,492	-	-	-	-	-	-	-	-
Parking	5,641,262	5,790,373	5,719,446	5,600,801	5,704,574	4,800,058	4,070,765	4,227,863	4,404,587	4,423,288
Total business-type activities	96,727,976	101,071,359	101,613,421	93,636,347	98,966,143	97,552,053	91,805,075	97,344,646	118,743,722	121,038,590
Total government	\$ 134,632,299	\$ 144,906,905	\$ 147,929,476	\$ 138,938,666	\$ 141,928,295	\$ 145,853,555	\$ 143,931,740	\$ 156,300,913	\$ 187,491,439	\$ 193,260,094

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

	2015	2016	2017	2018
General Fund:				
Nonspendable	\$ 4,279,443	\$ 4,296,436	\$ 4,680,346	\$ 4,794,207
Restricted	1,602,649	2,357,499	2,524,364	2,224,364
Committed	2,304,671	4,235,311	5,878,562	6,624,726
Assigned	691,975	1,242,448	1,157,202	1,695,580
Unassigned	6,265,510	7,696,350	8,052,406	9,921,950
Total General Fund	\$ 15,144,248	\$ 19,828,044	\$ 22,292,880	\$ 25,260,827
All Other Governmental Funds:				
Nonspendable	\$ 23,833,678	\$ 22,905,823	\$ 26,346,686	\$ 28,204,202
Restricted	18,255,978	10,632,100	10,110,038	13,995,815
Committed	3,103,054	4,770,528	2,160,632	2,678,803
Assigned	-	-	-	-
Unassigned	(875,772)	(12,768,835)	(25,742,959)	-
Unassigned, reported in:				
Special revenue funds	-	-	-	(545,103)
Capital projects funds	-	-	-	(65,792)
Total All Other Government Funds	\$ 44,316,938	\$ 25,539,616	\$ 12,874,397	\$ 44,267,925

Manchester, New Hampshire
Table IV

2019		2020		2021		2022		2023		2024	
\$	4,939,858	\$	5,365,299	\$	2,325,623	\$	2,521,787	\$	2,830,258	\$	1,801,883
	1,772,360		1,872,360		2,579,981		3,013,308		-		-
	6,694,958		6,401,002		6,375,860		6,239,367		14,932,090		18,389,935
	1,698,657		2,034,448		2,025,500		2,056,903		2,264,652		2,045,793
	9,654,570		11,373,281		10,870,731		11,075,661		14,543,275		13,245,042
\$	24,760,403	\$	27,046,390	\$	24,177,695	\$	24,907,026	\$	34,570,275	\$	35,482,653
\$	28,643,336	\$	29,493,237	\$	38,079,767		31,764,446		34,465,475		32,336,178
	13,063,803		26,751,935		20,043,430		22,736,927		27,406,505		26,846,944
	2,501,150		2,575,995		1,520,106		174,449		173,911		171,229
	-		-		-		-		-		-
	-		-		-		(33,247,451)		(14,963,273)		(26,039,387)
	(531,391)		(936,214)		(2,647,692)		-		-		-
	(7,879,232)		(76,025)		(9,749,255)		-		-		-
\$	35,797,666	\$	57,808,928	\$	47,246,356	\$	21,428,371	\$	47,082,618	\$	33,314,964

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

	2015	2016	2017	2018
Revenues:				
Taxes	\$ 101,273,122	\$ 99,360,223	\$ 100,208,002	\$ 101,624,767
Federal and state grants and aid	14,074,310	17,519,784	18,814,113	19,012,687
Charges for sales and services	3,160,621	3,150,831	4,580,815	4,769,187
Licenses and permits	20,393,820	23,364,179	26,221,183	25,049,001
Interest	1,255,173	1,178,053	881,243	1,645,593
Contributions	2,538,785	3,131,573	1,742,526	1,790,987
Net gain (loss) on sale of securities	222,783	(953,936)	2,824,729	1,446,816
School charge backs	9,344,919	9,379,583	9,291,929	9,264,906
Lease and rent income	960,031	962,763	946,557	1,124,918
Debt recovery	1,192,075	909,301	1,075,282	1,117,410
Miscellaneous	3,073,976	2,888,929	2,963,559	3,082,295
Total revenues	157,489,615	160,891,283	169,549,938	169,928,567
Expenditures:				
General government	40,975,792	42,373,716	44,566,109	43,900,469
Public safety	62,354,415	66,543,229	68,083,493	68,380,481
Health and sanitation	5,962,648	6,383,434	7,166,483	6,550,257
Highway and streets	22,432,823	21,400,697	23,153,464	22,721,282
Welfare	1,212,288	1,171,783	1,194,319	1,332,476
Education	2,885,462	3,626,769	5,797,495	2,908,040
Parks and recreation	4,183,541	4,271,144	6,206,516	5,799,594
Cemetery trust	97,742	89,514	82,500	37,000
Investment management fee	70,922	63,729	72,638	74,411
Capital outlay	12,107,841	14,933,976	9,901,415	8,723,473
Debt service:				
Principal retirement	11,264,935	11,601,455	11,675,985	11,537,019
Interest	5,687,494	5,489,115	5,418,794	5,135,100
Total expenditures	169,235,903	177,948,561	183,319,211	177,099,602
Excess of expenditures over revenues	(11,746,288)	(17,057,278)	(13,769,273)	(7,171,035)
Other financing sources (uses):				
Proceeds of bonds	33,275,000	-	-	34,599,001
Proceeds from premium of bonds	1,398,151	-	-	3,465,347
Issuance of refunding bonds	-	12,167,005	-	-
Premiums as a result of refunding	-	-	-	-
Payment to refunded bond escrow agent	-	(12,112,045)	-	-
Proceeds from sale of capital assets	1,439,571	21,000	240,437	318
Transfers in	3,675,423	4,846,219	6,315,630	5,525,736
Transfers out	(1,218,440)	(1,958,427)	(3,071,779)	(2,261,443)
Total other financing sources	38,569,705	2,963,752	3,484,288	41,328,959
Net changes in fund balance	\$ 26,823,417	\$ (14,093,526)	\$ (10,284,985)	\$ 34,157,924
Debt service as a percentage of noncapital expenditures	10.02%	9.60%	9.33%	9.41%

City of Manchester, New Hampshire
Table V

2019		2020		2021		2022		2023		2024	
\$	102,496,141	\$	105,596,817	\$	106,677,930	\$	111,371,822	\$	118,606,229	\$	120,583,086
	17,248,670		21,683,021		26,921,075		34,125,571		42,623,760		44,667,495
	4,859,658		4,541,067		4,824,859		5,056,090		5,503,649		5,459,896
	26,090,771		26,583,859		25,294,018		24,714,967		27,276,995		27,600,587
	2,945,923		1,595,430		1,045,208		4,498,603		4,396,291		5,854,696
	1,805,435		1,838,432		1,463,267		1,191,538		1,514,492		2,013,679
	372,196		850,326		9,076,756		(7,429,052)		2,873,541		3,827,973
	9,227,647		9,088,194		9,206,736		9,487,678		7,811,060		9,055,847
	1,128,456		749,832		1,155,041		1,119,207		1,170,848		1,172,447
	1,107,294		976,513		1,368,604		676,398		664,474		688,340
	3,006,551		2,801,515		3,225,673		2,608,187		3,814,101		3,740,552
	170,288,742		176,305,006		190,259,167		187,421,009		216,255,440		224,664,598
	47,892,915		53,990,426		48,193,280		55,672,351		64,486,718		73,134,283
	71,485,660		74,379,655		73,627,193		79,162,088		87,512,371		85,844,738
	6,742,979		7,008,213		9,084,667		9,720,518		7,932,187		8,170,484
	24,925,017		27,682,122		27,978,457		28,911,057		36,496,261		40,463,484
	1,117,147		1,236,013		1,115,713		1,117,719		1,380,872		1,527,161
	2,982,029		3,089,859		3,083,249		3,081,231		3,260,149		3,568,728
	5,883,795		6,574,049		6,724,767		5,984,777		9,975,017		10,414,368
	74,472		175,000		80,269		73,000		190,502		112,999
	125,894		79,454		77,648		78,286		74,148		76,830
	4,705,308		12,701,930		17,873,483		15,181,361		-		-
	11,594,711		12,137,778		11,151,655		10,904,259		10,172,104		11,287,677
	5,530,600		4,876,050		5,576,985		4,656,839		5,539,592		4,820,479
	183,060,527		203,930,549		204,567,366		214,543,486		227,019,921		239,421,231
	(12,771,785)		(27,625,543)		(14,308,199)		(27,122,477)		(10,764,481)		(14,756,633)
	550,000		44,260,000		-		-		39,191,000		-
	-		5,186,772		-		-		4,134,797		-
	-		-		58,066,059		-		-		-
	-		-		8,533,803		-		-		-
	-		-		(66,688,573)		-		-		-
	-		-		160,000		82,458		844,132		1,306
	6,459,587		4,944,208		5,352,990		3,839,823		2,712,150		2,726,735
	(3,208,485)		(2,468,189)		(3,500,100)		(1,888,458)		(800,100)		(826,684)
	3,801,102		51,922,791		1,924,179		2,033,823		46,081,979		1,901,357
\$	(8,970,683)	\$	24,297,248	\$	(12,384,020)	\$	(25,088,654)	\$	35,317,498	\$	(12,855,276)
	9.35%		8.34%		8.18%		7.25%		6.92%		6.73%

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Fee	Deferred Tax	Cost on Tax Title	Interest on Tax
2015	\$ 97,790,358	\$ 1,798,349	\$ 41,419	\$ 23,539	\$ 500,098
2016	95,964,486	1,870,203	34,803	21,999	416,324
2017	96,497,427	1,962,707	33,018	26,828	420,911
2018	98,167,213	1,903,169	33,140	21,632	427,844
2019	98,751,666	1,791,753	35,951	26,948	389,263
2020	102,611,230	1,757,127	22,920	20,113	266,726
2021	102,376,714	1,733,114	26,736	20,484	250,231
2022	108,655,923	1,700,005	29,255	22,195	274,391
2023	115,609,658	1,542,066	28,413	19,742	291,202
2024	116,669,587	1,407,068	26,969	20,108	332,914
Change from first year on record versus 2023	19.31%	-21.76%	-34.89%	-14.58%	-33.43%

City of Manchester, New Hampshire
Table VI

Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Land Use Change Tax	Total
\$ 822,914	\$ -	\$ 36,344	\$ 2,507	\$ 258,000	\$ -	\$ 101,273,528
706,720	1,048	83,538	3,102	258,000	-	99,360,223
994,700	2,230	4,138	8,043	258,000	-	100,208,002
792,623	541	14,674	5,931	258,000	-	101,624,767
928,374	1,113	4,946	623	258,004	307,500	102,496,141
663,020	1,171	23,332	3,483	257,695	(30,000)	105,596,817
638,371	1,495	37,592	12,557	258,000	-	105,355,294
847,587	1,785	52,588	4,536	258,138	-	111,846,403
374,290	1,414	19,273	4,475	258,000	-	118,148,533
425,631	1,471	103,344	2,167	258,001	-	119,247,260
-48.28%	0.00%	184.35%	-13.56%	0.00%	0.00%	17.75%

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

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

Fiscal Year	Residential Property	Non-Residential Property	Total Taxable Assessed Value	Percent Growth (Reduction)	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2015	\$ 5,321,822,431	\$ 3,257,084,769	\$ 8,578,907,200	0.65%	23.50	\$ 8,409,714,728	98.03%
2016	5,340,634,374	3,340,650,306	8,681,284,680	1.19%	23.44	8,548,613,841	98.47%
2017	5,544,356,799	3,533,730,190	9,078,086,989	5.82%	23.14	8,946,360,522	98.55%
2018	5,578,766,428	3,550,955,561	9,129,721,989	0.57%	23.32	9,004,365,407	98.63%
2019	5,611,398,980	3,565,228,731	9,176,627,711	0.51%	23.68	9,056,948,367	98.70%
2020	5,646,564,934	3,604,398,679	9,250,963,613	0.81%	24.32	9,136,033,119	98.76%
2021	5,671,233,417	3,614,566,212	9,285,799,629	0.38%	24.66	9,175,091,539	98.81%
2022	8,492,348,806	4,767,769,403	13,260,118,209	42.80%	17.68	13,128,827,277	99.01%
2023	8,522,425,300	4,872,652,886	13,395,078,186	1.02%	18.24	13,264,649,054	99.03%
2024	8,568,112,777	4,863,914,197	13,432,026,974	0.28%	18.86	13,303,442,778	99.04%

Source: City of Manchester Assessor's Office

Note: There is no personal property tax (on cars or jewelry); only real property is taxed. The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. The farmland value is based upon productivity instead of actual market value.

Total Assessed and Actual Taxable Values represent valuations reported on the MS-1 Summary Inventory of Valuation. The values on the 2023 MS-1 form were used for fiscal year 2024.

**Property Tax Rates
Last Ten Fiscal Years**

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

REAL PROPERTY TAX RATES

DRA	Fiscal Year	Rate per thousand (1)				
		City	School Local	School State	County	Total
2014	2015	\$ 11.76	\$ 8.09	\$ 2.41	\$ 1.24	\$ 23.50
2015	2016	11.53	8.20	2.42	1.29	23.44
2016	2017	10.96	8.58	2.31	1.29	23.14 (1)
2017	2018	10.88	8.82	2.32	1.30	23.32
2018	2019	11.02	9.09	2.29	1.28	23.68
2019	2020	11.11	9.61	2.28	1.32	24.32
2020	2021	11.48	9.53	2.36	1.29	24.66
2021	2022	8.26	6.83	1.63	0.96	17.68 (1)
2022	2023	8.81	7.31	1.20	0.92	18.24
2023	2024	8.89	7.39	1.52	1.06	18.86

Notes

(1) 2012, 2017 and 2022 tax rates reflect the new assessed valuation determined through a Citywide valuation.

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

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

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Public Service Co. of NH	\$ 203,322,200	1	1.53%	\$ 168,571,700	2	2.05%
Energy North Natural Gas, Inc.	160,510,000	2	1.20%	70,383,000	3	0.85%
PRCP-NH Manchester LLC	80,282,000	3	0.60%	-	1	-
Waterford Place HLDG LCC	77,495,800	4	0.58%	48,299,200		0.59%
MNH L.L.C.	66,718,400	5	0.50%	145,125,200	4	1.76%
Wellington DHC, LLC	65,299,400	6	0.49%	31,167,700		0.38%
Village Circle Way Owner LLC	61,884,400	7	0.46%	36,253,000	5	0.44%
The Timbers LLC	52,355,700	8	0.39%	-		-
1200 Elm Street, LLC	43,920,800	9	0.33%	24,522,800	7	0.30%
Greenview Associates LP	43,445,000	10	0.33%	-		-
Brady Sullivan Plaza, LLC	-		-	23,409,900	6	0.28%
175 Canal Street, LLC	-		-	21,000,000	8	0.25%
KT Twenty Two Trust	-		-	19,695,000	9	0.24%
Total	\$ 855,233,700		6.42%	\$ 588,427,500		7.14%

Source: City of Manchester, Board of Assessors' total taxable value for the November 2024 tax billing

Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table X

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2014	\$ 196,369,088	\$ 192,851,239	98.21%	\$ 3,553,119	\$ 196,404,358	100.02%
2016	2015	198,594,226	195,619,849	98.50%	3,009,646	198,629,495	100.02%
2017	2016	205,299,084	202,768,901	98.77%	2,552,709	205,321,610	100.01%
2018	2017	208,655,860	205,869,755	98.66%	2,808,631	208,678,386	100.01%
2019	2018	213,225,095	211,097,421	99.00%	2,150,200	213,247,621	100.01%
2020	2019	220,851,248	218,497,714	98.93%	2,376,060	220,873,774	100.01%
2021	2020	224,581,356	222,898,115	99.25%	1,705,767	224,603,882	100.01%
2022	2021	230,339,629	228,746,240	99.31%	1,593,389	230,339,629	100.00%
2023	2022	240,265,477	238,680,440	99.34%	1,585,037	240,265,477	100.00%
2024	2023	249,090,440	247,163,347	99.23%	1,927,093	249,090,440	100.00%

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.

The above information presents the information for each period for which it is levied.

A tax levy provides taxes remitted in the following year.

**Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)**

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government		
	General Obligation Bonds	Percentage of Actual Property Value (1)	Debt Per Capita (2)	General Obligation Bonds	Percentage of Actual Property Value (1)	Debt Per Capita (2)	Total Primary Government	Percentage of Per Capita Income	Per Capita (2)
2015	\$ 166,497,393	1.98%	\$ 1,507	\$ 77,527,779	0.92%	\$ 702	\$ 244,025,172	0.0215%	2,209
2016	151,443,024	1.77%	1,384	73,297,890	0.86%	670	224,740,914	0.0246%	2,054
2017	142,212,424	1.59%	1,300	82,943,072	0.93%	758	225,155,496	0.0251%	2,058
2018	160,599,107	1.78%	1,444	90,235,350	1.00%	811	250,834,457	0.0239%	2,256
2019	145,330,108	1.60%	1,292	86,867,385	0.96%	772	232,197,493	0.0263%	2,064
2020	174,354,898	1.91%	1,555	85,373,371	0.93%	762	259,728,269	0.0243%	2,317
2021	167,919,987	1.83%	1,449	102,967,650	1.12%	890	270,572,640	0.0246%	2,340
2022	153,578,687	1.17%	1,328	101,995,815	0.78%	882	255,574,502	0.0000%	2,210
2023	280,082,640	1.36%	1,557	95,371,038	0.72%	825	275,453,678	0.0261%	2,382
2024	165,639,345	1.25%	1,432	88,873,171	0.67%	769	254,512,516	0.2993%	2,201

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

City of Manchester, New Hampshire
Table XII

	2015	2026	2027	2028	2019	2020	2021	2022	2023	2024
CITY										
Debt limit	\$ 846,821	\$ 897,270	\$ 928,117	\$ 982,809	\$ 1,087,948	\$ 1,141,695	\$ 1,255,664	\$ 1,363,745	\$ 1,606,380	\$ 1,750,790
Total net debt applicable to limit	125,423	114,593	103,689	122,905	113,504	134,816	118,162	107,579	125,667	114,944
Legal debt margin	\$ 705,846	\$ 782,677	\$ 824,428	\$ 859,904	\$ 974,444	\$ 1,006,879	\$ 1,137,502	\$ 1,256,166	\$ 1,480,713	\$ 1,635,846
Total net debt applicable to the limit as a percentage of debt limit	14.81%	12.77%	11.17%	12.51%	10.43%	11.81%	9.41%	7.89%	7.89%	6.57%
Legal Debt Margin Calculation for Fiscal Year 2024										
Base equalized valuation - real estate										\$ 17,956,824
Debt limit (9.75% of base valuation)										1,750,790
Debt applicable to limit:										
Total bonded debt for general government										117,979
Less debt for urban redevelopment										-
Less debt for pension obligation bonds										(3,035)
Total net debt applicable to limit										114,944
Legal debt margin										\$ 1,635,846
SCHOOL										
Debt limit	\$ 607,974	\$ 644,194	\$ 666,341	\$ 705,606	\$ 781,091	\$ 819,678	\$ 901,503	\$ 979,099	\$ 1,153,298	\$ 1,256,978
Total net debt applicable to limit	38,801	34,995	31,014	30,943	25,809	33,255	45,117	41,995	49,010	47,854
Legal debt margin	\$ 569,173	\$ 609,199	\$ 635,327	\$ 674,663	\$ 755,282	\$ 786,423	\$ 856,386	\$ 937,104	\$ 1,104,288	\$ 1,209,124
Total net debt applicable to the limit as a percentage of debt limit	6.38%	5.43%	4.65%	4.39%	3.30%	4.06%	5.00%	4.29%	4.25%	3.81%
Legal Debt Margin Calculation for Fiscal Year 2023										
Base valuation - real estate										17,956,824
Debt limit (7% of base valuation)										1,256,978
Debt applicable to limit:										
Total bonded debt for school district										60,079
Less debt for facilities revenue bond										(12,225)
Total net debt applicable to limit										47,854
Legal debt margin										\$ 1,209,124
WATER AND WASTE WATER										
Debt limit	\$ 868,535	\$ 920,277	\$ 951,915	\$ 1,008,009	\$ 1,115,844	\$ 1,170,969	\$ 1,398,713	\$ 1,398,713	\$ 1,647,569	\$ 1,795,682
Total net debt applicable to limit	68,346	64,887	81,280	88,886	85,783	89,662	101,105	146,938	140,579	87,796
Legal debt margin	\$ 800,189	\$ 855,390	\$ 870,635	\$ 919,123	\$ 1,030,061	\$ 1,081,307	\$ 1,297,608	\$ 1,251,775	\$ 1,506,990	\$ 1,707,886
Total net debt applicable to the limit as a percentage of debt limit	7.87%	7.05%	8.54%	8.82%	7.69%	7.66%	7.23%	10.51%	8.53%	4.89%
Legal Debt Margin Calculation for Fiscal Year 2023										
Base valuation - real estate										\$ 17,956,824
Debt limit (10% of base valuation)										\$ 1,795,682
Debt applicable to limit:										
Total bonded debt for water projects										57,377
Less debt for revenue bonds										(46,535)
Total bonded debt for sewer projects										76,954
Total net debt applicable to limit										87,796
Legal debt margin										\$ 1,707,886

Aviation Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Revenue Credit From Prior Year ⁽³⁾	Coverage Amount From Prior Year ⁽³⁾	Expenses ⁽¹⁾
2015	\$ 40,681,868	\$ 43,000	\$ 3,275,222	\$ 25,250,914
2016	40,362,305	502,734	3,298,279	24,709,385
2017	41,071,582	754,952	3,298,279	25,884,955
2018	42,164,157	559,349	3,298,279	25,350,030
2019	39,765,458	948,439	3,298,279	25,809,228
2020	34,673,264	1,853,000	3,310,512	25,813,644
2021	25,033,010	-	3,298,279	23,100,232
2022	34,459,437	484,145	3,298,279	27,022,371
2023	35,349,833	3,376,254	3,298,279	27,849,079
2024	38,116,979	3,613,681	3,298,279	28,342,899

Notes

⁽¹⁾ Exclusive of depreciation and bond interest

⁽²⁾ Principal, interest, and O&M reserve required at year end to fund three months of operations and maintenance expense.

⁽³⁾ Provided by Leigh Fisher Management Consultants, formerly known as Jacob's Consultancy formerly known as Leigh Fisher Associates, Aviation Consultants

⁽⁴⁾ Not specifically calculated as principal and interest costs were funded by CARES grants

⁽⁵⁾ Includes CARES Revenue in calculation

City of Manchester, New Hampshire
Table XIII

Net Revenue Available for 1998/2000/2001/2002		REQUIREMENTS 1998/2000/2001/2002		Coverage Ratio
		Debt Service Total ⁽²⁾	O & M Reserve ⁽³⁾	
\$	18,749,176	\$ 13,193,116	-	1.42
	19,453,933	12,187,053	-	1.60
	19,239,858	12,909,883	-	1.49
	20,671,755	12,807,954	-	1.61
	18,202,948	10,044,110	-	1.81
	14,023,132	10,672,201	-	1.38
	5,231,057	-	-	N/A ⁽⁴⁾
	11,219,490	-	-	N/A ⁽⁴⁾
	14,175,287	1,753,958	-	8.08 ⁽⁵⁾
	16,686,040	7,664,836		2.18

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

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

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Monthly Unemployment Rate ⁽⁴⁾
2015	110,448	55,379	14,799	3.8%
2016	109,419	57,180	14,430	3.0%
2017	109,419	56,531	14,198	3.0%
2018	111,196	60,064	13,967	2.8%
2019	112,525	61,147	13,815	2.6%
2020	112,109	63,218	13,557	8.2%
2021	115,644	66,548	12,737	3.2%
2022	115,644	71,849	12,418	1.9%
2023	115,644	71,849	12,016	1.7%
2024	115,644	76,187	11,851	2.6%

Sources:

- ⁽¹⁾ NH Office of Energy and Planning, using most recent data available up through FY2013. NH Business Review Book of Lists used for FY 2014 and FY2017. U.S Census Bureau data used for FY2018 thru FY2023.
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2023.
- ⁽³⁾ City of Manchester, NH School Department
- ⁽⁴⁾ State of New Hampshire, Economic and Labor Market Information Bureau

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

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

Employer	2024			2015		
	Employees ⁽¹⁾	Rank ⁽¹⁾	Percentage of Total Average City Employment ⁽³⁾	Employees ⁽²⁾	Rank ⁽²⁾	Percentage of Total Average City Employment ⁽³⁾
Wal-Mart Stores Inc	8,214	1	13.02%			
Hannaford Brothers	5,300	2	8.40%			
Allegro Microsystems	4,687	3	7.43%			
Elliot Hospital	4,000	4	6.34%	3,375	1	5.44%
Southern NH University	3,256	5	5.16%	1,000	7	1.61%
Catholic Medical Center	2,900	6	4.60%	2,100	2	3.39%
Home Depot	2,571	7	4.07%			
Eversource Energy	1,138	8	1.80%	1,500	3	2.42%
United Parcel Service	1,131	9	1.79%			
Macy's	900	10	1.43%			
Fairpoint Communications (formerly Verizon)				1,300	4	2.10%
TD Bank, N.A.				1,100	5	1.77%
Comcast				1,025	6	1.65%
Citizens Bank				1,000	8	1.61%
Saint Anselm College				663	9	1.07%
Anthem Blue Cross & Blue Shield				650	10	1.05%

Sources:

⁽¹⁾ 2024 Book of Lists, NH Business Review. *(Ranked by number of NH employees.)*

⁽²⁾ NH Employment Security, Economic and Labor Market Bureau - 2015 figures used.

⁽³⁾ NH Employment Security, Economic and Labor Market Bureau - June 2024

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

City of Manchester, New Hampshire
Table XVI

Functions/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government:										
Aldermen	14	14	13	14	14	14	13	14	14	14
Assessors	7	7	7	7	7	8	8	7	8	8
Building Maintenance	20	20	20	21	20	22	21	19	16	19
City Clerk	12	14	14	13	14	12	13	12	10	14
City Solicitor	12	12	12	11	13	14	14	13	13	18
Economic Development Office	2	2	2	2	2	-	-	2	2	2
Elderly Services	1	4	4	4	4	4	3	3	2	3
Finance	10	11	10	11	11	9	9	9	11	12
Human Resources	9	10	10	9	9	8	9	10	10	10
Information Systems	14	14	15	17	15	15	15	15	15	16
Mayor	4	4	4	4	4	3	4	4	4	6
MCAM/MPTS	4	4	4	4	4	4	4	4	-	-
Office of Youth Services	7	9	9	8	9	9	8	7	8	9
Planning & Community Develop	24	29	30	28	30	26	28	30	36	40
Tax Collector	7	8	9	8	11	11	12	10	9	13
Parks and Recreation:										
Cemetery Care	9	11	11	9	8	7	8	7	7	7
Derryfield Golf Course	3	3	3	2	3	3	3	3	2	3
Forestry	2	2	2	2	2	2	2	3	3	5
General & Administrative	3	4	4	4	4	3	3	4	4	4
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	9	13	13	15	14	15	16	15	14	9
Recreation	1	-	1	1	2	1	1	1	1	2
Skating Arenas	4	4	4	4	4	4	5	5	3	5
Police:										
Officers	205	216	223	222	217	231	236	212	248	251
Civilians	52	55	53	52	53	55	53	54	56	59
Fire:										
Firefighters and Officers	207	208	208	208	210	209	212	220	221	226
Civilians	16	16	16	16	15	17	17	9	8	8
Fleet	21	22	23	24	21	25	24	23	24	25
Public Works:										
Administration	14	15	15	13	16	14	15	17	17	18
Street Maintenance/Const.	55	51	56	58	56	51	44	50	49	57
Street Sweeping	5	5	5	4	5	5	5	5	5	5
Refuse Collection	33	33	34	30	25	24	23	23	19	19
Boiler Plant	-	-	-	-	-	-	-	-	-	-
Drain/Sewer Repair/Const.	14	17	17	15	15	15	14	12	12	10
Engineering	12	15	15	15	14	15	13	12	12	13
Traffic	8	11	12	12	10	10	10	11	10	9
Parking:										
Administration	4	4	4	3	3	3	3	3	3	3
Meters	2	1	1	2	2	2	1	1	1	1
Victory Garage	4	3	4	2	2	2	2	1	1	5
PCOs	7	5	7	8	8	7	6	4	4	6
Water:										
Administration & Financial	14	16	16	16	15	15	13	14	15	11
Water Distribution	39	40	39	41	42	41	38	36	36	40
Water Supply	19	21	21	22	23	30	29	29	36	38
Sewer:										
Administration & Financial	7	8	8	8	8	9	9	9	8	8
Monitoring	1	2	2	2	1	2	3	3	3	3
Sewer Plant Operation	12	16	15	16	16	16	14	14	14	15
Maintenance	13	13	13	14	12	13	12	12	12	11
Airport - total										
Administration & Financial	22	20	20	18	17	17	19	22	18	18
Airfield Maintenance	23	25	25	22	24	26	27	28	28	27
Terminal Maintenance	25	24	23	26	26	25	22	26	18	25
Other Programs/Functions:										
Health	50	55	55	53	52	56	60	36	31	43
Library	36	38	37	37	39	36	38	35	37	39
Welfare	12	12	11	10	9	8	9	7	9	10
Total	1,111	1,167	1,180	1,168	1,161	1,174	1,171	1,126	1,148	1,223

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

Function/Program	2015	2016	2017	2018
Police:				
Physical arrests	5,535	5,175	5,816	5,766
Parking violations	41,305	43,049	46,731	42,188
Traffic citations	6,936	5,274	6,090	5,034
Fire:				
Number of calls answered	21,697	24,471	25,198	25,237
Inspections	1,423	1,501	1,612	1,653
Property loss	\$ 2,814,210	\$ 4,137,173	\$ 2,753,224	\$2,033,163
Building safety:				
Total building permits	1,894	2,041	1,938	2,003
Total value all permits	\$ 123,400,416	\$ 141,511,026	\$ 137,542,039	\$154,345,159
Library, visits	428,500	358,439	289,558	310,506
Public service:				
Garbage collected (ton)	36,039	35,906	36,410	37,222
Recycle collected (ton)	6,331	6,682	6,971	7,046
Streets paved resurf (miles)	21.90	15.00	14.50	16.47
Streets reconstructed (miles)	5.96	6.20	8.70	3.07
Drain reconstruction (miles)	0.83	0.80	-	0.08
Sewer reconstruction(miles)	1.09	0.98	0.70	0.10
New drain (miles)	0.13	0.32	-	-
Airport:				
Enplane	1,038,454	1,010,408	986,554	926,481
Deplane	1,034,617	1,010,871	984,134	921,427
Total passengers	2,073,071	2,021,279	1,970,688	1,847,908
Cargo (in pounds)	159,025,507	172,256,058	171,008,590	185,804,883
Air mail (in pounds)	30	-	-	1,460
Parks and Recreation:				
Public skating attendance	8,585	7,395	7,396	7,396
Aquatics program attendance	74,038	61,525	68,336	68,336
Golf rounds played	21,521	27,460	28,335	28,335
Street trees maintained	40,000	40,000	40,000	40,000

(1) The figures in column 2023 have been updated to reflect the full calendar year.

(2) The figures in column 2024 are January thru June only.

N/A = **Not Available**.

* COVID 19 closure March 17 - June

**COVID restrictions January - June 2021.

City of Manchester, New Hampshire
Table XVII

2019	2020	2021	2022 ₍₁₎	2023 ₍₂₎	2024 (2)
5,295	4,298	4,058	4,306	2,087	2,345
39,758	25,843	23,546	25,808	16,938	13,881
3,857	1,763	1,045	1,081	743	807
25,910	24,232	27,207	28,045	13891	13,837
1,600	990	1,483	1,475	750	1,277
\$ 2,470,701	\$ 3,360,771	\$ 3,148,302	\$ 3,250,000	\$ 1,600,000	2,366,126
1,792	1,706	1821	2331	1108	883
\$ 272,064,549	\$ 139,490,236	\$ 144,527,950	\$ 221,689,361	\$ 124,224,886	\$ 110,624,831
295,709	* 64,759	** 62,480	124,709	61,268	75,654
37,629	38,186	38,540	37,261	18,214	37,626
6,973	6,872	7,156	6,868	3,293	6,928
13.22	14.16	15.23	-	1.1	-
12.32	5.16	6.24	5.75	0.32	1.46
-	-	0.02	-	0	-
0.48	0.27	5.03	5.62	0.17	0.68
-	0.25	-	1.39	0.42	1.51
865,553	314,175	482,421	654,077	310,100	293,170
861,979	320,666	483,257	658,875	313,704	301,942
1,727,532	634,841	965,678	1,312,952	623,804	595,112
193,779,214	207,437,623	194,047,607	181,359,315	102,263,712	99,424,027
1,650	2,178,605	6,420,940	6,487,825	3,271,360	1,234,215
7,475	4,705	4,240	6,754	3,893	4,513
58,022	23,971	52,492	61,123	10,497	16,379
27,944	31,000	36,107	38,440	16,978	15,992
40,000	40,000	40,000	40,000	40,000	40,000

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table XVIII

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
P o l i c e :										
Facilities	5	5	5	1	1	1	1	1	1	1
Marked patrol vehicles	35	35	35	55	55	55	55	65	65	65
Unmarked vehicles	26	26	26	38	38	38	38	23	23	23
Specialty vehicles	15	15	15	13	13	13	13	14	14	14
Bikes for bike patrols	18	18	18	18	18	18	18	10	10	10
Motorcycles	3	3	3	-	-	-	-	-	-	-
Horses	2	2	2	2	2	2	2	2	2	2
Canine	8	8	9	11	9	9	9	9	8	8
F i r e :										
Fire stations	10	10	10	10	10	10	10	10	10	10
R e f u s e C o l l e c t i o n :										
Collection trucks	14	14	13	13	12	12	12	12	12	12
O t h e r P u b l i c W o r k s :										
Streets (miles)	395.50	402.85	402.85	402.85	402.85	408.53	413.90	413.9	413.9	413.9
Street lights	8,919	9,113	9,031	9,035	9,093	9,095	9,105	9,107	9,107	9,115
Traffic signals	157.0	159.0	159.0	145.0	145.0	144.0	144.0	144	144	144
P a r k s & R e c r e a t i o n :										
Acreage	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,400	1,400	1,400
Parks	55	55	55	55	55	55	55	55	55	55
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	44	44	44	44	44	28	28	44	44	44
Walking trail(s)	8	8	8	8	9	9	9	11	11	11
Rectangular Fields	24	24	24	24	24	29	29	29	29	29
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Basketball courts	25	25	25	25	25	27	27	32	32	32
Tennis courts	5	5	5	5	5	18	18	19	19	19
Swimming pools	4	3	3	3	3	3	3	2	2	2
Parks with playground equipment	20	20	20	20	20	45	45	46	36	36
Public beaches	1	1	1	1	1	1	1	1	1	1
Pickleball court	6	6	6	6	6	8	14	14	14	14
Cemeteries	9	9	9	9	9	9	9	9	9	9
Splash pad	-	1	1	1	1	1	2	2	2	2
18 hole disc golf course	-	1	1	2	2	2	2	2	2	2
L i b r a r y :										
Facilities	2	2	2	2	2	2	2	2	2	2
Volumes	205,778	184,528	201,804	174,126	164,359	164,554	155,855	157,041	158,412	159,365
W a t e r :										
Finished water storage capacity (MG)	38.8	38.8	31.8	31.8	34.8	34.8	34.8	34.80	34.80	34.80
Average daily consumption (MGD)	17.457	17.944	17.819	16.724	17.074	16.658	17.540	17.36	18.26	17.44
Peak consumption (MGD)	27.789	27.911	30.495	25.030	27.776	25.504	30.590	28.78	28.99	29.24
Municipal fire hydrants	3,391	3,399	3,418	3,428	3,451	3,456	3,464	3,469	3,471	3,471
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3
W a s t e w a t e r :										
Sanitary sewers (miles)	391.00	391.00	391.00	391.00	391.00	391.00	391.00	393.00	396.00	396.00
Maximum daily treatment capacity (MGPD)	34	42	42	42	42	42	42	42	42	42
I n f o r m a t i o n S y s t e m s D e p a r t m e n t										
P C's	1,108	1,120	1,110	1,112	1,117	1,147	1,506	1,507	1,527	1,639
Miles of fiber optic cabling	54.00	55.00	57.00	57.00	57.00	57.00	58.00	60.00	61.00	61
A i r p o r t :										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - square footage	332,600	343,600	343,600	343,600	343,600	343,600	330,509	330,509	330,509	330,509

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Manchester, New Hampshire (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 7, 2025. Our report includes a reference to other auditors who audited the financial statements of Manchester School District, Manchester Transit Authority, or Manchester Employees' Contributory Retirement System as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items MW-2024-001 through MW-2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items MW-2024-001 through MW-2024-003.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Manchester, New Hampshire's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Merrimack, NH
August 7, 2025

Schedule of Findings and Responses

MW-2024-001 Improve Information Technology Controls (Material Weakness)

Criteria

Sound internal controls require organizations to have controls that are in place to ensure the reliability of operations and prevent errors or irregularities.

Condition and Context

During fiscal year 2024, the city did not have controls in place regarding:

- 1) Change Management – specifically, the changes made do not sufficiently outline information need to determine the appropriateness of the change made.
- 2) User Access Reviews – specifically, no review of user access was completed during the period.
- 3) Privileged Access - specifically, two users have full access to the system that are not appropriate.
- 4) Passwords – specifically, password parameters need improved configuration within the system.

Cause

A weakness in the design and implementation of internal control over information technology.

Effect or Potential Effect

Unauthorized access or changes to information could have occurred.

Recommendation

The city should enhance current access and monitoring controls to ensure only authorized individuals have access to functions appropriate for their position.

Views of Responsible Official

See the corresponding corrective action plan.

MW-2024-002 Improve Review of Accounts Receivable under GAAP (Material Weakness)

Criteria

Sound internal control requires that management have procedures in place to identify misstatements in the financial statements that could be material.

Condition and Context

During fiscal year 2024, the city determined that it had not properly accounted for commitments from other local governments for their proportional share of capital cost in the Environmental Protection Divisions (EPD) and Manchester Water Works (MWW) financial statements. To ensure proper recognition of EPD and MWW activity for fiscal year 2024, the city recorded prior period adjusting journal entries of approximately \$5.5 million and \$2.3 million dollars, respectively.

Cause

A weakness in the design of internal control over monitoring financial statements.

Effect or Potential Effect

The EPD and MWW financial statements overstated its opening net position by the amounts referenced above.

Recommendation

The City should enhance its financial statement monitoring procedures to ensure identification of misstatements.

Views of Responsible Official

See the corresponding corrective action plan.

MW-2024-003 Improve Internal Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA) (Material Weakness)

Criteria

The City is required to prepare a SEFA in accordance with the prescribed guidelines of the Uniform Guidance.

Condition and Context

In fiscal year 2024, the City did not originally include approximately \$1.2m of federal expenditures related to Assistance Listing No. 20.933 National Infrastructure Investment grant. As a result, an adjustment was required in order for the SEFA to be complete and accurate.

Cause

The City did not have adequate controls in place to properly report all federal expenditures.

Effect or Potential Effect

Misstating expenditures on the SEFA results in the City being out of compliance with the requirements set forth in the underlying grant agreements and the Uniform Guidance.

Recommendation

The City should ensure that adequate procedures and controls are in place to ensure that the SEFA is complete and accurate. These controls should include controls requiring the reconciliation of federal expenditures to the appropriate supporting documentation (e.g., general ledger, grant reports, etc.).

Views of Responsible Official

See the corresponding corrective action plan.



Sharon Y. Wickens
Finance Officer

Michele A. Bogardus
Deputy Finance Officer

CITY OF MANCHESTER

Finance Department

City of Manchester Corrective Action Plan For the Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

MW-2024-001 Improve Review of Accounts Receivables under GAAP (Material Weakness)

Management, including MWW and EPD, will follow the recommendation and record accordingly for the remainder of the payment terms.

2024-002 Improve Information Technology Controls (Material Weakness)

Management acknowledges the issues noted and will be implementing corrective action over the next fiscal period.

2024-003 Improve Internal Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA) (Material Weakness)

The Department of Public Works classified Federal Grant expenses as Bond expenses. Subsequently, they were not picked up in the Federal Grant expenses for the Single Audit report.

Finance acknowledges the omission and have worked with the Department of Public Works to correct the issue. Federal expenses will be recorded in the Federal expense line and will tie into the Federal reimbursement of expenses within the project report.

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

November 13, 2025

Board of Mayor and Aldermen
of the City of Manchester, in the
County of Hillsborough, New Hampshire

Ladies and Gentlemen:

We have acted as bond counsel to the City of Manchester, a municipal corporation of the State of New Hampshire, situate in the County of Hillsborough (the “City”), and have examined a record of proceedings relating to the issuance by the City of its \$_____ General Obligation Bond Anticipation Notes, 2025 Series 1 (the “Notes”). The Notes are dated November 13, 2025, mature on November 12, 2026, bear interest at the rate of _____ per centum (____%) per annum payable at maturity, are issued in registered form, transferable as therein provided and are being issued under and by virtue of Chapter 33 of the New Hampshire Revised Statutes, as amended (the “Act”), and a resolution duly adopted by the City.

The Notes are temporary obligations issued in anticipation of bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the City delivered in connection with the issuance of the Notes which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the City has covenanted that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the City will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

Based on the foregoing, we are of the opinion that:

1. The Notes are valid and binding general obligations of the City enforceable in accordance with their terms and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable property within the City without limitation as to rate or amount; provided that, to the extent the City has established any development districts pursuant to Chapter 162-K of the New Hampshire Revised Statutes Annotated, taxes levied on certain taxable property

within any such district may be restricted and unavailable to pay the principal of and interest on the Notes.

2. Under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

3. Under existing statutes, interest on the Notes is exempt from the New Hampshire personal income tax on interest.

The foregoing opinions are qualified to the extent that the enforceability of the Notes may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles from time to time in effect relating to the enforcement of creditors' rights generally.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the City other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Notes.

We express no opinion regarding any other federal or state consequences with respect to the Notes. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes, or under state and local tax law.

We have examined the executed Notes and, in our opinion, the form of said Notes and their execution are regular and proper.

Very truly yours,