

NEW ISSUE

**RATINGS: Moody's "Aa3"
S&P "AA"**
(See "RATINGS" herein)

Book-Entry-Only

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 Bonds (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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the 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 Bonds, 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 Bonds for certain bondholders.



CITY OF MANCHESTER, NEW HAMPSHIRE

\$101,895,000*

GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026A

Dated: Date of Delivery

Due: August 1, as shown on inside cover page

The \$101,895,000* General Obligation Public Improvement Bonds, Series 2026A (the "Bonds") of the City of Manchester, New Hampshire (the "City") will mature on August 1 in each year as set forth on the inside cover page. Interest will be payable on February 1 and August 1 of each year until maturity or earlier redemption commencing February 1, 2027. The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS" herein.

The Bonds 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 Bonds. Payment of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as Paying Agent to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "Book-Entry-Only System" under "THE BONDS" herein.

The Bonds 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 Bonds. Provided further, however, that the rights of the holders of the Bonds 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 BONDS", "BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT" and "MUNICIPAL BANKRUPTCY" herein.

The Bonds 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 Bonds. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or its custodial agent, on or about August 11, 2026.

Dated: July __, 2026

*Preliminary, subject to change.

\$101,895,000*
CITY OF MANCHESTER, NEW HAMPSHIRE
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026A

Maturity Date August 1	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP†	Maturity Date August 1	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP†
2027	\$735,000				2042	\$3,140,000			
2028	1,120,000				2043	3,285,000			
2029	1,740,000				2044	3,460,000			
2030	3,985,000				2045	3,640,000			
2031	4,190,000				2046	3,825,000			
2032	4,265,000				2047	2,885,000			
2033	4,465,000				2048	3,030,000			
2034	4,855,000				2049	3,185,000			
2035	5,090,000				2050	3,345,000			
2036	5,355,000				2051	3,520,000			
2037	4,030,000				2052	1,885,000			
2038	4,235,000				2053	1,980,000			
2039	4,455,000				2054	2,085,000			
2040	4,685,000				2055	2,190,000			
2041	4,930,000				2056	2,305,000			

The yields shown above were furnished by _____, the successful bidder for the Bonds.

*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 © 2026 CUSIP Global Services. All rights reserved. The CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. Neither the Underwriter, the City, or the Municipal Advisor are responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 certain maturities of the Bonds.

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 Bonds 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.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the City since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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 P. Ruais

BOARD OF ALDERMEN

Ward 1.....	Bryce Kaw-uh	Ward 7.....	Ross W. Terrio
Ward 2.....	Dan Goonan	Ward 8.....	Edward Sapienza
Ward 3.....	Dana Dexter	Ward 9.....	Jim Burkush
Ward 4.....	Christine Fajardo	Ward 10.....	Bill Barry
Ward 5.....	Jason Bonilla	Ward 11	Norm Vincent
Ward 6.....	Crissy Kantor	Ward 12.....	Kelly Thomas
At Large	June Trisciani	At Large	Daniel P. O’Neil

CITY OFFICIALS

Sharon Y. Wickens..... Finance Officer

Matthew Normand City Clerk

Emily Gray Rice..... City Solicitor

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Boston, Massachusetts

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OFFICIAL STATEMENT

\$101,895,000*

GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026A

INTRODUCTORY STATEMENT

This Official Statement (which includes the cover page, inside 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 \$101,895,000* General Obligation Public Improvement Bonds, Series 2026A (the “Bonds”) to be issued by the City as described herein. The proceeds of the Bonds will be used to finance various capital projects and infrastructure improvements of the City and to pay various costs of issuance for the Bonds. Certain credit factors concerning the City and the Bonds 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 Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

THE BONDS

Description

The Bonds are dated the date of delivery thereof and will mature in the principal amounts in each year and will bear interest at the interest rates as shown on the inside cover page of this Official Statement.

Interest on the Bonds will be payable semi-annually on February 1 and August 1 in each year until maturity or earlier redemption, commencing February 1, 2027. The record date for each payment of interest on the Bonds will be January 15 and July 15 preceding each interest payment date.

The Bonds 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 Bonds. Individual purchases will be made in book-entry-form only, in the principal amount of \$5,000 or integral multiples of \$5,000 in excess thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds as described herein. See “THE BONDS - Book-Entry-Only System” herein.

Nature of Obligation

The Bonds 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 Bonds. See “APPENDIX A – City of Manchester – Information Statement – City Revenues – Tax Increment Financing for Development Districts” hereto.

*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 “BONDHOLDERS’ 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 Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 Bonds, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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 Bonds 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 Bonds 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 Bonds as nominee of DTC, references herein (except under the captions "TAX MATTERS" and "SECONDARY MARKET DISCLOSURE") to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

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 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Bonds.

Redemption

Optional Redemption

The Bonds maturing on and prior to August 1, 2036 are not subject to redemption prior to maturity at the option of the City. The Bonds maturing on or after August 1, 2037 are subject to redemption prior to maturity at the option of the City in whole or in part, in any order of maturity and by lot within a maturity if less than all the Bonds of such maturity are to be redeemed, on any date or after August 1, 2036, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with interest accrued, if any, to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by first-class mail, postage prepaid, to the registered owners of the Bonds or portions thereof to be redeemed, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceedings for the redemption of Bonds. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the redemption price on the redemption date therein designated and if, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed, together with the interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable. Less than all of a Bond in a denomination in excess of \$5,000 may be so redeemed, and in such case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, Bonds of like series, designation, maturity and interest rate in any of the authorized denominations. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by DTC in accordance with its regulations.

AUTHORIZATION FOR BONDS

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's 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 \$305,024,581 and authorized and unissued general obligation debt of \$314,654,533 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 \$1,596,962,908.

PURPOSES FOR BONDS

The Bonds were authorized by resolutions of the Board of Mayor and Aldermen adopted on the various dates listed below. Proceeds from the sale of the Bonds, including premium, will be used to finance various municipal and school purposes.

Date Approved		Project Description	Amount
		TIF	
12/16/25		2026 CIP C500071126 Pearl Street Parking Garage	\$ 23,600,000
		WATER-ENTERPRISE FUND/SRF	
12/16/2025		2026 - CIP - WCA24.2026 Admin Building and Vehicle Storage	35,000,000
		GENERAL FUND	
8/6/2024	GO-PIB	2025 - CIP - 810625 MUNIS ERP Financial System	3,952,753
11/19/2024	GO-PIB	2025 - CIP- 810725 SNHU Arena Capital Improvements	3,646,780
8/6/2024	GO-PIB	2025 - CIP - 710525 Motorized Equipment Replacement MFD	1,100,000
8/6/2024	GO-PIB	2026 - CIP - 710525 Motorized Equipment Replacement MPD	372,000
8/6/2024	GO-PIB	2027 - CIP - 710525 Motorized Equipment Replacement DPW	1,500,000
8/6/2024	GO-PIB	2028 - CIP - 710525 Motorized Equipment Replacement MTA	28,000
8/6/2024	GO-PIB	2025 - CIP - 710625 Municipal Deferred Maintenance	500,000
8/6/2024	GO-PIB	2025 CIP - 710825 Perimeter Road Erosion Repair	200,000
8/6/2024	GO-PIB	2025 - CIP - 711025 FY25 Roadway Program	3,000,000
8/6/2024	GO-PIB	2025 - CIP - 711125 Sidewalk Rehab and Expansion	1,000,000
8/6/2024	GO-PIB	2025 - CIP - 711225 Residential Sidewalk 50/50	250,000
8/6/2024	GO-PIB	2025 CIP - 711325 Commercial Sidewalk 50/50	200,000
8/6/2024	GO-PIB	2025 - CIP - 711525 Signal Replacement - Elm/Brook St.	250,000
8/6/2024	GO-PIB	2025 - CIP - 711625 Traffic Signal-Deferred Maintenance	200,000
8/6/2024	GO-PIB	2025 - CIP - 711725 Traffic Signal-Cilley/Jewett	250,000
8/6/2024	GO-PIB	2025 - CIP - 712025 Rail Trail Maintenance	100,000
8/6/2024	GO-PIB	2025 - CIP - 510025 Parks Deferred Maintenance	500,000
8/6/2024	GO-PIB	2025 - CIP - 510225 Park Playground Replacement and Retrofitting	500,000
8/6/2024	GO-PIB	2025 - CIP - 510625 Wolfe Park Maintenance	100,000
8/6/2024	GO-PIB	2025 - CIP - 510725 Sweeney Park Basketball Courts	200,000
8/6/2024	GO-PIB	2025 - CIP - 510825 Precourt Park Fencing	50,000
8/6/2024	GO-PIB	2025 - CIP - 410225 Protective Equipment (Gear)	100,000
8/6/2024	GO-PIB	2025 - CIP - 810025 Technology Projects (Information Systems)	700,000
08/05/25	GO-PIB	2026 - CIP C020080126 2026 Revaluation	500,000
08/05/25	GO-PIB	2026 - CIP C130080226 Technology Projects	596,000
08/05/25	GO-PIB	2026 - CIP C210070926 FY26 Deferred Maintenance - Municipal	600,000
08/05/25	GO-PIB	2026 - CIP C210071126 Carpenter Library Roof	800,000
08/05/25	GO-PIB	2026 - CIP C210071226 Odd Fellows Interior Finishes	50,000
08/05/25	GO-PIB	2026 - CIP C230071326 Motorized Equipment Replacement MTA	32,000
08/05/25	GO-PIB	2026 - CIP C230071326 Motorized Equipment Replacement MPD	420,000
08/05/25	GO-PIB	2026 - CIP C230071326 Motorized Equipment Replacement MFD	1,600,000
08/05/25	GO-PIB	2026 - CIP C230071326 Motorized Equipment Replacement DPW	1,132,000
08/05/25	GO-PIB	2026 - CIP C300040126 Protective Equipment (Gear)	100,000
08/05/25	GO-PIB	2026 - CIP - C300040326 Fire Station Alerting	750,000
08/05/25	GO-PIB	2026 - CIP - C330040426 Women's Locker Room Expansion	197,000
08/05/25	GO-PIB	2026 - CIP - C500070226 FY26 Parks Paving	300,000
08/05/25	GO-PIB	2026 - CIP - C500070326 FY26 Roadway Program	4,000,000
08/05/25	GO-PIB	2026 - CIP - C500070426 Sidewalk Rehab and Expansion	500,000
08/05/25	GO-PIB	2026 - CIP - C500070526 Traffic Signal - Deferred Maintenance	250,000
08/05/25	GO-PIB	2026 - CIP - C500070726 Pedestrian Signal Installation	100,000
08/05/25	GO-PIB	2026 - CIP - C650050126 Parks Deferred Maintenance	250,000
08/05/25	GO-PIB	2026 - CIP - C650050326 Wolfe Park Recreation Complex	325,000
08/05/25	GO-PIB	2026 - CIP - C650050426 Park Playground and Retrofitting	300,000
08/05/25	GO-PIB	2026 - CIP - C650050526 CPTED - Parks Lighting	150,000
08/05/25	GO-PIB	2026 - CIP - C650050626 Livingston Park Improvements	300,000
12/16/25	GO-PIB	2026 - CIP - C650051226 Livingston Park Field Lighting Improvements	150,000
12/16/25	GO-PIB	2026 - CIP - C650051126 Pony League Baseball Field Lighting	250,000
12/16/25	GO-PIB	2026 - CIP - C650051026 Al Lemire Field Lighting (Derryfield Park)	400,000
12/16/25	GO-PIB	2026 - CIP - C650050926 Skate Park at Lally Sullivan Complex	2,500,000
		GENERAL OBLIGATION MSD PUBLIC IMPROVEMENT BONDS	
08/06/24	GO-PIB	2025 CIP 710725 FY25 Deferred Maintenance Program	3,300,000
08/06/24	GO-PIB	2025 CIP 711925 School Parking Lot Rehab - MSD	1,000,000
08/06/24	GO-PIB	2025 CIP 510125 FY25 School Deferred Maintenance Program	300,000
08/06/24	GO-PIB	2025 CIP 510425 School Playground Replacement and Retrofitting	300,000
08/06/24	GO-PIB	2025 CIP 510925 Field Improvement/Site Rehabilitation Hillside	750,000
08/05/25	GO-PIB	2026 CIP C100071826 Purchase of 6 Buses (Fleet Replacement)	700,000
08/05/25	GO-PIB	2026 CIP C100071926 Purchase of 5 Buses (Fleet Expansion)	500,000
08/05/25	GO-PIB	2026 CIP C100080326 MSD Information Technology Network Infrastructure	250,000
08/05/25	GO-PIB	2026 CIP C210071026 FY26 MSD Deferred Maintenance Program	3,450,000
08/05/25	GO-PIB	2026 - CIP - C500070126 FY26 School Paving	1,000,000
08/05/25	GO-PIB	2026 - CIP - C650050726 School Playground Replacement and Retrofitting	300,000
08/05/25	GO-PIB	2026 - CIP - C650050826 FY26 School Deferred Maintenance - P&R	400,000
		PARKING ENTERPRISE	
02/17/26	GO-PIB	2026 - CIP - C540072026 FY26 Parking Enterprise Deferred Maintenance	1,500,000
			\$ 107,601,533

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 Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds 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 Bonds, 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 Bonds 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 Bonds 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 Bonds, 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 Bonds.

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 Bonds in order that interest on the Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series A Bond. 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 Bonds.

Prospective owners of the Bonds 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 Bonds 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.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series A Bond having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant-yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series A Bond 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 Series A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond 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 bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax exempt Premium Bond, if the bond 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 Bond may realize a taxable gain upon disposition of the

Premium Bond 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 Bonds should consult their own tax advisors regarding the treatment of bond 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 bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. 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 a Series A Bond 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 Bonds 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 Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds 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 Bonds.

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P"), have assigned the ratings of "Aa3" and "AA" respectively, to the Bonds.

Such ratings reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agency. There can be no assurance given that such ratings will be continued for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, the circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the liquidity and market price of the Bonds.

COMPETITIVE BIDDING

The Bonds were offered for sale by the City on July 28, 2026. _____ (the "Underwriter") was the successful bidder for the Bonds. Information provided by the Underwriter regarding the interest rates and reoffering yields of the Bonds is set forth on the inside cover page of this Official Statement.

The Bonds were purchased from the City by the Underwriter at an aggregate 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 Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower and yields higher than the initial public offering prices or yields and the public offering prices or yields may be changed from time to time by the Underwriter.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the Bonds 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 Bonds 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.

BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to the bondholders if the City defaults in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the bondholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Bond, a bondholder 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 Bonds. 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 Bonds 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 bondholders 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 Bonds. 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 Bonds, 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 underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the City has undertaken to provide, on or before the last day of the ninth (9) month after the end of each of its fiscal years while the Bonds are outstanding, for filing with the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis, financial and operating information of the type hereinafter described and included in this Official Statement, which is referred to herein as "Annual Information", together with the annual financial statements of the City prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards and mandated State statutory principles as in effect from time to time. In addition, the City has undertaken, for the benefit of the holders of the Bonds, to provide to 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 Annual Information with respect to the City means annual information concerning the City which consists of financial and operating data of the City of the type included in this Official Statement relating to the following: (i) revenues and expenditures relating to the City's operating budget, (ii) capital expenditures, (iii) fund balances, (iv) assessment or property tax information, as appropriate, (v) outstanding indebtedness and overlapping indebtedness and (vi) pension obligation.

The Notices include notices of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond 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 Bonds, 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.

In addition, the City will undertake, for the benefit of the holders of the Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the City to provide the Annual Information and annual financial statements by the date required in the undertaking of the City described above.

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 Bonds, 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 Bonds under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the City upon the delivery of the Bonds will be on file at the office of the Finance Officer of the City.

In the last five years, the City did not timely file with the MSRB notice of incurrence of financial obligation 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 Bonds. 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, 2025 are included in Appendix B of this Official Statement and have been audited by CliftonLarsonAllen LLP, independent accountants, as stated in their report appearing in Appendix B. CliftonLarsonAllen LLP, 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. CliftonLarsonAllen LLP, 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 Bonds or the levy or collection of any taxes to pay the interest on or principal of the Bonds, or in any manner questioning the authority or proceedings for the issuance of the Bonds or for the levy or collection of said taxes, or relating to the Bonds 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 Bonds 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

APPENDIX A

CITY OF MANCHESTER, NEW HAMPSHIRE INFORMATION STATEMENT DATED July 20, 2026

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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.

In 2026 Manchester was recognized as one of the best-run cities in the United States, earning the No. 3 overall ranking, among more than 140 cities nationwide in WalletHub's annual Best-Run Cities in America report for the second year in a row.

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, 2025 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, initially elected to office in 2023, his next term ends in January of 2028. 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 current Board of Aldermen:

<u>Name</u>		<u>Ward</u>
Bryce	Kaw-uh	1
Dan	Goonan	2
Dana	Dexter	3
Christine	Fajardo	4
Jason	Bonilla	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 Alderan
June	Trisciani	At-Large Alderan

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) 2025 with an overall increase of \$6.4 million in the general fund balance over FY 2024. The City's "rainy day" revenue stabilization reserve increased by \$268,585 to \$12,592,123. The special revenue account which accounts for one-time revenues, (i.e., property sales, etc.) increased by \$147,846 to \$3,866,636 from \$3,718,790. The City's reserves for worker's compensation, health insurance, and general liability increased to \$9,792,585. A non-spendable combined reserve balance of \$2,049,270 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-eight 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-one years and served as a Senior Financial Analyst prior to being named Deputy Finance Officer in 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). MFD 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 is still in the 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 fiscal year 2026, 800 terabytes of hyper converged storage was installed and put into production. This investment allows the City to continue to realize the of the savings of virtualization and hyper convergence technologies. Along with putting the new infrastructure into production, every server being placed on this system was reviewed. Giving us the ability to map out and perform needed OS and Vendor upgrades and we migrated servers, ensuring everything is up to date and secure.

The Information Systems Department was able to acquire Microsoft's newest on-prem exchange (Email Server) offering: Exchange SE. The migration and transition to the new platform was painless and ensures City users will continue to have access to their email and have interdepartmental communication even in the event of an internet outage. Communication between departments is crucial to city operations during an outage/emergency/unforeseen event.

In addition to the new virtualized platform, An AI working group has developed AI guidelines to assist departments deploying this technology. City Departments are beginning to deploy AI applications to utilize this significant transformative technology. It is important to know how and when AI can be used when dealing with information the City has available to it.

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 MFD 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 MFD 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 (paused service), 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), Fort Myers , , Myrtle Beach , , Orlando, Philadelphia, Raleigh-Durham, Tampa and Washington National, Washington Dulles, - with one-stop connections to the world. The Airport welcomed approximately 1.4 million total passengers during Calendar Year 2025

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 2025 processed 239 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 \$630 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 \$400 million in capital projects through the issuance of sewer revenue bonds. 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. EPD expects to issue approximately \$206 million of additional sewer revenue bonds within the next five years. The sewer revenue 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 primary 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 and/or relayed 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 unaccounted 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 3.13 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%. Debt relating to MWW is also backed by the taxing power of the City.

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	2026-2028
Police Support Staff	Teamsters	2025-2027
Police Supervisors	MAPS	2026-2028
Health Department	AFSCME	2025-2027
Library	Teamsters	2025-2027
Water Works	USWA	2025-2027
Welfare Department	Teamsters	2025-2027

Teamsters: Local 633 of New Hampshire

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

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 CliftonLarsonAllen LLP (CLA) for the 2025 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 FY25 with actual revenues and other financing sources on a budgetary basis of \$187.8 million, \$5.2 million more than the estimated revenues. Federal and state grants were \$0.6 million over budgetary estimates. Non-enterprise charges for sales and services were \$0.9 million over budgetary estimates. Licenses and permits were \$3.2 million over budgetary estimates. Actual investment income was \$0.2 million over budgetary estimates. Transfers in were \$23 thousand over the budgeted amount primarily due to the increase in Parking Fund dividends transferred.

Actual expenditures on a budgetary basis and other financing uses totaled 187.1 million, \$0.3 million less than budgeted. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$4.9 million.

The following table sets forth the City's General Fund operating budgets for fiscal years 2024-2026. Enterprise funds, the County tax, veteran exemptions and the overlay reserve for abatements are excluded from this table.

Budget Trends

	2024		2025		2026	
	Amount	%	Amount	%	Amount	%
Education	\$ 191,759,220	51.33%	\$ 227,982,610	55.10%	\$ 237,999,925	54.77%
General Government	25,011,825	6.69%	25,559,290	6.18%	26,788,383	6.17%
Public Safety	55,605,988	14.88%	57,760,666	13.96%	61,551,254	14.17%
Highway and Streets	19,504,209	5.22%	19,968,652	4.83%	21,545,314	4.96%
Health and Welfare	3,066,657	0.82%	3,308,180	0.80%	4,104,665	0.94%
Culture & Recreation	7,161,121	1.92%	7,618,111	1.84%	7,764,641	1.79%
Economic Development	175,907	0.05%	223,888	0.05%	304,420	0.07%
Non-Departmental						
Health, Dental & Life Insurance	15,276,990	4.09%	17,195,489	4.16%	17,595,489	4.05%
Retirement	25,555,116	6.84%	27,291,207	6.60%	29,706,516	6.84%
Other	14,389,264	3.85%	10,734,674	2.59%	11,050,579	2.54%
Debt Service	16,100,000	4.31%	16,100,000	3.89%	16,100,000	3.71%
Total Budget	<u>\$ 373,606,297</u>	<u>100.0%</u>	<u>\$ 413,742,767</u>	<u>100.0%</u>	<u>\$ 434,511,186</u>	<u>100.0%</u>
Less MSD Budget	<u>(191,759,220)</u>		<u>(227,982,610)</u>		<u>(237,999,925)</u>	
General Fund Budget	<u>\$ 181,847,077</u>		<u>\$ 185,760,157</u>		<u>\$ 196,511,261</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
2025	\$20.24	\$ 258,152,414	115,644	2,232
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

(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%	\$ 2,723,199	\$258,164,414	100.00%
2024	2023	249,090,440	247,163,347	99.23%	1,927,093	249,090,440	100.00%
2023	2022	240,265,477	238,680,440	99.34%	1,585,037	240,265,477	100.00%
2022	2021	230,339,629	228,746,240	99.31%	1,593,389	230,339,629	100.00%
2021	2020	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.

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

This year (2026), the City is conducting a city-wide property revaluation that will assess taxes beginning in fiscal year 2027. 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 on April 1, 2031. 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%

(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. A city-wide property revaluation took place in FY22.

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
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) Equalized assessed valuation is determined by NH Department of Revenue Administration - typically released in May.

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 (TIF) 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.

In 2026, the City's Board of Mayor and Aldermen adopted the North Downtown TIF District to finance the construction of a public parking garage. This was the culmination of years of planning to reinvigorate an underutilized parcel of nearly three acres that the City owned and used as a parking lot. Constructing the garage on a much smaller footprint allowed the remainder of the lot to be put to a higher and better use. The City partnered with a developer to construct 135 units of affordable and market-rate housing, bringing new activity to the area. Both the housing and the garage are currently under construction.

In July 2021 the City submitted a Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant application. The purpose of the RAISE: Connecting Communities project is to improve safety, connectivity and mitigate congestion in the City's Millyard Area. The United States Department of Transportation (USDOT) RAISE Manchester Grant Application was submitted in July 2021 with a total project cost of \$30 million. USDOT awarded the City \$25 million and the City was required to match \$5 million. Since 2021, interest rates and construction costs have increased and the estimated new project cost is \$48.4 million. To cover the cost increases of the project a RAISE South Millyard TIF District is currently in the early stages of analysis and the current value this TIF can support is \$11.6 million. On July 7, 2026 the City's Board of Mayor and Aldermen voted to approve this TIF District contingent upon the successful completion of negotiations with the Office of the Secretary of Transportation to scale back the project in order to move forward within the confines of the available TIF funding.

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	1,250,788
	<u>2,720,580</u>	<u>2,950,671.00</u>	<u>2,280,874</u>	<u>2,304,808</u>	<u>1,917,439</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	9,366,357
	<u>7,863,463</u>	<u>4,001,630</u>	<u>7,563,886</u>	<u>10,596,880</u>	<u>10,967,795</u>
Licenses and Permits					
Auto Registrations	23,138,877	20,237,959	21,677,720	22,214,399	23,200,996
Licenses	526,703	535,914	548,772	620,284	671,169
Permits	2,960,270	3,418,613	4,483,960	4,191,533	4,379,567
	<u>26,625,850</u>	<u>24,192,486</u>	<u>26,710,452</u>	<u>27,026,215</u>	<u>28,251,733</u>
Sales and Services					
General Revenues	232,335	246,278	247,459	204,705	215,534
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	5,550
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	1,285,943
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>5,783,295</u>
Other Revenue Sources					
Interest Income	374,578	2,899,837	2,452,006	3,558,151	3,402,370
Fund Transfers	2,402,990	2,501,465	2,812,420	2,451,566	3,305,606
Reimbursements	4,229,199	3,252,057	3,048,292	3,073,241	3,320,370
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>20,506,564</u>
TOTAL	<u>\$ 59,290,007</u>	<u>\$ 55,486,252</u>	<u>\$ 59,238,728</u>	<u>\$ 64,603,358</u>	<u>\$ 67,426,825</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, 2026.

Outstanding Debt as of June 30, 2026			
General Obligation Debt	Debt Outstanding	Authorized and Unissued	Total Outstanding and Authorized Unissued Debt
School	\$122,741,184	\$310,100,000 *	\$432,841,184
Baseball Stadium	5,910,862	0	5,910,862
Other	117,311,320	52,158,843	169,470,163
Pension Obligation Bonds	1,852,440	0	1,852,440
TIF Districts	0	44,400,000	44,400,000
Subtotal	\$247,815,806	\$406,658,843	\$654,474,649
Self-Supporting			
Parking Facilities	\$885,000	\$1,500,000	\$2,385,000
EPD / Sewer	44,490,809	0	44,490,809
Water	52,551,969	35,415,000	87,966,969
HUD Section 108 Grant Loan	165,000	0	165,000
Subtotal	\$98,092,779	\$36,915,000	\$135,007,779
Subject to Appropriation Bonds			
School Facility Revenue Bonds	\$5,055,000	0	\$5,055,000
Subtotal	\$5,055,000	\$0	\$5,055,000
Revenue Bonds			
Airport	\$83,377,525		\$83,377,525
EPD / Sewer	152,135,000	397,365,000	549,500,000
Subtotal	\$235,512,525	\$397,365,000	\$632,877,525
Grand Totals	\$586,476,110	\$840,938,843	\$1,427,414,953

*Of this amount \$77.4 million of Bond Anticipation Notes were issued on November 13, 2025.

Subsequently Issued Revenue Bond Debt

The City on July 14, 2026 issued \$232,700,000 Sewer Revenue Bonds, Series 2026 (Green Bonds), the proceeds of the which will be used to finance various sewer system capital projects.

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, 2026 is \$840,938,843. The total debt unissued and incurred for the General Fund is \$221,633,466 and for the Manchester School District is \$437,896,184. The majority of the dollars appropriated are for the continued renovations and upgrades to various facets of the infrastructure.

The total general obligation debt unissued and incurred for the EPD enterprise fund is \$44,490,809 and for MWW enterprise fund is \$87,966,969. EPD also has \$549,500,000 in revenue debt unissued and incurred in accordance with the general resolution that governs its respective revenue bond issuances. EPD has a number of CSO and Sewer Interceptor projects that 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. MWW has completed several capital improvements and upgrades to the City's Water Distribution System and Water Supply Storage Structures. Certain projects for both the EPD and MWW 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 Airport enterprise fund has outstanding revenue debt issued in accordance with the general resolution that governs its respective revenue bond issuances. The total revenue debt incurred for the Airport is \$83,377,525. In April of 2026 the Airport released a Request for Proposals to Serve as Placement Agent or Bank Purchaser for the proposed General Airport Revenue Bonds, Refunding Series 2026A. If issued, the proceeds of the 2026 Bonds would be used to refund a portion of certain outstanding maturities of the 2018 Bonds. It is intended to achieve level aggregate debt service, and implementing the proposed restructuring would reduce airline costs, fostering a more competitive environment for the attraction and retention of additional passenger airline service.

The total general obligation debt unissued and incurred for the Parking enterprise is \$2,385,000. The majority of the dollars appropriated are for the continued parking garage renovations and upgrades.

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, 2026 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, Francestown, 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:			
2024	37.7	43.6	39.2
2023	38.2	43.1	38.9
2022	36.9	43.0	38.8
2021	36.0	42.9	38.6
2020	36.0	42.8	38.4
Median Household Income:			
2024	79,821	99,800	83,730
2023	77,415	96,838	80,610
2022	74,769	89,992	74,580
2021	77,415	83,449	70,784
2020	74,040	91,940	67,521
Per Capita Income:			
2024	\$ 42,863	\$ 53,064	\$ 45,256
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

Source: US Census Bureau

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 second quarter of calendar year 2025.

City Employment and Payrolls

Year	Type	Number of Firms	Payroll	Average Employment
2nd Qtr 2025	Goods Producing	357	\$ 755,815,320	7,995
	Service Producing	2,674	3,801,431,660	52,783
	Total	<u>3,031</u>	<u>\$ 4,557,246,980</u>	<u>60,778</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 DES- Covered Employment and Wages by City and Town

Labor Force and Employment and Unemployment Rates

The following table sets forth the City's average labor force and unemployment rates for calendar years 2020 through 2025 and the unemployment rates for New Hampshire, New England and the United States as a whole for the same period.

<u>City</u>			<u>Annual Average Unemployment Rate</u>							
	Labor		New		New		United			
<u>Year</u>	<u>Force</u>	<u>Employment</u>	<u>Manchester</u>	<u>Hampshire</u>	<u>England</u>			<u>States</u>		
2025	68,280	66,080	3.2	%	3.0	%	4.2	%	4.1	%
2024	67,440	65,570	2.8		2.6		3.6		4.0	
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	

Source: NH Department of Employment Security, Economic and Labor Market Information Bureau.

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	Socail Services	2,300
Eversource	Electric Utility	1,348
United Parcel Service	Package Transportatio	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 2025, it is comprised of businesses representing a diverse array of industries and made up only 6.36% of the City's total assessed valuation.

Taxpayer	2025 Assessed Value	Percentage of Total City Taxable Assessed Value
Public Service Co. of NH	\$ 195,458,300	1.46%
Energy North Natural Gas, Inc.	152,154,900	1.14%
PRCP-NH Manchester LLC	80,282,000	0.60%
Waterford Place HLDG LCC	77,495,800	0.58%
Wellington DHC, LLC	65,299,400	0.49%
MHS LLC	62,424,000	0.47%
Village Circle Way	61,884,400	0.46%
MNH LLC	59,518,400	0.44%
The Timbers	52,355,700	0.39%
Brady Sullivan Plaza LLC	45,883,700	0.34%
	<u>\$ 852,756,600</u>	<u>6.36%</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 costs for fiscal years 2020 through December 31, 2025.

Fiscal Year	New Construction		Additions and Alterations		Total	
	* Residential	Non-Residential	Residential ⁽¹⁾	Non-Residential	Permits Issued	Estimated Cost
2nd Qtr						
2026	\$ 9,325,922	\$ 1,745,000	\$ 5,933,744	\$ 37,386,993	264	\$ 54,391,659.00
2025	\$20,152,562	\$ 14,628,330	\$18,577,938	\$ 150,686,710	893	\$204,045,540.00
2024	\$22,026,881	\$ 112,871,916	\$12,374,531	\$ 89,235,256	871	\$236,508,584.00
2023	\$26,036,636	\$ 60,021,066	\$16,354,364	\$ 114,720,872	958	\$217,132,938.00
2022	\$29,111,996	\$ 3,940,650	\$14,914,351	\$ 90,450,580	1,071	\$138,417,577.00
2021	\$21,616,653	\$ 22,494,490	\$10,714,470	\$ 74,388,244	1,018	\$129,213,857.00
2020	\$21,315,843	\$ 35,335,256	\$ 8,225,146	\$ 190,236,523	947	\$255,112,768.00

(1) Includes Residential & Non-Residential Accessory Buildings

* Beginning FY24 Dwelling Units are included in New Construction - Residential totals.

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

CITY OF MANCHESTER, NEW HAMPSHIRE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025



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INTRODUCTORY SECTION



Sharon Y. Wickens
Finance Officer

Michele A. Bogardus
Deputy Finance Officer

CITY OF MANCHESTER

Finance Department

June 11, 2026

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, 2025, 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 CliftonLarsonAllen, LLP, to conduct the City's audit for the fiscal year ended June 30, 2025. 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 CFR 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 10-mile radius, has a population of over 430,000. 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, 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 9 through 12. In addition, the City maintains 55 parks, two ice-skating coliseums, the McIntyre Ski Area, the Derryfield Country Club, two municipal pools, two 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 mayor form of government. The Mayor is the City's full-time chief executive officer. The Mayor has appointment powers and budget line-item veto authority. The City's Charter, approved by the voters in 1996, includes an ethics policy, a local initiative option, and calls for the formation of a Charter Review Committee every 10 years.

The City is governed by an elected Mayor and a 14-member Board of Aldermen (BMA) representing each of the City's 12 wards and two aldermen elected at-large. The BMA approves the City's budget. The Finance Committee, consisting of the Mayor and 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 only would apply 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 30 days to one year, with the average maturity closer to the thirty-day range. Between 90% - 95% 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 Mayor and Board of 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-Nashua, NH Metropolitan Statistical Area numbers 244,520 while the unemployment rate is 3.3% at December 31, 2025.

Debt – The general debt limit of the City is 9.75% of base valuation,¹ 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, 2025, the City has a total outstanding General Obligation debt of \$305,024,581 for various improvements, infrastructure improvements, school district improvements, and economic development projects. Authorized and unissued debt obligations as of June 30, 2025, totaled \$314,654,533.

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", written in a cursive style.

Sharon Y. Wickens
Finance Officer

¹ Base valuation for debt limits is provided annually by the State of New Hampshire Department of Revenue Administration as part of the calculations for equalized assessed valuations for each municipality, and amounted to \$19,507,563,992. The general debt limit of the City amounted to \$1,901,987,489.

**CITY OF MANCHESTER, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
JUNE 30, 2025**

Mayor

Jay Ruais

Aldermen

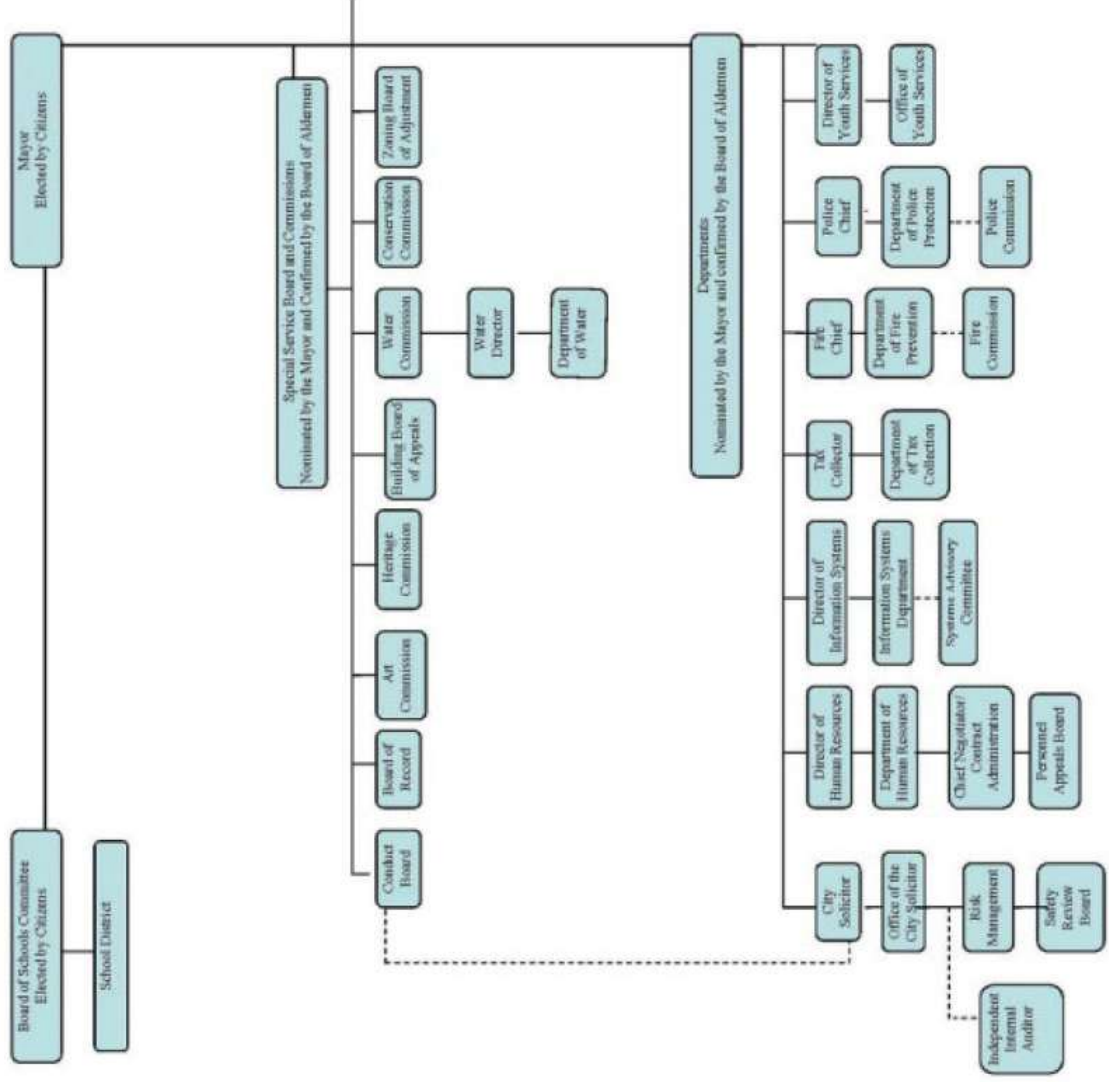
Ward 1	Chris Morgan	Ward 7	Ross Terrio
Ward 2	Dan Goonan	Ward 8	Edward J. Sapienza
Ward 3	Pat Long	Ward 9	Jim Burkush
Ward 4	Christine Fajardo	Ward 10	Bill Barry
Ward 5	Anthony Sapienza	Ward 11	Norm Vincent
Ward 6	Crissy Kantor	Ward 12	Kelly Thomas
At-Large	Joseph Kelly Levasseur*	At-Large	Dan O'Neil

*Chairman of the Board

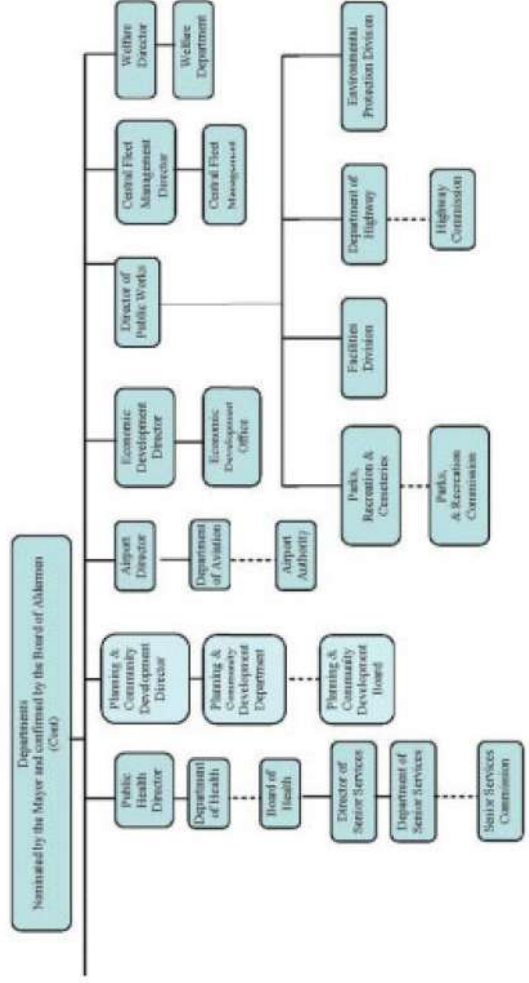
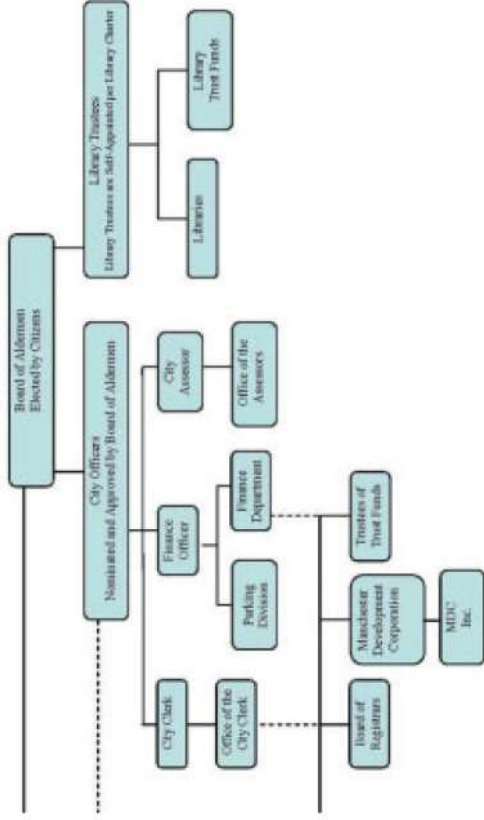
City Departments

Sharon Y. Wickens	Finance Officer
Matthew P. Normand	City Clerk
Emily Gray Rice	City Solicitor
Charleen Michaud	Director of Welfare
Peter A. Marr	Chief of Police
Ryan Cashin	Fire Chief
Anna Thomas	Public Health Director
Tim Clougherty	Director of Public Works
Mark M. Gomez	Chief of Parks, Recreation, and Cemetery
Jodie Mazaka, AICP	Director of Economic Development
Richard Bilodeau	Director of Fleet Management
Thomas J. Malafronte, A.A.E., Interim	Airport Director
Phil Croasdale	Director of Water
Jean Fortier	Director of Information Systems
Denise Van Zanten	Chief of City Library
Jeffrey Belanger, AICP	Director of Planning and Community Development
Jennifer Chmiel, EdD	Superintendent of Schools
Lisa Drabik	Director of Human Resources
Michael Quigley	Director of Youth Services
Michael Hurley	Chairman Board of Assessors
Brenda Masewic	Collector of Taxes

CITY OF MANCHESTER, NEW HAMPSHIRE ORGANIZATIONAL CHART JUNE 30, 2025



CITY OF MANCHESTER, NEW HAMPSHIRE ORGANIZATIONAL CHART JUNE 30, 2025



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Board of Mayor and Aldermen
City of Manchester, New Hampshire
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, 2025, 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 audit 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, 2025, 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 and the Manchester Transit Authority (discretely presented component units of the City), which represents 97.23% of the assets, 104.33% of the net position, and 99.78% 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 71.03% of the assets, 82.67% of fund equity, and 56.54% of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have 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. 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 City's beginning net position and fund balances were restated for the correction of errors in prior year financial statements. 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 twelve months beyond the financial statement date, and including any currently known information that may raise substantial doubt shortly thereafter.

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 and other auditors 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.

Supplementary Information

Our audit for the year ended June 30, 2025, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules for the year ended June 30, 2025 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, 2025 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 combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

The City's basic financial statements for the year ended June 30, 2024 (not presented herein), were audited by other auditors whose report thereon dated August 7, 2025, 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 August 7, 2025 stated that the general fund balance information appearing in the combining and individual fund financial statements and other schedules for the year ended June 30, 2024 was subjected to the auditing procedures applied in the audit of the 2024 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, 2024.

Other Information

Management is responsible for the other information included in the annual report. 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 June 11, 2026 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.



CliftonLarsonAllen LLP

Andover, Massachusetts
June 11, 2026

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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, 2025. 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 \$394.4 million. The total net deficit for Governmental Activities at fiscal year-end was \$(86.2) million and total net position for Business-Type Activities was \$480.6 million.
- On a government-wide basis, during the fiscal year, the City's net position increased by \$25.4 million to \$394.4 million. The net position increased by \$18.9 million for Governmental Activities and the net position increased by \$6.5 million for Business-Type Activities. Government-wide expenses were \$333.9 million, while revenues were \$359.2 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 \$106.9 million, an increase of \$33.0 million from the prior fiscal year.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$36.9 million, an increase of \$1.5 million from the prior fiscal year. As of June 30, 2025, the general fund had an unassigned fund balance of \$14.5 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.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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).

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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. Nonmajor 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 and individual fund financial statements and other schedules.

The City adopts an annual budget for the general fund. A budgetary comparison schedule 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 in required supplementary information.

- *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.

- *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.

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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 \$394.4 million and \$369.0 million at June 30, 2025 and 2024, respectively.

Statement of Net Position (\$000s)
Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	\$ 265,157	\$ 207,246	\$ 182,287	\$ 78,620	\$ 447,444	\$ 285,866
Noncurrent	72,919	87,290	75,244	76,862	148,163	164,152
Capital Assets	269,004	271,073	715,815	678,191	984,819	949,264
Total Assets	607,080	565,609	973,346	833,673	1,580,426	1,399,282
Deferred Outflows of Resources	34,546	50,958	9,107	14,796	43,653	65,754
Liabilities:						
Current Liabilities	132,775	167,550	63,490	60,466	196,265	228,016
Noncurrent Liabilities	467,240	470,843	404,679	282,610	871,919	753,453
Total Liabilities	600,015	638,393	468,169	343,076	1,068,184	981,469
Deferred Inflows of Resources	127,812	83,231	33,697	31,324	161,509	114,555
Net Position (Deficit):						
Net Investment in Capital Assets	92,031	65,454	427,155	402,006	519,186	467,460
Restricted	102,727	46,143	23,663	24,192	126,390	70,335
Unrestricted (Deficit)	(280,959)	(216,654)	29,769	47,871	(251,190)	(168,783)
Total Net Position	\$ (86,201)	\$ (105,057)	\$ 480,587	\$ 474,069	\$ 394,386	\$ 369,012

A portion of the City's net position 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 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 \$(251.2) million, primarily resulting from the City's unfunded net pension liability.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Changes in Net Position (\$000s)
Primary Government

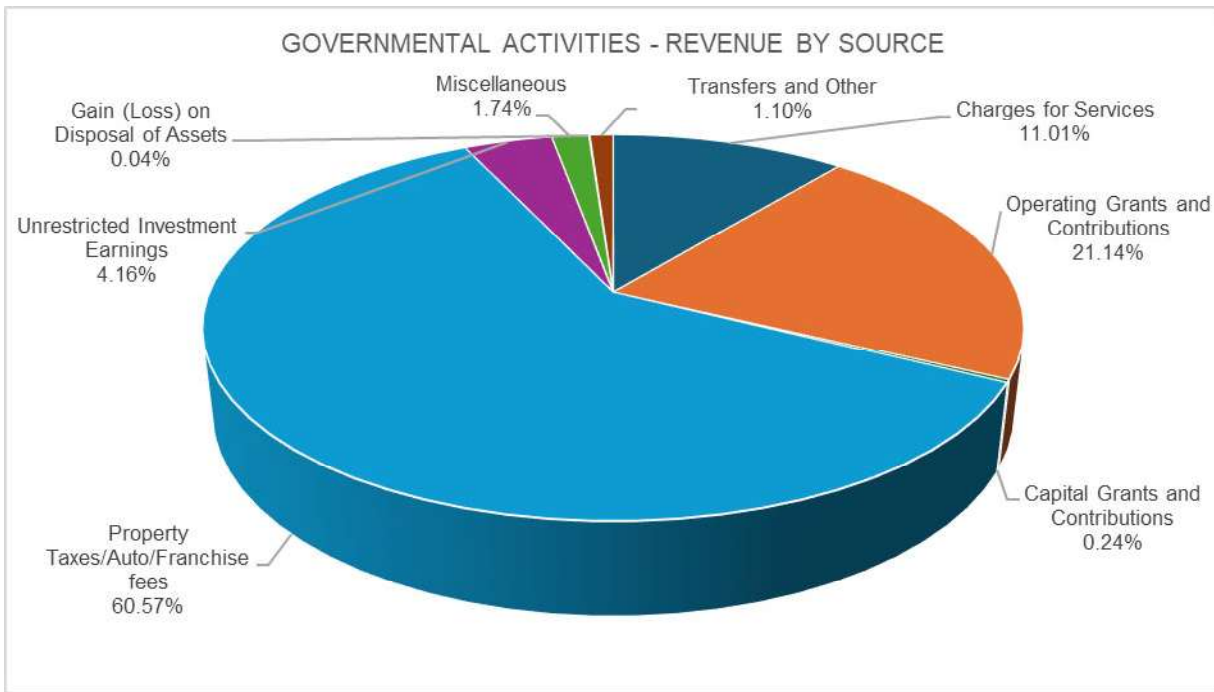
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 26,797	\$ 26,228	\$ 99,787	\$ 91,608	\$ 126,584	\$ 117,836
Operating Grants and Contributions	51,424	44,667	114	137	51,538	44,804
Capital Grants and Contributions	585	1,326	11,181	29,295	11,766	30,621
General Revenues:						
Property Taxes/Auto/Franchise fees	147,328	156,278	-	-	147,328	156,278
Unrestricted Investment Earnings	10,121	9,698	6,705	4,263	16,826	13,961
Miscellaneous	4,245	-	364	-	4,609	-
Gain (Loss) on Disposal of Assets	103	306	483	-	586	306
Transfers and Other	2,685	2,098	(2,685)	(792)	-	1,306
Total Revenues	243,288	240,601	115,949	124,511	359,237	365,112
Expenses:						
General Government	69,706	71,213	-	-	69,706	71,213
Public Safety	88,016	87,746	-	-	88,016	87,746
Health and Sanitation	7,392	8,781	-	-	7,392	8,781
Highways and Streets	38,807	41,013	-	-	38,807	41,013
Welfare	1,644	1,552	-	-	1,644	1,552
Education and Library	3,658	9,916	-	-	3,658	9,916
Parks and Recreation	10,116	9,602	-	-	10,116	9,602
Cemetery Trust	146	113	-	-	146	113
Investment Management Fee	-	77	-	-	-	77
Interest Expense	4,947	3,301	-	-	4,947	3,301
Operations	-	-	109,431	108,452	109,431	108,452
Total Expenses	224,432	233,314	109,431	108,452	333,863	341,766
Changes in Net Position	18,856	7,287	6,518	16,059	25,374	23,346
Net Position - Beginning of Year, as Restated	(105,057)	(112,344)	474,069	458,010	369,012	345,666
Net Position - End of Year	<u>\$ (86,201)</u>	<u>\$ (105,057)</u>	<u>\$ 480,587</u>	<u>\$ 474,069</u>	<u>\$ 394,386</u>	<u>\$ 369,012</u>

The City's total net position increased by \$25.4 million during the fiscal year, with the net position of Governmental Activities increasing by \$18.9 million, and the net position of Business-Type Activities increasing by \$6.5 million. Operating grants and contributions increased by \$6.8 million, primarily due to an increase in community improvement program revenues. Highway expenditures decreased primarily due to cost savings for unfilled positions.

Governmental Activities

Overall, 60.57% of the governmental funds revenues were derived from property taxes, auto registrations, and franchise fees, 11.01% from charges for services then followed by 21.14% from operating grants and contributions, 0.24% of capital grants and contributions, and finally, about 7.04% of the City's revenue in this fiscal year was derived from a combination of investment earnings, gain (loss) of sales of capital assets, and other revenues. The chart below identifies revenues by source for governmental activities:

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**



Business-Type Activities

Business-type activities increased the City's net position by \$6.5 million.

- Water Works' total net position increased by \$4.7 million for the year primarily from capital contributions.
- EPD's net position increased by \$4.9 million, which is comprised of \$167.0 million in invested capital assets, \$1.4 million for the designated replacement fund, and \$21.8 million in unrestricted funds. User charges, EPD's largest revenue stream, were \$25.2 million in fiscal year 2025, an increase of \$3.7 million from the prior year. Operating expenses totaled \$24.0 million, an increase of \$1.0 million from the prior year.
- Aviation net position decreased for the year by \$3.4 million. Aviation fund capital contributions amounted to \$4.8 million, a decrease of \$14.1 million from the previous year. Manchester-Boston Regional Airport experienced an increase of 4.95% in passenger enplanements in fiscal year 2025, as enplanements increased by 31,407 from fiscal year 2024.

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$106.9 million, an increase of \$33.0 million from fiscal year 2024. The balances in fund balance are considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in Note 1 in the Notes to the Financial Statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$14.5 million while the total fund balance reached \$37.0 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 7.18% of total general fund expenditures of \$199.3 million, while total fund balance represents 18.34% 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 \$25.1 and \$23.0 million for the years ended June 30, 2025 and 2024, respectively. The increase in operating revenues was driven by an increase in water usage in fiscal year 2025 along with a 3% rate increase for usage and service charges. Capital contributions were \$4.2 million and \$9.4 million for the years ended June 30, 2025 and 2024, respectively. The decrease was due primarily to the recognition of \$7.6 million in fiscal year 2024 related to the Merrimack Source Development project. Interest earnings from investments for years ended June 30, 2025 and 2024 were \$0.2 million and \$0.3 million, respectively, a decrease due primarily to the drop in earning rates.

As shown in the Environmental Protection Division (EPD) Fund Statement of Revenues, Expenses, and Changes in Net Position, user charges were \$25.2 million in fiscal year 2025, an increase of \$3.7 million from the prior year. Other operating revenues were \$5.7 million in fiscal year 2025, an increase of \$1.9 million from the prior year. Operating expenses totaled \$24.0 million in fiscal year 2025. Nonoperating revenues (expenses) were \$(1.7) million in fiscal year 2025, a decrease of \$1.1 million from fiscal year 2024.

Manchester-Boston Regional Airport experienced an increase of 4.95% in passenger enplanements in FY 2025, as enplanements increased by 31,407 from fiscal year 2024. The operating loss decreased from \$(12.4) million in fiscal year 2024 to \$(10.6) million in fiscal year 2025, an increase of 14.20%.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$187.8 million, \$5.2 million more than the estimated revenues. Federal and state grants were \$0.6 million over budgetary estimates. Non-enterprise charges for sales and services were \$0.9 million over budgetary estimates. Licenses and permits were \$3.2 million over budgetary estimates. Actual investment income was \$0.2 million over budgetary estimates. Transfers in were \$23 thousand over the budgeted amount primarily due to an increase in Parking Fund dividends transferred.

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Actual expenditures on a budgetary basis and other financing uses totaled \$187.1 million, \$0.3 million less than budgeted. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$4.9 million.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business type activities as of June 30, 2025, amounted to \$984.8 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 \$35.6 million.

**Capital Assets (Net of Depreciation)
June 30, 2025 and 2024
Primary Government (\$000s)**

	Governmental Activities		Business-Type Activities		Total		Amount Change
	2025	2024	2025	2024	2025	2024	
Land	\$ 13,967	\$ 13,967	\$ 62,003	\$ 60,379	\$ 75,970	\$ 74,346	\$ 1,624
Easements	52	52	525	-	577	52	525
Buildings and Improvements	152,648	155,741	358,719	367,687	511,367	523,428	(12,061)
Infrastructure	59,321	54,275	87,349	85,186	146,670	139,461	7,209
Interceptors	-	-	91,725	91,877	91,725	91,877	(152)
Equipment, Vehicles, and Intangibles	24,476	26,440	55,471	56,159	79,947	82,599	(2,652)
Construction in Progress	18,540	20,598	60,023	16,904	78,563	37,502	41,061
Total	<u>\$ 269,004</u>	<u>\$ 271,073</u>	<u>\$ 715,815</u>	<u>\$ 678,192</u>	<u>\$ 984,819</u>	<u>\$ 949,265</u>	<u>\$ 35,554</u>

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

- Replacement of emergency and rescue vehicles and equipment, purchase of roadway improvement and maintenance vehicles.
- Infrastructure improvements included the following work:
 - Dorr's Pond spillway improvements and construction of a new overflow dyke.
 - Reconstruction of sidewalk along Elm St adjacent to Veterans Park
 - Completion of the Downtown rail-trail connector from S. Beech St to Elm St.
 - Construction of a new sidewalk on Reservoir Dr, adjacent to Derryfield Park and Hillside school.
 - Roadway and drainage improvements at the Dunbarton Rd/Straw Rd intersection.
 - Pavement improvements to over 20 roadways:
 - Highlighting: Baker St, Brown Ave, Cohas Ave, Island Pond Rd, Mitchell St, Ray St and Young St.
 - Various sanitary and sewer projects.
 - Construction began on the Amoskeag Bridge East Bound deck replacement project.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

- Replaced/Upgraded various boilers, electric systems, replaced roofs, and installed gates.
- Upgraded and improved Fisher Cat Stadium.
- Completed capital improvements across parks, schools, and recreation facilities during FY2025. Strategic investment in core municipal assets, emphasizing longevity, safety, and regulatory compliance.
- School parking lot resurfacing - Extends pavement life cycles and reduces future capital liabilities. Improves safety and operational efficiency at high-use public facilities.
- Park infrastructure upgrades - New and repaired sidewalks, drainage systems, and accessibility improvements. Major work at Derryfield Park and Bass Island enhances compliance and mitigates long-term maintenance costs.
- Playground replacements and safety upgrades - Replaces end-of-life equipment with modern, ADA-aligned systems. Reduces future risk exposure and stabilizes long-term replacement cycles.
- Recreation facility improvements - Includes Livingston Park Pool, Westside Arena flooring, and athletic bleacher repairs. Protects high-value, high-use municipal assets.
- Athletic and site support improvements - Dugouts, vegetation management, and field support structures. Enhances operational readiness and preserves grounds quality.
- Aviation capital improvements and buildings, primarily airfield renovations;
 - Rehabilitation on Runway 17/35
 - Improvements on Taxiway G and D
 - Worker checkpoint screening fit up
 - Baggage handling system updates
 - Pavement improvements
 - Garage rehabilitation
 - Equipment and vehicle purchases
- Water Works buildings and structures, equipment and vehicle replacements
- EPD capital improvements and infrastructure.

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

**Outstanding Debt (\$000s)
General Obligation and Revenue Bonds
June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds and Direct Borrowings	\$ 189,196	\$ 165,639	\$ 106,840	\$ 88,873	\$ 296,036	\$ 254,512
Revenue Bonds	7,605	12,225	241,142	144,103	248,747	156,328
Net Bond Premium	21,717	19,642	21,988	10,189	43,705	29,831
Total	<u>\$ 218,519</u>	<u>\$ 197,506</u>	<u>\$ 369,969</u>	<u>\$ 243,165</u>	<u>\$ 588,488</u>	<u>\$ 440,671</u>

Long-Term Debt

General obligation debt is backed by the full faith and credit of the City government. As of June 30, 2025, 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 (\$19,507,563,992) 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 7.00% 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, 2025, the City recorded long-term debt of \$218.5 million related to Governmental Activities (including \$60.0 million related to the MSD) and \$370.0 million related to Business-Type Activities, well below its statutory debt limit. Information on the City's long-term debt can be found in Note 9 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, 2025

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 47,743,629	\$ 31,713,103	\$ 79,456,732	\$ 20,332,375
Restricted Cash and Cash Equivalents	73,720,427	114,732,363	188,452,790	61,511
Investments	21,782,244	2,520,608	24,302,852	-
Accounts Receivable, Net of Allowance	118,863,651	30,329,263	149,192,914	1,136,526
Intergovernmental Receivable	-	-	-	50,112,930
Prepaid Expenses	887,083	1,642,084	2,529,167	26,925
Internal Balances	997,834	(997,834)	-	-
Inventories	1,162,187	2,347,693	3,509,880	1,130,070
Other	-	-	-	10,000
Total Current Assets	265,157,055	182,287,280	447,444,335	72,810,337
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	31,630,285	31,630,285	-
Restricted Investments	72,918,523	9,185,043	82,103,566	-
Receivables, Net of Current Portion	-	-	-	1,759,950
Due from State of New Hampshire	-	5,103,724	5,103,724	-
Lease Receivable	-	29,325,336	29,325,336	-
Capital Assets, Not Being Depreciated	32,560,025	122,550,458	155,110,483	-
Capital Assets, Net of Accumulated Depreciation	236,444,472	593,264,709	829,709,181	80,998,405
Total Noncurrent Assets	341,923,020	791,059,555	1,132,982,575	82,758,355
Total Assets	607,080,075	973,346,835	1,580,426,910	155,568,692
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	31,254,553	6,459,377	37,713,930	33,206,621
Related to OPEB	3,292,100	1,047,234	4,339,334	2,938,912
Loss on Refunding	-	1,600,210	1,600,210	-
Total Deferred Outflows of Resources	34,546,653	9,106,821	43,653,474	36,145,533

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 8,870,597	\$ 34,173,124	\$ 43,043,721	\$ 4,759,266
Retainage Payable	-	5,580,184	5,580,184	-
Accrued Liabilities	7,173,170	6,108,127	13,281,297	22,215,751
Notes Payable	28,492,157	708,149	29,200,306	-
Escrow Deposits	3,436,198	-	3,436,198	-
Unearned Revenue	13,318,325	258,243	13,576,568	-
Other Current Liabilities	2,448,450	1,763,587	4,212,037	-
Due to School District	38,426,357	-	38,426,357	-
Due to Other Governments	-	-	-	4,482,966
Insurance Claims	7,761,730	-	7,761,730	1,525,764
Current Portion of Long-Term Liabilities:				
Bonds and Notes Payable	21,155,355	14,541,488	35,696,843	-
Compensated Absences Liability	1,692,933	357,488	2,050,421	1,060,608
Total Current Liabilities	132,775,272	63,490,390	196,265,662	34,044,355
Noncurrent Liabilities:				
Bonds and Notes Payable	197,363,242	355,427,921	552,791,163	-
Compensated Absences Liability	15,236,397	3,217,385	18,453,782	11,740,860
Landfill Liability	2,685,736	-	2,685,736	-
Net Pension Liability	218,255,668	41,574,844	259,830,512	187,630,015
Net OPEB Liability	33,699,179	4,458,924	38,158,103	22,331,344
Total Noncurrent Liabilities	467,240,222	404,679,074	871,919,296	221,702,219
Total Liabilities	600,015,494	468,169,464	1,068,184,958	255,746,574
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	10,342,151	2,104,210	12,446,361	7,987,894
Related to OPEB	7,901,715	1,876,540	9,778,255	4,531,704
Related to Leases	2,490,866	29,716,694	32,207,560	-
Related to Taxes Collected in Advance	107,077,262	-	107,077,262	23,015,851
Total Deferred Inflows of Resources	127,811,994	33,697,444	161,509,438	35,535,449
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	92,030,585	427,155,143	519,185,728	80,998,405
Restricted For:				
Passenger Facility Charges	-	2,086,274	2,086,274	-
Revenue Bond O&M	-	8,832,000	8,832,000	-
Renewal and Replacement	-	250,000	250,000	-
Bond Funds	-	11,140,076	11,140,076	-
Capital Improvements	28,938,679	1,354,368	30,293,047	-
Debt Service	3,023,505	-	3,023,505	-
Grants and Other Specific Purposes	23,771,980	-	23,771,980	-
Cemetery and Other Trust Funds -				
Nonspendable	40,289,921	-	40,289,921	-
Cemetery and Other Trust Funds - Restricted	6,703,155	-	6,703,155	-
Food Service	-	-	-	1,126,754
Unrestricted (Deficit)	(280,958,585)	29,768,887	(251,189,698)	(181,692,957)
Total Net Position (Deficit)	\$ (86,200,760)	\$ 480,586,748	\$ 394,385,988	\$ (99,567,798)

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 69,706,532	\$ 16,556,532	\$ 30,452,245	\$ 584,873	\$ (22,112,882)
Public Safety	88,016,532	2,441,890	3,849,223	-	(81,725,419)
Health and Sanitation	7,391,525	262,657	2,748,261	-	(4,380,607)
Highways and Street	38,807,061	4,210,251	12,372,039	-	(22,224,771)
Welfare	1,643,794	26,822	-	-	(1,616,972)
Education	3,658,327	48,097	-	-	(3,610,230)
Parks and Recreation	10,116,245	3,250,502	2,002,187	-	(4,863,556)
Cemetery Trust	145,500	-	-	-	(145,500)
Interest	4,946,763	-	-	-	(4,946,763)
Total Governmental Activities	224,432,279	26,796,751	51,423,955	584,873	(145,626,700)
Business-Type Activities:					
Water	25,474,122	25,067,246	-	4,159,263	3,752,387
EPD	31,358,133	29,632,805	114,139	2,212,446	601,257
Aviation	50,413,905	40,089,197	-	4,809,194	(5,515,514)
Parking	2,185,299	4,997,753	-	-	2,812,454
Total Business-Type Activities	109,431,459	99,787,001	114,139	11,180,903	1,650,584
Total Primary Government	\$ 333,863,738	\$ 126,583,752	\$ 51,538,094	\$ 11,765,776	\$ (143,976,116)
COMPONENT UNITS					
Manchester School District	\$ 264,172,404	\$ 4,209,119	\$ 39,921,051	\$ 5,014,806	\$ (215,027,428)
Manchester Transit Authority	10,347,227	1,576,501	6,496,598	628,296	(1,645,832)
Manchester Public Television Service, Inc.	468,586	-	-	-	(468,586)
Manchester Development Corporation	77,090	-	-	-	(77,090)
Total Component Units	\$ 275,065,307	\$ 5,785,620	\$ 46,417,649	\$ 5,643,102	\$ (217,218,936)

See accompanying Notes to Basic Financial Statements.

**CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Net Revenues (Expenses) and Changes in Net Position (Deficit)		Total	Discretely Presented Component Units
	Governmental Activities	Business-Type Activities		
CHANGE IN NET POSITION (Net Revenues (Expenses))	\$ (145,626,700)	\$ 1,650,584	\$ (143,976,116)	\$ (217,218,936)
GENERAL REVENUES				
Property Taxes	123,270,476	-	123,270,476	100,848,052
Auto Registration Fees	22,807,549	-	22,807,549	-
Franchise Fees	1,250,788	-	1,250,788	-
Unrestricted Investment Earnings	10,120,942	6,705,157	16,826,099	2,226,763
Grants and Contributions Not Restricted to Specific Programs	-	-	-	118,422,974
Miscellaneous	4,245,252	363,546	4,608,798	1,152,855
Gain (Loss) on Disposal of Assets	102,634	483,206	585,840	-
Transfers In (Out)	2,685,106	(2,685,106)	-	-
Total General Revenues and Transfers	<u>164,482,747</u>	<u>4,866,803</u>	<u>169,349,550</u>	<u>222,650,644</u>
CHANGES IN NET POSITION	18,856,047	6,517,387	25,373,434	5,431,708
Net Position - Beginning of Year, as Previously Reported	(123,794,000)	474,069,361	350,275,361	(104,999,506)
Error Correction	18,737,193	-	18,737,193	-
Net Position - Beginning of Year, as Restated	<u>(105,056,807)</u>	<u>474,069,361</u>	<u>369,012,554</u>	<u>(104,999,506)</u>
NET POSITION - END OF YEAR	<u>\$ (86,200,760)</u>	<u>\$ 480,586,748</u>	<u>\$ 394,385,988</u>	<u>\$ (99,567,798)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Other Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 26,756,637	\$ 16,203,219	\$ 4,783,773	\$ 47,743,629
Restricted Cash and Cash Equivalents	14,516,278	1,361,667	57,842,482	73,720,427
Investments	21,782,244	-	-	21,782,244
Restricted Investments	29,999,680	-	42,918,843	72,918,523
Receivables, Net of Allowance for Collection Losses	97,415,933	2,049,468	19,272,342	118,737,743
Prepaid Items	887,083	-	-	887,083
Due from Other Funds	16,331,334	-	-	16,331,334
Inventories	1,162,187	-	-	1,162,187
Total Assets	<u>\$ 208,851,376</u>	<u>\$ 19,614,354</u>	<u>\$ 124,817,440</u>	<u>\$ 353,283,170</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,788,073	\$ 1,449,071	\$ 3,633,453	\$ 8,870,597
Accrued Liabilities	4,603,622	156,994	7,911	4,768,527
Notes Payable	-	-	28,492,157	28,492,157
Escrow deposits	3,436,198	-	-	3,436,198
Insurance Claims Payable	762,999	-	-	762,999
Due to Other Funds	129,238	-	15,204,262	15,333,500
Due to Manchester School District	39,775,443	-	-	39,775,443
Unearned Revenue	4,309,440	9,008,885	-	13,318,325
Other Liabilities	1,521,269	419,664	507,517	2,448,450
Total Liabilities	<u>58,326,282</u>	<u>11,034,614</u>	<u>47,845,300</u>	<u>117,206,196</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Property Taxes	3,971,604	-	-	3,971,604
Unearned Revenues - Taxes Collected in Advance	107,077,262	-	-	107,077,262
Unavailable Revenues - Other	-	1,562,981	14,037,407	15,600,388
Lease Related	2,490,866	-	-	2,490,866
Total Deferred Inflows of Resources	<u>113,539,732</u>	<u>1,562,981</u>	<u>14,037,407</u>	<u>129,140,120</u>
FUND BALANCES				
Nonspendable	2,049,270	-	40,289,921	42,339,191
Restricted	-	7,016,759	22,644,812	29,661,571
Committed	18,539,928	-	-	18,539,928
Assigned	1,912,886	-	-	1,912,886
Unassigned	14,483,278	-	-	14,483,278
Total Fund Balances	<u>36,985,362</u>	<u>7,016,759</u>	<u>62,934,733</u>	<u>106,936,854</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 208,851,376</u>	<u>\$ 19,614,354</u>	<u>\$ 124,817,440</u>	<u>\$ 353,283,170</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	\$ 106,936,854
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not required in the governmental funds.	269,004,497
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized in governmental funds.	125,907
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.	31,254,553
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.	3,292,100
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	19,571,992
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(30,902,575)
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.	(10,342,151)
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.	(7,901,715)
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.	<u>(467,240,222)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ (86,200,760)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Other Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 124,003,170	\$ -	\$ -	\$ 124,003,170
Federal, State Grants, and Aid	22,375,046	30,699,330	8,493,006	61,567,382
Charges for Sales and Services	9,168,241	-	-	9,168,241
Licenses and Permits	26,719,502	-	-	26,719,502
Investment Income	3,240,266	-	6,880,677	10,120,943
Contributions	541,833	892,660	419,263	1,853,756
School Charge Backs	9,083,935	-	-	9,083,935
Lease and Rent Income	1,241,008	-	-	1,241,008
Debt Recovery	679,674	-	6,251	685,925
Miscellaneous	2,707,633	1,340,685	901,371	4,949,689
Total Revenues	199,760,308	32,932,675	16,700,568	249,393,551
EXPENDITURES				
Current:				
General Government	43,064,830	8,947,099	18,537,568	70,549,497
Public Safety	84,724,163	4,961,238	2,936,289	92,621,690
Health and Sanitation	2,384,883	4,593,970	-	6,978,853
Highway and Streets	30,670,747	8,237,611	7,720,503	46,628,861
Welfare	1,603,356	-	-	1,603,356
Education	3,658,327	-	-	3,658,327
Parks and Recreation	5,686,155	2,196,905	3,321,185	11,204,245
Cemetery Trust	-	-	145,500	145,500
Debt Service:				
Principal Retirement	18,997,186	-	54,000	19,051,186
Interest	8,505,792	-	10,383	8,516,175
Total Expenditures	199,295,439	28,936,823	32,725,428	260,957,690
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	464,869	3,995,852	(16,024,860)	(11,564,139)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	102,634	-	-	102,634
Proceeds from Issuance of Bonds	-	-	37,988,000	37,988,000
Premiums from Issuance of Bonds	-	-	3,787,636	3,787,636
Transfers In	3,305,206	2,300,000	-	5,605,206
Transfers Out	(2,370,000)	-	(550,100)	(2,920,100)
Total Other Financing Sources (Uses)	1,037,840	2,300,000	41,225,536	44,563,376
NET CHANGES IN FUND BALANCES	1,502,709	6,295,852	25,200,676	32,999,237
Fund Balances - Beginning of Year, as Previously Reported	35,482,653	720,907	32,594,057	68,797,617
Error Correction	-	-	5,140,000	5,140,000
Fund Balances - Beginning of Year, as Restated	35,482,653	720,907	37,734,057	73,937,617
FUND BALANCES - END OF YEAR	<u>\$ 36,985,362</u>	<u>\$ 7,016,759</u>	<u>\$ 62,934,733</u>	<u>\$ 106,936,854</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balance - Governmental Funds	\$ 32,999,237
Amounts reported for governmental activities in the statement of activities are different because:	
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.	(2,068,028)
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.	2,867,913
The issuance of long-term (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.	
Issuance of Bonds and Notes	(37,988,000)
Premiums from Issuance of Bonds and Notes	(3,787,636)
Repayments of Debt	19,051,186
Bond Premium Amortization	1,712,568
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, interest is not reported until due.	(1,284,952)
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	2,194,184
Decrease in Pension Expense for GASB 68	2,562,929
Increase in Compensated Absences	(787,140)
Decrease in Insurance Claims	580,104
Decrease in Landfill Liability	1,969,964
Decrease in Other Liabilities	833,718
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u>\$ 18,856,047</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Fund	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 42,059	\$ 9,723,373	\$ 21,604,408	\$ 343,263	\$ 31,713,103
Restricted Cash and Cash Equivalents	1,462,498	111,254,848	1,282,991	732,026	114,732,363
Investments	-	-	2,520,608	-	2,520,608
Accounts Receivable	6,950,935	10,482,440	5,211,267	141,476	22,786,118
Intergovernmental Receivables	-	541,480	5,637,330	-	6,178,810
Lease Receivable	154,720	-	1,209,615	-	1,364,335
Prepaid Items	447,515	150,845	1,043,724	-	1,642,084
Due from Other Funds	-	-	135,401	-	135,401
Inventories	2,123,901	111,989	111,803	-	2,347,693
Total Current Assets	11,181,628	132,264,975	38,757,147	1,216,765	183,420,515
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	3,820,034	13,379,069	14,431,182	-	31,630,285
Restricted Investments	-	-	9,185,043	-	9,185,043
Intergovernmental Receivables	-	5,103,724	-	-	5,103,724
Lease Receivable	2,360,283	-	26,965,053	-	29,325,336
Capital Assets, Not Being Depreciated	7,300,463	57,593,722	54,845,173	2,811,100	122,550,458
Capital Assets, Net of Accumulated Depreciation	158,518,916	252,412,354	180,142,701	2,190,738	593,264,709
Total Noncurrent Assets	171,999,696	328,488,869	285,569,152	5,001,838	791,059,555
Total Assets	183,181,324	460,753,844	324,326,299	6,218,603	974,480,070
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	2,388,488	1,298,428	2,427,134	345,327	6,459,377
Related to OPEB	425,777	189,392	395,491	36,574	1,047,234
Loss on Refunding	1,600,210	-	-	-	1,600,210
Total Deferred Outflows of Resources	4,414,475	1,487,820	2,822,625	381,901	9,106,821

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Fund	Total
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 810,086	\$ 31,378,371	\$ 1,974,670	\$ 9,997	\$ 34,173,124
Retainage Payable	115,942	5,399,464	64,778	-	5,580,184
Accrued Liabilities	526,515	3,145,178	2,329,135	107,299	6,108,127
Notes Payable	-	708,149	-	-	708,149
Due to Other Funds	985,888	58,650	-	88,697	1,133,235
Unearned Revenue	258,243	-	-	-	258,243
Other Liabilities	244,082	-	1,444,913	74,592	1,763,587
Current Portion of Long-Term Liabilities:					
Bonds and Notes Payable	4,091,616	4,803,025	5,554,284	92,563	14,541,488
Compensated Absences Liability	148,038	67,339	132,891	9,220	357,488
Total Current Liabilities	7,180,410	45,560,176	11,500,671	382,368	64,623,625
Noncurrent Liabilities:					
Bonds and Notes Payable	54,503,877	216,543,627	83,377,526	1,002,891	355,427,921
Compensated Absences Liability	1,332,339	606,047	1,196,023	82,976	3,217,385
Net Pension Liability	16,817,196	7,614,544	15,660,075	1,483,029	41,574,844
Net OPEB Liability	1,964,154	854,152	1,479,222	161,396	4,458,924
Total Noncurrent Liabilities	74,617,566	225,618,370	101,712,846	2,730,292	404,679,074
Total Liabilities	81,797,976	271,178,546	113,213,517	3,112,660	469,302,699
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	498,041	478,976	874,211	252,982	2,104,210
Related to OPEB	746,547	352,333	706,897	70,763	1,876,540
Related to Leases	2,515,003	-	27,201,691	-	29,716,694
Total Deferred Inflows of Resources	3,759,591	831,309	28,782,799	323,745	33,697,444
NET POSITION					
Net Investment in Capital Assets	110,175,823	167,016,872	146,056,064	3,906,384	427,155,143
Restricted	-	1,354,368	22,308,350	-	23,662,718
Unrestricted	(8,137,591)	21,860,569	16,788,194	(742,285)	29,768,887
Total Net Position	\$ 102,038,232	\$ 190,231,809	\$ 185,152,608	\$ 3,164,099	\$ 480,586,748

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Fund	Total
OPERATING REVENUES					
Charges for Goods and Services	\$ 25,067,246	\$ 25,199,386	\$ 32,333,042	\$ 4,997,753	\$ 87,597,427
Other	-	4,433,419	3,104,138	-	7,537,557
Total Operating Revenues	25,067,246	29,632,805	35,437,180	4,997,753	95,134,984
OPERATING EXPENSES					
Personnel Services	10,224,969	5,233,991	10,377,258	1,112,845	26,949,063
Plant Maintenance	2,677,718	4,284,312	2,148,537	-	9,110,567
Light/Heat and Power	2,146,779	2,504,528	2,248,922	41,642	6,941,871
General and Administrative	2,890,705	1,463,328	16,600,776	791,357	21,746,166
Depreciation and Amortization	5,938,559	10,505,180	14,664,583	217,034	31,325,356
Total Operating Expenses	23,878,730	23,991,339	46,040,076	2,162,878	96,073,023
OPERATING INCOME (LOSS)	1,188,516	5,641,466	(10,602,896)	2,834,875	(938,039)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	207,833	4,335,354	2,084,130	77,840	6,705,157
Interest Expense	(1,595,392)	(6,322,107)	(4,319,194)	(22,421)	(12,259,114)
Passenger Facility Charges	-	-	2,742,138	-	2,742,138
Customer Facility Charges	-	-	1,909,879	-	1,909,879
Rent and Other Income	232,830	18,976	-	-	251,806
Reimbursement of Interest Expenses	-	114,139	-	-	114,139
Financing Fees	-	(1,044,687)	(54,635)	-	(1,099,322)
Gain on Disposal of Capital Assets	417,010	5,653	58,383	2,160	483,206
Gain on Forgiveness of Debt	-	1,220,105	-	-	1,220,105
Miscellaneous Income/Expense	115,651	-	(3,911)	-	111,740
Total Nonoperating Revenues (Expenses)	(622,068)	(1,672,567)	2,416,790	57,579	179,734
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	566,448	3,968,899	(8,186,106)	2,892,454	(758,305)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	4,159,263	992,341	4,809,194	-	9,960,798
Transfers In	-	-	-	70,000	70,000
Transfers Out	-	-	-	(2,755,106)	(2,755,106)
Total Capital Contributions and Transfers	4,159,263	992,341	4,809,194	(2,685,106)	7,275,692
CHANGES IN NET POSITION	4,725,711	4,961,240	(3,376,912)	207,348	6,517,387
Net Position - Beginning of Year	97,312,521	185,270,569	188,529,520	2,956,751	474,069,361
NET POSITION - END OF YEAR	<u>\$ 102,038,232</u>	<u>\$ 190,231,809</u>	<u>\$ 185,152,608</u>	<u>\$ 3,164,099</u>	<u>\$ 480,586,748</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 25,356,402	\$ 27,849,886	\$ 33,787,975	\$ 4,963,252	\$ 91,957,515
Cash Payments for Goods and Services	(7,675,555)	(5,715,979)	(22,604,635)	(835,675)	(36,831,844)
Cash Payments to Employees for Services	(9,522,235)	(5,065,842)	(9,812,736)	(1,063,580)	(25,464,393)
Net Cash Provided by Operating Activities	8,158,612	17,068,065	1,370,604	3,063,997	29,661,278
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers In	-	-	-	70,000	70,000
Paid to/by General Fund	(2,441,960)	2,880	(116,394)	(2,701,179)	(5,256,653)
Proceeds from Rental Income	232,830	18,976	-	-	251,806
Other Income	115,651	-	(3,910)	-	111,741
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(2,093,479)	21,856	(120,304)	(2,631,179)	(4,823,106)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Passenger and Customer Facility Charges	-	-	4,652,017	-	4,652,017
Principal Paid on Bonds and Notes	(3,918,406)	(28,336,919)	(8,636,494)	(99,514)	(40,991,333)
Interest Paid on Bonds and Notes	(1,472,634)	(7,743,299)	(4,828,634)	(34,415)	(14,078,982)
Proceeds from Issuance of Bonds and Notes	3,185,000	129,862,709	-	-	133,047,709
Premium from Issuance of Bonds and Notes	340,786	12,123,223	-	-	12,464,009
Bond Issuance Cost	-	(1,044,687)	(54,635)	-	(1,099,322)
Proceeds from Sale of Capital Assets	603,888	5,653	58,383	2,160	670,084
Contributed Capital by Federal, State, and Local Governments	4,159,263	992,341	3,161,953	-	8,313,557
Acquisition and Construction of Capital Assets	(7,523,023)	(25,004,465)	(8,956,977)	-	(41,484,465)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,625,126)	80,854,556	(14,604,387)	(131,769)	61,493,274
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends from Investments	207,833	4,335,354	2,084,130	77,840	6,705,157
Sales of Investments	-	-	1,728,622	-	1,728,622
Purchases of Investments	-	-	(519,486)	-	(519,486)
Net Cash Provided by Investing Activities	207,833	4,335,354	3,293,266	77,840	7,914,293
NET CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	1,647,840	102,279,831	(10,060,821)	378,889	94,245,739
Cash, Restricted Cash, and Cash Equivalents - Beginning of Year	3,676,751	32,077,459	47,379,402	696,400	83,830,012
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,324,591</u>	<u>\$ 134,357,290</u>	<u>\$ 37,318,581</u>	<u>\$ 1,075,289</u>	<u>\$ 178,075,751</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,188,516	\$ 5,641,466	\$ (10,602,896)	\$ 2,834,875	\$ (938,039)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	5,938,559	10,505,180	14,664,583	217,034	31,325,356
(Increase) Decrease in Assets and Deferred Outflows:					
Receivables	30,912	(1,782,919)	(1,536,073)	(34,501)	(3,322,581)
Lease Receivable	-	-	(1,278,152)	-	(1,278,152)
Prepaid Expenses and Other Assets	(89,002)	198,553	(67,635)	-	41,916
inventory	(219,035)	-	3,800	-	(215,235)
Deferred Outflows of Resources	2,183,215	844,174	2,083,300	378,573	5,489,262
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	77,009	395,008	(1,902,950)	(13,599)	(1,444,532)
Accrued Liabilities	91,084	2,081,055	480,569	(4,891)	2,647,817
Compensated Absences	4,996	105,728	125,206	9,904	245,834
Net Pension Liability	(1,549,613)	(1,181,438)	(1,844,858)	(379,198)	(4,955,107)
Net OPEB Liability	(237,040)	(178,895)	(451,594)	(47,814)	(915,343)
Deferred Inflows of Resources	236,686	440,153	1,518,879	88,846	2,284,564
Other Liabilities	502,325	-	178,425	14,768	695,518
Net Cash Provided by Operating Activities	<u>\$ 8,158,612</u>	<u>\$ 17,068,065</u>	<u>\$ 1,370,604</u>	<u>\$ 3,063,997</u>	<u>\$ 29,661,278</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Forgiveness on Loans	<u>\$ -</u>	<u>\$ 1,220,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,220,105</u>
Capital-Related Accounts Payable and Retainage	<u>\$ -</u>	<u>\$ (29,508,631)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,508,631)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Pension and Medical Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 9,474,472
Investments	316,904,128
Receivables, Net of Allowance for Collection Losses	483,856
Other Assets	2,651
Total Assets	<u>326,865,107</u>
LIABILITIES	
Accounts Payable	173,199
Accrued Liabilities	2,222,288
Total Liabilities	<u>2,395,487</u>
NET POSITION	
Restricted for:	
Pension	300,283,632
OPEB	24,185,988
Net Position Restricted for Pension and OPEB Benefits	<u><u>\$ 324,469,620</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Pension and Medical Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 23,644,848	\$ -
Plan Members	3,555,704	-
Total Contributions	<u>27,200,552</u>	<u>-</u>
Investment Income:		
Interest and Dividends	3,044,532	-
Net Realized and Unrealized Appreciation in Fair Value of Investments	27,760,826	-
Less: Investment Expenses	<u>(839,767)</u>	<u>-</u>
Investment Income, Net	29,965,591	-
Taxes Collected for County	-	14,780,490
Fees Collected for State of New Hampshire	<u>-</u>	<u>7,077,103</u>
Total Additions	57,166,143	21,857,593
DEDUCTIONS		
Benefits Paid Directly to Participants	28,551,016	-
Refunds of Employee Contributions	554,205	-
Administrative Expenses	939,065	-
Payment of Taxes to County	-	14,780,490
Payment of Fees to State of New Hampshire	<u>-</u>	<u>7,077,103</u>
Total Deductions	<u>30,044,286</u>	<u>21,857,593</u>
CHANGES IN NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	27,121,857	-
Net Position Restricted for Pension and OPEB Benefits - Beginning of Year	<u>297,347,763</u>	<u>-</u>
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS - END OF YEAR	<u><u>\$ 324,469,620</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2025

	Component Units				
	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	Total Component Units
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 15,974,083	\$ 1,822,448	\$ 15,404	\$ 2,520,440	\$ 20,332,375
Restricted Cash	61,511	-	-	-	61,511
Receivables, Net of Allowance	911,958	216,158	-	8,410	1,136,526
Intergovernmental Receivable	49,594,241	518,689	-	-	50,112,930
Other	-	-	-	10,000	10,000
Prepaid Expenses	24,096	2,673	-	156	26,925
Inventories	814,077	315,993	-	-	1,130,070
Total Current Assets	67,379,966	2,875,961	15,404	2,539,006	72,810,337
Noncurrent Assets:					
Receivables	-	-	-	1,759,950	1,759,950
Capital Assets, Net of Depreciation	75,861,892	5,136,513	-	-	80,998,405
Total Noncurrent Assets	75,861,892	5,136,513	-	1,759,950	82,758,355
Total Assets	143,241,858	8,012,474	15,404	4,298,956	155,568,692
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	33,206,621	-	-	-	33,206,621
Related to OPEB	2,300,365	638,547	-	-	2,938,912
Total Deferred Outflows of Resources	35,506,986	638,547	-	-	36,145,533

See accompanying Notes to Basic Financial Statements.

CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF NET POSITION (CONTINUED)
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2025

	Component Units				Total Component Units
	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 4,617,223	\$ 142,043	\$ -	\$ -	\$ 4,759,266
Accrued Liabilities	22,123,110	92,641	-	-	22,215,751
Insurance Claims Payable	1,525,764	-	-	-	1,525,764
Due to Other Governments	4,482,966	-	-	-	4,482,966
Compensated Absences	771,915	288,693	-	-	1,060,608
Total Current Liabilities	33,520,978	523,377	-	-	34,044,355
Noncurrent Liabilities:					
Compensated Absences	11,480,709	260,151	-	-	11,740,860
Net Pension Liability	187,630,015	-	-	-	187,630,015
Net OPEB Liability	19,087,111	3,244,233	-	-	22,331,344
Total Noncurrent Liabilities	218,197,835	3,504,384	-	-	221,702,219
Total Liabilities	251,718,813	4,027,761	-	-	255,746,574
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	7,987,894	-	-	-	7,987,894
Related to OPEB	3,047,781	1,483,923	-	-	4,531,704
Unearned Revenues - Property Taxes	23,015,851	-	-	-	23,015,851
Total Deferred Inflows of Resources	34,051,526	1,483,923	-	-	35,535,449
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	75,861,892	5,136,513	-	-	80,998,405
Restricted for:					
Food Service	1,126,754	-	-	-	1,126,754
Unrestricted (Deficit)	(184,010,141)	(1,997,176)	15,404	4,298,956	(181,692,957)
Net Position (Deficit)	<u>\$ (107,021,495)</u>	<u>\$ 3,139,337</u>	<u>\$ 15,404</u>	<u>\$ 4,298,956</u>	<u>\$ (99,567,798)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANCHESTER, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses)
COMPONENT UNITS					
Manchester School District	\$ 264,172,404	\$ 4,209,119	\$ 39,921,051	\$ 5,014,806	\$ (215,027,428)
Manchester Transit Authority	10,347,227	1,576,501	6,496,598	628,296	(1,645,832)
Manchester Public Television Service, Inc.	468,586	-	-	-	(468,586)
Manchester Development Corporation	77,090	-	-	-	(77,090)
Total Component Units	<u>\$ 275,065,307</u>	<u>\$ 5,785,620</u>	<u>\$ 46,417,649</u>	<u>\$ 5,643,102</u>	<u>\$ (217,218,936)</u>
	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	Total
Net Revenues (Expenses) from Above	\$ (215,027,428)	\$ (1,645,832)	\$ (468,586)	\$ (77,090)	\$ (217,218,936)
GENERAL REVENUES					
Property Taxes	100,848,052	-	-	-	100,848,052
Unrestricted Investment Earnings	2,088,598	181	507	137,477	2,226,763
Grants and Contributions Not Restricted to Specific Programs	118,422,974	-	-	-	118,422,974
Miscellaneous	648,115	30,993	473,747	-	1,152,855
Total General Revenues	<u>222,007,739</u>	<u>31,174</u>	<u>474,254</u>	<u>137,477</u>	<u>222,650,644</u>
CHANGES IN NET POSITION	6,980,311	(1,614,658)	5,668	60,387	5,431,708
Net Position - Beginning of Year	<u>(114,001,806)</u>	<u>4,753,995</u>	<u>9,736</u>	<u>4,238,569</u>	<u>(104,999,506)</u>
NET POSITION - END OF YEAR	<u>\$ (107,021,495)</u>	<u>\$ 3,139,337</u>	<u>\$ 15,404</u>	<u>\$ 4,298,956</u>	<u>\$ (99,567,798)</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting policies of the City of Manchester, New Hampshire (the City) conform to accounting principles generally accepted in the United States of America (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:

A. Reporting Entity

The City of Manchester, New Hampshire, (the City) was incorporated in June of 1846 and operates as a municipal corporation governed by an elected mayor and a 14-member aldermanic board. Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and 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.

B. 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 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 voting members. Three directors shall be appointed by a majority vote of the Aldermen; the other two directors shall be nominated by the Mayor and confirmed by a majority vote of the Aldermen. Separate audited financial statements are not available.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Discretely Presented Component Units (Continued)

Manchester School District (District or MSD)

The MSD is a municipal corporation governed by an elected 14-member board elected by voters of the School District, with the Mayor of the City serving as Chairperson of the Board. The MSD is responsible for elementary and secondary education within the government's jurisdiction. However, the District is fiscally dependent upon the government as the government's BMA approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. Other independent auditors audited the MSD, a June 30 year-end, and their report, dated March 19, 2026 was issued under separate cover.

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 26, 2026 was issued under separate cover. The MTA is presented as a proprietary fund type.

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

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

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

Manchester Transit Authority
110 Elm Street
Manchester NH 03101 – 2799

Manchester School District
20 Hecker Street
Manchester NH 03102

C. Fiduciary 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, 2024, and their report dated August 13, 2025 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 at 1045 Elm Street, Suite 403, Manchester NH 03101-1824.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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, which the city is financially accountable for.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly 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.

E. 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.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of rooms and meals taxes, for which revenues are considered available if they are collected within six months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB and claims and judgments, are recorded when due (matured).

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

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Other Grants Fund* is to account for all federal, state and private grants for special programs administered by the City departments.

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 (DA).

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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.

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.

F. Accounting Estimates

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

G. Cash Equivalents

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

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Investments

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

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

I. Allowance for Doubtful Accounts

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

J. 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 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases (Continued)

City as a Lessor (Continued)

- 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.

K. 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 noncurrent 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”.

L. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

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

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

M. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more-likely-than-not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

N. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

The City reports deferred inflows for pension and OPEB benefits. 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.

O. Long-Term Obligations

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

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

P. 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 based on actuarially required calculations. The net pension obligation (asset), in accordance with GASB Statement No. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pension Accounting (Continued)

Funding Policy

The City makes annual contributions based upon annual actuarial determinations that are different than GASB Statement No. 68.

Q. OPEB Accounting

Governmental Funds/Activities

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

Funding Policy

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

R. Inventories

Inventory is stated at the lower of cost using the moving average method or market.

S. 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.

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Equity and Net Position (Continued)

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 legislations.

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

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

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 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:

Southwest Airlines	50%
American Airlines	31%

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. 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.

B. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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.

Concentration of Credit Risk

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, 2025, \$1,305,421 of the City's bank balance of \$304,103,277 was exposed to custodial credit risk as uninsured and/or collateralized.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Cash, cash equivalents, and investments are as follows at June 30, 2025:

Cash and Cash Equivalents:			
Deposits with Financial Institutions	\$	277,818,401	
Municipal-Backed Investment Fund		22,029,792	
Contributory Retirement Pension Cash		<u>9,326,835</u>	
Total Cash and Cash Equivalents		309,175,028	
Investments:			
General Fund Investments:			
U.S. Government Agencies		5,463,630	**
Long-Term Certificates of Deposit		<u>16,318,614</u>	
Total General Fund Investments		21,782,244	
Library Trust Funds:			
Common Stocks		4,857,100	***
Equity Mutual Funds		<u>2,904,821</u>	
Total Library Trust Funds		7,761,921	
Cemetery Trust Funds:			
U.S. Treasury Notes		13,376,501	***
Mutual Funds		<u>24,975,937</u>	
Total Cemetery Trust Funds		38,352,438	
Expendable Trust Funds:			
U.S. Treasury Notes		26,639,425	***
Aviation Fund:			
U.S. Treasury Notes		11,705,651	***
Old System Pension Trust Fund:			
U.S. Treasury Notes		367,498	***
Corporate Bonds		301,213	***
Mortgage-Backed		65,694	***
Equity Mutual Funds		<u>728,008</u>	
Total Old System Pension Trust Fund		1,462,413	
MECRS:			
Equity Funds		92,526,753	
International Equity		29,620,706	
Private Equity		49,146,985	
Global Equity		33,439,083	
Fixed Income		61,928,944	
Emerging Market Funds		17,664,343	
Real Estate		<u>31,118,891</u>	
Total MECRS		<u>315,445,705</u>	
Total Investments		<u>423,149,797</u>	
Total Cash, Cash Equivalents, Restricted			
Cash, and Investments	\$	<u><u>732,324,825</u></u>	

* Uninsured and unregistered, with securities held by 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

Statement of Net Position:

Cash and Cash Equivalents	\$ 79,456,732
Restricted Cash	220,083,075
Investments	24,302,852
Restricted Investments	82,103,566
Total Statement of Net Position	<u>405,946,225</u>

Pension Trust Funds:

Cash and Cash Equivalents	9,474,472
Investments	316,904,128
Total Pension Trust Funds	<u>326,378,600</u>

Total	<u><u>\$ 732,324,825</u></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
US Treasury Notes	\$ 52,089,075	\$ 28,551,373	\$ 17,649,277	\$ 5,888,425	\$ -
US Government Agencies	5,463,630	5,463,630	-	-	-
Corporate Bonds	301,213	13,772	254,444	32,997	-
Mortgage-Backed	65,694	-	4,710	7,241	53,743
Municipal-Backed Investment Fund	22,029,792	22,029,792	-	-	-
Total	<u><u>\$ 79,949,404</u></u>	<u><u>\$ 56,058,567</u></u>	<u><u>\$ 17,908,431</u></u>	<u><u>\$ 5,928,663</u></u>	<u><u>\$ 53,743</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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	\$ 61,412	\$ 15,325	\$ -
AA+	14,112	15,139	-
AA	8,544	-	22,029,792
A+	28,900	-	-
A	73,096	-	-
A-	97,115	-	-
Unrated	18,034	35,230	-
Total	<u>\$ 301,213</u>	<u>\$ 65,694</u>	<u>\$ 22,029,792</u>

C. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by GASB 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Fair Value (Continued)

The City (other than MECRS) has the following fair value measurements as of June 30, 2025:

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
	Amount		
Investments by Fair Value Level:			
Debt Securities:			
U.S. Treasury Notes	\$ 52,089,075	\$ -	\$ 52,089,075
U.S. Government Agencies	5,463,630	-	5,463,630
Corporate Bonds	301,213	301,213	-
Mortgage-Backed	65,694	65,694	-
Common Stocks	4,857,100	4,857,100	-
Mutual Funds	28,608,766	28,608,766	-
Total	<u>\$ 91,385,478</u>	<u>\$ 33,832,773</u>	<u>\$ 57,552,705</u>

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)

A. Cash, Cash Equivalents, and Investments

1. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Manchester Employees Contributory Retirement System (MECRS) (Continued)

A. Cash, Cash Equivalents, and Investments (Continued)

2. 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.

3. 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.

Management Firm	Quality Rating	Duration	Fair Value
Arena Short Duration High Yield	BB-/B+	1.4 Years	\$ 12,680,220
Fidelity IP Bond Index	AA	6.1 Years	10,880,460
Income Research & Management	AA/Aa	6.1 Years	16,371,869
Loomis Sayles Multisector	BBB	4.9 Years	21,996,395
Total Fixed Income			<u>\$ 61,928,944</u>

4. 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, 2024:

MECRS Pension Trust:

Aristotle Collective (Domestic Equity)	\$ 20,578,325
City of London (Emerging Market Equities)	17,664,343
Income Research and Management (Fixed Income)	16,371,869
Loomis Sayles (Fixed Income)	21,996,395
Loomis Sayles (Global Equity)	17,350,416
Sands Capital (U.S. Large Cap Growth)	21,887,811
Boston Trust Walden (Domestic)	20,490,546
Fidelity 500 Index (Domestic Equity)	29,598,495

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Manchester Employees Contributory Retirement System (MECRS) (Continued)

A. Cash, Cash Equivalents, and Investments (Continued)

5. Foreign Currency Risk

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

At December 31, 2024, the system did not have any investments subject to foreign currency risk.

6. 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, 2024:

	Policy Mix	Current Mix		Policy Mix	Current Mix
Domestic Large Cap Equity	18% - 25%	22.2 %	High Quality Bonds	8% - 16%	8.4 %
Domestic SMid Cap Equity	4% - 8%	6.3 %	Real Estate/Real Assets	0% - 16%	9.5 %
International Equity	6% - 14%	9.1 %	Private Equity	0% - 16%	15.1 %
Emerging International Equity	5% - 10%	5.5 %	Multi-Sector Fixed Income	4% - 10%	10.7 %
Global Equity	8% - 15%	10.3 %	Cash	0% - 4%	2.9 %

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Manchester Employees Contributory Retirement System (MECRS) (Continued)

A. Cash, Cash Equivalents, and Investments (Continued)

7. Fair Value

The MECRS had the following fair value measurements as of December 31 2024:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Unfunded Commitments
	Amounts			
Investments by Fair Value Level:				
Fixed Income	\$ 61,928,944	\$ 32,876,855	\$ 29,052,089	\$ -
Domestic Equity	92,526,753	51,457,882	41,068,871	-
Emerging Markets	17,664,343	-	17,664,343	-
Global Equity	33,439,083	-	33,439,083	-
International Equities	29,620,706	14,821,025	14,799,681	-
Real Estate	31,118,891	-	31,118,891	5,268,537
Private Equity	49,146,985	-	49,146,985	18,208,495
Total	<u>\$ 315,445,705</u>	<u>\$ 99,155,762</u>	<u>\$ 216,289,943</u>	<u>\$ 23,477,032</u>

NOTE 4 RECEIVABLES

Receivables were comprised of the following at June 30, 2025:

Primary Government

	General Fund	Other Grants	Nonmajor Governmental	Water Works	EPD	Aviation	Nonmajor Business- Type	Total
Property Taxes	\$ 80,663,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,663,154
Due from State of New Hampshire and Other Local Governments	6,537,995	407,716	5,140,000	-	5,645,204	-	-	17,730,915
Prior Year Tax Liens	329,843	-	-	-	-	-	-	329,843
Tax Titles	3,611,012	-	-	-	-	-	-	3,611,012
Due from Federal Government	-	59,614	-	-	-	5,637,330	-	5,696,944
Accounts Receivable-								
Trade	3,610,638	19,156	-	6,950,935	10,482,440	5,211,267	141,476	26,415,912
Notes Receivables	-	-	239,596	-	-	-	-	239,596
CDBG Fund Receivable	-	-	14,037,406	-	-	-	-	14,037,406
Leases Receivables	2,549,581	-	-	2,515,003	-	28,174,668	-	33,239,252
Other	113,710	1,562,982	1,350	-	-	-	-	1,678,042
Allowance for Collection Losses	-	-	(146,010)	-	-	-	-	(146,010)
Total Fund Basis Receivables	97,415,933	2,049,468	19,272,342	9,465,938	16,127,644	39,023,265	141,476	183,496,066
Interest Receivable	125,908	-	-	-	-	-	-	125,908
Total Entity-Wide Receivables, Net	<u>\$ 97,541,841</u>	<u>\$ 2,049,468</u>	<u>\$ 19,272,342</u>	<u>\$ 9,465,938</u>	<u>\$ 16,127,644</u>	<u>\$ 39,023,265</u>	<u>\$ 141,476</u>	<u>\$ 183,621,974</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 RECEIVABLES (CONTINUED)

Component Unit – Manchester School District and Manchester Transit Authority

The Manchester School District reported \$50.5 million of receivables at June 30, 2025. Significant receivables included \$13.0 million from the City for fiscal year 2025, \$28.7 million held by the Trustee of Trust Funds, and \$7.8 million from the state and federal governments.

The Manchester Transit Authority reported \$734,847 of receivables at June 30, 2025.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due from/to other funds consisted of the following at June 30, 2025:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 16,331,334	\$ 129,238
Nonmajor Governmental Funds:		
Capital Projects Fund	-	15,204,262
Major Enterprise Funds:		
Water Works Fund	-	985,888
Environmental Protection Division Fund	-	58,650
Aviation Fund	135,401	-
Nonmajor Enterprise Funds:		
Parking Fund	-	88,697
Total	\$ 16,466,735	\$ 16,466,735

The balance of \$15,204,262 due from Capital Projects to the General Fund is the result of a short-term advance. The remaining outstanding balances resulted from the time lag between the dates payments occur between funds for various activities and are expected to be collected within one year.

Interfund transfers during the year ended June 30, 2025 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 3,305,206	\$ 2,370,000
Other Grants Fund	2,300,000	-
Nonmajor Governmental Funds:		
Permanent Trust Funds	-	550,100
Nonmajor Enterprise Funds:		
Parking Fund	70,000	2,755,106
Total	\$ 5,675,206	\$ 5,675,206

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$2,755,106 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. Transfers from the General Fund to the Other Grants Fund and Parking Fund are for roadway infrastructure improvements and other capital outlays.

NOTE 6 CAPITAL ASSETS

Governmental Activities

Changes in the governmental capital assets for the year ended June 30, 2025, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 13,967,267	\$ -	\$ -	\$ 13,967,267
Easements	52,426	-	-	52,426
Construction-In-Progress	20,598,025	20,687,151	(22,744,844)	18,540,332
Total Capital Assets, Not Being Depreciated	34,617,718	20,687,151	(22,744,844)	32,560,025
Capital Assets Being Depreciated:				
Buildings	412,354,908	7,335,537	(363,104)	419,327,341
Improvements Other Than Buildings	37,960,938	2,829,779	(515,965)	40,274,752
Intangibles	271,133	54,172	-	325,305
Equipment	39,429,232	2,060,484	(325,954)	41,163,762
Vehicles	35,974,015	1,915,016	(1,431,192)	36,457,839
Infrastructure	149,267,764	10,571,988	(205,832)	159,633,920
Total Capital Assets Being Depreciated	675,257,990	24,766,976	(2,842,047)	697,182,919
Less: Accumulated Depreciation for:				
Buildings	(271,323,494)	(12,121,460)	292,875	(283,152,079)
Improvements Other Than Buildings	(23,251,271)	(1,046,813)	496,117	(23,801,967)
Intangibles	(199,627)	(27,100)	-	(226,727)
Equipment	(22,988,196)	(3,180,047)	325,954	(25,842,289)
Vehicles	(26,047,618)	(2,777,943)	1,423,328	(27,402,233)
Infrastructure	(94,992,977)	(5,374,720)	54,545	(100,313,152)
Total Accumulated Depreciation	(438,803,183)	(24,528,083)	2,592,819	(460,738,447)
Total Capital Assets Being Depreciated, Net	236,454,807	238,893	(249,228)	236,444,472
Governmental Activities Capital Assets, Net	<u>\$ 271,072,525</u>	<u>\$ 20,926,044</u>	<u>\$ (22,994,072)</u>	<u>\$ 269,004,497</u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-Type Activities

Changes in the business-type capital assets for the year ended June 30, 2025, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 60,378,605	\$ 1,624,165	\$ -	\$ 62,002,770
Easements	-	525,000	-	525,000
Construction-In-Progress	16,904,102	67,166,385	(24,047,799)	60,022,688
Total Capital Assets, Not Being Depreciated	77,282,707	69,315,550	(24,047,799)	122,550,458
Capital Assets Being Depreciated:				
Buildings	432,947,053	8,505,892	-	441,452,945
Improvements Other Than Buildings	505,248,027	2,995,801	-	508,243,828
Infrastructure	137,191,049	4,359,795	-	141,550,844
Interceptors	141,023,683	3,069,011	-	144,092,694
Equipment, Vehicles, and Intangibles	114,971,135	4,751,089	(407,192)	119,315,032
Total Capital Assets Being Depreciated	1,331,380,947	23,681,588	(407,192)	1,354,655,343
Less: Accumulated Depreciation for:				
Buildings	(244,756,300)	(10,464,536)	-	(255,220,836)
Improvements Other Than Buildings	(325,482,381)	(10,274,856)	-	(335,757,237)
Infrastructure	(52,006,193)	(2,195,358)	-	(54,201,551)
Interceptors	(49,546,201)	(2,821,373)	-	(52,367,574)
Equipment, Vehicles, and Intangibles	(58,681,395)	(5,569,233)	407,192	(63,843,436)
Total Accumulated Depreciation	(730,472,470)	(31,325,356)	407,192	(761,390,634)
Total Capital Assets Being Depreciated, Net	600,908,477	(7,643,768)	-	593,264,709
Business-Type Activities Capital Assets, Net	<u>\$ 678,191,184</u>	<u>\$ 61,671,782</u>	<u>\$ (24,047,799)</u>	<u>\$ 715,815,167</u>

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

Governmental Activities:	
General Government	\$ 6,717,812
Public Safety	2,389,286
Highways and Streets	6,732,607
Health and Welfare	249,022
Education and Library	6,403,862
Parks and Recreation	2,035,494
Total Depreciation Expense - Governmental Activities	<u>\$ 24,528,083</u>
Business-Type Activities:	
Water Works	\$ 5,938,559
EPD	10,505,180
Aviation	14,664,583
Parking	217,034
Total Depreciation Expense - Business-Type Activities	<u>\$ 31,325,356</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Discretely Reported Component Units

Capital assets activity for the School District for the year ended June 30, 2025 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
School District:				
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	21,700,528	15,231,345	(78,624)	36,853,249
Improvements	29,464,734	4,705,598	-	34,170,332
Instruments	202,274	19,263	(7,760)	213,777
Other Machinery and Equipment	15,475,180	4,559,577	(2,122,064)	17,912,693
Total Capital Assets Being Depreciated	66,842,716	24,515,783	(2,208,448)	89,150,051
Less: Accumulated Depreciation for:				
Portable Classrooms	(781,065)	(921,452)	68,141	(1,634,376)
Improvements	(1,198,155)	(1,012,386)	-	(2,210,541)
Instruments	(104,506)	(35,423)	7,760	(132,169)
Other Machinery and Equipment	(8,488,909)	(3,169,640)	2,122,064	(9,536,485)
Total Accumulated Depreciation	(10,572,635)	(5,138,901)	2,197,965	(13,513,571)
Total Capital Assets Being Depreciated, Net	56,270,081	19,376,882	(10,483)	75,636,480
Business-Type Activities Capital Assets, Net	<u>\$ 56,439,481</u>	<u>\$ 19,376,882</u>	<u>\$ (10,483)</u>	<u>\$ 75,805,880</u>

Capital asset activity for the MTA for the year ended June 30, 2025 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
MTA:				
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	79,950	-	2,918,862
Buses	13,114,491	74,181	(3,017,182)	10,171,490
Equipment	2,061,096	49,117	-	2,110,213
Total Capital Assets Being Depreciated	18,014,499	203,248	(3,017,182)	15,200,565
Less: Accumulated Depreciation	(10,711,187)	(1,425,227)	1,943,253	(10,193,161)
Total Capital Assets Being Depreciated, Net	7,303,312	(1,221,979)	(1,073,929)	5,007,404
Business-Type Activities Capital Assets, Net	<u>\$ 7,432,421</u>	<u>\$ (1,221,979)</u>	<u>\$ (1,073,929)</u>	<u>\$ 5,136,513</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 LEASES RECEIVABLE

A. Governmental Activities

Lease receivables consisted of the following at June 30, 2025:

Description	Cumulative Lease Payment Over Life of Lease	Lease Expiration	Interest Rate(s)	Lease Receivable as of June 30, 2025
195 McGregor Street	\$ 332,040	11/30/2025	0.4570 %	\$ 29,297
625 Mammoth Road	27,963	12/31/2027	0.2180	19,594
Derryfield Park-Trinity HS	105,000	3/4/2054	1.7050	66,353
Hackett Hill Road	864,000	4/6/2039	1.4620	588,524
Mcintyre Ski Area	2,129,916	9/30/2035	1.3270	1,404,776
UNH Water Tank	722,389	8/28/2037	1.3940	441,037
Total				<u>\$ 2,549,581</u>

B. Business-Type Activities – Airport

The Airport entered into a 448-month lease as Lessor for the use of Pettengill Road. The lease was assigned and extended during fiscal year 2024 to a 556-month lease. An initial lease receivable was recorded in the amount of \$6,188,837. As of June 30, 2025, the value of the lease receivable is \$5,406,977. The lessee is required to make monthly variable principal and interest payments of \$20,182. The lease has an interest rate of 3.4270%. The value of the deferred inflow of resources as of June 30, 2025, was \$5,148,713, 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, 2025, the value of the lease receivable is \$1,712,201. The lessee is required to make monthly variable principal and interest payments of \$9,496. The lease has an interest rate of 2.0630%. The value of the deferred inflow of resources as of June 30, 2025, was \$1,650,531, and the Airport recognized lease revenue of \$91,696 during the fiscal year. The lessee has 1 extension option for 120 months.

As of June 30, 2025, there are 31 leases. These leases range in length from 2 to 51 years. As of June 30, 2025, the value of the individual lease receivables ranged from \$4,151 to \$5,406,977. The range value of the deferred inflow of resources as of June 30, 2025, was \$3,872 to \$5,148,713, and the Airport recognized lease revenues of \$1,208,845 during the year ended June 30, 2025.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 LEASES RECEIVABLE (CONTINUED)

B. Business-Type Activities – Airport (Continued)

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, 2025, was \$5,012,182. One year remains in the contracts (fiscal year 2026) and minimum expected receipts for fiscal year 2026 are \$5,407,813.

C. Business-Type Activities – Water Works

As of June 30, 2025, Manchester Water Works (MWW) reported leases receivable of \$2,515,003. For the fiscal year ended June 30, 2025, MWW reported lease revenue of \$151,860 and interest revenue of \$43,762 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:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Hermit Road Cell Tower	\$ 1,096,255	\$ 38,331	\$ 19,075
Hermit Road Sublease	503,773	34,297	8,766
Derryfield Park 1 Cell Tower	415,460	35,054	7,229
Derryfield Park 2 Cell Tower	499,515	44,178	8,692
Total	<u>\$ 2,515,003</u>	<u>\$ 151,860</u>	<u>\$ 43,762</u>

Hermit Road Cell Tower

On May 28, 1998, MWW entered into a five-year lease agreement with Celco 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 six additional five-year extension terms. Based on this agreement, MWW is receiving annual payments through May 28, 2048 and collected \$38,331 in principal and \$19,075 in interest during fiscal year 2025.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 LEASES RECEIVABLE (CONTINUED)

C. Business-Type Activities – Water Works (Continued)

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 \$34,297 in principal and \$8,766 in interest during fiscal year 2025.

Derryfield Park 1 Cell Tower

On August 28, 1995, MWW entered into a five-year lease agreement with Celco 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 \$35,054 in principal and \$7,229 in interest during fiscal year 2025.

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 \$44,178 in principal and \$8,692 in interest during fiscal year 2025.

NOTE 8 NOTES PAYABLE

Below is a listing of governmental activities short-term debt outstanding at June 30, 2025:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
BAN:					
GOB Notes - 2025	3.75%	\$ -	\$ 28,300,000	\$ -	\$ 28,300,000
Premium		-	192,157		192,157
Total		<u>\$ -</u>	<u>\$ 28,492,157</u>	<u>\$ -</u>	<u>\$ 28,492,157</u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 NOTES PAYABLE (CONTINUED)

Below is a listing of business-type activities' short-term debt outstanding at June 30, 2025:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
State Revolving Loan:					
Solid Trains Upgrade	0.00 %	\$ 24,747,660	\$ 40,770	\$ (24,788,430)	\$ -
Asset Management	0.00	(9,316)	9,316	-	-
MS4	0.00	138,851	462,715	-	601,566
Solids Disposal MP	0.00	-	106,583	-	106,583
Total		<u>\$ 24,877,195</u>	<u>\$ 619,384</u>	<u>\$ (24,788,430)</u>	<u>\$ 708,149</u>

NOTE 9 LONG-TERM DEBT

Below is a listing of the governmental activities long-term debt outstanding at June 30, 2025:

Description of Issue	Date of Issue	Interest Rate(s)	Original Amounts	Maturity Dates	Annual Payment	Balance 6/30/2025
Direct Borrowings:						
GO Series 2021 A	June-21	0.95 %	\$ 14,475,000	2025 - 2028	\$1,575,000 - \$4,365,000	\$ 12,510,000
HUD Section 108 Loan	7/1/2024	4.13 - 4.35	273,000	2029	\$80,000 - \$1,451,000	219,000
Total Direct Borrowings						<u>12,729,000</u>
Public Offerings:						
POB Series 2001 C	November-01	6.22	19,006,862	2025 - 2031	\$301,348 - \$512,403	2,328,403
GO Series 2003 C	December-03	5.75	24,215,000	2025 - 2029	\$145,000 - \$185,000	680,000
School Series 2004	October-04	5.50	61,970,000	2025 - 2028	\$2,520,000 - \$4,620,000	7,605,000
GO Series 2015 A	June-15	3.00 - 5.00	29,990,000	2054 - 2035	\$1,370,000 - \$2,280,000	19,915,000
GO Series 2018 A	May-18	3.125 - 5.00	32,835,000	2025 - 2038	\$830,000 - \$2,390,000	19,790,000
GO Series 2020 A	June-20	2.125 - 4.00	40,960,000	2025 - 2040	\$1,185,000 - \$2,935,001	30,605,000
GO Series 2020 B	June-20	1.25 - 1.70	3,300,000	2025 - 2030	\$335,000 - \$340,000	1,680,000
GO Series 2020 C	November-20	3.00 - 5.00	43,591,059	2025 - 2041	\$1,198,452 - \$2,759,781	28,878,756
GO Series 2022 A	July-22	4.00 - 5.00	36,625,000	2025 - 2043	\$1,045,000 - \$2,515,000	32,820,000
GO Series 2022 B	July-22	4.00 - 5.00	2,566,000	2025 - 2033	\$225,000 - \$290,000	2,055,000
GO Series 2024 A	July-24	4.00 - 6.00	34,760,000	2025 - 2044	\$810,000 - \$2,455,000	34,760,000
GO Series 2024 B	July-24	4.70 - 6.00	2,955,000	2025 - 2040	\$235,000 - \$365,000	2,955,000
Total Public Offerings						<u>184,072,159</u>
Total Governmental Activities Long-Term Debt						<u>\$ 196,801,159</u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM DEBT (CONTINUED)

Below is a listing of business-type activities' long-term debt outstanding at June 30, 2025:

Description of Issue	Date of Issue	Interest Rate(s)	Original Amounts	Maturity Dates	Annual Payment	Balance 6/30/2025
Direct Borrowings:						
SRF 2018 1	July-17	1.96 %	\$ 9,000,000	2025 - 2047	\$253,952 - \$531,217	\$ 7,179,261
SRF 2018 2	July-17	1.225	1,200,000	2025 - 2027	\$123,449 - \$142,093	267,054
SRF 2019 1	July-18	2.00	2,375,000	2025 - 2038	\$118,750	1,543,750
SRF 2020 1	July-20	1.352	5,619,530	2025 - 2050	\$163,067 - \$228,126	4,877,098
SRF 2021 1	November-21	2.000	5,907,905	2025 - 2041	\$310,942	4,726,325
2023 DWGT	July-22	2.960	1,000,000	2025 - 2042	\$39,465 - \$73,197	889,660
SRF 2023 1	July-23	2.000	885,700	2025 - 2033	\$75,000	648,560
SRF 2023 2	December-23	2.000	525,660	2025 - 2033	\$300,528	300,528
SRF 2024 1	December-24	2.704	23,568,325	2025 - 2044	\$1,178,416	22,389,909
Total Direct Borrowings						<u>42,822,145</u>
Direct Placements:						
Airport Series 2014	December-14	2.44	10,000,000	2025 - 2027	\$1,270,567 - \$2,136,521	3,407,088
Airport Series 2015	January-15	2.38	2,630,000	2025 - 2027	\$286,958 - \$482,763	769,721
Airport Series 2018	November-18	3.44	46,030,000	2025 - 2030	\$2,780,000 - \$10,410,000	29,055,000
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	8,400,000
GO Series 2021 C	June-21	1.40	15,955,000	2025 - 2036	\$1,020,000 - \$1,085,000	11,555,000
Airport Series 2021	November-21	3.50	12,900,000	2032	\$5,600,000	2,400,000
Airport Series 2023	July-23	6.38	39,650,000	2032 - 2043	\$2,300,000 - \$4,535,000	39,650,000
Total Direct Placements						<u>108,886,809</u>
Total Direct Borrowings and Placements						151,708,954
Public Offerings:						
POB Series 2001 C	November-01	6.22	1,803,138	2025 - 2031	\$18,652 - \$37,597	156,600
GO Series 2018 A	May-18	3.125 - 5.00	2,355,000	2025 - 2038	\$100,000 - \$165,000	1,755,000
GO Series 2020 A	June-20	2.125 - 4.00	4,255,000	2025 - 2040	\$140,000 - \$274,999	3,190,000
GO Series 2020 C	November-20	5.00	28,888,941	2025 - 2041	\$71,812 - \$234,300	516,240
GO Series 2020 D	November-20	1.02 - 2.31	27,505,000	2025 - 2034	\$2,130,000 - \$2,530,000	20,890,000
GO Series 2021 BB A	February-21	2.10 - 5.10	18,665,000	2025 - 2046	\$645,000 - \$705,000	13,930,000
GO Series 2021 BB C	July-21	5.10	819,000	2025 - 2032	\$50,000 - \$80,575	440,000
EPD Sewer Series 2021	December-21	4.00 - 5.00	46,535,000	2031 - 2051	\$85,000 - \$3,880,000	46,535,000
EPD Sewer Series 2024	October-24	5.00 - 5.25	105,675,000	2025 - 2054	\$75,000 - \$10,730,000	105,675,000
GO Series 2024 A	July-24	4.00 - 6.00	3,185,000	2025 - 2045	\$89,999 - \$229,999	3,185,000
Total General Obligation Bonds						<u>196,272,840</u>
Total Business-Type Activities Long-Term Debt						<u>\$ 347,981,794</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Primary Government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds, and notes payable at June 30, 2025 were as follows:

Governmental Activities Long-Term Debt

<u>Fiscal Year Ending June 30,</u>	<u>Bonds Payable - Direct Borrowings</u>			<u>Public Offerings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,029,000	\$ 127,024	\$ 4,156,024	\$ 17,126,355	\$ 7,756,051	\$ 24,882,406
2027	4,224,000	87,010	4,311,010	16,427,589	6,980,607	23,408,196
2028	4,419,000	45,103	4,464,103	16,643,530	6,207,088	22,850,618
2029	57,000	1,240	58,240	13,981,102	5,414,224	19,395,326
2030	-	-	-	14,283,786	4,787,504	19,071,290
2031 - 2035	-	-	-	62,219,799	15,383,672	77,603,471
2036 - 2040	-	-	-	34,005,000	5,242,211	39,247,211
2041 - 2045	-	-	-	9,384,998	662,856	10,047,854
Debt Service Requirement	12,729,000	260,377	12,989,377	184,072,159	52,434,213	236,506,372
Add: Net Bond Premium	-	-	-	21,717,438	-	21,717,438
Total Governmental Activities	<u>\$ 12,729,000</u>	<u>\$ 260,377</u>	<u>\$ 12,989,377</u>	<u>\$ 205,789,597</u>	<u>\$ 52,434,213</u>	<u>\$ 258,223,810</u>

Business-Type Activities Long-Term Debt

<u>Fiscal Year Ending June 30,</u>	<u>Bonds Payable - Direct Borrowings and Placements</u>			<u>Public Offerings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,932,842	\$ 5,346,727	\$ 16,279,569	\$ 3,608,646	\$ 8,445,172	\$ 12,053,818
2027	17,116,727	5,093,046	22,209,773	3,737,410	8,347,349	12,084,759
2028	15,595,787	4,636,897	20,232,684	3,916,470	8,237,343	12,153,813
2029	8,948,656	4,162,096	13,110,752	5,023,899	8,113,815	13,137,714
2030	8,960,456	3,930,339	12,890,795	5,166,215	7,934,527	13,100,742
2031 - 2035	38,976,056	15,955,907	54,931,963	29,470,200	36,587,579	66,057,779
2036 - 2040	28,359,735	9,271,467	37,631,202	28,665,000	31,170,841	59,835,841
2041 - 2045	20,795,117	2,312,356	23,107,473	35,720,000	24,399,740	60,119,740
2046 - 2050	2,023,578	73,754	2,097,332	41,105,000	16,015,335	57,120,335
2051 - 2054	-	-	-	39,860,000	5,313,063	45,173,063
Debt Service Requirement	151,708,954	50,782,589	202,491,543	196,272,840	154,564,764	350,837,604
Add: Net Bond Premium	-	-	-	21,987,615	-	21,987,615
Total Business-Type Activities	<u>\$ 151,708,954</u>	<u>\$ 50,782,589</u>	<u>\$ 202,491,543</u>	<u>\$ 218,260,455</u>	<u>\$ 154,564,764</u>	<u>\$ 372,825,219</u>

Interest rates for the City's outstanding GO bonds range from 0.95% to 6.22%. At June 30, 2025, the City's legal debt limit was \$1,901,987,489. Authorized and unissued financing resolutions as of June 30, 2025, totaled \$314,654,533.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt - City	\$ 117,784,963	\$ 28,709,999	\$ (9,898,035)	\$ 136,596,927	\$ 11,522,304
General Obligation Bonds					
Payable - MSD	33,769,382	9,005,001	(2,904,151)	39,870,232	3,054,051
Revenue Bonds Payable - MSD	12,225,000	-	(4,620,000)	7,605,000	2,550,000
Direct Borrowings - City	-	273,000	(54,000)	219,000	54,000
Direct Borrowings - MSD	14,085,000	-	(1,575,000)	12,510,000	3,975,000
Premiums (Discounts)	19,642,370	3,787,636	(1,712,568)	21,717,438	-
Net Bonds Payable	197,506,715	41,775,636	(20,763,754)	218,518,597	21,155,355
Compensated Absences ⁽¹⁾	16,142,190	787,140	-	16,929,330	1,692,933
Landfill Post-Closure Care	4,655,700	-	(1,969,964)	2,685,736	-
Total Governmental Activities	<u>\$ 218,304,605</u>	<u>\$ 42,562,776</u>	<u>\$ (22,733,718)</u>	<u>\$ 238,133,663</u>	<u>\$ 22,848,288</u>
Business-Type Activities:					
General Obligation Debt	\$ 88,873,174	\$ 26,753,325	\$ (8,786,515)	\$ 106,839,984	\$ 8,912,204
Revenue Bonds	144,103,304	105,675,000	(8,636,494)	241,141,810	5,629,284
Premiums (Discounts)	10,188,963	12,464,009	(665,357)	21,987,615	-
Net Bonds Payable	243,165,441	144,892,334	(18,088,366)	369,969,409	14,541,488
Compensated Absences ⁽¹⁾	3,329,039	245,834	-	3,574,873	357,488
Total Business-Type Activities	<u>\$ 246,494,480</u>	<u>\$ 145,138,168</u>	<u>\$ (18,088,366)</u>	<u>\$ 373,544,282</u>	<u>\$ 14,898,976</u>

⁽¹⁾ The change in the compensated absence liability is presented as a net change.

The EPD Enterprise Fund had five loan agreements with balances at June 30, 2025 amounting to \$29,609,072 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 \$88,931,809 in airport revenue bonds. Pledged revenues total \$38,709,243 and include certain operating and nonoperating 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 2025 was specifically calculated at 1.97 were paid from PFC's. The total principal and interest remaining to be paid on the bonds is \$128,380,795. Principal and interest paid for the current year was \$13,004,250.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

The City has pledged future sewer system revenues, net of operating expenses (excluding depreciation), to repay \$46,535,000 in sewer system revenue bonds issued in December 2021 and \$105,675,000 issued in December 2024. Pledged revenues total \$30,625,146 and include certain operating and nonoperating revenue. Proceeds from the bonds provided financing for capital improvements to the sewer system. The bonds are payable solely from net revenues, as defined, of the sewer system and are payable through 2054. Annual principal and interest payments on the bonds are expected to require a significant portion of net revenues, as defined. Total principal and interest remaining to be paid on the bonds is \$298,399,313. Principal and interest paid for the current year and net systems revenues, as defined, were \$5,035,951 and \$15,989,587, respectively.

NOTE 10 RETIREMENT PLANS

The City follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to 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 11. Details of the financial position and results of operations for these plans are as follows:

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 RETIREMENT PLANS (CONTINUED)

City Pension Plans (Continued)

Schedule of Net Position – Pension and Medical Trust Funds

	MECRS Pension Trust 12/31/2024	MECRS Medical Trust 12/31/2024	Old System Pension Trust 6/30/2025	Total
ASSETS				
Cash and Cash Equivalents	\$ 8,019,676	\$ 1,307,159	\$ 147,637	\$ 9,474,472
Investments	292,591,282	22,854,423	1,458,423	316,904,128
Receivables, Net of Allowances for Collection Losses	447,094	36,762	-	483,856
Other Assets	2,459	192	-	2,651
Total Assets	301,060,511	24,198,536	1,606,060	326,865,107
LIABILITIES				
Accounts Payable	160,651	12,548	-	173,199
Accrued Liabilities	2,222,288	-	-	2,222,288
Total Liabilities	2,382,939	12,548	-	2,395,487
NET POSITION				
Restricted for:				
Pension	298,677,572	-	1,606,060	300,283,632
OPEB	-	24,185,988	-	24,185,988
Net Position for Pension and OPEB Benefits	<u>\$ 298,677,572</u>	<u>\$ 24,185,988</u>	<u>\$ 1,606,060</u>	<u>\$ 324,469,620</u>

Statement of Changes in Fiduciary Net Position – Pension and Medical Trusts

	MECRS Pension Trust 12/31/2024	MECRS Medical Trust 12/31/2024	Old System Pension Trust 6/30/2025	Total
ADDITIONS				
Contributions:				
Employer	\$ 22,131,038	\$ 1,513,810	\$ -	\$ 23,644,848
Plan Members	2,716,614	839,090	-	3,555,704
Total Contributions	24,847,652	2,352,900	-	27,200,552
Investment Income:				
Interest and Dividends	2,746,926	219,967	77,639	3,044,532
Net Realized and Unrealized Appreciation in Fair Value of Investments	25,635,923	2,026,226	98,677	27,760,826
Less: Investment Expenses	(777,883)	(61,884)	-	(839,767)
Net Investment Income	27,604,966	2,184,309	176,316	29,965,591
Total Additions	52,452,618	4,537,209	176,316	57,166,143
DEDUCTIONS				
Benefits Paid Directly to Participants	25,986,947	1,656,161	907,908	28,551,016
Refunds of Employee Contributions	554,205	-	-	554,205
Administrative Expenses	826,875	65,519	46,671	939,065
Total Deductions	27,368,027	1,721,680	954,579	30,044,286
CHANGES IN NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	25,084,591	2,815,529	(778,263)	27,121,857
Net Position Restricted for Pension and OPEB Benefits - Beginning of Year	273,592,981	21,370,459	2,384,323	297,347,763
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS - END OF YEAR	<u>\$ 298,677,572</u>	<u>\$ 24,185,988</u>	<u>\$ 1,606,060</u>	<u>\$ 324,469,620</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

City Pension Plans (Continued)

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

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Governmental Activities:				
MECRS	\$ 14,028,115	\$ 97,720,988	\$ 2,036,394	\$ 15,390,093
Old System	26,761	4,253,101	-	(304,033)
NHRS	17,199,677	116,281,579	8,305,757	10,140,046
Total Governmental Activities	31,254,553	218,255,668	10,342,151	25,226,106
Business-Type Activities:				
MECRS	6,454,619	40,818,595	2,104,210	6,665,448
Old System	4,758	756,249	-	(54,061)
Total Business-Type Activities	6,459,377	41,574,844	2,104,210	6,611,387
Total	\$ 37,713,930	\$ 259,830,512	\$ 12,446,361	\$ 31,837,493

Manchester Employees' Contributory Retirement System (MECRS)

A. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

A. Plan Description (Continued)

Membership in the MECRS consisted of the following at December 31, 2024, the date of the last actuarial valuation:

	Pension	Medical
Retirees and Beneficiaries Receiving Benefits	1,112	464
Terminated Vested Members	134	134
Active Members	1,183	1,183
Total Participants	2,429	1,781

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. 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 10 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

B. Benefits Provided (Continued)

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.

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. 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 pay-rolls.

Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension fund obligation.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

C. Contributions (Continued)

The City's contribution rates as a percentage of payrolls in 2025 were based on actuarial valuations performed as of December 31, 2024. The City's contributions for 2025 were based on the amount recommended by the actuary. The recommended City contributions for 2025 consisted of normal cost of \$22,131,038. At December 31, 2024, the unfunded prior service costs are being amortized over periods of twenty years. The employer customary actuarial determined contributions represented 32.97% of covered payroll for 2024.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the 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.

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

At June 30, 2025, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$ 138,539,583 for the MECRS. The net pension liability was measured as of December 31, 2024, 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, 2025, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$22,055,541. 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	\$ 5,681,537	\$ -
Changes of Assumptions	650,078	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,272,032	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	551,467	4,140,604
Subtotal	10,155,114	4,140,604
Contributions Subsequent to the Measurement Date	10,327,620	-
Total	<u>\$ 20,482,734</u>	<u>\$ 4,140,604</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

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

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, 2026.

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

F. Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry-Age Normal
Rate of Investment Return	6.75%
Projected Salary Increases	3.25% - 6.93%
Inflation Rate	2.50%
COLA Assumption	1.0% Compounded Annually

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 weighing 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, 2024, these best estimates are summarized in the following table:

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

F. Actuarial Assumptions (Continued)

Asset Class	Current Target	2025 Assumptions	30-Year Real Returns Weighted Return
Cash	2.0 %	3.57 %	3.57 %
Equities:			
Large Cap Equities	22.0	8.45	5.49
Small/Mid Cap Equities	6.0	9.18	6.55
Global Equity	10.0	8.93	7.90
International Equities (Unhedged)	10.0	8.36	5.69
Emerging International Equities	6.0	12.95	10.15
Total Equity	54.0		
Fixed Income:			
High Quality Bonds	10.0	5.44	5.28
Multi-Sector Credit	10.0	6.72	6.42
Total Fixed Income	20.0		
Alternatives:			
Real Estate (Core)	10.0	10.89	8.27
Private Equity	14.0	13.23	10.50
Total Alternatives	24.0		
2025 Expected 30-Year Real Return			7.95 %

G. Discount Rate

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

H. 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 1-percentage-point lower or 1-percentage-point higher than the current rate.

Year Ended December 30,	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2024	\$ 182,057,170	\$ 138,539,583	\$ 101,857,877

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Manchester Employees' Contributory Retirement System (MECRS) (Continued)

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 (IRC) 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. 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.

As of July 1, 2024, the date of the latest actuarial valuation, Old System membership consisted of:

Members Currently Receiving Benefits	41
Active Vested Members	-
Total Members	<u>41</u>

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Old System Retirement Plan (Continued)

B. 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, 2025 and June 30, 2024, the City's actuarially determined contributions were \$642,323 and \$701,383, 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. 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, 2025 conform to generally accepted accounting principles for public employee retirement systems (PERS). The more significant accounting policies of the Old System are summarized below:

1. 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.

2. 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.

3. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Old System Retirement Plan (Continued)

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

At June 30, 2025, the City reported a net pension liability of \$5,009,350 for the Old System plan. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

The components of the Old System net pension liability of the City at June 30, 2025 were as follows:

Total Pension Liability	\$ 6,615,411
Plan Fiduciary Net Position	<u>(1,606,061)</u>
Net Pension Liability	<u><u>\$ 5,009,350</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.28 %
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For the year ended June 30, 2025, the City recognized pension expense of \$(358,093). In addition, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 31,519	\$ -

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

F. 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	5.75% Net Investment Expenses
Discount Rate	5.22% Net Investment Expenses
Inflation Rate	2.50%

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Old System Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

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

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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Domestic Equities	56.00 %	4.55 %
International Equities	0.00	5.01
Fixed Income	37.00	1.84
Cash	7.00	0.00
Total	100.00 %	

G. Discount Rate

The discount rate used to measure the Old System total pension liability was 5.22%. 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 two periods of projected benefit payments and a 5.20% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 5.20% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 30, 2025.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Old System Retirement Plan (Continued)

H. 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 5.22%, 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:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
<u>Year Ended June 30,</u> 2025	<u>\$ 5,387,765</u>	<u>\$ 5,009,350</u>	<u>\$ 4,668,744</u>

New Hampshire Retirement System (NHRS)

A. Plan Description

The City contributes to the NHRS, a cost-sharing, multiemployer 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 IRC. 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. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

B. Benefits Provided (Continued)

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:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Service</u>	<u>Minimum Age</u>	<u>Benefit 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. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan. For fiscal year 2025, member contribution rates were set at 7.00% 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 2025, 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, 2025 totaled \$14,349,871 (exclusive of a \$1,319,832 medical subsidy), which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the NHRS, and additions to/deductions from NHRS' 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

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

At June 30, 2025, the City reported a net pension liability of \$116,281,579 for its proportionate share of the NHRS' total net pension liability. 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 June 30, 2023. 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, 2025, the City's proportion was 2.2424%, a decrease of 0.0697% from the prior year proportion of 2.3121%.

For the year ended June 30, 2025, the City recognized pension expense of \$10,140,046. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,588,606	\$ 23,381
Changes of Assumptions	-	1,360,911
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,623,235
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	5,298,230
Subtotal	2,588,606	8,305,757
Contributions Subsequent to the Measurement Date	14,611,071	-
Total	<u>\$ 17,199,677</u>	<u>\$ 8,305,757</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, 2026.

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

F. Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.25% Per Year
Wage Inflation	3.00% Per Year (2.50% for (Teachers)
Salary Increases	6.0% Average, Including Inflation
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation

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-2021.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of the most recent actuarial experience study for the period from July 1, 2019 – June 30, 2023.

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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

F. Actuarial Assumptions (Continued)

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.50% 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.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Public Equity:		
Broad U.S. Equity	24.00 %	5.40 %
Global Ex-U.S. Equity	16.00	5.65
Total Public Equity	40.00	
Private Market Equity:		
Real Estate Equity	10.00	4.00
Private Equity	10.00	6.65
Total Private Market Equity	20.00	
Private Debt	10.00	5.05
Core U.S. Fixed Income	25.00	2.15
Infrastructure	5.00	4.35
Total	100.00 %	

G. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
NHRS	\$ 162,574,835	\$ 116,281,579	\$ 77,717,875

I. Fiduciary Net Position

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

Component Unit – Manchester School District

A. Manchester School District

Net Pension

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

	Governmental Activities			
	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
MECRS	\$ 9,146,240	\$ 38,011,434	\$ -	\$ 7,033,443
NHRS	24,060,381	149,618,581	7,987,894	16,240,542
Total	<u>\$ 33,206,621</u>	<u>\$ 187,630,015</u>	<u>\$ 7,987,894</u>	<u>\$ 23,273,985</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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Component Unit – Manchester School District

B. Manchester Employees' Contributory Retirement System (MECRS)

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

At June 30, 2025, the Manchester School District, a component unit of the City, reported a net pension liability of \$38,011,434 for the MECRS. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the school district pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2025, the Manchester School District, a component unit of the City, recognized pension expense of \$7,033,443. In addition, the Manchester School District 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	\$ 1,558,857	\$ -
Changes of Assumptions	178,364	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	897,755	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	3,589,138	-
Subtotal	6,224,114	-
Contributions Subsequent to the Measurement Date	2,922,126	-
Total	<u>\$ 9,146,240</u>	<u>\$ -</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, 2026.

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

C. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Component Unit – Manchester School District

C. New Hampshire Retirement System (NHRS) (Continued)

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

At June 30, 2025, the Manchester School District reported a net pension liability of \$149,618,581 related to the NHRS. For the year ended June 30, 2025, the Manchester School District recognized pension expense of \$16,240,542. In addition, the Manchester School District reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,330,739	\$ 30,084
Changes of Assumptions	-	1,751,074
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,088,603
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	2,538,251	4,118,133
Subtotal	5,868,990	7,987,894
Contributions Subsequent to the Measurement Date	18,191,391	-
Total	<u>\$ 24,060,381</u>	<u>\$ 7,987,894</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, 2026.

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

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 RETIREMENT PLANS (CONTINUED)

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 of Resources			
	MECRS	Old System	NHRS	Total
Governmental Activities	\$ 6,774,079	\$ 26,761	\$ 2,588,606	\$ 9,389,446
Business-Type Activities:				
Water Works	1,248,025	2,948	-	1,250,973
EPD	569,411	1,810	-	571,221
Aviation	1,317,076	-	-	1,317,076
Nonmajor	246,523	-	-	246,523
Total Business-Type Activities	3,381,035	4,758	-	3,385,793
Component Unit:				
School District	6,224,114	-	5,868,990	12,093,104
Total	<u>\$ 16,379,228</u>	<u>\$ 31,519</u>	<u>\$ 8,457,596</u>	<u>\$ 24,868,343</u>

	Deferred Inflows of Resources			
	MECRS	Old System	NHRS	Total
Governmental Activities	\$ 2,036,394	\$ -	\$ 8,305,757	\$ 10,342,151
Business-Type Activities:				
Water Works	498,041	-	-	498,041
EPD	478,976	-	-	478,976
Aviation	874,211	-	-	874,211
Nonmajor	252,982	-	-	252,982
Total Business-Type Activities	2,104,210	-	-	2,104,210
Component Unit:				
School District	-	-	7,987,894	7,987,894
Total	<u>\$ 4,140,604</u>	<u>\$ -</u>	<u>\$ 16,293,651</u>	<u>\$ 20,434,255</u>

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

Year Ending June 30,	Governmental	Business-Type Activities				Total	Manchester School District
	Activities	Water Works	EPD	Aviation	Nonmajor		
2026	\$ (2,642,696)	\$ 447,389	\$ 60,120	\$ 256,794	\$ (3,745)	\$ (1,882,138)	\$ (1,321,615)
2027	7,344,726	578,489	66,854	345,070	(5,032)	8,330,107	11,857,738
2028	(3,417,119)	(186,886)	(24,257)	(108,294)	1,579	(3,734,977)	(3,540,552)
2029	(2,237,616)	(86,060)	(10,472)	(50,705)	739	(2,384,114)	(2,890,361)
Total	<u>\$ (952,705)</u>	<u>\$ 752,932</u>	<u>\$ 92,245</u>	<u>\$ 442,865</u>	<u>\$ (6,459)</u>	<u>\$ 328,878</u>	<u>\$ 4,105,210</u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT 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 in Note 10.

Total/Net OPEB Liability

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:

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

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

	Deferred Outflows of Resources	Net/Total OPEB Liability	Deferred Inflows of Resources	OPEB Expense
Governmental Activities:				
MECRS	\$ 1,170,665	\$ 6,758,689	\$ 3,067,438	\$ 291,303
City	776,610	16,044,576	4,831,696	(107,527)
NHRS	1,344,825	10,895,914	2,581	646,686
Total Governmental Activities	3,292,100	33,699,179	7,901,715	830,462
Business-Type Activities:				
MECRS	964,562	2,823,142	1,362,191	305,545
City	82,672	1,635,782	514,349	(37,320)
Total Business-Type Activities	1,047,234	4,458,924	1,876,540	268,225
Total	<u>\$ 4,339,334</u>	<u>\$ 38,158,103</u>	<u>\$ 9,778,255</u>	<u>\$ 1,098,687</u>

A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2025.

General Information about the OPEB Plan

1. Plan Description

The City indirectly provides postemployment 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.

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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

A. City OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

2. Plan Membership

At June 30, 2025, 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	202
Active Employees	2,840
Total	<u>3,042</u>

3. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% Per Year
Investment Rate	5.2% Net of Investment Expenses, Including Inflation
Healthcare Cost Trend Rates	8% for 2026, Decreasing 0.5% Per Year to 6%, then Grading Down to an Ultimate Trend Rate of 4%
Mortality:	Pre-Retirement Mortality: PubG-2010 Headcount-Weighted Employee General Mortality Tables, Projected with Fully Generational Mortality Improvement Using Scale MP-2021. Post-Retirement Mortality: Healthy Retirees: 102% of PubG-2010 Headcount-Weighted Retiree. General Mortality Tables for Males and 107% of PubG-2010 Headcount Weighted.
Retirees' Share of Benefit- Related Costs	100%

4. Discount Rate

The discount rate used to measure the total OPEB liability was 5.20%. 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, 2025.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

A. City OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

5. Total OPEB Liability

The City OPEB Plan has a measurement date of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2025.

	Total OPEB Liability
Balance - June 30, 2024	\$ 29,205,478
Changes for the Year:	
Service Cost	1,350,939
Interest	1,164,388
Changes of Benefit Terms	(792,255)
Difference Between Expected and Actual Experience	(1,722,702)
Changes in Assumptions or Other Inputs	(2,390,424)
Benefit Payments	(1,856,434)
Net Changes	<u>(4,246,488)</u>
Balance - June 30, 2025	24,958,990
OPEB Liability Applicable to Manchester School District	<u>(7,278,632)</u>
Net OPEB Liability Applicable to the City	<u><u>\$ 17,680,358</u></u>

Changes of benefit terms reflect changes in collective bargaining agreements.

6. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City OPEB Plan	\$ 19,828,890	\$ 17,680,358	\$ 15,736,620

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

A. City OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

7. Sensitivity of Total OPEB Liability to Changes in 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 1-percentage-point lower or 1-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%)
City Pension Plan	\$ 15,246,820	\$ 17,680,358	\$ 20,535,660

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

For the year ended June 30, 2025, the City (not including the Manchester School District, a component unit of the City) recognized an OPEB expense of (\$144,847). At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 2,296,004
Changes of Assumptions	859,283	3,050,041
Total	<u>\$ 859,283</u>	<u>\$ 5,346,045</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (971,972)
2027	(1,241,127)
2028	(769,052)
2029	(442,431)
2030	(462,267)
Thereafter	(599,913)
Total	<u>\$ (4,486,762)</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

B. New Hampshire Retirement System Medical Subsidy Plan

General Information about the OPEB Plan

1. Plan Description

The City also participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiemployer other postemployment 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.

2. Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS 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

3. 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, 2025, based upon an actuarial valuation performed as of June 30, 2023, using a measurement date of June 30, 2024. The actuarial valuation used the same actuarial assumptions as in Note 10.

4. 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, 2024, was \$10,895,914. The City's proportion was based on the ratio of each employer's contribution to the OPEB Plan's total employer contributions for the year ended June 30, 2024. The City's percentage of the net OPEB liability was 3.5% and 3.4% as of June 30, 2025 and June 30, 2024, respectively, which represents an increase 0.1%.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

B. New Hampshire Retirement System Medical Subsidy Plan (Continued)

General Information about the OPEB Plan (Continued)

4. Net OPEB Liability, Expense, and Deferred Outflows and Inflows (Continued)

For the year ended June 30, 2025, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$646,686. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual OPEB		
Investment Earnings	\$ -	\$ 2,581
Contributions Subsequent to the Measurement Date	1,344,825	-
Total	<u>\$ 1,344,825</u>	<u>\$ 2,581</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, 2026.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (23,027)
2027	34,072
2028	(8,786)
2029	(4,840)
Total	<u>\$ (2,581)</u>

5. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
NHRS	\$ 11,919,956	\$ 10,895,914	\$ 10,188,403

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

C. MECRS OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2024.

General Information about the OPEB Plan

1. Plan Description

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

2. Plan Membership

At December 31, 2024, 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	483
Terminated Vested Members	134
Active Employees	1,183
Total	<u>1,800</u>

3. Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of December 31, 2024, 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 Note 10.

4. 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.

5. Net OPEB Liability

The MECRS has a measurement date of December 31, 2024, and was determined by an actuarial valuation as of that date.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

C. MECRS OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

6. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance - Beginning of Year	\$ 34,864,381	\$ 21,370,459	\$ 13,493,922
Changes for the Year:			
Service Cost	901,553	-	901,553
Interest	2,327,878	-	2,327,878
Contributions - Employer	-	1,513,810	(1,513,810)
Contributions - Employee	-	839,091	(839,091)
Net Investment Income	-	2,184,307	(2,184,307)
Differences Between Expected and Actual Experience	(40,842)	-	(40,842)
Benefit Payments	(1,656,161)	(1,656,161)	-
Administrative Expense	-	(65,518)	65,518
Net Changes	1,532,428	2,815,529	(1,283,101)
Balance - End of Year	<u>\$ 36,396,809</u>	<u>\$ 24,185,988</u>	12,210,821
OPEB Liability Applicable to Manchester School District			(2,628,990)
Net OPEB Liability Applicable to the City			<u>\$ 9,581,831</u>

7. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
MECRS OPEB Liability	\$ 13,257,130	\$ 9,581,831	\$ 6,522,732

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

C. MECRS OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

8. 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.

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

For the year ended June 30, 2025, the City recognized an OPEB expense related to MECRS of \$596,848. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 281,606	\$ 3,472,596
Changes in Proportion and Differences Between Employer Contribution and Share of Contribution	657,670	957,034
Change in Assumptions	724,791	-
Net Difference Between Projected and Actual OPEB Investment Earnings	<u>169,284</u>	<u>-</u>
Subtotal	1,833,351	4,429,630
Contributions Subsequent to the Measurement Date	<u>301,878</u>	<u>-</u>
Total	<u><u>\$ 2,135,229</u></u>	<u><u>\$ 4,429,630</u></u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (73,555)
2027	(56,768)
2028	(1,153,790)
2029	(1,001,491)
2030	(308,456)
Thereafter	<u>(2,219)</u>
Total	<u><u>\$ (2,596,279)</u></u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

Primary Government (Continued)

D. Component Unit – Manchester School District

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

	Manchester School District			
	Deferred Outflows of Resources	Net/Total OPEB Liability	Deferred Inflows of Resources	OPEB Expense
MECRS	\$ 971,337	\$ 2,628,990	\$ 1,100,080	\$ 198,181
City	312,710	7,278,632	1,945,527	697,663
NHRS	1,016,318	9,179,489	2,174	(661,579)
Total	<u>\$ 2,300,365</u>	<u>\$ 19,087,111</u>	<u>\$ 3,047,781</u>	<u>\$ 234,265</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 \$7,278,632 as of June 30, 2025.

A. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
OPEB Liability	\$ 7,905,195	\$ 7,278,632	\$ 6,711,792

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

City OPEB Plan (Continued)

B. 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 1-percentage-point lower or 1-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%)
OPEB Liability	\$ 6,568,955	\$ 7,278,632	\$ 8,111,306

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

For the year ended June 30, 2025, the Manchester School District, recognized an OPEB expense of \$697,663. At June 30, 2025, 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	\$ -	\$ 835,559
Change in Assumptions	312,710	1,109,968
Total	<u>\$ 312,710</u>	<u>\$ 1,945,527</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (353,719)
2027	(451,670)
2028	(279,873)
2029	(161,009)
2030	(168,227)
Thereafter	(218,319)
Total	<u>\$ (1,632,817)</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

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.

A. 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, 2024 was \$9,179,489.

For the year ended June 30, 2025, the District recognized an OPEB expense related to the NHRS Medical Subsidy of \$(661,579). At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual OPEB		
Investment Earnings	\$ -	\$ 2,174
Contributions Subsequent to the Measurement Date	1,016,318	-
Total	<u>\$ 1,016,318</u>	<u>\$ 2,174</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, 2026.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (19,399)
2027	28,705
2028	(7,402)
2029	(4,078)
Total	<u>\$ (2,174)</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

New Hampshire Retirement System (NHRS) (Continued)

B. Sensitivity of the School District's Proportionate Share of the OPEB Liability

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
OPEB Liability	\$ 10,042,215	\$ 9,179,489	\$ 8,583,432

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 Statement No. 75. An OPEB liability actuarial valuation was completed by the consultants as of June 30, 2024.

A. 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 No. 75.

NOTE 12 CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

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

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

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 CONTINGENT LIABILITIES AND RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities as described below recorded by the City during the past three years were as follows:

<u>Fiscal Year Ended</u>	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2025	\$ 7,578,837	\$ 19,939,080	\$ 19,756,187	\$ 7,761,730
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

Health

Accident and health claims are administered through a private carrier. The City is self-insured under this program. The City reports an insurance claims payable on the fund basis with a balance at year-end of \$762,999. 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 which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city's liability for an incident to \$325,000 per individual and \$1,000,000 per incident. \$921,343 was recorded in the government wide statements governmental activities for fiscal year 2025 as the City's estimated liabilities for unsettled claims.

Workers' Compensation

Workers' 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. \$5,524,051 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2025 or prior, which have not been settled.

Department of Aviation

The DA has comprehensive airport liability insurance policies with insurance companies, which provide coverage generally up to \$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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 CONTINGENT LIABILITIES AND RISK MANAGEMENT (CONTINUED)

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, 2025, there was no pending claim by the EPA or the State.

The City prepared a Phase II Long-Term Control Plan to address the CSOs on the City's East Side and submitted it to the EPA in March 2010. The Phase II CSO abatement program recommended \$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 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 a project cost of approximately \$630 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 on line 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.

NOTE 13 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$2,685,736 reported as landfill closure and postclosure care liability at June 30, 2025 represents the cumulative amount reported to date based on use of 100% 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.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 RESTRICTED NET POSITION

Below is a listing of the primary government's restricted net position at June 30, 2025:

	Governmental Activities	EPD	Aviation
Bond Fund	\$ -	\$ -	\$ 3,803,599
Bond Reserve Fund	-	-	9,185,043
Capital Improvements	28,938,679	1,354,368	-
Debt Service	3,023,505	-	-
Grants and Other Specific Purposes	23,771,980	-	-
Cemetery and Other Trust Funds-Nonspendable	40,289,921	-	-
Cemetery and Other Trust Funds-Restricted	6,703,155	-	-
Passenger Facility Charges	-	-	2,086,274
Renewal and Replacement	-	-	250,000
Revenue Bond Operations and Maintenance Reserve	-	-	8,832,000
Total Restricted Net Position	<u>102,727,240</u>	<u>1,354,368</u>	<u>24,156,916</u>
Less: Accrued Bond Interest	-	-	(1,848,566)
Total Restricted Net Position	<u><u>\$ 102,727,240</u></u>	<u><u>\$ 1,354,368</u></u>	<u><u>\$ 22,308,350</u></u>

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 FUND BALANCES PRIMARY GOVERNMENT

Below is a table of fund balance categories and classifications at June 30, 2025 for the City governmental funds:

	General Fund	Other Grant Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Cemetery/Library Trust	\$ -	\$ -	\$ 40,289,921	\$ 40,289,921
Inventories	1,162,187	-	-	1,162,187
Prepaid Items	887,083	-	-	887,083
Total Nonspendable	<u>2,049,270</u>	<u>-</u>	<u>40,289,921</u>	<u>42,339,191</u>
Restricted:				
Capital Projects	-	-	9,358,678	9,358,678
Cemetery/Library Trust	-	-	6,703,154	6,703,154
CDBG	-	-	533,738	533,738
Civic Center	-	-	5,428,147	5,428,147
Grants	-	7,016,759	-	7,016,759
HUD Section 108 Fund	-	-	385,155	385,155
Revolving Loan Fund	-	-	235,940	235,940
Total Restricted	<u>-</u>	<u>7,016,759</u>	<u>22,644,812</u>	<u>29,661,571</u>
Committed:				
Capital	1,410,260	-	-	1,410,260
Workers' Compensation	3,808,375	-	-	3,808,375
General Liability Insurance	1,996,265	-	-	1,996,265
Health Department Reserve	722,527	-	-	722,527
Health Insurance	3,987,945	-	-	3,987,945
ALS Response	40,500	-	-	40,500
Municipal and Transportation Improvement	913,036	-	-	913,036
Pine Grove Cemetery Reserve	177,950	-	-	177,950
Roadway Degradation				
Fee Reserve	2,101,856	-	-	2,101,856
Severance Reserve	1,563,968	-	-	1,563,968
Snow Reserve	851,790	-	-	851,790
Cash Projects Fund	965,456	-	-	965,456
Total Committed	<u>18,539,928</u>	<u>-</u>	<u>-</u>	<u>18,539,928</u>
Assigned:				
General Government	649,960	-	-	649,960
Public Safety	319,860	-	-	319,860
Health and Sanitation	2,581	-	-	2,581
Highway and Streets	881,128	-	-	881,128
Welfare	1,713	-	-	1,713
Parks and Recreation	57,644	-	-	57,644
Total Assigned	<u>1,912,886</u>	<u>-</u>	<u>-</u>	<u>1,912,886</u>
Unassigned:				
General Fund	14,483,278	-	-	14,483,278
Total Unassigned	<u>14,483,278</u>	<u>-</u>	<u>-</u>	<u>14,483,278</u>
Total Fund Balance	<u>\$ 36,985,362</u>	<u>\$ 7,016,759</u>	<u>\$ 62,934,733</u>	<u>\$ 106,936,854</u>

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 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 "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 deferred inflow of resources 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% per annum and during the redemption period interest accrues at 14% per annum. For levy years 2018 and older, interest accrues at 12% per annum and accrues at 18% 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 TAXES AND TAX RELIEF INCENTIVES (CONTINUED)

- In addition to the five years, the Board of Mayor and Alderman may vote to provide two additional years of tax relief for projects that create new residential units and four additional years for a project that includes at least two-thirds (2/3rds) of new affordable housing units.
- Substantial rehabilitation or replacement shall commence within twelve 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 \$793,068 under agreements entered into by the City during fiscal year 2025.

NOTE 17 CORRECTION OF AN ERROR

During fiscal year 2024, the City determined that an accounts receivable and revenue related to a portion of fiscal year 2024 meals and rooms taxes were not reported. Therefore, in the governmental activities and the aggregate remaining fund information (specifically, nonmajor governmental funds), accounts receivable and revenue were understated by \$5,140,000 for the fiscal year ended June 30, 2024. For governmental activities, general government revenue from operating grants and contributions was understated by \$5,140,000. For nonmajor governmental funds, federal, state grants, and aid revenue was understated by \$5,140,000. This results in an increase of \$5,140,000 on the prior year's changes in governmental activities net position and the nonmajor governmental funds' change in fund balance. The effect of correcting this error is shown in the table below.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 CORRECTION OF AN ERROR (CONTINUED)

Also, during fiscal year 2024, the City determined that certain loans receivable that should have been accrued as revenue in governmental activities in the government-wide financial statements were reported as deferred inflows of resources and other liabilities. Therefore, in governmental activities, deferred inflows of resources and other liabilities were overstated by \$13,597,193 and general government revenue from operating grants and contributions was understated by \$13,597,193 for the fiscal year ended June 30, 2024. This results in an increase of \$13,597,193 in the prior year's change in governmental activities net position. The effect of correcting this error is shown in the table below.

	Governmental Activities	Nonmajor Governmental Funds
Net Position/Fund Balance - June 30, 2024	\$(123,794,000)	\$ 32,594,057
Error Correction - Receivables	5,140,000	5,140,000
Error Correction - Unavailable Revenues/Other Liabilities	13,597,193	-
Net Position/Fund Balance - June 30, 2025	<u>\$(105,056,807)</u>	<u>\$ 37,734,057</u>

NOTE 18 COMMITMENTS

The City has entered into, or is planning to enter into, contracts for various capital projects totaling approximately \$315 million.

NOTE 19 SUBSEQUENT EVENTS

On November 13, 2025, the City issued \$77,390,000 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 2025 Series 1, a nontaxable issuance. The true interest cost on 2025 Series 1 is 2.50%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF THE NET PENSION LIABILITY
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	\$ 475,228,589	\$ 459,815,673	\$ 439,489,792	\$ 426,344,434	\$ 413,910,761	\$ 370,984,435	\$ 355,948,216	\$ 344,418,296	\$ 321,887,981	\$ 314,355,740
Plan Fiduciary Net Position	298,677,572	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
Net Pension Liability	<u>\$ 176,551,017</u>	<u>\$ 186,222,692</u>	<u>\$ 193,904,070</u>	<u>\$ 139,081,206</u>	<u>\$ 153,981,401</u>	<u>\$ 138,195,049</u>	<u>\$ 152,003,561</u>	<u>\$ 125,140,323</u>	<u>\$ 129,957,709</u>	<u>\$ 127,863,341</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.85 %	59.50 %	55.88 %	67.38 %	62.80 %	62.75 %	57.30 %	63.67 %	59.63 %	59.33 %
Covered Payroll	\$ 67,129,760	\$ 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
Net Pension Liability as a Percentage of Covered Payroll	263.00 %	299.48 %	340.37 %	251.40 %	283.81 %	261.26 %	293.52 %	234.50 %	245.72 %	241.46 %

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 8,431,498	\$ 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
Interest on the Total Pension Liability	30,426,357	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
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	3,096,213	7,227,104	1,617,855	781,152	2,625,836	3,974,876	(172,714)	201,281	(5,201,876)	4,528,433
Changes of Assumptions	-	1,465,950	-	-	29,031,182	-	-	9,866,319	-	-
Benefit Payments, Including Refunds of Employee Contributions	(25,986,947)	(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)
Refunds	(554,205)	(598,493)	(497,062)	(690,857)	(222,774)	-	-	-	-	-
Net Change in Total Pension Liability	15,412,916	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
Total Pension Liability - Beginning	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
Total Pension Liability - Ending	475,228,589	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
Plan Fiduciary Net Position:										
Contributions - Employer	22,131,038	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
Contributions - Employee	2,716,614	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
Pension Plan Net Investment Income	27,604,966	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)
Benefit Payments, Including Refunds of Employee Contributions	(25,986,947)	(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)
Refunds	(554,205)	(598,493)	(497,062)	(690,857)	(222,774)	-	-	-	-	-
Pension Plan Administrative Expense	(826,875)	(784,586)	(733,165)	(775,483)	(910,717)	(876,860)	(702,533)	(759,927)	(791,764)	(693,329)
Other Changes	-	-	-	-	(1,982)	(36,626)	(59,532)	(50,612)	(61,855)	(65,963)
Net Change in Plan Fiduciary Net Position	25,084,591	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)
Plan Fiduciary Net Position - Beginning	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
Adjustment	-	-	-	-	5,821	(89,591)	(41,433)	-	-	-
Plan Fiduciary Net Position - Ending (b)	298,677,572	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
Net Pension Liability - Ending (a) - (b)	\$ 176,551,017	\$ 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

*This schedule is inclusive of the Manchester School District, a component unit of the City.

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CONTRIBUTIONS
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 22,131,038	\$ 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
Contributions in Relation to the Contractually Required Contribution	22,131,038	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
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 67,129,760	\$ 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
Contributions as a Percentage of Covered Payroll	32.97 %	32.63 %	32.75 %	31.33 %	28.46 %	26.85 %	25.32 %	22.90 %	15.87 %	21.93 %

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF INVESTMENT RETURNS
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money Weighted Rate of Return, Net of Investment Expense	10.0 %	12.9 %	(14.9)%	11.6 %	13.1 %	15.9 %	(5.5)%	15.6 %	6.3 %	(2.5)%

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
OLD SYSTEM PENSION TRUST
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ -	\$ 315,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,027	\$ 18,157	\$ 34,755
Interest on the Total Pension Liability	290,950		338,129	290,205	302,591	478,499	540,284	544,339	516,863	800,703
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	-	(426,707)	-	(260,721)	-	(436,791)	-	(901,997)	-	(1,284,322)
Changes of Assumptions	(459,136)	(131,389)	(22,123)	(683,189)	(88,715)	284,867	338,910	863,082	(566,613)	1,971,523
Benefit Payments, Including Refunds of Employee Contributions	(907,908)	(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)
Net Change in Total Pension Liability	(1,076,094)	(1,250,538)	(709,090)	(1,782,252)	(987,000)	(937,875)	(390,032)	(836,241)	(1,437,347)	(29,019)
Total Pension Liability - Beginning	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
Total Pension Liability - Ending (a)	6,615,411	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
Plan Fiduciary Net Position:										
Pension Plan Net Investment Income	146,861	337,232	317,432	(701,472)	1,298,867	239,784	304,899	574,648	925,222	(75,022)
Benefits Payments, Including Refunds of Employee Contributions	(907,908)	(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)
Pension Plan Administrative Expense	(17,214)	(17,936)	(16,410)	(16,649)	(16,406)	(15,494)	(15,952)	(14,017)	(21,995)	(11,629)
Net Change in Plan Fiduciary Net Position	(778,261)	(688,728)	(724,074)	(1,846,668)	81,585	(1,040,160)	(980,279)	(797,061)	(502,527)	(1,638,329)
Plan Fiduciary Net Position - Beginning	2,384,322	3,073,050	3,797,124	5,643,792	5,562,207	6,602,367	7,582,646	8,379,707	8,882,234	10,520,563
Plan Fiduciary Net Position - Ending (b)	1,606,061	2,384,322	3,073,050	3,797,124	5,643,792	5,562,207	6,602,367	7,582,646	8,379,707	8,882,234
Net Pension Liability - Ending (a) - (b)	\$ 5,009,350	\$ 5,307,183	\$ 5,868,993	\$ 5,854,009	\$ 5,789,593	\$ 6,858,178	\$ 6,755,893	\$ 6,165,646	\$ 6,204,826	\$ 7,139,646

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF THE NET PENSION LIABILITY
OLD SYSTEM PENSION TRUST
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	\$ 6,615,411	\$ 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
Plan Fiduciary Net Position	1,606,061	2,384,322	3,073,050	3,797,124	5,643,792	5,562,207	6,602,367	7,582,646	8,379,707	8,882,234
Net Pension Liability	\$ 5,009,350	\$ 5,307,183	\$ 5,868,993	\$ 5,854,009	\$ 5,789,593	\$ 6,858,178	\$ 6,755,893	\$ 6,165,646	\$ 6,204,826	\$ 7,139,646
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.28 %	31.00 %	34.37 %	39.34 %	49.36 %	44.78 %	49.43 %	55.15 %	57.46 %	55.44 %
Covered Payroll	\$ -	\$ -	\$ 134,957	\$ 122,117	\$ 122,177	\$ 120,307	\$ 294,625	\$ 283,421	\$ 283,420	\$ 280,592
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	4348.79 %	4793.77 %	4738.69 %	5700.56 %	2293.05 %	2175.44 %	2189.27 %	2544.49 %

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CONTRIBUTIONS
OLD SYSTEM PENSION TRUST
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 639,418	\$ 642,323	\$ 701,383	\$ 698,323	\$ 658,658	\$ 776,228	\$ 808,107	\$ 791,915	\$ 665,949	\$ 692,354
	-	-	-	-	-	-	-	-	-	-
Contributions Deficiency (Excess)	\$ 639,418	\$ 642,323	\$ 701,383	\$ 698,323	\$ 658,658	\$ 776,228	\$ 808,107	\$ 791,915	\$ 665,949	\$ 692,354
Covered Payroll	\$ -	\$ -	\$ 134,957	\$ 122,117	\$ 122,177	\$ 120,307	\$ 294,625	\$ 283,421	\$ 283,420	\$ 280,592
Actual Contributions as a Percentage of Covered Payroll	N/A	N/A	- %	- %	- %	- %	- %	- %	- %	- %
Annual Money-Weighted Rate of Return, Net of Investment Expenses	10.39 %	11.00 %	8.38 %	(12.45)%	23.38 %	3.64 %	4.02 %	6.86 %	10.43 %	(0.71)%

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW HAMPSHIRE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)

New Hampshire Retirement System									
<u>Fiscal Year Ended June 30.</u>	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	
		Net Pension Liability	Share of the Net Pension Liability	Net Pension Liability	Share of the Net Pension Liability	Payroll	Payroll	Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
2025	2024		2.242 %	\$ 116,281,580		\$ 49,476,053		235.03 %	70.3 %
2024	2023		2.312	129,438,428		48,035,003		269.47	67.2
2023	2022		2.328	133,559,540		45,922,319		290.84	65.1
2022	2021		2.425	107,475,241		44,520,350		241.41	72.2
2021	2020		2.430	155,400,626		43,631,613		356.17	58.7
2020	2019		2.519	121,221,028		42,289,979		286.64	65.6
2019	2018		2.493	120,063,396		41,480,052		289.45	64.7
2018	2017		2.531	124,450,514		39,866,826		312.17	62.7
2017	2016		2.554	135,802,989		38,912,144		349.00	58.3
2016	2015		2.594	102,751,888		38,348,521		267.94	66.5

See accompanying Notes to Required Supplementary Information

**CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF PENSION CONTRIBUTIONS
NEW HAMPSHIRE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)**

New Hampshire Retirement System

<u>Fiscal Year Ended June 30,</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>
2025	\$ 13,516,386	\$ 13,516,386	\$ -	\$ 50,607,893	26.71 %
2024	13,575,730	13,575,730	-	48,035,003	28.26
2023	13,904,399	13,904,399	-	45,922,319	30.28
2022	13,479,250	13,479,250	-	44,520,350	30.28
2021	11,140,712	11,140,712	-	43,631,613	25.53
2020	10,793,286	10,793,286	-	42,289,979	25.52
2019	10,963,627	10,963,627	-	41,480,052	26.43
2018	10,539,221	10,539,221	-	39,866,826	26.44
2017	9,270,373	9,270,373	-	38,912,144	23.82
2016	9,144,766	9,144,766	-	38,348,521	23.85

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LAST NINE FISCAL YEARS*
(UNAUDITED)

New Hampshire Retirement System Medical Subsidy									
<u>Fiscal Year Ended June 30.</u>	<u>Measurement Date</u>	Proportion of the		Proportionate Share of the		Covered		Proportionate Share of the	
		Total OPEB	Liability	Total OPEB	Liability	Payroll	Payroll	Total OPEB	Liability
								Liability as a Percentage of Covered	Plan Fiduciary Net Position Percentage of the Total OPEB Liability
2025	2024	3.505 %		\$ 10,895,914		\$ 49,476,053		22.02 %	14.01%
2024	2023	3.368		11,509,311		48,035,003		23.96	12.8
2023	2022	3.394		12,827,319		45,922,319		27.93	10.6
2022	2021	3.323		13,308,151		44,520,350		29.89	11.1
2021	2020	3.335		14,595,692		43,631,613		33.45	7.7
2020	2019	3.727		16,337,931		42,289,979		38.63	7.8
2019	2018	3.695		16,917,189		41,480,052		40.78	7.5
2018	2017	2.521		11,527,086		39,866,826		28.91	7.9
2017	2016	2.554		12,268,677		38,912,144		31.53	5.2

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

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CONTRIBUTIONS
NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LAST NINE FISCAL YEARS*
(UNAUDITED)

New Hampshire Retirement System Medical Subsidy									
<u>Fiscal Year Ended June 30.</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>			
2025	2024	\$ 1,243,668	\$ 1,243,668	\$ -	\$ 50,607,893	2.46 %			
2024	2023	1,474,075	1,474,075	-	48,035,003	3.07			
2023	2022	1,429,382	1,429,382	-	45,922,319	3.11			
2022	2021	1,596,988	1,596,988	-	44,520,350	3.59			
2021	2020	1,596,917	1,596,917	-	43,631,613	3.66			
2020	2019	1,547,812	1,547,812	-	42,289,979	3.66			
2019	2018	1,700,682	1,700,682	-	41,480,052	4.10			
2018	2017	1,634,388	1,634,388	-	39,866,826	4.10			
2017	2016	1,494,227	1,494,227	-	38,912,144	3.84			

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

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
CITY OPEB PLAN
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LAST NINE FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 1,350,939	\$ 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	1,164,388	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	(792,255)	-	(81,346)	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(1,722,702)	-	(296,480)	-	(5,389,276)	-	(2,556,250)	(5,987,133)	-
Changes of Assumptions	(2,390,424)	(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	(1,856,434)	(1,771,263)	(1,620,965)	(1,491,693)	(1,592,360)	(1,576,421)	(1,655,242)	(1,622,237)	(1,739,426)
Net Change in Total OPEB Liability	(4,246,488)	(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	29,205,478	29,207,371	28,143,591	31,123,488	35,177,707	30,207,339	28,141,066	33,733,016	35,279,091
Total OPEB Liability - Ending**	<u>\$ 24,958,990</u>	<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>

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

** No assets are accumulated in a trust that meets the requirements to be netted against OPEB liabilities.

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

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
MANCHESTER EMPLOYEE CONTRIBUTORY RETIREMENT SYSTEM OPEB PLAN
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LAST EIGHT FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 901,553	\$ 828,254	\$ 836,879	\$ 800,532	\$ 750,882	\$ 722,950	\$ 667,057	\$ 629,368
Interest on Unfunded Liability - Time Value of \$	2,327,878	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	(40,842)	(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	(1,656,161)	(1,537,208)	(1,650,847)	(1,478,210)	(1,318,384)	(1,201,543)	(1,065,835)	(954,291)
Net Change in Total OPEB Liability	1,532,428	(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	34,864,381	38,994,481	37,693,363	35,238,659	30,334,669	28,712,126	26,405,178	23,023,686
Total OPEB Liability - Ending (a)	36,396,809	34,864,381	38,994,461	37,693,363	35,238,659	30,334,669	28,712,126	26,405,178
Plan Fiduciary Net Position:								
Contributions - Employer	1,513,810	1,770,966	1,615,726	1,439,820	1,252,923	1,075,844	856,677	715,870
Contributions - Employee	839,091	778,070	721,128	710,291	702,739	682,470	674,011	680,166
OPEB Plan Investment Income	2,184,307	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	(1,656,161)	(1,537,208)	(1,650,847)	(1,478,210)	(1,318,384)	(1,201,543)	(1,065,835)	(954,291)
OPEB Plan Administrative Expense	(65,518)	(58,905)	(52,011)	(48,968)	(58,908)	(47,490)	(37,111)	(44,790)
Other Changes	-	-	-	-	(128)	(2,239)	(3,484)	-
Net Change in Plan Fiduciary Net Position	2,815,529	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	21,370,459	18,064,442	20,127,378	17,419,162	14,772,702	12,288,459	12,535,536	10,456,665
Plan Fiduciary Net Position - Ending (b)	24,185,988	21,370,459	18,064,442	20,127,378	17,419,162	14,772,702	12,268,459	12,535,536
Net OPEB Liability - Ending (a) - (b)	\$ 12,210,821	\$ 13,493,922	\$ 20,930,019	\$ 17,565,985	\$ 17,819,497	\$ 15,561,967	\$ 16,443,667	\$ 13,869,642

*This 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 accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF CONTRIBUTIONS
MANCHESTER EMPLOYEE CONTRIBUTORY RETIREMENT SYSTEM OPEB PLAN
LAST EIGHT FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,656,161	\$ 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	1,656,161	1,537,208	1,650,847	1,478,210	1,252,923	1,075,844	856,677	715,870
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 67,129,760	\$ 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 %	2.47 %	2.90 %	2.67 %	2.31 %	2.03 %	1.65 %	1.34 %

*This schedule is tended 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.

CITY OF MANCHESTER, NEW HAMPSHIRE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED JUNE 30, 2025
(UNAUDITED)

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 123,727,543	\$ 123,772,013	\$ 124,003,170	\$ 231,157
Federal and State Grants and Aid	9,784,823	10,351,891	10,967,795	615,904
Nonenterprise Charges for Sales and Services	5,144,587	4,915,654	5,812,095	896,441
Licenses and Permits	29,306,223	26,674,827	29,879,640	3,204,813
Interest	2,507,500	2,952,825	3,213,062	260,237
Other	14,592,282	13,930,421	13,913,822	(16,599)
Total Revenues	185,062,958	182,597,631	187,789,584	5,191,953
EXPENDITURES				
General Government	73,918,618	73,916,418	73,534,591	381,827
Public Safety	57,760,666	57,760,666	57,400,243	360,423
Health and Sanitation	2,177,859	2,177,859	2,061,573	116,286
Public Works	33,826,822	33,826,822	34,418,491	(591,669)
Welfare	1,130,321	1,130,321	1,126,442	3,879
Education	2,461,215	2,461,215	2,458,624	2,591
Debt Service:				
Principal Retirement	11,300,000	11,300,000	9,898,035	1,401,965
Interest	4,800,000	4,800,000	6,197,692	(1,397,692)
Total Expenditures	187,375,501	187,373,301	187,095,691	277,610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,312,543)	(4,775,670)	693,893	4,914,343
OTHER FINANCING SOURCES (USES)				
Transfers In	3,229,636	3,282,674	3,305,206	22,532
Transfers Out	(300,200)	(300,200)	(2,600,200)	(2,300,000)
Total Other Financing Sources (Uses)	2,929,436	2,982,474	705,006	(2,277,468)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 616,893</u>	<u>\$ (5,075,870)</u>	<u>\$ (1,906,307)</u>	<u>\$ 3,169,563</u>

See accompanying Notes to Required Supplementary Information

**CITY OF MANCHESTER, NEW HAMPSHIRE
GENERAL FUND
SCHEDULE OF REVENUES AND OPERATING TRANSFERS IN –
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property Tax	\$ 121,805,543	\$ 121,805,543	\$ 122,085,732	\$ 280,189
Miscellaneous Taxes	20,000	21,470	-	(21,470)
Interest and Penalties	602,000	545,000	666,650	121,650
Cable Franchise Fees	1,300,000	1,400,000	1,250,788	(149,212)
Total Taxes	123,727,543	123,772,013	124,003,170	231,157
Federal and State Grants and Aid:				
Federal Grants	387,776	418,000	548,797	130,797
Payments in Lieu of Taxes	1,073,041	1,005,944	1,052,641	46,697
State Grants	8,324,006	8,927,947	9,366,357	438,410
Total Federal and State Grants and Aid	9,784,823	10,351,891	10,967,795	615,904
Nonenterprise Charges for Sales and Services:				
General Revenues	235,780	241,050	215,534	(25,516)
Public Safety	301,650	288,650	313,927	25,277
Highway	1,274,348	1,124,348	1,455,425	331,077
Health	10,000	10,000	5,550	(4,450)
Cemetery, Parks, and Recreation	2,060,606	2,000,706	2,399,297	398,591
Zoning Board	82,000	82,000	110,230	28,230
Parking Violations	10,000	3,000	7,091	4,091
Court Fines	4,000	4,000	10,352	6,352
Other Fines	-	-	8,621	8,621
Fees	1,166,203	1,161,900	1,285,943	124,043
Witness Fees	-	-	125	125
Total Nonenterprise Charges for Sales and Services	5,144,587	4,915,654	5,812,095	896,441
Licenses and Permits:				
Auto Registrations	23,134,628	22,688,092	24,828,904	2,140,812
Licenses	700,700	596,340	671,169	74,829
Permits	5,470,895	3,390,395	4,379,567	989,172
Total Licenses and Permits	29,306,223	26,674,827	29,879,640	3,204,813
Interest:				
Income from Invested Funds	2,507,500	2,952,825	3,213,062	260,237
Other Revenues:				
Reimbursements	3,485,599	3,293,789	3,332,970	39,181
Rentals and Leases	1,249,395	1,243,667	1,304,952	61,285
School Chargebacks	9,804,788	9,390,465	9,083,935	(306,530)
Miscellaneous	52,500	2,500	191,965	189,465
Total Other Revenues	14,592,282	13,930,421	13,913,822	(16,599)
Total Revenues	185,062,958	182,597,631	187,789,584	5,191,953
TRANSFERS IN	3,229,636	3,282,674	3,305,206	22,532
Total Revenues and Transfers In	<u>\$ 188,292,594</u>	<u>\$ 185,880,305</u>	<u>\$ 191,094,790</u>	<u>\$ 5,214,485</u>

See accompanying Notes to Required Supplementary Information

**CITY OF MANCHESTER, NEW HAMPSHIRE
GENERAL FUND
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES –
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
EXPENDITURES				
General Government:				
Aldermen	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Assessors	880,069	880,069	721,879	158,190
City Clerk	1,260,490	1,260,490	1,463,511	(203,021)
City Solicitor	2,379,199	2,379,199	1,799,398	579,801
Economic Development	223,888	223,888	207,906	15,982
Civic Contribution	124,871	124,871	124,871	-
Central Fleet Management	3,910,903	3,910,903	3,742,081	168,822
Finance	1,246,508	1,246,508	1,186,226	60,282
Information Systems	2,223,386	2,223,386	2,215,300	8,086
Mayor	298,859	298,859	290,691	8,168
MPTS	470,674	470,674	470,674	-
MTA	1,657,544	1,657,544	1,657,544	-
Nondepartmental	54,247,240	54,247,240	54,913,430	(666,190)
Noncity Program	78,385	78,385	78,525	(140)
Human Resources	815,496	815,496	779,196	36,300
Planning and Community Development	2,548,264	2,548,264	2,395,742	152,522
Tax Collector	821,200	821,200	757,872	63,328
Youth Services	659,442	659,442	659,745	(303)
Department of Housing Stability	2,200	-	-	-
Total General Government	73,918,618	73,916,418	73,534,591	381,827
Public Safety:				
Fire	25,594,559	25,594,559	25,468,942	125,617
Police	32,166,107	32,166,107	31,931,301	234,806
Total Public Safety	57,760,666	57,760,666	57,400,243	360,423
Health and Sanitation:				
Health	2,177,859	2,177,859	2,061,573	116,286
Public Works:				
Public Works	33,826,822	33,826,822	34,418,491	(591,669)
Welfare:				
Welfare	1,130,321	1,130,321	1,126,442	3,879
Education:				
Library	2,461,215	2,461,215	2,458,624	2,591
Debt Service:				
Principal Retirement	11,300,000	11,300,000	9,898,035	1,401,965
Interest	4,800,000	4,800,000	6,197,692	(1,397,692)
Total Debt Service	16,100,000	16,100,000	16,095,727	4,273
Total Expenditures	187,375,501	187,373,301	187,095,691	277,610
OTHER FINANCING USES				
Transfer Out	-	-	2,300,000	(2,300,000)
Community Improvement Program	300,200	300,200	300,200	-
Total Other Financing Uses	300,200	300,200	2,600,200	(2,300,000)
Total Expenditures and Other Financing Uses	\$ 187,675,701	\$ 187,673,501	\$ 189,695,891	\$ (2,022,390)

See accompanying Notes to Required Supplementary Information

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

NOTE 1 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.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

NOTE 2 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 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 immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero."

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."

NOTE 3 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.

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

NOTE 3 BUDGETARY ACCOUNTING (CONTINUED)

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.

NOTE 4 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, expenditures exceeded appropriations in public works of the general fund by \$591,669.

NOTE 5 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 (In)	Other Financing Uses (Out)
Statement of Revenues, Expenditures, and				
Changes in Fund Balance - Budgetary Basis	\$ 187,789,584	\$ 187,095,691	\$ 3,305,206	\$ 2,600,200
Manchester School District Debt Service	11,407,251	11,407,251	-	-
Central Business District	-	(187,302)	-	-
Transfers from Reserves to CIP Projects	-	230,200	-	(230,200)
Non-Budgeted Health Insurance	-	(1,007,197)	-	-
Non-Budgeted CIP Projects	638,927	2,328,078	-	-
Non-Budgeted Expendable Trust Fund	27,180	1,369	-	-
Sale of Capital Asset Proceeds	(102,634)	-	102,634	-
Miscellaneous	-	(107,476)	-	-
Health Insurance (IBNR)	-	(748,866)	-	-
Expenditures of Prior Year Encumbrances -				
Carry Forwards	-	(1,629,195)	-	-
Current Year Encumbrances	-	1,912,886	-	-
Statement of Revenues, Expenditures, and Changes in Fund Balance (In Conformity with GAAP)	<u>\$ 199,760,308</u>	<u>\$ 199,295,439</u>	<u>\$ 3,407,840</u>	<u>\$ 2,370,000</u>

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2025
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 26,756,637	\$ 75,492,936
Restricted Cash and Cash Equivalents	14,516,278	12,470,043
Restricted Investments	21,782,244	28,319,919
Investments	29,999,680	14,382,629
Receivables, Net of Allowance for Collection Losses	97,415,933	39,137,918
Prepaid Expenses	887,083	920,885
Due from Other Funds	16,331,334	45,039,051
Inventories	<u>1,162,187</u>	<u>894,920</u>
Total Assets	<u><u>\$ 208,851,376</u></u>	<u><u>\$ 216,658,301</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 3,788,073	\$ 4,276,351
Accrued Liabilities	4,603,622	4,259,797
Tax Refunds Payable	-	2,865,097
Other Liabilities	1,521,269	6,512,928
Escrow Deposits	3,436,198	-
Insurance Claims Payable	762,999	1,511,885
Due to Other Funds	129,238	-
Due to Manchester School District	39,775,443	86,676,883
Unearned Revenues	<u>4,309,440</u>	<u>2,791,813</u>
Total Liabilities	58,326,282	108,894,754
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	3,971,604	3,123,984
Unavailable Revenues - Taxes Collected in Advance	107,077,262	66,377,969
Lease Related	<u>2,490,866</u>	<u>2,778,941</u>
Total Deferred Inflows of Resources	113,539,732	72,280,894
FUND BALANCES		
Nonspendable	2,049,270	1,801,883
Committed	18,539,928	18,389,935
Assigned	1,912,886	2,045,793
Unassigned	<u>14,483,278</u>	<u>13,245,042</u>
Total Fund Balances	<u><u>36,985,362</u></u>	<u><u>35,482,653</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 208,851,376</u></u>	<u><u>\$ 216,658,301</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Taxes	\$ 124,003,170	\$ 120,583,086
Federal and State Grants and Aid	22,375,046	10,758,448
Charges for Sales and Services	9,168,241	5,459,896
Licenses and Permits	26,719,502	27,600,587
Interest	3,240,266	3,656,018
Contributions	541,833	-
School Charge Backs	9,083,935	9,055,847
Lease and Rent Income	1,241,008	1,172,447
Debt Recovery	679,674	688,340
Miscellaneous	2,707,633	3,733,002
Total Revenues	<u>199,760,308</u>	<u>182,707,671</u>
EXPENDITURES		
Current:		
General Government	43,064,830	46,909,366
Public Safety	84,724,163	81,727,424
Health and Sanitation	2,384,883	2,536,477
Highway and Streets	30,670,747	25,156,339
Welfare	1,603,356	1,527,161
Education	3,658,327	3,568,728
Parks and Recreation	5,686,155	6,725,631
Debt Service:		
Principal Retirement	18,997,186	11,287,677
Interest	8,505,792	4,807,947
Total Expenditures	<u>199,295,439</u>	<u>184,246,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	464,869	(1,539,079)
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	102,634	1,306
Transfers In	3,305,206	2,450,151
Transfers Out	(2,370,000)	-
Total Other Financing Sources (Uses)	<u>1,037,840</u>	<u>2,451,457</u>
NET CHANGE IN FUND BALANCE	1,502,709	912,378
Fund Balance - Beginning of Year	<u>35,482,653</u>	<u>34,570,275</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 36,985,362</u></u>	<u><u>\$ 35,482,653</u></u>

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.

**CITY OF MANCHESTER, NEW HAMPSHIRE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS

Cash and Cash Equivalents
Restricted Cash and Cash Equivalents
Restricted Investments
Receivables, Net of Allowances for Collection Losses

Total Assets

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCES**

LIABILITIES

Accounts Payable
Accrued liabilities
Notes payable
Other Liabilities
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues

FUND BALANCES

Nonspendable
Restricted
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources,
and Fund Balances

HUD Section 108 Fund	Special Revenue			Capital Projects		Permanent Funds		
	CDBG Fund	Civic Center Fund	Revolving Loan Fund	Capital Projects Fund	Cemetery Trust	Library Trust	Total	
\$ 340,438	\$ 539,288	\$ -	\$ -	\$ 775	\$ 3,779,126	\$ 124,146	\$	4,783,773
-	-	288,147	694,588	56,690,136	-	169,611	57,842,482	
-	-	-	-	-	35,156,922	7,761,921	42,918,843	
93,586	14,037,407	5,140,000	-	-	1,349	-	19,272,342	
<u>\$ 434,024</u>	<u>\$ 14,576,695</u>	<u>\$ 5,428,147</u>	<u>\$ 694,588</u>	<u>\$ 56,690,911</u>	<u>\$ 38,937,397</u>	<u>\$ 8,055,678</u>	<u>\$ 124,817,440</u>	
\$ -	\$ 275	\$ -	\$ -	\$ 3,633,178	\$ -	\$ -	\$ 3,633,453	
-	5,275	-	-	2,636	-	-	7,911	
-	-	-	-	28,492,157	-	-	28,492,157	
48,869	-	-	458,648	-	-	-	507,517	
-	-	-	-	15,204,262	-	-	15,204,262	
<u>48,869</u>	<u>5,550</u>	<u>-</u>	<u>458,648</u>	<u>47,332,233</u>	<u>-</u>	<u>-</u>	<u>47,845,300</u>	
-	14,037,407	-	-	-	-	-	14,037,407	
-	-	-	-	-	34,105,527	6,184,394	40,289,921	
385,155	533,738	5,428,147	235,940	9,358,678	4,831,870	1,871,284	22,644,812	
<u>385,155</u>	<u>533,738</u>	<u>5,428,147</u>	<u>235,940</u>	<u>9,358,678</u>	<u>38,937,397</u>	<u>8,055,678</u>	<u>62,934,733</u>	
<u>\$ 434,024</u>	<u>\$ 14,576,695</u>	<u>\$ 5,428,147</u>	<u>\$ 694,588</u>	<u>\$ 56,690,911</u>	<u>\$ 38,937,397</u>	<u>\$ 8,055,678</u>	<u>\$ 124,817,440</u>	

CITY OF MANCHESTER, NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue			Capital Projects		Permanent Funds		
	HUD Section 108 Fund	CDBG Fund	Civic Center Fund	Revolving Loan Fund	Capital Projects Fund	Cemetery Trust	Library Trust	Total
REVENUES								
Federal and State Grants and Aid	\$ -	\$ 3,219,524	\$ 5,273,482	\$ -	\$ -	\$ -	\$ -	\$ 8,493,006
Investment Income	5,309	-	12,481	31,765	2,474,290	3,503,542	853,290	6,880,677
Contributions	-	-	-	-	275,296	95,870	48,097	419,263
Debt Recovery	-	-	-	6,251	-	-	-	6,251
Other	-	901,371	-	-	-	-	-	901,371
Total Revenues	5,309	4,120,895	5,285,963	38,016	2,749,586	3,599,412	901,387	16,700,568
EXPENDITURES								
Current:								
General Government	-	3,388,737	5,303,460	-	9,723,937	-	121,434	18,537,568
Public Safety	-	20,000	-	-	2,916,289	-	-	2,936,289
Highway and Streets	-	-	-	-	7,720,503	-	-	7,720,503
Parks and Recreation	-	-	13,731	-	3,307,454	-	-	3,321,185
Cemetery Trust	-	-	-	-	-	145,500	-	145,500
Debt Service:								
Principal	54,000	-	-	-	-	-	-	54,000
Interest	10,383	-	-	-	-	-	-	10,383
Total Expenditures	64,383	3,408,737	5,317,191	-	23,668,183	145,500	121,434	32,725,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(59,074)	712,158	(31,228)	38,016	(20,918,597)	3,453,912	779,953	(16,024,860)
OTHER FINANCING SOURCES (USES)								
Proceeds from Issuance of Bonds	273,000	-	-	-	37,715,000	-	-	37,988,000
Premiums from Issuance of Bonds	-	-	-	-	3,787,636	-	-	3,787,636
Transfers Out	-	-	-	-	-	(550,100)	-	(550,100)
Total Other Financing Sources (Uses)	273,000	-	-	-	41,502,636	(550,100)	-	41,225,536
NET CHANGE IN FUND BALANCE	213,926	712,158	(31,228)	38,016	20,584,039	2,903,812	779,953	25,200,676
Fund Balance - Beginning of Year, as Previously Reported	171,229	(178,420)	319,375	197,924	(11,225,361)	36,033,585	7,275,725	32,594,057
Error Correction	-	-	5,140,000	-	-	-	-	5,140,000
Fund Balance - Beginning of Year, as Restated	171,229	(178,420)	5,459,375	197,924	(11,225,361)	36,033,585	7,275,725	37,734,057
FUND BALANCE - END OF YEAR	\$ 385,155	\$ 533,738	\$ 5,428,147	\$ 235,940	\$ 9,358,678	\$ 38,937,397	\$ 8,055,678	\$ 62,934,733

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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. 153

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 160

Debt Capacity

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Demographic and Economic Information

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Operating Information

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CITY OF MANCHESTER, NEW HAMPSHIRE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2025	2024***	2023	2022	2021	2020**	2019	2018*	2017	2016
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 92,030,585	\$ 65,454,151	\$ 63,089,437	\$ 81,390,993	\$ 89,974,812	\$ 98,007,141	\$ 111,117,342	\$ 111,460,362	\$ 136,783,674	\$ 129,313,006
Unrestricted	102,727,240	46,142,658	38,339,040	38,576,028	44,872,293	35,111,991	34,475,335	34,007,297	31,984,959	28,332,984
	(280,958,585)	(216,653,616)	(227,485,299)	(256,396,566)	(266,232,264)	(252,758,905)	(240,679,666)	(226,759,159)	(218,406,961)	(191,048,782)
Total Governmental Activities										
Net Position	\$ (86,200,760)	\$ (105,056,807)	\$ (126,056,822)	\$ (136,429,545)	\$ (131,385,159)	\$ (119,639,773)	\$ (95,086,989)	\$ (81,291,500)	\$ (49,638,328)	\$ (33,402,792)
Business-Type Activities:										
Net Investment in Capital Assets										
Restricted	\$ 427,155,143	\$ 402,006,143	\$ 382,997,840	\$ 315,025,128	\$ 374,843,955	\$ 387,371,222	\$ 373,100,197	\$ 359,020,913	\$ 353,802,649	\$ 357,446,113
Unrestricted	23,662,718	24,191,780	37,802,031	73,509,597	45,452,276	41,441,574	49,740,120	41,422,051	47,520,434	42,767,676
	29,768,887	47,871,438	45,266,748	56,202,660	20,270,557	9,715,703	10,966,243	24,631,511	23,452,904	16,297,466
Total Business-Type Activities										
Net Position	\$ 480,586,748	\$ 474,069,361	\$ 466,066,619	\$ 444,737,385	\$ 440,566,788	\$ 438,528,499	\$ 433,806,560	\$ 425,074,475	\$ 424,775,987	\$ 416,511,255
Primary Government:										
Net Investment in Capital Assets										
Restricted	\$ 519,185,728	\$ 467,460,294	\$ 446,087,277	\$ 396,416,121	\$ 464,818,767	\$ 485,378,363	\$ 484,217,539	\$ 470,481,275	\$ 490,586,323	\$ 486,759,119
Unrestricted	126,389,958	70,334,438	76,141,071	112,085,625	90,324,569	76,553,565	84,215,455	75,429,348	79,505,393	71,100,660
	(251,189,698)	(168,782,178)	(182,218,551)	(200,193,906)	(245,961,707)	(243,043,202)	(229,713,423)	(202,127,648)	(194,954,057)	(174,751,316)
Total Primary Government										
Net Position	\$ 394,385,988	\$ 369,012,554	\$ 340,009,797	\$ 308,307,840	\$ 309,181,629	\$ 318,888,726	\$ 338,719,571	\$ 343,782,975	\$ 375,137,659	\$ 383,108,463

* As restated for OPEB accrual.

** As reclassified for School District capital reserve accounts.

*** As restated for revenue accruals.

CITY OF MANCHESTER, NEW HAMPSHIRE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 69,706,532	\$ 71,214,976	\$ 56,573,916	\$ 62,713,801	\$ 59,731,237	\$ 59,143,917	\$ 53,017,320	\$ 51,012,199	\$ 50,891,446	\$ 47,456,518
Public Safety	88,016,532	87,745,842	86,337,495	73,127,559	83,722,722	81,066,826	77,029,203	72,298,704	78,398,684	67,169,582
Health and Sanitation	7,391,525	8,781,297	8,830,083	9,478,559	9,583,082	7,578,681	7,533,812	6,822,876	8,175,993	6,932,313
Highways and Streets	38,807,061	41,012,564	38,439,962	33,969,409	36,709,585	35,242,387	32,370,413	29,855,676	30,950,866	28,954,003
Welfare	1,643,794	1,551,563	1,498,518	1,088,703	1,167,423	1,302,623	1,230,385	1,355,851	1,353,827	1,243,227
Education and Library	3,658,327	9,915,733	10,061,913	9,484,914	9,658,060	10,368,885	10,338,342	10,263,012	13,374,099	10,729,959
Parks and Recreation	10,116,245	9,601,814	10,357,165	8,603,732	8,451,110	8,439,589	8,413,930	8,121,107	8,363,631	6,193,407
Cemetery Trust	145,500	112,989	190,502	73,000	80,269	175,000	74,472	37,000	82,500	89,514
Investment Management Fee	-	76,830	74,148	78,286	77,648	79,454	125,894	74,411	72,638	63,729
Interest	4,946,763	3,300,720	4,304,885	2,642,018	4,029,320	4,117,146	4,754,881	4,632,611	4,703,688	5,004,183
Total Governmental Activities Expenses	224,432,279	233,314,338	216,668,587	201,239,981	213,210,456	207,514,508	194,888,652	184,573,447	196,367,372	173,836,435
Business-Type Activities:										
Water	25,474,122	27,327,640	23,667,241	20,985,449	19,490,056	19,380,325	18,740,309	17,194,578	16,717,107	16,910,802
EPD	31,358,133	25,108,523	22,623,650	19,568,806	19,294,588	19,071,874	17,379,284	18,405,793	18,410,901	17,792,589
Aviation	50,413,905	53,515,848	49,910,465	49,164,941	46,498,247	51,512,295	52,698,100	51,294,318	52,020,524	49,823,452
Recreation	-	-	-	-	-	-	-	-	-	2,217,413
Parking	2,185,299	2,498,655	2,342,246	2,083,853	2,982,823	2,509,519	2,667,205	2,455,840	2,787,272	2,426,118
Total Business-Type Activities Expenses	109,431,459	108,450,666	98,543,602	91,803,049	88,265,714	92,474,013	91,484,898	89,350,529	89,935,804	88,170,374
Total Primary Government Expenses	333,863,738	341,765,004	315,212,189	293,043,030	301,476,170	299,988,521	286,373,550	273,923,976	286,303,176	263,006,809
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	16,556,532	17,406,358	15,377,420	14,152,491	14,909,247	15,514,973	13,678,186	13,877,979	12,968,718	13,681,090
Public Safety	2,441,890	2,403,698	2,551,769	2,123,652	1,740,259	2,240,803	2,270,780	2,392,128	2,055,032	2,332,003
Health and Sanitation	262,657	349,428	302,773	2,635,146	2,813,657	2,450,185	2,582,680	2,843,689	2,574,894	2,394,618
Highways and Streets	4,210,251	2,780,222	2,945,911	2,863,285	2,979,019	3,576,033	4,008,693	3,803,260	6,432,619	3,302,528
Welfare	26,822	40,679	26,124	33,525	20,465	23,163	16,600	15,042	18,172	12,851
Education and Library	48,097	92,092	282,320	136,434	42,460	346,802	549,900	598,787	475,691	2,325,745
Parks and Recreation	3,250,502	3,155,832	3,137,592	1,704,915	2,664,332	2,384,826	2,596,643	2,680,624	2,460,752	739,982
Operating Grants and Contributions:										
General Government	30,452,245	28,550,456	15,098,561	20,729,145	15,540,262	12,580,423	9,750,463	10,027,247	9,643,349	10,025,686
Public Safety	3,849,223	2,747,454	5,127,822	4,390,049	1,804,039	2,419,477	1,450,747	1,669,240	1,451,897	1,123,910
Health and Sanitation	2,748,261	4,211,052	3,198,764	5,258,838	4,237,992	2,985,018	2,560,142	2,285,123	3,161,464	2,233,546
Highways and Streets	12,372,039	6,631,886	16,207,490	3,494,234	2,309,384	2,711,148	2,222,366	2,220,977	2,172,676	2,297,104
Education and Library	-	-	-	-	-	-	-	-	-	68,976
Parks and Recreation	2,002,187	2,526,645	2,991,170	639,335	1,180,064	51,660	64,675	364,532	1,045,189	70,228
Capital Grants and Contributions:										
General Government	584,873	1,325,702	1,500,000	-	-	-	-	-	-	-
Public Safety	-	-	-	3,237	3,237	335,263	125,894	-	-	-
Highways and Streets	-	-	-	10,000	1,100,267	600,494	900,697	2,511,054	1,777,474	2,717,364
Parks and Recreation	-	-	-	781,981	781,981	81,234	183,686	212,637	78,128	509,915
Total Governmental Activities	78,805,579	72,221,504	68,747,716	58,956,267	52,126,665	48,301,502	42,962,152	45,302,319	46,316,055	43,835,546
Program Revenues										

**CITY OF MANCHESTER, NEW HAMPSHIRE
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PROGRAM REVENUES (CONTINUED)										
Business-Type Activities:										
Charges for Services:										
Water	\$ 25,067,246	\$ 23,312,287	\$ 22,480,671	\$ 21,036,029	\$ 20,829,307	\$ 19,090,956	\$ 18,317,783	\$ 17,903,419	\$ 17,376,705	\$ 17,366,473
EPD	29,632,805	25,331,934	22,869,230	21,299,686	21,212,000	19,348,509	20,082,550	18,333,959	20,530,182	20,956,366
Aviation	40,089,197	38,539,688	37,148,153	36,702,151	26,265,809	36,519,014	42,308,101	44,831,750	44,661,332	44,298,025
Recreation	-	-	-	-	-	-	-	-	-	1,559,492
Parking	4,997,753	4,423,288	4,404,587	4,227,863	4,070,765	4,800,058	5,704,574	5,600,801	5,719,446	5,790,373
Operating Grants and Contributions:										
EPD	114,139	136,852	179,059	260,764	327,577	131,583	141,559	152,067	163,113	174,158
Aviation	-	-	7,785,981	6,082,284	7,824,091	3,488,593	-	-	10,000	-
Capital Grants and Contributions:										
Water	4,159,263	9,604,165	1,290,607	769,779	3,812,034	1,216,452	4,938,193	1,252,707	2,101,390	1,037,752
EPD	2,212,446	788,081	2,103,712	2,431,687	3,972,059	1,220,987	2,436,580	59,842	4,402,331	140,800
Aviation	4,809,194	18,902,295	20,481,722	4,572,974	3,491,433	11,735,901	5,036,803	5,501,802	6,648,922	9,747,920
Total Business-Type Activities										
Program Revenues	111,082,043	121,038,590	118,743,722	97,383,217	91,805,075	97,552,053	98,966,143	93,636,347	101,613,421	101,071,359
Total Primary Government										
Program Revenues	189,887,622	193,260,094	187,491,438	156,339,484	143,931,740	145,853,555	141,928,295	138,938,666	147,929,476	144,906,905
NET REVENUE (EXPENSE)										
Governmental Activities	(145,626,700)	(161,092,834)	(147,920,871)	(142,283,714)	(161,119,807)	(159,213,006)	(151,926,500)	(139,271,128)	(150,051,317)	(130,000,889)
Business-Type Activities	1,650,584	12,587,924	20,200,120	5,580,168	3,539,361	5,078,040	7,481,245	4,285,818	11,677,617	11,900,985
Total Primary Governmental Expense, Net	(143,976,116)	(148,504,910)	(127,720,751)	(136,703,546)	(157,580,446)	(154,134,966)	(144,445,255)	(134,985,310)	(138,373,700)	(118,099,904)
GENERAL REVENUES AND OTHER										
CHANGES IN NET EXPENSES										
Governmental Activities:										
Property Taxes	123,270,476	127,918,300	125,015,492	108,655,923	106,510,310	101,724,887	100,140,171	99,008,663	96,574,549	98,166,170
Auto Registration Fees	22,807,549	26,967,129	21,291,780	19,862,286	20,935,398	19,925,661	20,682,404	19,476,158	18,678,231	18,900,997
Franchise Fees	1,250,788	1,392,202	1,542,033	1,700,005	1,903,292	1,912,596	1,945,843	2,049,843	2,098,503	2,012,078
Unrestricted Investment Earnings	10,120,942	9,698,279	7,378,078	(2,933,073)	10,121,964	2,445,756	3,318,119	3,092,409	3,705,972	224,117
Investment Income	-	-	-	-	-	-	-	-	-	-
Debt Reimbursement from MSD	-	-	-	8,347,040	7,752,367	7,897,432	8,229,289	8,990,298	8,075,793	7,896,842
Impact Fees	-	-	-	-	-	-	-	-	-	39,610
Miscellaneous	4,245,252	-	-	-	-	-	-	-	-	-
Gain (Loss) on Disposal of Assets	102,634	504,023	1,154,160	(344,218)	298,160	(674,844)	564,893	112,407	(83,098)	49,799
Transfers In (Out)	2,685,106	1,900,051	1,912,050	1,951,365	1,852,890	2,467,019	3,251,102	3,264,293	3,243,851	2,887,792
Total Governmental Activities	164,482,747	168,379,984	158,293,593	137,239,328	149,374,381	135,698,507	138,131,011	135,994,071	132,693,801	130,177,405
Business-Type Activities:										
Unrestricted Investment Earnings	6,705,157	4,263,354	2,769,013	(107,990)	131,038	1,520,176	1,896,575	1,156,762	817,168	748,022
Miscellaneous	363,546	604,177	103,320	434,856	162,200	357,182	884,301	204,790	52,437	15,960
Service Line Protection	-	-	-	138,425	-	-	-	-	157,596	195,419
Gain (Loss) on Disposal of Assets	483,206	504,372	176,037	69,293	36,648	(63,765)	1,721,067	568,006	(74,252)	(102,879)
Transfers In (Out)	(2,685,106)	(1,900,051)	(1,912,050)	(1,951,365)	(1,830,959)	(2,476,019)	(3,251,102)	(3,264,293)	(3,243,851)	(2,887,792)
Total Business-Type Activities	4,866,803	3,471,862	1,136,320	(1,416,781)	(1,501,073)	(662,426)	1,250,841	(1,334,735)	(2,290,902)	(2,031,270)
Total Primary Government	169,349,550	171,851,836	159,429,913	135,822,547	147,873,308	135,036,081	139,381,852	134,659,336	130,402,899	128,146,135
CHANGES IN NET POSITION										
Governmental Activities	18,856,047	7,287,150	10,372,723	(5,044,386)	(11,745,426)	(23,505,489)	(13,795,489)	(3,277,057)	(17,357,516)	176,516
Business-Type Activities	6,517,387	16,059,776	21,336,440	4,170,595	2,038,288	4,721,939	8,732,086	2,951,083	9,386,715	9,869,715
Total Primary Government	\$ 25,373,434	\$ 23,346,926	\$ 31,709,163	\$ (873,791)	\$ (9,707,138)	\$ (18,783,560)	\$ (5,063,403)	\$ (325,974)	\$ (7,970,801)	\$ 10,046,231

CITY OF MANCHESTER, NEW HAMPSHIRE
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
General Government	\$47,593,650	\$ 47,282,516	\$ 31,975,981	\$ 34,881,636	\$ 30,449,509	\$ 28,095,396	\$ 23,428,649	\$ 23,905,226	\$ 22,612,067	\$ 23,706,776
Public Safety	6,291,113	5,151,152	7,679,591	6,513,701	3,547,535	4,995,543	3,847,421	4,061,368	3,506,929	3,455,913
Health and Sanitation	3,010,918	4,560,480	3,501,537	7,897,221	7,051,649	5,435,203	5,142,822	4,928,812	5,736,358	4,628,164
Highways and Streets	16,582,290	9,412,108	19,153,402	6,367,519	6,388,670	6,887,675	7,131,756	8,535,291	10,382,769	8,316,996
Welfare	26,822	40,679	26,124	33,525	20,465	23,163	16,600	15,042	18,172	12,851
Education and Library	48,097	92,092	282,320	136,434	42,460	346,802	549,900	598,787	475,691	2,394,721
Parks and Recreation	5,252,689	5,682,477	6,128,762	3,126,231	4,626,377	2,517,720	2,845,004	3,257,793	3,584,069	1,320,125
Total Governmental Activities	78,805,579	72,221,504	68,747,717	58,956,267	52,126,665	48,301,502	42,962,152	45,302,319	46,316,055	43,835,546
Business-Type Activities:										
Water	29,226,509	32,916,452	23,771,278	21,805,808	24,641,341	20,307,408	23,255,976	19,156,126	19,478,095	18,404,225
EPD	31,959,390	26,256,867	25,152,001	23,953,566	25,511,636	20,701,079	22,660,689	18,545,868	25,095,626	21,271,324
Aviation	44,898,391	57,441,983	65,415,856	47,357,409	37,581,333	51,743,508	47,344,904	50,333,552	51,320,254	54,045,945
Recreation	-	-	-	-	-	-	-	-	-	1,559,492
Parking	4,997,753	4,423,288	4,404,587	4,227,863	4,070,765	4,800,058	5,704,574	5,600,801	5,719,446	5,790,373
Total Business-Type Activities	111,082,043	121,038,590	118,743,722	97,344,646	91,805,075	97,552,053	98,966,143	93,636,347	101,613,421	101,071,359
Total Government	\$ 189,887,622	\$ 193,260,094	\$ 187,491,439	\$ 156,300,913	\$ 143,931,740	\$ 145,853,555	\$ 141,928,295	\$ 138,938,666	\$ 147,929,476	\$ 144,906,905

**CITY OF MANCHESTER, NEW HAMPSHIRE
GOVERNMENTAL FUNDS
FUND BALANCES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable										
Restricted	\$ 2,049,270	\$ 1,801,883	\$ 2,830,258	\$ 2,521,787	\$ 2,325,623	\$ 5,365,299	\$ 4,939,858	\$ 4,794,207	\$ 4,680,346	\$ 4,296,436
Committed	-	-	-	3,013,308	2,579,981	1,872,360	1,772,360	2,224,364	2,524,364	2,357,499
Assigned	18,539,928	18,389,935	14,932,090	6,239,367	6,375,860	6,401,002	6,694,958	6,624,726	5,878,562	4,235,311
Unassigned	1,912,886	2,045,793	2,264,652	2,056,903	2,025,500	2,034,448	1,698,657	1,695,580	1,157,202	1,242,448
	<u>14,483,278</u>	<u>13,245,042</u>	<u>14,543,275</u>	<u>11,075,661</u>	<u>10,870,731</u>	<u>11,373,281</u>	<u>9,654,570</u>	<u>9,921,950</u>	<u>8,052,406</u>	<u>7,696,350</u>
Total General Fund	\$ 36,985,362	\$ 35,482,653	\$ 34,570,275	\$ 24,907,026	\$ 24,177,695	\$ 27,046,390	\$ 24,760,403	\$ 25,260,827	\$ 22,292,880	\$ 19,828,044
All Other Governmental Funds:										
Nonspendable										
Restricted	\$ 40,289,921	\$ 32,336,178	\$ 34,465,475	\$ 31,764,446	\$ 38,079,767	\$ 29,493,237	\$ 28,643,336	\$ 28,204,202	\$ 26,346,686	\$ 22,905,823
Committed	29,661,571	26,846,944	27,406,505	22,736,927	20,043,430	26,751,935	13,063,803	13,995,815	10,110,038	10,632,100
Unassigned	-	171,229	173,911	174,449	1,520,106	2,575,995	2,501,150	2,678,803	2,160,632	4,770,528
Unassigned, Reported In:	-	(26,039,387)	(14,963,273)	(33,247,451)	-	-	-	-	(25,742,959)	(12,768,835)
Special Revenue Funds	-	-	-	-	(2,647,692)	(936,214)	(531,391)	(545,103)	-	-
Capital Projects Funds	-	-	-	-	(9,749,255)	(76,025)	(7,879,232)	(65,792)	-	-
Total All Other	\$ 69,951,492	\$ 33,314,964	\$ 47,082,618	\$ 21,428,371	\$ 47,246,356	\$ 57,808,928	\$ 35,797,666	\$ 44,267,925	\$ 12,874,397	\$ 25,539,616
Government Funds										

CITY OF MANCHESTER, NEW HAMPSHIRE
GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Taxes	\$ 124,003,170	\$ 120,583,086	\$ 118,606,229	\$ 111,371,822	\$ 106,677,930	\$ 105,596,817	\$ 102,496,141	\$ 101,624,767	\$ 100,208,002	\$ 99,360,223
Federal and State Grants and Aid	61,567,382	44,667,495	42,623,760	34,125,571	26,921,075	21,683,021	17,248,670	19,012,687	18,814,113	17,519,784
Charges for Sales and Services	9,168,241	5,459,896	5,503,649	5,036,090	4,824,859	4,541,067	4,859,658	4,769,187	4,580,815	3,150,831
Licenses and Permits	26,719,502	27,600,587	27,276,995	24,714,967	25,294,018	26,583,859	26,090,771	25,049,001	26,221,183	23,364,179
Interest	7,285,352	5,854,696	4,396,291	4,498,603	1,045,208	1,595,430	2,945,923	1,645,593	881,243	1,178,053
Contributions	1,853,756	2,013,679	1,514,492	1,191,538	1,463,267	1,838,432	1,805,435	1,790,987	1,742,526	3,131,573
Net Gain (Loss) on Sale of Securities	2,835,591	3,827,973	2,873,541	(7,429,052)	9,076,756	850,326	372,196	1,446,816	2,824,729	(953,936)
School Charge Backs	9,083,935	9,055,847	7,811,060	9,487,678	9,206,736	9,008,194	9,227,647	9,264,906	9,291,929	9,379,583
Lease and Rent Income	1,241,008	1,172,447	1,170,848	1,119,207	1,155,041	749,832	1,128,456	1,124,918	946,557	962,763
Debt Recovery	685,925	688,340	664,474	676,398	1,368,604	976,513	1,107,294	1,117,410	1,075,282	909,301
Miscellaneous	4,949,689	3,740,552	3,814,101	2,608,187	3,225,673	2,801,515	3,006,551	3,082,295	2,963,559	2,888,929
Total Revenue	249,393,551	224,684,598	216,255,440	187,421,009	190,259,167	176,225,006	170,288,742	169,928,567	169,549,938	160,891,283
EXPENDITURES										
General Government	70,549,497	73,134,283	64,486,718	55,672,351	48,193,280	53,990,426	47,892,915	43,900,469	44,566,109	42,373,716
Public Safety	92,621,690	85,844,738	87,512,371	79,162,088	73,627,193	74,379,655	71,485,660	68,380,481	68,083,493	66,543,229
Health and Sanitation	6,978,853	8,170,484	7,932,187	9,720,518	9,084,667	7,008,213	6,742,979	6,550,257	7,166,483	6,383,434
Highway and Streets	46,628,861	40,463,484	36,496,261	28,911,057	27,978,457	27,682,122	24,925,017	22,721,282	23,153,464	21,400,697
Welfare	1,603,356	1,527,161	1,380,872	1,117,719	1,115,713	1,236,013	1,117,147	1,332,476	1,194,319	1,171,783
Education	3,658,327	3,568,728	3,260,149	3,081,231	3,083,249	3,089,859	2,982,029	2,908,040	5,797,495	3,626,769
Parks and Recreation	11,204,245	10,414,368	9,975,017	5,984,777	6,724,767	6,574,049	5,883,795	5,799,594	6,206,516	4,271,144
Cemetery Trust	145,500	112,999	190,502	73,000	80,269	175,000	74,472	37,000	82,500	89,514
Investment Management Fee	-	76,830	74,148	78,286	77,648	79,454	125,894	74,411	72,638	63,729
Capital Outlay	-	-	-	15,181,361	17,873,483	12,701,930	4,705,308	8,723,473	9,901,415	14,933,976
Debt Service:										
Principal Retirement	19,051,186	11,287,677	10,172,104	10,904,259	11,151,655	12,137,778	11,594,711	11,537,019	11,675,985	11,601,455
Interest	8,516,175	4,820,479	5,539,592	4,656,839	5,576,985	4,876,050	5,530,600	5,135,100	5,418,794	5,489,115
Total Expenditures	260,957,690	239,421,231	227,019,921	214,543,486	204,567,366	203,930,549	183,060,527	177,099,602	183,319,211	177,948,561
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(11,564,139)	(14,756,633)	(10,764,481)	(27,122,477)	(14,308,199)	(27,705,543)	(12,771,785)	(7,171,035)	(13,769,273)	(17,057,278)
OTHER FINANCING SOURCES (USES)										
Proceeds of Bonds	37,988,000	-	39,191,000	-	-	44,260,000	550,000	34,599,001	-	-
Proceeds from Premium of Bonds	3,787,636	-	4,134,797	-	-	5,186,772	-	3,465,347	-	-
Issuance of Refunding Bonds	-	-	-	-	58,086,059	-	-	-	-	12,167,005
Premiums as a Result of Refunding	-	-	-	-	8,533,803	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(66,688,573)	-	-	-	-	(12,112,045)
Proceeds from Sale of Capital Assets	102,634	1,306	844,132	82,458	160,000	-	-	318	240,437	21,000
Transfers In	5,605,206	2,726,735	2,712,150	3,839,823	5,352,990	4,944,208	6,459,587	5,525,736	6,315,630	4,846,219
Transfers Out	(2,920,100)	(826,684)	(800,100)	(1,888,458)	(3,500,100)	(2,468,189)	(3,208,485)	(2,261,443)	(3,071,779)	(1,958,427)
Total Other Financing Sources (Uses)	44,563,376	1,901,357	46,081,979	2,033,823	1,924,179	51,922,791	3,801,102	41,328,959	3,484,288	2,963,752
NET CHANGE IN FUND BALANCES	\$ 32,999,237	\$ (12,855,276)	\$ 35,317,498	\$ (25,088,654)	\$ (12,384,020)	\$ 24,217,248	\$ (8,970,683)	\$ 34,157,924	\$ (10,284,985)	\$ (14,093,526)
Debt Service as a Percentage of Noncapital Expenditures	7.12 %	6.73 %	6.92 %	7.25 %	8.18 %	8.34 %	9.35 %	9.41 %	9.33 %	9.60 %

CITY OF MANCHESTER, NEW HAMPSHIRE
GOVERNMENTAL FUNDS
TAX REVENUES BY SOURCE
YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Fiscal Year	Property Tax	Fee	Deferred Tax	Cost on Tax Title	Interest on Tax	Lien	Railroad Tax	Tax Lien	Miscellaneous Tax	Yield/	Central Business District	Land Use Change Tax	Total
2025	\$ 121,827,743	\$ 1,250,788	\$ 30,619	\$ 17,203	\$ 352,368	\$ 266,461	\$ -	\$ -	\$ -	-	\$ 257,988	\$ -	\$ 124,003,170
2024	116,669,587	1,407,068	26,969	20,108	332,914	425,631	1,471	103,344	2,167	256,001	-	-	119,247,260
2023	115,609,658	1,542,066	28,413	19,742	291,202	374,290	1,414	19,273	4,475	258,000	-	-	118,148,533
2022	108,655,923	1,700,005	29,255	22,195	274,391	847,587	1,785	52,588	4,536	258,138	-	-	111,846,403
2021	102,376,714	1,733,114	26,736	20,484	250,231	638,371	1,495	37,592	12,557	258,000	-	-	105,365,294
2020	102,611,230	1,757,127	22,920	20,113	266,726	663,020	1,171	23,332	3,483	257,695	(30,000)	-	105,596,817
2019	98,751,666	1,791,753	35,951	26,948	389,263	928,374	1,113	4,946	623	258,004	307,500	-	102,496,141
2018	98,167,213	1,903,169	33,140	21,632	427,844	792,623	541	14,674	5,931	258,000	-	-	101,624,767
2017	96,497,427	1,962,707	33,018	26,828	420,911	994,700	2,230	4,138	8,043	258,000	-	-	100,208,002
2016	95,964,486	1,870,203	34,803	21,999	416,324	706,720	1,048	83,538	3,102	258,000	-	-	99,360,223
Change from First Year on Record Versus 2025	26.95%	-33.12%	-12.02%	-21.80%	-15.36%	-62.30%	-100.00%	-100.00%	-100.00%	0.00%	0.00%	0.00%	24.80%

CITY OF MANCHESTER, NEW HAMPSHIRE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Residential Property	Nonresidential Property	Total Taxable Assessed Value	Percent Growth (Reduction)	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2025	\$ 8,522,425,300	\$ 4,872,652,886	\$ 13,395,078,186	(0.28)%	20.24	\$ 13,358,909,303	99.73 %
2024	8,568,112,777	4,863,914,197	13,432,026,974	0.28	18.86	13,303,442,778	99.04
2023	8,522,425,300	4,872,652,886	13,395,078,186	1.02	18.24	13,264,649,054	99.03
2022	8,492,348,806	4,767,769,403	13,260,118,209	42.80	17.68	13,128,827,277	99.01
2021	5,671,233,417	3,614,566,212	9,285,799,629	0.38	24.66	9,175,091,539	98.81
2020	5,646,564,934	3,604,398,679	9,250,963,613	0.81	24.32	9,136,033,119	98.76
2019	5,611,398,980	3,565,228,731	9,176,627,711	0.51	23.68	9,056,948,367	98.70
2018	5,578,766,428	3,550,955,561	9,129,721,989	0.57	23.32	9,004,365,407	98.63
2017	5,544,356,799	3,533,730,190	9,078,086,989	5.82	23.14	8,946,360,522	98.55
2016	5,340,634,374	3,340,650,306	8,681,284,680	1.19	23.44	8,548,613,841	98.47

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 2024 MS-1 form were used for fiscal year 2025.

**CITY OF MANCHESTER, NEW HAMPSHIRE
PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

DRA Year	Fiscal Year	Rate Per Thousand ⁽¹⁾				
		City	School Local	School State	County	Total
2024	2025	\$ 9.36	\$ 7.59	\$ 1.52	\$ 1.11	\$ 19.58
2023	2024	8.89	7.39	1.52	1.06	18.86
2022	2023	8.81	7.31	1.20	0.92	18.24
2021	2022	8.26	6.83	1.63	0.96	17.68
2020	2021	11.48	9.53	2.36	1.29	24.66
2019	2020	11.11	9.61	2.28	1.32	24.32
2018	2019	11.02	9.09	2.29	1.28	23.68
2017	2018	10.88	8.82	2.32	1.30	23.32
2016	2017	10.96	8.58	2.31	1.29	23.14
2015	2016	11.53	8.20	2.42	1.29	23.44

Note:

⁽¹⁾ 2017 and 2022 tax rates reflect the new assessed valuation determined through a Citywide valuation.

CITY OF MANCHESTER, NEW HAMPSHIRE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2025			2016		
	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	\$ 195,458,300	1	1.46 %	\$ 201,359,900	1	2.43 %
Energy North Natural Gas, Inc.	152,154,900	2	1.14	84,762,800	3	1.02
PRCP-NH Manchester LLC	80,282,000	3	0.60	-		-
Waterford Place HLDG LCC	77,495,800	4	0.58	50,542,900	4	0.61
Wellington DHC, LLC	65,299,400	5	0.49	33,480,500	6	0.40
Manchester Health Services LLC	62,424,000	6	0.47	-		-
Village Circle Way Owner LLC	61,884,400	7	0.46	38,525,500	5	0.46
MNH L.L.C.	59,518,400	8	0.44	145,125,200	2	1.75
The Timbers LLC	52,355,700	9	0.39	-		-
Brady Sullivan Plaza, LLC	45,833,700	10	0.34	23,409,900	8	0.28
1200 Elm Street, LLC	-		-	24,522,800	7	0.30
WAL-MART Real Estate Bus Tr	-		-	22,667,500	9	0.27
175 Canal Street, LLC	-		-	21,000,000	10	0.25
Total	\$ 852,706,600		6.36 %	\$ 645,397,000		7.79 %

Source: City of Manchester, Board of Assessors' total taxable value for the November 2024 tax billing.

CITY OF MANCHESTER, NEW HAMPSHIRE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Tax 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 %	\$ 2,723,199	\$ 258,152,414	100.00 %
2024	2023	249,090,440	247,163,347	99.23	1,927,093	249,090,440	100.00
2023	2022	240,265,477	238,680,440	99.34	1,585,037	240,265,477	100.00
2022	2021	230,339,629	228,746,240	99.31	1,593,389	230,339,629	100.00
2021	2020	224,581,356	222,898,115	99.25	1,705,767	224,603,882	100.01
2020	2019	220,851,248	218,497,714	98.93	2,376,060	220,873,774	100.01
2019	2018	213,225,095	211,097,421	99.00	2,150,200	213,247,621	100.01
2018	2017	208,655,860	205,869,755	98.66	2,808,631	208,678,386	100.01
2017	2016	205,299,084	202,768,901	98.77	2,552,709	205,321,610	100.01
2016	2015	198,594,226	195,619,849	98.50	3,009,646	198,629,495	100.02

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.
The above information presents the information for each period for which it is levied.
A tax levy provides taxes remitted in the following year.

CITY OF MANCHESTER, NEW HAMPSHIRE
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government			
	General		Percentage of Actual		General		Percentage of Actual		Total		Percentage of Per	
	Obligation Bonds		Property Value ⁽¹⁾	Debt Per Capita ⁽²⁾	Obligation Bonds		Property Value ⁽¹⁾	Debt Per Capita ⁽²⁾	Primary Government		Capita Income	Per Capita ⁽²⁾
2025	\$ 198,184,597		1.48 %	\$ 1,714	\$ 106,839,984		0.80 %	\$ 924	\$ 305,024,581		0.03 %	\$ 2,638
2024	165,639,345		1.25	1,432	88,873,171		0.67	769	254,512,516		0.03	2,201
2023	280,082,640		1.36	1,557	95,371,038		0.72	825	375,453,678		0.02	2,382
2022	153,578,687		1.17	1,328	101,995,815		0.78	882	255,574,502		0.03	2,210
2021	167,919,987		1.83	1,449	102,967,650		1.12	890	270,887,637		0.03	2,340
2020	174,354,898		1.91	1,555	85,373,371		0.93	762	259,728,269		0.02	2,317
2019	145,330,108		1.60	1,292	86,867,385		0.96	772	232,197,493		0.03	2,064
2018	160,599,107		1.78	1,444	90,235,350		1.00	811	250,834,457		0.02	2,256
2017	142,212,424		1.59	1,300	82,943,072		0.93	758	225,155,496		0.03	2,058
2016	151,443,024		1.77	1,384	73,297,890		0.86	670	224,740,914		0.03	2,054

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.

CITY OF MANCHESTER, NEW HAMPSHIRE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

City:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limitation	\$ 1,901,987	\$ 1,750,790	\$ 1,606,380	\$ 1,363,745	\$ 1,255,664	\$ 1,141,695	\$ 1,087,948	\$ 982,809	\$ 928,117	\$ 897,270
Total Net Debt Applicable to Limit	<u>134,268</u>	<u>114,944</u>	<u>125,667</u>	<u>107,579</u>	<u>118,162</u>	<u>134,816</u>	<u>113,504</u>	<u>122,905</u>	<u>103,689</u>	<u>114,593</u>
Legal Debt Margin	<u>\$ 1,767,719</u>	<u>\$ 1,635,846</u>	<u>\$ 1,480,713</u>	<u>\$ 1,256,166</u>	<u>\$ 1,137,502</u>	<u>\$ 1,006,879</u>	<u>\$ 974,444</u>	<u>\$ 859,904</u>	<u>\$ 824,428</u>	<u>\$ 782,677</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limitation	7.06%	6.57%	7.82%	7.89%	9.41%	11.81%	10.43%	12.51%	11.17%	12.77%
Legal Debt Margin Calculation for Fiscal Year 2025: Base Equalized Valuation - Real Estate	\$ 19,507,564									
Debt Limitation (9.75% of Base Valuation)	1,901,987									
Debt Applicable to Limitation:										
Total Bonded Debt for General Government	136,816									
Less Debt for Urban Redevelopment	-									
Less Debt for Pension Obligation Bonds	<u>(2,548)</u>									
Total Net Debt Applicable to Limitation	<u>134,268</u>									
Legal Debt Margin	<u>\$ 1,767,719</u>									
School:										
Debt Limitation	\$ 1,365,529	\$ 1,256,978	\$ 1,153,298	\$ 979,099	\$ 901,503	\$ 819,678	\$ 781,091	\$ 705,606	\$ 666,341	\$ 644,194
Total Net Debt Applicable to Limit	<u>80,680</u>	<u>47,854</u>	<u>49,010</u>	<u>41,995</u>	<u>45,117</u>	<u>33,255</u>	<u>25,809</u>	<u>30,943</u>	<u>31,014</u>	<u>34,995</u>
Legal Debt Margin	<u>\$ 1,284,849</u>	<u>\$ 1,209,124</u>	<u>\$ 1,104,288</u>	<u>\$ 937,104</u>	<u>\$ 856,386</u>	<u>\$ 786,423</u>	<u>\$ 755,282</u>	<u>\$ 674,663</u>	<u>\$ 635,327</u>	<u>\$ 609,199</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limitation	5.91%	3.81%	4.25%	4.29%	5.00%	4.06%	3.30%	4.39%	4.65%	5.43%
Legal Debt Margin Calculation for Fiscal Year 2025: Base Valuation - Real Estate	\$ 19,507,564									
Debt Limitation (7% of Base Valuation)	1,365,529									
Debt Applicable to Limitation:										
Total Bonded Debt for School District	88,285									
Less Debt for Facilities Revenue Bond	<u>(7,605)</u>									
Total Net Debt Applicable to Limitation	<u>80,680</u>									
Legal Debt Margin	<u>\$ 1,284,849</u>									

CITY OF MANCHESTER, NEW HAMPSHIRE
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water and Waste Water:										
Debt Limitation	\$ 1,950,756	\$ 1,795,682	\$ 1,647,569	\$ 1,398,713	\$ 1,398,713	\$ 1,170,969	\$ 1,115,844	\$ 1,008,009	\$ 951,915	\$ 920,277
Total Net Debt Applicable to Limit	105,863	87,796	140,579	146,938	101,105	89,662	85,783	88,886	81,280	64,887
Legal Debt Margin	<u>\$ 1,844,893</u>	<u>\$ 1,707,886</u>	<u>\$ 1,506,990</u>	<u>\$ 1,251,775</u>	<u>\$ 1,297,608</u>	<u>\$ 1,081,307</u>	<u>\$ 1,030,061</u>	<u>\$ 919,123</u>	<u>\$ 870,635</u>	<u>\$ 855,390</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limitation	5.43%	4.89%	8.53%	10.51%	7.23%	7.66%	7.69%	8.82%	8.54%	7.05%
Legal Debt Margin Calculation for Fiscal Year 2024:										
Base Valuation - Real Estate	\$ 19,507,564									
Debt Limitation (10% of Base Valuation)	1,950,756									
Debt Applicable to Limitation:										
Total Bonded Debt for Water Projects	56,644									
Less Debt for Revenue Bonds	201,429									
Total Bonded Debt for Sewer Projects	(152,210)									
Total Net Debt Applicable to Limitation	<u>105,863</u>									
Legal Debt Margin	<u>\$ 1,844,893</u>									

**CITY OF MANCHESTER, NEW HAMPSHIRE
AVIATION REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Revenue		Coverage		Net Revenue		Requirements			Coverage Ratio	
		From Prior Year ⁽³⁾	Credit	From Prior Year ⁽³⁾	Amount	Available for		1998/2000/2001/2002		O&M Reserve ⁽³⁾		
						1998/2000	2001/2002	Debt Service				Debt Service
								Total ⁽²⁾				
2025	\$ 38,654,494	\$ 2,019,601	\$ 3,298,279	\$ 29,496,951	\$ 14,475,423	\$ 7,355,686	\$ -			1.97		
2024	38,116,979	3,613,681	3,298,279	28,342,899	16,686,040	7,664,836	-			2.18		
2023	35,349,833	3,376,254	3,298,279	27,849,079	14,175,287	1,753,958	-			8.08 ⁽⁵⁾		
2022	34,459,437	484,145	3,298,279	27,022,371	11,219,490	-	-			N/A ⁽⁴⁾		
2021	25,033,010	-	3,298,279	23,100,232	5,231,057	-	-			N/A ⁽⁴⁾		
2020	34,673,264	1,853,000	3,310,512	25,813,644	14,023,132	10,672,201	-			1.38		
2019	39,765,458	948,439	3,298,279	25,809,228	18,202,948	10,044,110	-			1.81		
2018	42,164,157	559,349	3,298,279	25,350,030	20,671,755	12,807,954	-			1.61		
2017	41,071,582	754,952	3,298,279	25,884,955	19,239,858	12,909,883	-			1.49		
2016	40,362,305	502,734	3,298,279	24,709,385	19,453,933	12,187,053	-			1.60		

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
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Monthly Unemployment Rate ⁽⁴⁾
2025	115,644	\$ 80,473	\$ 11,865	3.1 %
2024	115,644	76,187	11,851	2.6
2023	115,644	71,849	12,016	1.7
2022	115,644	71,849	12,418	1.9
2021	115,644	71,849	12,737	3.2
2020	112,109	63,218	13,557	8.2
2019	112,525	61,147	13,815	2.6
2018	111,196	60,064	13,967	2.8
2017	109,419	56,531	14,198	3.0
2016	109,419	57,180	14,430	3.0

Sources:

- ⁽¹⁾ NH Business Review Book of Lists used for FY2016 thru FY2017.
U.S. Census Bureau data estimates used for FY2018 thru FY2025.
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using
Manchester-Nashua MSA based on most recent data available up through 2024,
FY2025 income based on Hillsborough County data available up through 2024.
- ⁽³⁾ City of Manchester, NH School Department
- ⁽⁴⁾ State of New Hampshire, Economic and Labor Market Information Bureau

CITY OF MANCHESTER, NEW HAMPSHIRE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
(UNAUDITED)

Employer	2025			2016		
	Employees ⁽¹⁾	Rank ⁽¹⁾	Percentage of Total Average City Employment ⁽²⁾	Employees ⁽³⁾	Rank ⁽³⁾	Percentage of Total Average City Employment ⁽³⁾
Southern NH University	11,989	1	18.10 %	2,093	3	3.29 %
Elliot Hospital	3,969	2	5.99	3,682	1	5.78
Catholic Medical Center	2,400	3	3.65	2,600	2	4.08
Eversource Energy	1,348	4	2.04	1,400	4	2.20
DEKA Research & Development	1,000	5	1.51	-	-	-
Saint Anselm College	650	6	0.98	689	9	1.08
Velcro USA Inc	650	6	0.98	800	7	1.26
Burndy LLC	612	8	0.92	612	10	0.96
Summit Packaging Systems Inc	600	9	0.91	-	-	-
AutoFair Automotive Group	500	10	0.75	-	-	-
Allegro Microsystems	500	10	0.75	-	-	-
FairPoint Communications	-	-	-	1,050	5	1.65
TD Bank, N.A.	-	-	-	900	6	1.41
Citizens Bank	-	-	-	700	8	1.10

Sources:

- ⁽¹⁾ 2025 Book of Lists, NH Business Review. (Ranked by number of NH employees.)
⁽²⁾ NH Employment Security, Economic and Labor Market Bureau June 2025
⁽³⁾ NH Employment Security, Economic and Labor Market Bureau - 2016 figures used

CITY OF MANCHESTER, NEW HAMPSHIRE
FULL-TIME EQUIVALENTS CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Aldermen	14	14	14	14	13	14	14	14	13	14
Assessors	8	8	8	7	8	8	7	7	7	7
Building Maintenance	20	19	16	19	21	22	20	21	20	20
City Clerk	14	14	10	12	13	14	13	13	14	14
City Solicitor	18	18	13	13	14	14	13	11	12	12
Economic Development Office	3	2	2	2	-	-	2	2	2	2
Elderly Services	3	3	2	3	3	4	4	4	4	4
Finance	12	12	11	9	9	9	11	11	10	11
Human Resources	10	10	10	10	9	8	9	9	10	10
Information Systems	17	16	15	15	15	15	15	17	15	14
Mayor	6	6	4	4	4	3	4	4	4	4
MCAM/MPTS	-	-	-	4	4	4	4	4	4	4
Office of Youth Services	9	9	8	7	8	9	9	8	9	9
Planning and Community Development	38	40	36	30	28	26	30	28	30	29
Tax Collector	12	13	9	10	12	11	11	8	9	8
Parks and Recreation:										
Cemetery Care	6	7	7	7	8	7	8	9	11	11
Derryfield Golf Course	3	3	2	3	3	2	3	2	3	3
Forestry	6	5	3	3	2	3	2	2	2	2
General and Administrative	4	4	4	4	3	2	4	4	4	4
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	10	9	14	15	16	15	14	15	13	13
Recreation	2	2	1	1	1	1	2	1	1	-
Skating Arenas	5	5	3	5	5	4	4	4	4	4
Police:										
Officers	251	251	248	212	236	231	217	222	223	216
Civilians	63	59	56	54	53	55	53	52	53	55
Fire:										
Firefighters and Officers	239	226	221	220	212	209	210	208	208	208
Civilians	7	8	8	9	17	17	15	16	16	16
Fleet	24	25	24	23	24	25	21	24	23	22

CITY OF MANCHESTER, NEW HAMPSHIRE
FULL-TIME EQUIVALENTS CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Works:										
Administration	18	18	17	17	15	14	16	13	15	15
Street Maintenance/Const.	48	57	49	50	44	51	56	58	56	51
Street Sweeping	5	5	5	5	5	5	5	4	5	5
Refuse Collection	29	19	19	23	23	24	25	30	34	33
Drain/Sewer Repair/Const.	11	10	12	12	14	15	15	15	17	17
Engineering	15	13	12	12	13	15	14	15	15	15
Traffic	11	9	10	11	10	10	10	12	12	11
Parking:										
Administration	3	3	3	3	3	3	3	3	4	4
Meters	1	1	1	1	1	2	2	2	1	1
Victory Garage	2	5	1	1	2	2	2	2	4	3
PCOs	6	6	4	4	6	7	8	8	7	5
Water:										
Administration and Financial	14	11	15	14	13	15	15	16	16	16
Water Distribution	38	40	36	36	38	41	42	42	39	40
Water Supply	33	38	36	29	29	30	23	22	21	21
Sewer:										
Administration and Financial	8	8	8	9	9	9	8	8	8	8
Monitoring	3	3	3	3	3	2	1	2	2	2
Sewer Plant Operation	15	15	14	14	14	16	16	16	15	16
Maintenance	13	11	12	12	12	13	12	14	13	13
Airport - Total:										
Administration and Financial	17	18	18	22	19	17	17	18	20	20
Airfield Maintenance	23	27	28	28	27	26	24	22	25	25
Terminal Maintenance	24	25	18	26	22	25	26	26	23	24
Other Programs/Functions:										
Health	52	43	31	36	60	56	52	53	55	55
Library	39	39	37	35	38	36	39	37	37	38
Welfare	11	10	9	7	9	8	9	10	11	12
Total	1,244	1,223	1,148	1,126	1,171	1,173	1,161	1,169	1,180	1,167

CITY OF MANCHESTER, NEW HAMPSHIRE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025 ⁽¹⁾	2024 ⁽²⁾	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Physical Arrests	2,209	4,753	4,379	4,306	4,058	4,298	5,295	5,766	5,816	5,175
Parking Violations	13,832	13,881	29,780	25,808	23,546	25,843	39,758	42,188	46,731	43,049
Traffic Citations	1,184	2,081	1,330	1,081	1,045	1,763	3,857	5,034	6,090	5,274
Fire:										
Number of Calls Answered	14,713	28,842	28,812	28,045	27,207	24,232	25,910	25,237	25,198	24,471
Inspections	2,097	1,626	1,786	1,475	1,483	990	1,600	1,653	1,612	1,501
Property Loss	\$ 2,462,152	\$ 4,178,866	\$ 4,077,781	\$ 3,250,000	\$ 3,148,302	\$ 3,360,771	\$ 2,470,701	\$ 2,033,163	\$ 2,753,224	\$ 4,137,173
Building Safety:										
Total Building Permits	917	1,898	3,654	2,331	1,821	1,706	1,792	2,003	1,938	2,041
Total Value All Permits	\$ 145,064,701	\$ 192,602,736	\$ 441,977,780	\$ 221,689,361	\$ 144,527,950	\$ 139,490,236	\$ 272,064,549	\$ 154,345,159	\$ 137,542,039	\$ 141,511,026
Library, Visits	70,393	149,067	142,032	124,709	62,480	64,759	295,709	310,506	289,558	358,439
Public Service:										
Garbage Collected (Ton)	37,102	37,626	37,529	37,261	38,540	38,186	37,629	37,222	36,410	35,906
Recycle Collected (Ton)	6,424	6,928	6,789	6,868	7,156	6,872	6,973	7,046	6,971	6,682
Streets Paved Resurf (Miles)	-	0.19	3.07	-	15.23	14.16	13.22	16.47	14.50	15.00
Streets Reconstructed (Miles)	2.45	7.49	4.11	5.75	6.24	5.16	12.32	3.07	8.70	6.20
Drain Reconstruction (Miles)	0.02	-	-	-	0.02	-	-	0.08	-	0.80
Sewer Reconstruction (Miles)	1.41	0.91	0.17	5.62	5.03	0.27	0.48	0.10	0.70	0.98
New Drain (Miles)	0.95	2.94	0.42	1.39	-	0.25	-	-	-	0.32
Airport:										
Enplane	319,408	641,100	653,071	654,077	482,421	314,175	865,553	926,481	986,554	1,010,408
Deplane	324,375	643,474	650,594	658,875	483,257	320,666	861,979	921,427	984,134	1,010,871
Total Passengers	643,783	1,284,574	1,303,665	1,312,952	965,678	634,841	1,727,532	1,847,908	1,970,688	2,021,279
Cargo (in Pounds)	85,864,106	188,863,664	223,677,002	181,359,315	194,047,607	207,437,623	193,779,214	185,804,883	171,008,590	172,256,058
Air Mail (in Pounds)	8,687,448	7,267,232	4,299,435	6,487,825	6,420,940	2,178,605	1,650	1,460	-	-
Parks and Recreation:										
Public Skating Attendance	7,409	8,840	7,347	6,754	4,240	4,705	7,475	7,396	7,396	7,395
Aquatics Program Attendance	54,383	53,200	53,956	61,123	52,492	23,971	58,022	68,336	68,336	61,525
Golf Rounds Played	42,066	39,966	40,127	38,440	36,107	31,000	27,944	28,335	28,335	27,460
Street Trees Maintained	30,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

Notes:

⁽¹⁾ The figures in column 2025 are January thru June only.

⁽²⁾ The figures in column 2024 have been updated to reflect the full calendar year.

N/A = Not Available

* COVID-19 closure March 17 - June

** COVID-19 restrictions January - June 2021

CITY OF MANCHESTER, NEW HAMPSHIRE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Facilities	1	1	1	1	1	1	1	1	5	5
Marked Patrol Vehicles	59	65	65	65	55	55	55	55	35	35
Unmarked Vehicles	23	23	23	23	38	38	38	38	26	26
Specialty Vehicles	11	14	14	14	13	13	13	13	15	15
Bikes for Bike Patrols	7	10	10	10	18	18	18	18	18	18
Motorcycles	4	-	-	-	-	-	-	-	3	3
Horses	2	2	2	2	2	2	2	2	2	2
Canine	7	8	8	9	9	9	9	11	9	8
Fire:										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Refuse Collections:										
Collection Trucks	12	12	12	12	12	12	12	13	13	14
Other Public Works:										
Streets (Miles)	414.42	413.90	413.90	413.90	413.90	408.53	102.85	402.85	402.85	402.85
Street Lights	9,124	9,115	9,107	9,107	9,105	9,095	9,093	9,035	9,031	9,113
Traffic Signals	144.0	144.0	144.0	144.0	144.0	144.0	145.0	145.0	159.0	159.0
Parks and Recreation:										
Acreage	1,400	1,400	1,400	1,400	1,073	1,073	1,073	1,073	1,073	1,073
Parks and Recreation:	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	28	28	44	44	44	44
Walking Trail(s)	11	11	11	11	9	9	9	8	8	8
Rectangular Fields	29	29	29	29	29	29	24	24	24	24
Indoor Ince Rinks	2	2	2	2	2	2	2	2	2	2
Basketball Courts	32	32	32	32	27	27	25	25	25	25
Tennis Courts	19	19	19	19	18	18	5	5	5	5
Swimming Pools	2	2	2	2	3	3	3	3	3	3
Parks With Playground Equipment	36	36	36	46	45	45	20	20	20	20
Public Beaches	1	1	1	1	1	1	1	1	1	1
Pickleball Court	14	14	14	14	14	8	6	6	6	6
Cemeteries	9	9	9	9	9	9	9	9	9	9
Splashpad	2	2	2	2	2	1	1	1	1	1
18 Hole Disc Golf Course	2	2	2	2	2	2	2	2	1	1

CITY OF MANCHESTER, NEW HAMPSHIRE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Library/ Facilities Volumes	2 152,828	2 159,365	2 158,412	2 157,041	2 155,855	2 164,554	2 164,359	2 174,126	2 201,804	2 184,528
Water:										
Finished Water Storage Capacity (MG)	34.8	34.8	34.8	34.8	34.8	34.8	34.8	318.0	31.8	38.8
Average Daily Consumption (MGD)	19,090	17,440	18,260	17,360	17,540	16,658	17,074	16,724	17,819	17,944
Peak Consumption (MGD)	31,000	29,240	28,990	28,78	30,590	25,504	27,776	25,030	30,495	27,911
Municipal Fire Hydrants	3,535	3,471	3,471	3,469	3,464	3,456	3,451	3,428	3,418	3,399
Water Main in System (Million Feet)	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary Sewers (Miles)	396.00	396.00	396.00	393.00	391.00	391.00	391.00	391.00	391.00	391.00
Maximum Daily Treatment Capacity (MGPD)	42	42	42	42	42	42	42	42	42	42
Information Systems Department:										
PC's	1,599	1,639	1,527	1,507	1,506	1,147	1,117	1,112	1,110	1,120
Miles of Fiber Optic Cabling	73.00	61.00	61.00	60.00	58.00	57.00	57.00	57.00	57.00	55.00
Airport:										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - Square Footage	330,509	330,509	330,509	330,509	330,509	343,600	343,600	343,600	343,600	343,600



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APPENDIX C

PROPOSED FORM OF LEGAL OPINION

HAWKINS

HAWKINS DELAFIELD & WOOD LLP
140 BROADWAY, NEW YORK, NY 10005
(212) 820-9300 | HAWKINS.COM

August 11, 2026

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 Public Improvement Bonds, Series 2026 (the “Bonds”). The Bonds are being issued under and by virtue of Chapter 33 of the New Hampshire Revised Statutes, as amended (the “Act”), and resolutions duly adopted by the City.

The Bonds are dated August 11, 2026, and bear interest from their dated date at the rates per annum (payable semi-annually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2027) and mature on August 1 in the years and in the respective principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027			2042		
2028			2043		
2029			2044		
2030			2045		
2031			2046		
2032			2047		
2033			2048		
2034			2049		
2035			2050		
2036			2051		
2037			2052		
2038			2053		
2039			2054		
2040			2055		
2041			2056		

The Bonds maturing prior to August 1, 2037 are not subject to redemption prior to maturity at the option of the City. The Bonds maturing on and after August 1, 2037 are subject to redemption prior to maturity at the option of the City in whole or in part, in any order of maturity and by lot within a maturity if less than all the Bonds of such maturity are to be redeemed on or August 1, 2036, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued, if any, to the date fixed for redemption.

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 Bonds in order that interest on the Bonds 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 Bonds 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 Bonds 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 Bonds 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 establishes 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 Bonds.

2. Under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds 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.

3. Under existing statutes, interest on the Bonds is exempt from the New Hampshire personal income tax on interest.

Board of Mayor and Aldermen
of the City of Manchester, in the
County of Hillsborough, New Hampshire

3.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds 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 Bonds.

We express no opinion regarding any other federal, state or local consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to our attention, any change in law or interpretation thereof that may thereafter occur, or for any reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express 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 Bonds.

We have examined an executed bond and, in our opinion, the form of said bond and its execution are regular and proper.

Very truly yours,