

CITY OF KEENE, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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CITY OF KEENE NEW HAMPSHIRE

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2017**



**Prepared by:
The Finance Department**

**Steve Thornton
Finance Director**

CITY OF KEENE, NEW HAMPSHIRE

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**INTRODUCTORY
SECTION**

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City of Keene

New Hampshire

December 28, 2017

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

The Keene Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Keene, New Hampshire for the Fiscal Year ending June 30, 2017. This report is published to provide citizens, City Council, investors and other interested parties with detailed information regarding the financial position of the City. Responsibility for the accuracy of the data, and the completeness and fairness of this report, including all disclosures and schedules, rests with management.

To the best of our knowledge and belief, the following data is accurate in all material respects and is reported in a manner designed to fairly present the City's financial position and changes in financial position of the various funds of the City. The accompanying disclosures are necessary to enable the reader to gain an understanding of the City's financial activities.

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

The Report - The CAFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section, which is unaudited, includes the letter of transmittal, and the City organizational chart.

The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and the combining and individual financial statements, and schedules.

The Statistical Section, which is unaudited, includes financial and demographic information on a ten-year historical basis indicating trends for comparative basis by fiscal year.

General - Incorporated as a City in 1874, Keene, New Hampshire is located in southwestern New Hampshire in Cheshire County, 85 miles northwest of Boston, Massachusetts, 97 miles north of Hartford, Connecticut, and 100 miles northeast of Albany, New York. According to the 2015 Census, the population in the 37.1 square miles of land known as the City of Keene was 23,406. Four major highways, Routes 101, 12, 10 and 9, intersect at Keene, making it the hub of the region and also giving access to Interstates 91, 89, and 93.

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

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

Principal City Officials

<u>Office</u>	<u>Name</u>	<u>Term Expires*</u>	<u>2017 Standing Committee Assignment</u>
Mayor	Kendall W. Lane	2017	N/A
Ward One Councilors	Janis O. Manwaring Stephen L. Hooper	2017 2019	Municipal Services, Facilities & Infrastructure (Chair) Municipal Services, Facilities & Infrastructure
Ward Two Councilors	Mitchell H. Greenwald Carl B. Jacobs	2017 2019	Finance, Organization & Personnel (Chair) Finance, Organization & Personnel
Ward Three Councilors	David C. Richards Terry M. Clark	2019 2017	Planning, Licenses & Development (Chair) Finance, Organization & Personnel
Ward Four Councilors	Robert J. O'Connor Robert B. Sutherland	2017 2019	Municipal Services, Facilities & Infrastructure Planning, Licenses, and Development
Ward Five Councilors	Thomas F. Powers Philip Jones	2019 2017	Finance, Organization & Personnel Planning, Licenses and Development (Vice-Chair)
At Large Councilors	Gary P. Lamoureux George S. Hansel Bart K. Sapeta Bettina A. Chadbourne Randy L. Filiault	2017 2017 2017 2017 2017	Municipal Services, Facilities and Infrastructure Planning, Licenses and Development Planning, Licenses and Development Finance, Organization and Personnel Municipal Services, Facilities and Infrastructure (Vice-Chair)

*Term expires on December 31 in year noted.

Appointed Administration

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

Local Economy - The City of Keene continues to report lower than federal and state unemployment rates. As reported by the New Hampshire Department of Employment Security, Keene's unemployment rate was 2.8%; similar to the state rate and lower than the federal rate.

Another indicator of local economic conditions is building permits. The number of permits issued during fiscal 2017 increased by 49 and the dollar amount increased by \$5.39 million, showing growth in the local real estate market, and strengthening of the local economy.

Tax collections continue to trend high with 98.48% of the 2016 tax warrant collected. The total lien amount increased to \$1,162,354 for 2016 from \$930,149 for 2015. Analysis of the properties comprising the top ten lien amounts indicate an increase of \$137,596, or 61.61%, moving from \$223,342 for 2015 to \$360,938. Of the \$137,596, \$132,357 is elderly tax deferral going to tax lien, representing 96.19% of the 2016 increase.

Economic Development

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

In 2005, the City and Monadnock Economic Development Corporation (MEDC), a private not-for-profit development corporation headquartered in Keene, entered into a development agreement with the City of Keene that outlined the timing, nature and magnitude of property-tax paying development that MEDC would cause to occur, and the public infrastructure improvements that would be undertaken by the City if the necessary assessed values were realized.

Subsequently, the City sold land to MEDC, and since that time, much of the property has been developed, as planned. The site work for the development started in the summer of 2008, building construction started in 2009, and occupancy permits were issued in the second half of 2010. In summary, to date, there has been approximately \$42.5 million of new investment in 181,677 square feet and infrastructure on those 7 acres. There are approximately 215 people working within the site, and there are 32 housing units, as detailed below:

- **51 Railroad Street** has a total of 34,400 square feet on four floors. Two bottom floors of commercial space in 17,600 square feet (the first floor is a bit bigger than the upper floors) and the residential space on the top two floors has eight condominiums totaling 16,800 square feet. There are about 50 people working in the commercial space between Nicola's, Cheshire Medical, FastRoads, and MEDC. This development represents investment of approximately \$7 million.
- **The Courtyard by Marriott has** 100 guest rooms and related meeting rooms/ballroom, pool, gym, etc., in a five story 71,000 square foot building. There are at least 35 people working there. This development represents investment of approximately \$15 million. It is also a LEEDS certified building.
- **Keene Senior Housing** is three floors totaling 25,650 square feet. There are 22 one-bedroom and 2 two-bedroom apartments for seniors, representing investment of approximately \$5 million.
- **Southwestern Community Services** purchased 33,000 square feet of the former Wright Silver Polish plant from Railroad Land Development LLC and converted the condominium unit into offices and Head Start classrooms. There are about 125 people working there and the project represents investments of approximately \$5.5 million.
- **Monadnock Developmental Services** purchased the remainder of the space in the former Wright Silver Polish building (4,500 square feet) and converted the former warehouse space into a food production facility. Total investment was approximately \$2 million. There are about 6 people working there.
- **Railroad Land Development** also has invested over \$4 million in infrastructure to support the redevelopment of the 7-acre site.
- **Monadnock Food Co-Op** is a 13,177 square foot \$4 million food co-op facility that opened in 2014. Prior to opening, the Food Co-op had more than 1,000 member families. The Food Co-op added approximately 60 employees, with more than 45 being full time equivalent positions.

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

- A five-story mixed use building with the first floor dedicated to commercial uses and 35 upscale residential units on the upper floors.
- Adjacent to the Railroad Property at the end of Railroad Street, construction is underway on a 24-unit senior housing development.

Developments in other areas of the City include a new courthouse, new fiber optic network and other initiatives as detailed below:

- In Downtown Keene, the former Keene Middle School is currently being redeveloped. The project includes an adaptive re-use of the 1912 building as a performing arts center. The center will include new office, business and residential units, as well as a restaurant, bistro and night club. At the rear of the site, a 132-unit condominium development began construction in 2016.
- A Continuing Care Retirement Community of approximately 140 units is on track for construction in 2017. This important asset, for the region's senior citizens has an estimated construction value of approximately \$60 million.
- MEDC, in partnership with the City, the County and private developers, completed construction of a new \$10.4 million courthouse in Downtown Keene to house both the Superior and District Courts through a lease of this facility to the State.
- The former EF Lane Hotel on Main Street was renovated and its developers since its re-opening as a Fairfield Inn with a restaurant, Fireworks, on the first floor of the hotel. The total investment in this hotel development is approximately \$6 million.
- FastRoads (a solely owned subsidiary of MEDC) continues its work building out a \$7.5 million fiber optic network in the region that will initially benefit community anchor institutions (hospitals, libraries, government offices, etc.) and eventually small business and residences by providing ubiquitous, high-speed broadband. The launch of this new network running through Keene was completed in 2014 with the goal to help ensure that the businesses, institutions and residents of the region have the right infrastructure to support jobs and sustainable economic development. The availability of affordable broadband infrastructure has become an essential component of a viable economic development strategy in rural areas, such as Keene. A developing initiative is Gigabit Keene, which will analyze the feasibility of municipal broadband to ensure adequate access to high speed internet throughout the City.
- Renovations providing for existing retail and new retail uses including renovation of existing occupied space by Target, as well as renovation of other space, in the former Sear Plaza, for new tenants, including Kohl's, Aldi's, and Urgent Care.
- Downtown retail and occupancy rates remain high.

The City has also been successful in competing for grants that have leveraged other investment, totaling \$11 million, to provide for the reconstruction of 75 units of existing multi-family housing stock and providing for expansion of local business incubator space and micro-enterprise support services provided by the Hannah

Grimes Center. The former project, the redevelopment of the Brook Bend Apartments, was completed in 2014, and the latter in 2015.

Further development activity includes the sale of City owned land to Public Service of New Hampshire for the construction of a new electric service substation, and the construction of two apartment buildings on Ralston Street providing housing for a total of 460 students. Keene State College has completed the construction of new dormitories on campus. In addition, The Cheshire Medical Center completed a major renovation and expansion of its emergency room facilities in 2015, to better serve the community and region.

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

At the end of 2011, a new 65,000 square foot YMCA with childcare center, aquatic center and lap pool, fitness and wellness facilities, sports courts and a climbing wall opened. This facility represents an investment of almost \$10 million and provides the community with expanded wellness and fitness programming. Other institutional improvements include an addition valued at almost \$2 million to a religious institution, construction of a new central fire station investing almost \$6 million and completion and dedication of a new Technology, Design and Safety Center at Keene State College providing 53,000 square feet of educational space representing an investment of \$16 million dollars. These opportunities have provided continuing stimulus to the local economy, as well as continuing contributions that will sustain a vibrant community.

A local group, Keene Ice, in partnership with the City, completed construction of an all-season ice rink at the municipal facility at 350 Marlboro Street in November 2015. The rink serves local figure skating and ice hockey organizations, as well as provides recreational skating opportunities to residents. This new ice rink also allows tournaments and ice shows to be held within the City.

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

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

are part of the annual audit, though an audit opinion is not expressed; any deficiencies and material weaknesses are brought forward by the auditors to management.

The City has also developed budgetary controls through the adoption of its fiscal policy to ensure compliance with legal provisions. The policy also mandates the budgets be presented balanced, adopted annually, and lapse at the end of the fiscal year.

The fiscal policy adopted annually by the Council establishes and articulates the financial blueprint of the City.

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

Guided by fiscal policy, each year anticipated capital expenditures are identified in the six-year CIP, which forecasts projects anticipated within that time period with an estimated cost in excess of \$20,000, and anticipated useful life of at least five years. Individual project requests are consolidated into a capital program combined with revenue and operating cost projections to provide estimated rate impacts. This capital planning process allows projects in its first year to be fully considered in context of the community's vision, values, and goals, along with impact on property taxes, water rates, and sewer rates. Following a review and public hearing process, the adopted program's first year is included in the next operating budget proposal as the capital budget.

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

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

The sale of bonds is a significant part of each CIP. Long term borrowing is used to finance projects that have a significant cost and are of a lasting nature. While projects are often bundled together into one annual sale in order to minimize bond issuance costs, the time over which the bonds are repaid (the term) varies based on the financed improvement's expected useful life. The City's fiscal health was reaffirmed by Standard and Poor's assignment of a AA/Stable long-term rating when the City went to market with debt in the fall of 2016. While recognizing the challenging revenue environment, the City's fiscal practices including incorporation of

operating budget projection, annual re-prioritization of capital projects and debt and reserve policies are factors viewed favorably by rating agencies. This assessment attracts investors to our bonds and helps keep interest rates favorable. The 2016 bonds were issued with a true interest cost of approximately 1.849%, ranging from five to twenty years in length.

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

The base valuation for computing the debt limit consists of the City’s equalized assessed valuation plus property formerly taxed by the City prior to enactment of the State Business Profits Tax Law all as determined annually by the State of New Hampshire Department of Revenue Administration. For Keene, the base valuation for computing the debt limit is \$1,792,296,603 (2016).

Long- term debt outstanding from general obligation bonds as of June 30, 2017 totaled \$43,864,814 and the amount authorized and unissued totaled \$135,000.

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

Retirement - Provision for the retirement of teachers and other municipal employees is handled via the New Hampshire Retirement System. The City of Keene currently has approximately 256 active and 55 retired members of the System and its predecessor programs.

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

The Government Accounting Standards Board (GASB) promulgates its Statements Nos. 43 and 45, requiring for public entities report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger annual cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

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

As of June 30, 2017, the City has completed an actuarial valuation of its Post-Employment Benefits other than Pensions liability in accordance with GASB Statement 45. According to this report, the Unfunded Actuarial Accrued Liability was \$5,017,794 or 30.1% of covered payroll. The Annual Required Contribution for this liability is \$420,569, of which the City contributed \$209,207 on a pay-as-you-go basis.

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

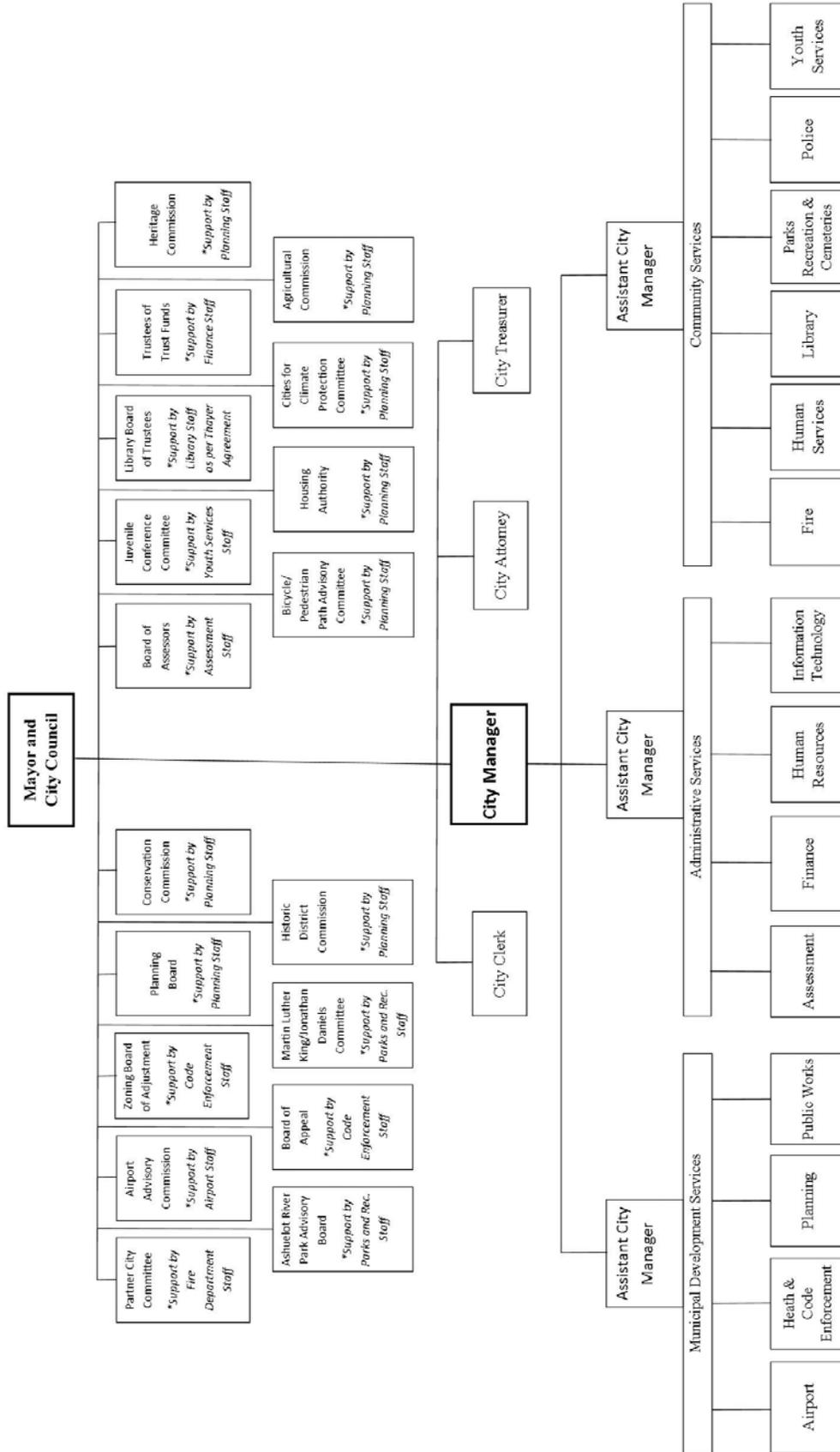
Thank you to the finance staff and all City departments for their cooperation and assistance in gathering the information contained in this report.

Respectfully submitted,



Steve Thornton
Finance Director

City of Keene Organizational Chart



**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keene, New Hampshire as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keene, New Hampshire, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 79 to 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules appearing on pages 85 through 95 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

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

The introductory and statistical sections appearing on pages 1 through 10, and 99 through 115 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Melanson Heath

December 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$115,146,083 (i.e., net position), a change of \$4,808,805 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$31,978,811, a change of \$8,038,075 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,655,952, a change of \$1,160,073 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years (in thousands).

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 48,951	\$ 48,845	\$ 17,992	\$ 19,156	\$ 66,943	\$ 68,001
Capital assets	85,024	86,124	59,650	58,750	144,674	144,874
Total assets	133,975	134,969	77,642	77,906	211,617	212,875
Deferred outflows of resources	9,980	2,852	785	257	10,765	3,109
Current liabilities	8,346	8,071	2,475	3,138	10,821	11,209
Noncurrent liabilities	70,384	59,017	14,432	14,641	84,816	73,658
Total liabilities	78,730	67,088	16,907	17,779	95,637	84,867
Deferred inflows of resources	11,416	20,628	183	152	11,599	20,780
Net position:						
Net investment in capital assets	59,167	57,485	46,912	45,602	106,079	103,087
Restricted	11,757	9,139	8,128	9,114	19,885	18,253
Unrestricted	(17,115)	(16,519)	6,297	5,516	(10,818)	(11,003)
Total net position	\$ 53,809	\$ 50,105	\$ 61,337	\$ 60,232	\$ 115,146	\$ 110,337

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$115,146,083, a change of \$4,808,805 from the prior year.

The largest portion of net position, \$106,078,431, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$19,885,683, 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 \$(10,818,031) which primarily results from the City's net pension liability and net OPEB obligation.

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,968	\$ 7,845	\$ 9,733	\$ 9,889	\$ 18,701	\$ 17,734
Operating grants and contributions	2,868	3,914	551	141	3,419	4,055
Capital grants and contributions	2,879	1,550	-	-	2,879	1,550
General revenues:						
Property taxes	26,741	25,409	145	148	26,886	25,557
Penalties and interest on taxes	1,078	913	-	-	1,078	913
Licenses and permits	4,385	3,502	-	-	4,385	3,502
Investment income	664	244	63	47	727	291
Miscellaneous	311	826	-	-	311	826
Total revenues	47,894	44,203	10,492	10,225	58,386	54,428

(continued)

(continued)

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Expenses:						
General government	7,008	7,698	-	-	7,008	7,698
Public safety	15,922	13,842	-	-	15,922	13,842
Public works	12,342	11,277	-	-	12,342	11,277
Welfare and human services	1,600	1,595	-	-	1,600	1,595
Airport	1,313	1,085	-	-	1,313	1,085
Library	1,469	1,530	-	-	1,469	1,530
Planning	328	499	-	-	328	499
Parks and facilities	3,019	2,520	-	-	3,019	2,520
Interest	1,226	1,070	-	-	1,226	1,070
Water	-	-	3,895	3,866	3,895	3,866
Sewer	-	-	5,492	6,090	5,492	6,090
Total expenses	<u>44,227</u>	<u>41,116</u>	<u>9,387</u>	<u>9,956</u>	<u>53,614</u>	<u>51,072</u>
Change in net position before permanent fund contributions and transfers	3,667	3,087	1,105	269	4,772	3,356
Transfers in (out)	-	(2,974)	-	2,985	-	11
Permanent fund contributions	<u>37</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>28</u>
Change in net position	3,704	141	1,105	3,254	4,809	3,395
Net position - beginning of year	<u>50,105</u>	<u>49,964</u>	<u>60,232</u>	<u>56,978</u>	<u>110,337</u>	<u>106,942</u>
Net position - end of year	<u>\$ 53,809</u>	<u>\$ 50,105</u>	<u>\$ 61,337</u>	<u>\$ 60,232</u>	<u>\$ 115,146</u>	<u>\$ 110,337</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$3,703,888. Key elements of this change are as follows (in thousands):

General fund operations	\$ 1,344
Solid waste operations	169
Capital grants and contributions	2,879
Change in net pension liability	(9,534)
Change in deferred outflows/inflows related to pensions	8,083
Other	<u>763</u>
Total	<u>\$ 3,704</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,104,917. Key elements of this change are as follows (in thousands):

Water operations	\$ (247) ¹
Sewer operations	<u>1,352</u> ²
Total	<u>\$ 1,105</u>

¹ Water operations change in net position resulted primarily from a shortfall of water charges as compared to budget.

² Sewer operations change in net position resulted primarily from a budgeted surplus and an unbudgeted direct reimbursement from the Towns of Marlborough and Swanzey for upgrades to the wastewater treatment plant.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$31,978,811, a change of \$8,038,075 in comparison to the prior year. Key elements of this change are as follows (in thousands):

General fund operations	\$ 1,484
Solid waste fund operations	142
Capital project fund operations	3,935
Special revenue fund operations	2,139
Trust fund activities	<u>338</u>
Total	<u>\$ 8,038</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,655,952, while total fund balance was \$13,760,743. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below (in thousands).

<u>General Fund</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Levy</u>
Unassigned fund balance	\$ 8,656	\$ 7,496	\$ 1,160	11.1%
Total fund balance	\$ 13,761	\$ 12,276	\$ 1,485	17.6%

The total fund balance of the general fund changed by \$1,484,403 during the current fiscal year. Key factors in this change are as follows (in thousands):

Use of fund balance as a funding source	\$ (1,227)
Revenues in excess of budget	573
Expenditures less than budget	1,659
Change in encumbrances	226
Change in capital reserves	64
Other	189
Total	\$ <u>1,484</u>

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Capital reserves	\$ <u>2,926</u>	\$ <u>2,862</u>	\$ <u>64</u>
Total	\$ <u>2,926</u>	\$ <u>2,862</u>	\$ <u>64</u>

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,297,198, a change of \$781,420 in comparison to the prior year.

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

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriation of \$401,805 to use unassigned fund balance to fund the purchase of a ladder truck.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$144,673,479 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment, and infrastructure.

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

- Fire equipment.
- Airport runway rehab.
- Wastewater treatment plan improvements.
- Ongoing infrastructure improvements.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-term debt - At the end of the current fiscal year, total bonded debt outstanding was \$44,831,490 (inclusive of bond premiums), all of which was backed by the full faith and credit of the government.

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

Additional information on long-term debt can be found in the Notes to Financial Statements.

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

The local unemployment rate for June 2017 for Keene was 2.8%, up 0.2% from the previous year. The rate for Cheshire County and the State of New Hampshire was 2.7%. In comparison to the New England rate and National rate, 4.1% and 4.5%, respectively, Keene remained significantly lower. (Source: NH Employment Security and US Bureau of Labor Statistics)

Total taxable assessed values for property taxes that supported 2017 fiscal year operations budget decreased by 2.99%, from \$1,843,788,675 to \$1,788,633,815.

The percentage of 2016 property taxes that remained unpaid and went to lien status was 1.75% of the total warrant(s). This represents a slight increase over 2015 (1.44%) representing a continuation of a positive trend of low lien amounts. The total lien amount increased to \$1,162,354 for 2016 from \$930,149 for 2015. Analysis of the properties comprising the top ten lien amounts indicate an increase of \$137,596, or 61.61%, moving from \$223,342 for 2015 to \$360,938. Of the \$137,596, \$132,357 is elderly tax deferral going to tax lien, representing

96.19% of the 2016 increase. The total number of properties liened was 232, down 14 from 2015. Out of the top ten parcels liened, four were commercial, which is down three from the previous year. By fiscal year end, 98.48% of the entire 2016 tax warrant had been collected; continuing a trend of higher collection rates.

When developing a budget for the ensuing year, many factors are taken into consideration by City officials: property tax burden, water and sewer utility rate burden, continuation of municipal services and service levels, compliance with statutory and other legal requirements (e.g., adequate welfare budget, budget for debt service costs, funding cost items contained within collective bargaining agreements, contributions required by the NH Retirement System), and the fair and adequate compensation of its employees, to name a few.

Rooms and Meals Tax, shared by the State with local entities according to a formula that provides for limited sharing of additional revenue, are projected to remain stable. Reflective of legislative changes, the distribution of the highway funds derived from the Gas Tax are projected to increase slightly, while interest earnings continue to remain at historic lows. The City, in accordance with its own fiscal policies, has continued to make preservation of principal the highest priority. With longer term multi-year instruments maturing, interest earning declines will continue until market investment rates rise. Motor vehicle registration fees, a significant source of General Fund Revenue, continue to trend higher, exceeding projections for FY17 and expected to exceed projections for FY18.

Water and sewer utility rates are reviewed every year, and are adjusted accordingly by the City Council. The rates have been adjusted each year since 2006, after a decade of no rate changes. The City is beginning to implement rate increases in the sewer rates to provide the resources necessary for a substantial upgrade of the Wastewater Treatment Plant to accommodate the EPA-ordered removal of phosphorus and other metals. Although rate adjustments required for this project are less than prior estimates, the costs of replacing original equipment and technology installed in the early 1980s will require financial resources.

The City continues to see the value in investing in its infrastructure. Planning is underway for the reconstruction of Winchester Street from Route 101 to the Winchester Street bridge. This project is largely funded by the State of New Hampshire, and includes the construction of a pedestrian bridge over Route 101. In FY17, the City continues the replacement of four bridges and resurface roads, update drainage systems, improve sidewalks, and fund capital reserves for the scheduled replacement of fire apparatus, ambulances and other fleet components. The Comprehensive Master Plan will guide the City as it prepares for the next budget cycle and will continue to focus on sustainability and core community values.

As the City prepares for the FY19 budget cycle, it will continue to focus on efforts to streamline the organization and directing attention to services that are integral to the quality of life enjoyed by residents and visitors alike. The Comprehensive

Master Plan will guide this effort. In addition, a thorough review of the regulatory process, rules and regulations, and a greater emphasis on collaboration and/or contracted services, offer potential opportunities to realize additional efficiencies in the future.

The City Council conducted its annual review of the City's Fiscal Policies in August 2016. The policies incorporate best practices, as outlined by the National Advisory Council on State and Local Budgeting (NACSLB). This review serves to focus elected officials and staff on principals and best practices that advance the organization's fiscal security. The policies provide guidance on fund structure, revenues, fees and charges, capital improvement program, debt, capital assets, investment of temporarily idle funds, and stabilization funds. As part of those policies, the practice of projecting operating and capital budgets, as well as revenues over a three-year horizon advancing ability to anticipate and respond strategically to community needs continues.

REQUESTS FOR INFORMATION

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

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

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BASIC FINANCIAL STATEMENTS

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CITY OF KEENE, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 43,175,696	\$ 8,127,884	\$ 51,303,580
Investments	6,038,215	-	6,038,215
Receivables, net of allowance for uncollectibles:			
Property taxes	1,936,646	-	1,936,646
User fees	-	3,589,467	3,589,467
Accounts receivable	1,294,710	26,118	1,320,828
Notes receivable	-	117,108	117,108
Intergovernmental	170,264	-	170,264
Internal balances	(4,751,237)	4,751,237	-
Due from external parties - fiduciary funds	2,110	-	2,110
Prepaid items	852,482	216,706	1,069,188
Inventory	229,668	349,440	579,108
Other assets	2,323	-	2,323
Noncurrent:			
Notes receivable	-	814,405	814,405
Capital assets:			
Land and construction in progress	22,401,918	5,256,112	27,658,030
Capital assets, net of accumulated depreciation	62,621,706	54,393,743	117,015,449
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	9,724,298	725,066	10,449,364
Other	255,971	60,195	316,166
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	143,954,770	78,427,481	222,382,251
LIABILITIES			
Current:			
Warrants payable	749,973	397,501	1,147,474
Accounts payable	299,442	280,736	580,178
Accrued liabilities	465,486	47,871	513,357
Payroll withholdings	1,343,142	-	1,343,142
Other current liabilities	446,138	34,682	480,820
Current portion of long-term liabilities:			
Bonds payable	3,877,670	1,685,036	5,562,706
Tax increment financing bonds payable	791,000	-	791,000
Other liabilities	373,086	29,415	402,501
Noncurrent:			
Bonds payable, net of current portion	22,040,562	11,347,222	33,387,784
Tax increment financing bonds payable, net of current portion	5,090,000	-	5,090,000
Net pension liability	37,994,059	2,820,270	40,814,329
Net OPEB obligation	2,225,176	-	2,225,176
Other liabilities, net of current portion	3,034,339	264,736	3,299,075
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	874,433	64,909	939,342
Other	10,541,110	118,174	10,659,284
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	90,145,616	17,090,552	107,236,168
NET POSITION			
Net investments in capital assets	59,166,584	46,911,847	106,078,431
Restricted for:			
Grants and other statutory restrictions	4,265,356	8,127,884	12,393,240
Permanent funds:			
Nonexpendable	5,019,476	-	5,019,476
Expendable	2,472,967	-	2,472,967
Unrestricted	(17,115,229)	6,297,198	(10,818,031)
TOTAL NET POSITION	\$ 53,809,154	\$ 61,336,929	\$ 115,146,083

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

CITY OF KEENE, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 7,008,103	\$ 278,847	\$ 1,227,652	\$ -	\$ (5,501,604)	\$ -	\$ (5,501,604)
Public safety	15,922,427	2,370,288	1,156,306	-	(12,395,833)	-	(12,395,833)
Public works	12,342,448	5,276,449	395,414	485,473	(6,185,112)	-	(6,185,112)
Welfare and human services	1,600,241	17,935	26,600	-	(1,555,706)	-	(1,555,706)
Airport	1,312,906	416,709	20,031	505,115	(371,051)	-	(371,051)
Library	1,468,787	47,585	14,615	1,829,223	422,636	-	422,636
Planning	328,168	-	-	-	(328,168)	-	(328,168)
Parks and facilities	3,018,676	559,805	27,638	59,554	(2,371,679)	-	(2,371,679)
Interest	1,225,901	-	-	-	(1,225,901)	-	(1,225,901)
Total Governmental Activities	44,227,657	8,967,618	2,868,256	2,879,365	(29,512,418)	-	(29,512,418)
Business-Type Activities:							
Water	3,894,553	3,510,387	-	-	-	(384,166)	(384,166)
Sewer	5,491,891	6,221,802	551,152	-	-	1,281,063	1,281,063
Total Business-Type Activities	9,386,444	9,732,189	551,152	-	-	896,897	896,897
Total	\$ 53,614,101	\$ 18,699,807	\$ 3,419,408	\$ 2,879,365	(29,512,418)	896,897	(28,615,521)
General Revenues, Transfers, and Permanent Fund Contributions:							
					26,741,212	145,440	26,886,652
					1,078,383	-	1,078,383
					4,384,530	-	4,384,530
					663,683	62,580	726,263
					311,474	-	311,474
					37,024	-	37,024
Total general revenues, transfers, and contributions					33,216,306	208,020	33,424,326
Change in Net Position					3,703,888	1,104,917	4,808,805
Net Position:							
Beginning of year					50,105,266	60,232,012	110,337,278
End of year					\$ 53,809,154	\$ 61,336,929	\$ 115,146,083

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	<u>Solid Waste Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and short-term investments	\$ 40,001,556	\$ -	\$ -	\$ 2,619,831	\$ 42,621,387
Investments	750,175	-	-	5,288,040	6,038,215
Receivables:					
Property taxes, net	2,122,249	-	-	-	2,122,249
Accounts receivable, net	620,663	589,077	16,574	66,381	1,292,695
Intergovernmental	-	-	73,225	97,039	170,264
Due from other funds	28,270	1,108,962	6,531,720	1,399,290	9,068,242
Advance to other funds	-	861,700	-	-	861,700
Prepaid items	699,572	10,178	-	127,630	837,380
Other assets	2,322	-	-	-	2,322
TOTAL ASSETS	\$ 44,224,807	\$ 2,569,917	\$ 6,621,519	\$ 9,598,211	\$ 63,014,454
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Warrants payable	\$ 380,680	\$ 277,869	\$ 53,305	\$ 13,460	\$ 725,314
Accounts payable	106,736	1,679	107,945	76,469	292,829
Accrued liabilities	166,479	14,113	-	8,114	188,706
Payroll withholdings	1,343,142	-	-	-	1,343,142
Due to other funds	14,682,869	-	-	18,625	14,701,494
Advance from other funds	861,700	-	-	-	861,700
Other liabilities	446,138	-	-	-	446,138
TOTAL LIABILITIES	17,987,744	293,661	161,250	116,668	18,559,323
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	2,042,169	-	-	-	2,042,169
Taxes collected in advance	10,434,151	-	-	-	10,434,151
Fund Balances:					
Nonspendable	699,572	861,700	-	5,019,476	6,580,748
Restricted	-	-	5,157,773	4,462,067	9,619,840
Committed	3,968,918	1,414,556	1,302,496	-	6,685,970
Assigned	436,301	-	-	-	436,301
Unassigned	8,655,952	-	-	-	8,655,952
TOTAL FUND BALANCES	13,760,743	2,276,256	6,460,269	9,481,543	31,978,811
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 44,224,807	\$ 2,569,917	\$ 6,621,519	\$ 9,598,211	\$ 63,014,454

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

CITY OF KEENE, NEW HAMPSHIRE

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

JUNE 30, 2017

Total governmental fund balances	\$ 31,978,811
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. 82,709,610 • Deferred outflows of resources related to losses on refunding bonds are not financial resources, and therefore, are not reported in governmental funds 255,971 • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 1,856,566 • Internal service funds are used to account for the financing of services provided by one department to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 3,725,717 • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (266,433) • Long-term liabilities, and related deferred outflows/inflows of resources, are not due and payable in the current period and, therefore, are not reported in the governmental funds. <ul style="list-style-type: none"> Bonds payable (25,918,232) Tax increment financing bonds payable (5,881,000) Net pension liability (37,994,059) Pension related deferred outflows of resources 9,724,298 Pension related deferred inflows of resources (874,433) Net OPEB obligation (2,225,176) Other long-term liabilities (3,175,528) • Deferred inflows of resources related to gains on refunding bonds are not financial resources, and therefore, are not reported in governmental funds <u>(106,958)</u> 	
Net position of governmental activities	\$ <u>53,809,154</u>

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Solid Waste Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 25,820,714	\$ -	\$ -	\$ 1,146,740	\$ 26,967,454
Charges for services	2,509,014	4,649,924	183,627	1,143,293	8,485,858
Intergovernmental	2,655,477	-	654,690	551,960	3,862,127
Licenses and permits	3,775,470	57,499	-	551,561	4,384,530
Investment income	157,354	44,867	-	455,703	657,924
Contributions	-	-	17,769	1,904,749	1,922,518
Miscellaneous	<u>278,836</u>	<u>195</u>	<u>17,003</u>	<u>5,582</u>	<u>301,616</u>
Total Revenues	35,196,865	4,752,485	873,089	5,759,588	46,582,027
Expenditures:					
Current:					
General government	5,525,034	-	735,932	655,848	6,916,814
Public safety	12,996,069	-	1,064,540	1,442,404	15,503,013
Public works	2,279,706	4,535,473	2,001,349	63,342	8,879,870
Welfare and human services	1,662,124	-	-	3,874	1,665,998
Airport	614,617	-	594,993	-	1,209,610
Library	1,357,081	-	375,000	21,181	1,753,262
Planning	503,592	-	-	193,304	696,896
Parks and facilities	2,812,029	-	138,232	78,982	3,029,243
Debt service:					
Principal	5,235,491	38,040	-	685,000	5,958,531
Interest	<u>866,718</u>	<u>9,731</u>	<u>-</u>	<u>148,583</u>	<u>1,025,032</u>
Total Expenditures	<u>33,852,461</u>	<u>4,583,244</u>	<u>4,910,046</u>	<u>3,292,518</u>	<u>46,638,269</u>
Excess (deficiency) of revenues over expenditures	1,344,404	169,241	(4,036,957)	2,467,070	(56,242)
Other Financing Sources (Uses):					
Issuance of general obligation bonds	-	-	5,676,000	-	5,676,000
Issuance of refunding bonds	2,151,304	-	-	-	2,151,304
Bond premiums on general obligation bonds	-	-	-	821,082	821,082
Bond premiums on refunding bonds	253,002	-	-	-	253,002
Payments to refunded escrow agent	(807,071)	-	-	-	(807,071)
Transfers in	403,753	18,092	2,366,517	13,652	2,802,014
Transfers out	<u>(1,860,989)</u>	<u>(45,000)</u>	<u>(70,825)</u>	<u>(825,200)</u>	<u>(2,802,014)</u>
Total Other Financing Sources (Uses)	<u>139,999</u>	<u>(26,908)</u>	<u>7,971,692</u>	<u>9,534</u>	<u>8,094,317</u>
Change in fund balance	1,484,403	142,333	3,934,735	2,476,604	8,038,075
Fund Balances at Beginning of Year	<u>12,276,340</u>	<u>2,133,923</u>	<u>2,525,534</u>	<u>7,004,939</u>	<u>23,940,736</u>
Fund Balances at End of Year	<u>\$ 13,760,743</u>	<u>\$ 2,276,256</u>	<u>\$ 6,460,269</u>	<u>\$ 9,481,543</u>	<u>\$ 31,978,811</u>

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

CITY OF KEENE, NEW HAMPSHIRE

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

FOR THE YEAR ENDED JUNE 30, 2017

Net changes in fund balances - Total governmental funds	\$ 8,038,075																																		
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay, net of disposals</td> <td style="text-align: right;">2,732,386</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(4,190,715)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">852,141</td> </tr> </table> • The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(7,827,304)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">6,631,467</td> </tr> <tr> <td>Premiums from issuance of debt</td> <td style="text-align: right;">(1,074,084)</td> </tr> <tr> <td>Bond premium amortization</td> <td style="text-align: right;">107,408</td> </tr> <tr> <td>Gain on bond refunding</td> <td style="text-align: right;">(118,867)</td> </tr> <tr> <td>Amortize gain on refunding bonds</td> <td style="text-align: right;">11,908</td> </tr> <tr> <td>Amortize loss on prior years refunding bonds</td> <td style="text-align: right;">(37,203)</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(23,515)</td> </tr> </table> • Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Change in net pension liability</td> <td style="text-align: right;">(9,533,805)</td> </tr> <tr> <td>Change in pension related deferred outflows</td> <td style="text-align: right;">7,165,103</td> </tr> <tr> <td>Change in pension related deferred inflows</td> <td style="text-align: right;">918,146</td> </tr> <tr> <td>Change in net OPEB obligation</td> <td style="text-align: right;">(218,638)</td> </tr> <tr> <td>Change in other liabilities</td> <td style="text-align: right;">6,480</td> </tr> </table> • Internal service funds are used by management to charge the cost of certain activities to individual funds. The net activity of internal service funds is reported with Governmental Activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">264,905</td> </tr> </table> 		Capital outlay, net of disposals	2,732,386	Depreciation	(4,190,715)		852,141	Issuance of debt	(7,827,304)	Repayments of debt	6,631,467	Premiums from issuance of debt	(1,074,084)	Bond premium amortization	107,408	Gain on bond refunding	(118,867)	Amortize gain on refunding bonds	11,908	Amortize loss on prior years refunding bonds	(37,203)		(23,515)	Change in net pension liability	(9,533,805)	Change in pension related deferred outflows	7,165,103	Change in pension related deferred inflows	918,146	Change in net OPEB obligation	(218,638)	Change in other liabilities	6,480		264,905
Capital outlay, net of disposals	2,732,386																																		
Depreciation	(4,190,715)																																		
	852,141																																		
Issuance of debt	(7,827,304)																																		
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Change in net OPEB obligation	(218,638)																																		
Change in other liabilities	6,480																																		
	264,905																																		
Change in net position of governmental activities	\$ <u>3,703,888</u>																																		

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

CITY OF KEENE, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues and other sources:				
Property taxes	\$ 24,552,112	24,552,112	24,552,112	\$ -
Interest, penalties, and other taxes	491,509	491,509	520,756	29,247
Licenses and permits	3,423,280	3,423,280	3,775,470	352,190
Intergovernmental	2,699,243	2,699,243	2,655,477	(43,766)
Charges for services	1,813,131	1,813,131	1,940,290	127,159
Other revenues	1,376,118	1,376,119	1,656,160	280,041
Other financing sources:				
Transfers in	2,371,741	2,371,741	2,199,999	(171,742)
Use of fund balance	825,000	1,226,804	-	(1,226,804)
Total Revenues and other sources	37,552,134	37,953,939	37,300,264	(653,675)
Expenditures and other uses:				
Unclassified:				
Mayor & city council	181,468	182,614	175,142	7,472
City manager	270,472	293,371	289,975	3,396
City attorney	334,697	342,104	305,711	36,393
City clerk	568,370	572,038	558,934	13,104
Outside agencies & unclassified	321,608	321,608	319,833	1,775
Non-departmental (employee benefits)	669,854	389,380	165,077	224,303
Operating transfers out	1,644,683	2,056,487	1,704,124	352,363
Administrative Services:				
Assessment	438,347	444,963	441,365	3,598
Finance	1,535,364	1,562,591	1,519,609	42,982
Human resources	316,837	321,738	321,887	(149)
Information technology	1,220,405	1,224,365	1,205,234	19,131
Debt service	4,634,196	4,634,196	4,504,974	129,222
Risk management	295,471	295,471	295,399	72
Community Services:				
Fire	6,513,326	6,590,962	6,430,144	160,818
Human services	712,971	716,642	702,669	13,973
Library	1,359,267	1,380,274	1,357,081	23,193
Parks, Rec & Facilities	2,906,798	2,925,966	2,835,990	89,976
Police	7,215,213	7,236,579	6,828,270	408,309
Youth services	121,164	122,948	114,903	8,045
Municipal Development Services:				
Airport	600,687	610,982	611,301	(319)
Health & Code Enforcement	967,807	979,280	886,152	93,128
Planning	494,502	502,697	497,924	4,773
Public works	4,228,627	4,246,683	4,223,735	22,948
Total Expenditures and other uses	37,552,134	37,953,939	36,295,433	1,658,506
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,004,831	\$ 1,004,831

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
ASSETS				
Current:				
Cash and short-term investments	\$ 2,987,870	\$ 5,140,014	\$ 8,127,884	\$ 554,309
User fees, net of allowance for uncollectibles	1,291,187	2,298,280	3,589,467	2,012
Accounts receivable	-	26,118	26,118	-
Notes receivable	-	117,108	117,108	-
Due from other funds	3,211,490	1,539,747	4,751,237	884,125
Other assets	104,160	112,546	216,706	15,105
Inventory	120,590	228,850	349,440	229,668
Total current assets	7,715,297	9,462,663	17,177,960	1,685,219
Noncurrent:				
Notes receivable, net of current portion	-	814,405	814,405	-
Capital assets:				
Land and construction in progress	2,631,001	2,625,111	5,256,112	-
Capital assets, net of accumulated depreciation	23,291,473	31,102,270	54,393,743	2,314,014
Total noncurrent assets	25,922,474	34,541,786	60,464,260	2,314,014
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	342,085	382,981	725,066	-
Other	5,166	55,029	60,195	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	33,985,022	44,442,459	78,427,481	3,999,233
LIABILITIES				
Current:				
Warrants payable	159,480	238,021	397,501	24,659
Accounts payable	85,081	195,655	280,736	6,613
Accrued liabilities	18,873	28,998	47,871	10,347
Other current liabilities	8,621	26,061	34,682	-
Current portion of long-term liabilities:				
Bonds payable	309,783	1,375,253	1,685,036	-
Other liabilities	16,092	13,323	29,415	94,804
Total current liabilities	597,930	1,877,311	2,475,241	136,423
Noncurrent:				
Bonds payable, net of current portion	1,459,583	9,887,639	11,347,222	-
Net pension liability	1,142,801	1,677,469	2,820,270	-
Other liabilities, net of current portion	144,831	119,905	264,736	137,093
Total noncurrent liabilities	2,747,215	11,685,013	14,432,228	137,093
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	26,302	38,607	64,909	-
Other	49,905	68,269	118,174	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,421,352	13,669,200	17,090,552	273,516
NET POSITION				
Net investment in capital assets	24,447,358	22,464,489	46,911,847	2,131,757
Restricted	2,987,870	5,140,014	8,127,884	-
Unrestricted	3,128,442	3,168,756	6,297,198	1,593,960
TOTAL NET POSITION	<u>\$ 30,563,670</u>	<u>\$ 30,773,259</u>	<u>\$ 61,336,929</u>	<u>\$ 3,725,717</u>

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 3,510,387	\$ 6,221,802	\$ 9,732,189	\$ 2,399,138
Other	-	-	-	9,858
Total Operating Revenues	3,510,387	6,221,802	9,732,189	2,408,996
Operating Expenses:				
Salaries and benefits	1,377,490	2,007,595	3,385,085	763,250
Other operating expenses	1,461,275	2,048,703	3,509,978	1,009,243
Depreciation	967,133	1,186,029	2,153,162	370,893
Total Operating Expenses	3,805,898	5,242,327	9,048,225	2,143,386
Operating Income (Loss)	(295,511)	979,475	683,964	265,610
Nonoperating Revenues (Expenses):				
Taxes	106,600	38,840	145,440	-
Intergovernmental revenue	-	551,152	551,152	-
Investment income	30,225	32,355	62,580	5,759
Loss on disposal of capital assets	(42,021)	-	(42,021)	-
Interest expense	(46,634)	(249,564)	(296,198)	(6,464)
Total Nonoperating Revenues (Expenses), Net	48,170	372,783	420,953	(705)
Change in Net Position	(247,341)	1,352,258	1,104,917	264,905
Net Position at Beginning of Year	30,811,011	29,421,001	60,232,012	3,460,812
Net Position at End of Year	\$ 30,563,670	\$ 30,773,259	\$ 61,336,929	\$ 3,725,717

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

CITY OF KEENE, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 3,424,413	\$ 6,172,322	\$ 9,596,735	\$ 2,410,031
Payments to vendors	(1,383,523)	(2,594,246)	(3,977,769)	(1,038,189)
Payments to employees for salaries and benefits	<u>(1,347,618)</u>	<u>(1,897,179)</u>	<u>(3,244,797)</u>	<u>(750,591)</u>
Net Cash Provided By Operating Activities	693,272	1,680,897	2,374,169	621,251
Cash Flows From Noncapital Financing Activities:				
Proceeds (payments) under interfund loan agreements	<u>(648,308)</u>	<u>969,306</u>	<u>320,998</u>	<u>(163,734)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(648,308)	969,306	320,998	(163,734)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(340,364)	(2,754,812)	(3,095,176)	(729,261)
Proceeds from issuance of bonds	850,000	-	850,000	-
Proceeds from refunding bonds	103,132	1,210,564	1,313,696	-
Payment to escrow for refunding	(103,408)	(1,286,419)	(1,389,827)	-
Principal payments on bonds	(266,520)	(1,664,470)	(1,930,990)	-
Principal payments on leases	-	-	-	(73,495)
Interest expense	(41,044)	(266,765)	(307,809)	(6,464)
Tax proceeds	106,600	38,840	145,440	-
Intergovernmental revenues	<u>-</u>	<u>670,178</u>	<u>670,178</u>	<u>-</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	308,396	(4,052,884)	(3,744,488)	(809,220)
Cash Flows From Investing Activities:				
Investment income	<u>30,225</u>	<u>32,349</u>	<u>62,574</u>	<u>5,758</u>
Net Cash Provided By Investing Activities	30,225	32,349	62,574	5,758
Net Change in Cash and Short-Term Investments	383,585	(1,370,332)	(986,747)	(345,945)
Cash and Short-Term Investments, Beginning of Year	<u>2,604,285</u>	<u>6,510,346</u>	<u>9,114,631</u>	<u>900,254</u>
Cash and Short-Term Investments, End of Year	<u>\$ 2,987,870</u>	<u>\$ 5,140,014</u>	<u>\$ 8,127,884</u>	<u>\$ 554,309</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating income (loss)	\$ (295,511)	\$ 979,475	\$ 683,964	\$ 265,610
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	967,133	1,186,029	2,153,162	370,893
Changes in assets and liabilities:				
User fees	(14,259)	(71,763)	(86,022)	1,035
Inventory	(11,755)	(16,866)	(28,621)	26,163
Other assets	(98,832)	(32,450)	(131,282)	(15,105)
Deferred outflows - related to pensions	(219,619)	(143,020)	(362,639)	-
Warrants and accounts payable	86,063	(542,213)	(456,150)	(40,004)
Accrued liabilities	95,143	(16,881)	78,262	12,659
Other liabilities	249	68,269	68,518	-
Net pension liability	286,463	419,846	706,309	-
Deferred inflows - related to pensions	<u>(101,803)</u>	<u>(149,529)</u>	<u>(251,332)</u>	<u>-</u>
Net Cash Provided By Operating Activities	<u>\$ 693,272</u>	<u>\$ 1,680,897</u>	<u>\$ 2,374,169</u>	<u>\$ 621,251</u>

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

CITY OF KEENE, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	Private Purpose Trust <u>Funds</u>
ASSETS	
Investments	\$ <u>3,516,433</u>
Total Assets	3,516,433
LIABILITIES	
Due to external parties - governmental funds	<u>2,110</u>
Total Liabilities	<u>2,110</u>
NET POSITION	
Restricted for other purposes	\$ <u><u>3,514,323</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment Income:	
Increase in fair value of investments	\$ <u>252,657</u>
Total additions	252,657
Deductions:	
Benefits	<u>47,207</u>
Total deductions	<u>47,207</u>
Net increase	205,450
Net position restricted for other purposes:	
Beginning of year	<u>3,308,873</u>
End of year	<u>\$ <u>3,514,323</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation governed by a Mayor/City Council/Manager form of government. As required by generally accepted accounting principles, these financial statements present the City and applicable component units for which the government is considered to be financially accountable. In fiscal year 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. 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 and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *solid waste fund* accounts for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.

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

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

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

The City reports the following major proprietary funds:

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

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

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

The City reports the following fiduciary funds:

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

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

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

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the trust funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at fair value.

F. Interfund Receivables and Payables

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

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

G. Inventories

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

K. Fund Equity

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

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

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

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

L. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 35,196,865	\$ 33,852,461
Other financing sources/uses (GAAP Basis)	<u>2,808,059</u>	<u>2,668,060</u>
Subtotal (GAAP Basis)	38,004,924	36,520,521
Adjust tax revenue to accrual basis	(190,219)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(210,612)
Add end of year appropriation carryforwards to expenditures	-	436,302
To reverse capital reserve activity	(206,876)	(143,213)
To reverse City admin charges	2,096,741	2,096,741
To reverse current refunding	<u>(2,404,306)</u>	<u>(2,404,306)</u>
Budgetary Basis	<u>\$ 37,300,264</u>	<u>\$ 36,295,433</u>

D. Excess of Expenditures Over Appropriations

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

Human resources	\$	(149)
Airport	\$	(319)

3. Cash and Short-Term Investments

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

Pursuant to NH Statue, “the treasurer shall insure that prior to the acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the City.” The City does not have a deposit policy for custodial credit risk.

As of June 30, 2017, \$13,330,327 of the City's bank balance of \$59,757,160 was exposed to custodial credit risk as uninsured or uncollateralized.

A portion of the uncollateralized amount, \$13,312,810, represents the cash portion of the Cambridge Trust Company investment portfolios, held by the Trustees of Trust Funds.

4. Investments

A. Credit Risk

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

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

Investment Type	Amount	Rating as of Year-end													Not Rated		
		Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba2	B1	B2	Caa2			
Certificates of deposits	\$ 750,175	-	-	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,175
Corporate bonds	991,186	-	-	-	360,003	-	-	389,801	30,645	-	210,737	-	-	-	-	-	-
Corporate equities	5,275,871	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,275,871
Equity mutual funds	237,873	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,873
Bond mutual funds	1,655,325	24,690	64,755	-	-	151,987	-	-	259,470	-	89,981	394,941	441,129	15,439	-	-	212,933
Gas & Energy Limited Partnerships	185,111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	185,111
Foreign equity mutual funds	270,714	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,714
Municipal bonds	188,393	-	-	106,854	81,539	-	-	-	-	-	-	-	-	-	-	-	-
Total investments	\$ 9,554,648	\$ 24,690	\$ 64,755	\$ 106,854	\$ 441,542	\$ 151,987	\$ 389,801	\$ 30,645	\$ 259,470	\$ 210,737	\$ 89,981	\$ 394,941	\$ 441,129	\$ 15,439	\$ -	\$ 6,932,677	

B. Custodial Credit Risk

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

C. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

City investments in any one issuer (other than U.S. Treasury Securities and mutual funds) that represent 5% or more of total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>
T Rowe Price	\$ 585,665

D. Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>10+</u>
Debt securities:					
Corporate bonds	\$ 991,186	\$ 30,645	\$ 399,505	\$ 561,036	\$ -
Bond mutual funds	1,655,325	30,120	394,941	-	1,230,264
Municipal bonds	188,393	-	188,393	-	-
Total	<u>\$ 2,834,904</u>	<u>\$ 60,765</u>	<u>\$ 982,839</u>	<u>\$ 561,036</u>	<u>\$ 1,230,264</u>

E. Foreign Currency Risk

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

F. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following fair value measurements as of June 30, 2017:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
Investments by fair value level:			
Debt securities:			
Corporate bonds	\$ 991,186	\$ -	\$ 991,186
Bond mutual funds	1,655,325	-	1,655,325
Municipal bonds	188,393	-	188,393
Equity securities:			
Equity mutual funds	237,873	237,873	-
Foreign equity mutual funds	270,714	270,714	-
Gas & Energy Limited Partnerships	185,111	185,111	-
Corporate equities:			
Consumer discretionary	435,763	435,763	-
Consumer staples	608,103	608,103	-
Energy	410,056	410,056	-
Financials	864,400	864,400	-
Healthcare	954,243	954,243	-
Industrials	512,383	512,383	-
Information technology	903,237	903,237	-
Other	195,422	195,422	-
Utilities	392,266	392,266	-
Total	\$ <u>8,804,475</u>	\$ <u>5,969,571</u>	\$ <u>2,834,904</u>

5. Property Taxes Receivable

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

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

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

Taxes receivable at June 30, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Yield taxes	\$ 468	\$ -	\$ 468
Tax liens	1,856,026	(185,603)	1,670,423
Elderly liens	<u>265,755</u>	<u>-</u>	<u>265,755</u>
Total property taxes	<u>\$ 2,122,249</u>	<u>\$ (185,603)</u>	<u>\$ 1,936,646</u>

Taxes Collected for Others

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

6. User Fee Receivables

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

Receivables for user charges at June 30, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water	\$ 1,293,451	\$ (2,264)	\$ 1,291,187
Sewer	<u>2,304,470</u>	<u>(6,190)</u>	<u>2,298,280</u>
Total	<u>\$ 3,597,921</u>	<u>\$ (8,454)</u>	<u>\$ 3,589,467</u>

7. Notes Receivable

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 88,976	\$ 28,132	\$ 117,108
2019	43,769	26,195	69,964
2020	43,769	24,310	68,079
2021	43,769	22,505	66,274
2022	43,769	20,597	64,366
2023-2027	220,847	71,659	292,506
2028-2032	178,758	27,366	206,124
2033-2037	<u>44,711</u>	<u>2,381</u>	<u>47,092</u>
Total	<u>\$ 708,368</u>	<u>\$ 223,145</u>	<u>\$ 931,513</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2017.

9. Interfund Receivables/Payables and Transfers

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

The following is an analysis of the June 30, 2017 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 28,270	\$ 14,682,869
Solid Waste Fund	1,108,962	-
Capital Project Funds	6,531,720	-
Special Revenue Funds:		
Grants	1,258,770	-
Parking	140,520	-
Library Renovation Trust	-	18,625
Enterprise Funds:		
Water	3,211,490	-
Sewer	1,539,747	-
Internal Service Funds:		
Fleet	643,801	-
PC Replacement	240,324	-
Fiduciary Funds	<u>-</u>	<u>2,110</u>
Total	<u>\$ 14,703,604</u>	<u>\$ 14,703,604</u>

During fiscal year 2007, \$2,100,000 was advanced from the solid waste fund to the general fund. These advanced funds will be repaid according to a payment schedule. As of June 30, 2017, the following balances remain outstanding:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ -	\$ 861,700
Solid Waste Fund	<u>861,700</u>	<u>-</u>
Total	<u>\$ 861,700</u>	<u>\$ 861,700</u>

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

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 403,753	\$ 1,860,989
Solid Waste	18,092	45,000
Capital Projects	2,366,517	70,825
Nonmajor Funds:		
Special Revenue Funds:		
Grants	13,652	100,000
Parking	-	255,209
Library Renovation Trust	-	361,842
Other Expendable Trusts	-	548
Permanent	<u>-</u>	<u>107,601</u>
Total	<u>\$ 2,802,014</u>	<u>\$ 2,802,014</u>

Of the \$1,860,989 transfer out from the general fund, \$1,847,337 was to capital projects, which represents the City's practice of funding certain capital activity from general fund revenues and capital reserves. The City's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

10. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 40,991	\$ 107	\$ -	\$ 41,098
Vehicles and equipment	21,349	1,608	(668)	22,289
Land improvement	10,323	1	-	10,324
Infrastructure	79,053	1,306	-	80,359
Total capital assets, being depreciated	151,716	3,022	(668)	154,070
Less accumulated depreciation for:				
Buildings and improvements	(13,004)	(806)	-	(13,810)
Vehicles and equipment	(15,177)	(1,020)	668	(15,529)
Land improvement	(6,694)	(407)	-	(7,101)
Infrastructure	(52,679)	(2,329)	-	(55,008)
Total accumulated depreciation	(87,554)	(4,562)	668	(91,448)
Total capital assets, being depreciated, net	64,162	(1,540)	-	62,622
Capital assets, not being depreciated:				
Land	19,296	-	(15)	19,281
Construction in progress	2,666	2,329	(1,874)	3,121
Total capital assets, not being depreciated	21,962	2,329	(1,889)	22,402
Governmental activities capital assets, net	\$ 86,124	\$ 789	\$ (1,889)	\$ 85,024
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,315	\$ -	\$ -	\$ 20,315
Vehicles and equipment	16,748	53	(10)	16,791
Land improvement	428	-	-	428
Infrastructure	60,679	2,717	(188)	63,208
Total capital assets, being depreciated	98,170	2,770	(198)	100,742
Less accumulated depreciation for:				
Buildings and improvements	(10,037)	(402)	-	(10,439)
Vehicles and equipment	(8,960)	(557)	10	(9,507)
Land improvement	(400)	(2)	-	(402)
Infrastructure	(24,954)	(1,192)	146	(26,000)
Total accumulated depreciation	(44,351)	(2,153)	156	(46,348)
Total capital assets, being depreciated, net	53,819	617	(42)	54,394
Capital assets, not being depreciated:				
Land	2,479	-	-	2,479
Construction in progress	2,452	2,327	(2,002)	2,777
Total capital assets, being depreciated, net	4,931	2,327	(2,002)	5,256
Business-type activities capital assets, net	\$ 58,750	\$ 2,944	\$ (2,044)	\$ 59,650

Depreciation expense was charged to functions of the City as follows (in thousands):

Governmental Activities:	
General government	\$ 318
Public safety	518
Public works	2,267
Library	258
Parks and facilities	232
Airport	598
Fleet	<u>371</u>
Total depreciation expense - governmental activities	<u>\$ 4,562</u>
Business-Type Activities:	
Water	\$ 967
Sewer	<u>1,186</u>
Total depreciation expense - business-type activities	<u>\$ 2,153</u>

11. **Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, are more fully discussed in Note 18.

Other governmental activities deferred outflows of resources of \$316,166 resulted from the loss on debt refundings.

12. **Accounts Payable**

Accounts payable represent 2017 expenditures paid after July 1, 2017.

13. **Capital Lease Obligations**

The City is the lessee of certain equipment under capital leases expiring in various years through 2019. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2017:

<u>Fiscal Year</u>	<u>Capital Leases</u>
2018	\$ 95,063
2019	<u>95,066</u>
Total minimum lease payments	190,129
Less amounts representing interest	<u>(7,872)</u>
Present Value of Minimum Lease Payments	<u>\$ 182,257</u>

14. Long-Term Debt

A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/17</u>
Drainage improvements	07/2018	4.00 - 4.25%	\$ 10,000
Drainage improvements	07/2027	4.00 - 4.25%	15,000
Road reconstruction	07/2017	4.00 - 4.25%	55,000
West Street rehabilitation	07/2017	4.00 - 4.25%	40,000
Hanger construction	03/2022	3.50 - 5.10%	62,500
Drainage improvements	03/2022	3.50 - 5.10%	163,750
Transfer station addition	03/2022	3.50 - 5.10%	117,500
Bridge rehabilitation	03/2022	3.50 - 5.10%	25,000
Emergency service facility	03/2022	3.50 - 5.10%	222,500
Intersection improvements	03/2022	3.50 - 5.10%	110,000
Property acquisition	03/2022	3.50 - 5.10%	1,414,500
Public improvements	05/2023	2.50 - 4.17%	1,200,000
Bridges 2008	07/2019	3.50 - 5.00%	48,700
Drainage 2008	07/2019	3.50 - 5.00%	64,950
Court St culvert drainage	07/2028	3.50 - 5.00%	17,000
Robin Hood Park drainage	07/2028	3.50 - 5.00%	30,000
Road reconstruction	07/2028	3.50 - 5.00%	268,000
Sidewalk repairs	07/2028	3.50 - 5.00%	60,000
Victoria Street Extension	07/2028	3.50 - 5.00%	32,000
Municipal facilities roof replacement	11/2019	2.00 - 3.50%	75,000
Bike path North Bridge	11/2019	2.00 - 3.50%	125,000
Drainage 2009	11/2019	2.00 - 3.50%	130,000
Road reconstruction 2009	11/2019	2.00 - 3.50%	465,000
Drainage 2010	10/2020	2.00 - 4.00%	360,000
Road construction 2010	10/2020	2.00 - 4.00%	400,000
Fire Station 2010	10/2030	2.00 - 4.00%	3,500,000
Robin Hood Dam	10/2030	2.00 - 4.00%	420,000
Energy Improvements	12/2021	2.00 - 3.00%	945,000
Infrastructure 2011	12/2021	2.00 - 3.00%	1,000,000
Consolidated Infrastructure 2013	01/2023	2.00%	686,200
Municipal Facilities 2013 refunded	01/2026	2.00%	3,018,000
Sidewalk Construction 2013 refunded	01/2026	2.00%	47,400
Drainage improvements 2013 refunded	01/2026	2.00%	214,000
General Obligation Bonds, Series 2015	11/2034	2.00 - 4.00%	3,815,000
Consolidated Infrastructure	09/2026	2.00 - 4.00%	1,365,000
City Hall Boiler Replacement & Oil Tank Removal	09/2026	2.00 - 4.00%	103,000
Defibrillator Replacement	09/2023	2.00 - 4.00%	68,000
Flood Management	09/2026	2.00 - 4.00%	397,000
Consolidated Infrastructure	09/2026	2.00 - 4.00%	1,454,000
Defibrillator Replacement	09/2023	2.00 - 4.00%	66,000
Goose Pond Dam Improvements	09/2021	2.00 - 4.00%	107,000
2017 Refunding Series 2016 B	07/2028	2.00 - 4.00%	2,129,556
Transfer station tip floor replacement	09/2026	2.00 - 4.00%	105,000
Total Governmental Activities:			<u>\$ 24,951,556</u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/17</u>
Water Fund:			
Treatment facility refunded	09/2021	0.00%	\$ 361,879
'09 Infrastructure	11/2022	0.00%	431,199
Fox Ave/Tank Mixers	11/2017	0.00%	24,096
2017 Refunding Series 2016 B	07/2017	2.00 - 4.00%	102,192
Reservoir dam repairs	09/2036	2.00 - 4.00%	<u>850,000</u>
Total Water Fund			1,769,366
Sewer Fund:			
Sewer main improvements	07/2017	4.00 - 4.25%	60,000
Sewer main improvements	07/2018	3.50 - 5.00%	129,350
Sewer main improvements	01/2033	2.00 - 2.75%	728,400
Martel court pump & motor control	01/2023	2.00%	706,100
Advance treatment refunded	01/2026	2.00%	179,900
Sewer main improvement refunded	01/2026	2.00%	610,000
WWTP Closure	11/2034	2.00 - 4.00%	720,000
2017 Refunding Series 2016 B	07/2028	2.00 - 4.00%	1,198,252
'10 Infrastructure	09/2023	0.00%	964,681
'09 Infrastructure	12/2023	1.98%	790,725
WWTP Construction	05/2025	1.60%	<u>5,175,484</u>
Total Sewer Fund			<u>11,262,892</u>
Total Business-Type Activities			<u>\$ 13,032,258</u>

B. Future Debt Service on General Obligation Bonds

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2017 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,770,262	\$ 776,029	\$ 4,546,291
2019	3,525,325	661,913	4,187,238
2020	3,303,075	551,735	3,854,810
2021	2,828,485	453,947	3,282,432
2022	2,621,485	363,613	2,985,098
2023-2027	7,065,163	826,869	7,892,032
2028-2032	1,642,761	138,100	1,780,861
2033-2037	<u>195,000</u>	<u>10,240</u>	<u>205,240</u>
Total	<u>\$ 24,951,556</u>	<u>\$ 3,782,446</u>	<u>\$ 28,734,002</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2017:

General fund	\$	24,718,881
Solid waste fund		<u>232,675</u>
Total	\$	<u><u>24,951,556</u></u>

<u>Business-Type</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>Water Fund:</u>						
2018	\$	309,783	\$	44,741	\$	354,524
2019		186,015		39,905		225,920
2020		188,583		35,762		224,345
2021		191,198		31,347		222,545
2022		193,859		26,885		220,744
2023-2027		299,928		88,774		388,702
2028-2032		200,000		48,750		248,750
2033-2037		<u>200,000</u>		<u>16,250</u>		<u>216,250</u>
Total Water Fund	\$	<u><u>1,769,366</u></u>	\$	<u><u>332,414</u></u>	\$	<u><u>2,101,780</u></u>

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>Sewer Fund:</u>						
2018	\$	1,375,253	\$	246,840	\$	1,622,093
2019		1,332,382		219,854		1,552,236
2020		1,329,632		193,323		1,522,955
2021		1,316,222		167,523		1,483,745
2022		1,311,222		141,695		1,452,917
2023-2027		3,880,942		300,922		4,181,864
2028-2032		557,239		62,541		619,780
2033-2035		<u>160,000</u>		<u>7,400</u>		<u>167,400</u>
Total Sewer Fund	\$	<u><u>11,262,892</u></u>	\$	<u><u>1,340,098</u></u>	\$	<u><u>12,602,990</u></u>

C. Tax Increment Financing Bonds

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

- \$4,000,000 in tax increment bonds originally issued in October 1996, and subsequently refunded in December 2006, to finance the economic and water, and sewer development of the Black Brook Corporate Park.

- \$2,100,000 in tax increment bonds originally issued in December 1997, and subsequently refunded in December 2006, to finance the construction of the Wells Street Parking Facility.
- \$760,000 in tax increment bonds issued in June 2015, to finance 93rd and Norway infrastructure improvements.
- \$1,629,000 in tax increment bonds issued in May 2013, to finance the Courthouse parking.
- \$2,011,000 in tax increment bonds issued in September 2016, to finance the Library Campus Development project.

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

Tax increment financing bonds currently outstanding are as follows:

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
Parking garage refunded	01/2018	3.50 - 5.00%	\$ 160,000
Wells Street	12/2021	2.00 - 3.00%	1,825,000
93rd and Norway Infrastructure	11/2024	2.00 - 4.00%	600,000
Parking - Courthouse	05/2033	2.00 - 2.75%	1,285,000
Library Campus Development	09/2036	2.00 - 4.00%	<u>2,011,000</u>
Total Governmental Activities:			<u>\$ 5,881,000</u>

D. Future Debt Service on Tax Increment Financing Bonds

The annual payments to retire all tax increment financing bonds outstanding as of June 30, 2017 are as follows:

Governmental	Principal	Interest	Total
2018	\$ 791,000	\$ 168,573	\$ 959,573
2019	625,000	147,438	772,438
2020	625,000	131,538	756,538
2021	623,000	113,328	736,328
2022	620,000	94,268	714,268
2023-2027	1,132,000	317,143	1,449,143
2028-2032	900,000	163,438	1,063,438
2033	<u>565,000</u>	<u>41,119</u>	<u>606,119</u>
Total	<u>\$ 5,881,000</u>	<u>\$ 1,176,845</u>	<u>\$ 7,057,845</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<u>Governmental Activities</u>						
Bonds payable	\$ 24,958	\$ 5,816	\$ (5,823)	\$ 24,951	\$ (3,770)	\$ 21,181
Unamortized premium	-	1,074	(107)	967	(108)	859
Subtotal bonds payable	24,958	6,890	(5,930)	25,918	(3,878)	22,040
Tax increment financing bonds payable	4,678	2,011	(808)	5,881	(791)	5,090
Net pension liability	28,460	9,534	-	37,994	-	37,994
Net OPEB obligation	2,007	511	(292)	2,226	-	2,226
Other:						
Landfill closure	666	-	(25)	641	(25)	616
Capital leases	256	-	(74)	182	(90)	92
Accrued employee benefits	2,558	26	-	2,584	(258)	2,326
Subtotal - other	3,480	26	(99)	3,407	(373)	3,034
Totals	\$ 63,583	\$ 18,972	\$ (7,129)	\$ 75,426	\$ (5,042)	\$ 70,384

	Total Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<u>Business-Type Activities</u>						
Bonds payable	\$ 13,918	\$ 2,164	\$ (3,050)	\$ 13,032	\$ (1,685)	\$ 11,347
Tax increment financing bonds payable	272	-	(272)	-	-	-
Subtotal	14,190	2,164	(3,322)	13,032	(1,685)	11,347
Net pension liability	2,114	706	-	2,820	-	2,820
Other:						
Accrued employee benefits	269	57	(32)	294	(29)	265
Subtotal - other	269	57	(32)	294	(29)	265
Totals	\$ 16,573	\$ 2,927	\$ (3,354)	\$ 16,146	\$ (1,714)	\$ 14,432

F. Advance and Current Refundings

Current Year

Current Refunding of November 18, 2016

On November 18, 2016, the City issued general obligation refunding bonds in the amount of \$1,598,000 with interest rates ranging from 2.0% to 4.0% throughout the life of the bonds. The \$1,598,000 in refunding bonds were issued to current refund \$1,695,000 of its December 27, 2006 Bonds (the "2006 Bonds"). The 2006 Bonds mature on August 15, 2017 through August 15, 2027 and were called on February 15, 2017. The

refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's financial statements.

After paying pro-rata issuance costs and underwriter's discount of approximately \$17,907, the net bond proceeds associated with current refunding the 2006 Bonds were \$1,730,500 and were deposited, together with a \$1,916 cash contribution by the City, in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 Bonds were called on February 15, 2017. As a result of the 2006 current refunding, the City reduced its total debt service cash flow requirements by \$183,399, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$166,228.

Defeased debt for the 2006 Bonds outstanding at June 30, 2017 was \$0.

Advance Refunding of November 18, 2016

On November 18, 2016, the City issued general obligation refunding bonds in the amount of \$1,867,000 with interest rates ranging from 2.0% to 4.0% throughout the life of the bonds. The \$1,867,000 in refunding bonds were issued to advance refund \$785,000 of its July 15, 2007 Bonds (the "2007 Bonds") and \$1,180,000 of its July 1, 2008 Bonds (the "2008 Bonds"). The 2007 Bonds mature on July 15, 2018 through July 15, 2027 and were called on July 15, 2017, while the 2008 Bonds mature on July 1, 2019 through July 1, 2028 and will be called on July 1, 2018. The refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's financial statements.

After paying pro-rata issuance costs and underwriter's discount of approximately \$20,922, the net bond proceeds associated with advance refunding the 2007 and 2008 Bonds were \$2,098,217 and were deposited, together with a \$3,037 cash contribution by the City, in an irrevocable trust with an escrow agent to provide debt service payments until the 2007 and 2008 Bonds are called on July 15, 2017 and July 1, 2018, respectively. As a result of the 2007 and 2008 advance refunding, the City reduced its total debt service cash flow requirements by \$215,575, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$196,976.

Defeased debt for the 2006 Bonds outstanding at June 30, 2017 was \$1,965,000.

G. Authorized and Unissued Debt

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2017 are as follows:

<u>Purpose</u>	<u>Amount</u>
Maple Avenue bridge	\$ <u>135,000</u>
Total	\$ <u><u>135,000</u></u>

H. Legal Debt Margin

The following is a computation of the legal debt margin as of June 30, 2017:

Equalized valuation - 2016		\$ <u>1,792,296,603</u>
Debt Limits:		
General - 3% of equalized valuation		\$ 53,768,898
Parking - 0.5% of equalized valuation		8,961,483
Water - 10% of equalized valuation		<u>179,229,660</u>
		241,960,041
Total debt outstanding	43,864,814	
Less: debt exempt from limit	<u>(19,145,933)</u>	
		<u>24,718,881</u>
Legal debt margin		\$ <u><u>217,241,160</u></u>

15. Landfill Closure and Postclosure Care Costs

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

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

The current landfill was closed during the year ended June 30, 2001. The City has established a landfill capital reserve to partially finance the closure and post-closure costs. At June 30, 2017, the balance in the landfill capital reserve is \$20,971. The remaining post-closure costs are expected to be financed from the operations of the Solid Waste Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended June 30, 2017:

Balance - July 1, 2016	\$ 665,698
Expenditures recognized in the Solid Waste Fund	<u>(24,817)</u>
Balance - June 30, 2017	<u>\$ 640,881</u>

The \$640,881 reported as landfill closure and postclosure care liability at June 30, 2017 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

16. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 19.

The following is a summary of deferred inflows of resources balances as of June 30, 2017:

	Entity-wide Basis		Fund Basis		
	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Proprietary Funds Water	Sewer
Unavailable revenues	\$ -	\$ -	\$ 2,042,169	\$ -	\$ -
Taxes collected in advance	10,434,151	49,656	10,434,151	49,656	-
Gains on refunding bonds	<u>106,959</u>	<u>68,518</u>	<u>-</u>	<u>249</u>	<u>68,269</u>
Total	<u>\$ 10,541,110</u>	<u>\$ 118,174</u>	<u>\$ 12,476,320</u>	<u>\$ 49,905</u>	<u>\$ 68,269</u>

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

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

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

17. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2017:

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

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

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

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

Unassigned - Represents amounts that are available to be spent in future periods and deficit funds.

Following is a breakdown of the City's fund balances at June 30, 2017:

	General Fund	Solid Waste Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 699,572	\$ -	\$ -	\$ -	\$ 699,572
Advances to other funds	-	861,700	-	-	861,700
Permanent funds	-	-	-	5,019,476	5,019,476
Total Nonspendable	699,572	861,700	-	5,019,476	6,580,748
Restricted					
Capital project fund	-	-	5,157,773	-	5,157,773
Grant fund	-	-	-	1,333,284	1,333,284
Other special revenue funds	-	-	-	655,812	655,812
Library renovation	-	-	-	2,185,870	2,185,870
Permanent funds	-	-	-	287,101	287,101
Total Restricted	-	-	5,157,773	4,462,067	9,619,840
Committed					
Solid waste fund	-	1,414,556	-	-	1,414,556
Retirement	1,043,031	-	-	-	1,043,031
Capital Reserve Funds:					
Bridges	1,001,162	-	-	-	1,001,162
Downtown infrastructure and facilities	1,065,371	-	-	-	1,065,371
Other capital reserve funds	859,354	-	-	-	859,354
Capital project fund	-	-	1,302,496	-	1,302,496
Total Committed	3,968,918	1,414,556	1,302,496	-	6,685,970
Assigned					
Encumbered for:					
General government	144,038	-	-	-	144,038
Public works	147,072	-	-	-	147,072
Other	145,191	-	-	-	145,191
Total Assigned	436,301	-	-	-	436,301
Unassigned	8,655,952	-	-	-	8,655,952
Total Fund Balance	\$ 13,760,743	\$ 2,276,256	\$ 6,460,269	\$ 9,481,543	\$ 31,978,811

18. Performance Bonds

The City holds letters of credit and performance bonds from developers until projects have been completed to City standards. These letters of credit and bonds are not included as part of the financial statements. At June 30, 2017, the City held performance deposits totaling \$602,072.

19. Retirement System

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

A. Plan Description

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

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

B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is $1/60$ or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at $1/66$ or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date

precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.17% to 29.16% of covered compensation. The City's contributions to the System for the year ended June 30, 2017 was \$2,759,440, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At June 30, 2017, the City reported a liability of \$40,814,329 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, City's proportion was .7718%.

At the most recent measurement date of June 30, 2016, the City's proportion was .7670%, which was a decrease of .0048% from its previous year proportion.

For the year ended June 30, 2017, the City recognized pension expense of \$4,312,182. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 113,423	\$ 515,384
Changes of assumptions	5,022,947	-
Net difference between projected and actual earnings on pension plan investments	2,553,554	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	423,958
Contributions subsequent to the measurement date	<u>2,759,440</u>	<u>-</u>
Total	<u>\$ 10,449,364</u>	<u>\$ 939,342</u>

The \$2,759,440 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows (Inflows)</u>
2018	\$ 1,218,155
2019	1,218,155
2020	2,261,860
2021	1,960,484
2022	<u>91,928</u>
Total	<u>\$ 6,750,582</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per year
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

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

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.75%
Emerging Int'l Equities	<u>7.00</u>	6.25%
Total international equities	20.00	
Core Bonds	5.00	0.64%
Short Duration	2.00	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Unconstrained Fixed Income	<u>7.00</u>	1.08%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Real estate	10.00	3.68%
Opportunistic	<u>5.00</u>	3.25%
Total alternative investments	<u>25.00</u>	
Total	<u><u>100.00</u></u> %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 52,443,632	\$ 40,814,329	\$ 31,169,665

I. Pension Plan Fiduciary Net Position

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

20. Other Post-Employment Benefits – GASB 45

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the

extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the City provides post-employment health care benefits for retired employees through the single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2016, the actuarial valuation date, approximately 55 retirees and 256 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The City provides medical, prescription drug, and mental health/substance abuse to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the City.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on their actuarial valuation as of July 1, 2016.

Annual Required Contribution (ARC)	\$ 420,569
Interest on net OPEB obligation	90,294
Adjustment to ARC	<u>(83,018)</u>
Annual OPEB cost	427,845
Contributions made	<u>(209,207)</u>
Increase in net OPEB obligation	218,638
Net OPEB obligation - beginning of year	<u>2,006,538</u>
Net OPEB obligation - end of year	<u>\$ 2,225,176</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 427,845	48.9%	\$ 2,225,176
2016	\$ 467,929	50.5%	\$ 2,006,538
2015	\$ 445,677	48.6%	\$ 1,774,927

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 5,017,794
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,017,794</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 16,674,879</u>
UAAL as a percentage of covered payroll	<u>30.1%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of OPEB Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued

liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined, as the City has not advanced funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8% which decreases to a 5% long-term rate for all healthcare benefits after four years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open group basis. This has been calculated assuming the amortization payment increases at a rate of approximately 3%.

21. Commitments and Contingencies

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

Abatements - There are several cases pending before the New Hampshire Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the City's counsel, the probable outcome of these cases at the present time is indeterminable, although the City expects such amounts, if any, to be immaterial.

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

22. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, replacing requirements of Statements No. 45 and 57, effective for the City beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF KEENE, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)
JUNE 30, 2017
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2017	June 30, 2016	0.7670%	\$40,814,329	\$ 16,476,203	247.72%	58.3%
June 30, 2016	June 30, 2015	0.7718%	\$30,574,215	\$ 16,312,424	187.43%	65.5%
June 30, 2015	June 30, 2014	0.7519%	\$28,223,639	\$ 15,533,864	181.69%	66.3%

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

See Independent Auditors' Report.

CITY OF KEENE, NEW HAMPSHIRE

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

**JUNE 30, 2017
(Unaudited)**

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 2,759,440	\$ 2,759,440	\$ -	\$ 16,674,883	16.55%
June 30, 2016	\$ 2,738,529	\$ 2,738,529	\$ -	\$ 16,476,203	16.62%
June 30, 2015	\$ 2,910,722	\$ 2,910,722	\$ -	\$ 16,312,424	17.84%

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

See Independent Auditors' Report.

CITY OF KEENE, NEW HAMPSHIRE
SCHEDULE OF OPEB FUNDING PROGRESS (GASB 45)

June 30, 2017
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/16	\$ -	\$ 5,017,794	\$ 5,017,794	0.0%	\$ 16,674,879	30.1%
07/01/14	\$ -	\$ 4,820,878	\$ 4,820,878	0.0%	\$ 15,049,531	32.0%
07/01/12	\$ -	\$ 4,527,296	\$ 4,527,296	0.0%	\$ 13,728,500	33.0%

See Independent Auditors' Report.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

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

PERMANENT FUNDS

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

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds						
	Grants <u>Fund</u>	Parking <u>Fund</u>	Library <u>Fund</u>	Library Renovation Expendable <u>Trust</u>	Other Expendable <u>Trusts</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS							
Cash and short-term investments	\$ 28,013	\$ -	\$ 115,690	\$ 2,204,495	\$ -	\$ 271,633	\$ 2,619,831
Investments	-	-	237,874	-	34,522	5,015,644	5,288,040
Receivables:							
Accounts receivable, net	30,325	16,756	-	-	-	19,300	66,381
Intergovernmental	97,039	-	-	-	-	-	97,039
Due from other funds	1,258,770	140,520	-	-	-	-	1,399,290
Prepaid items	-	127,630	-	-	-	-	127,630
	-	127,630	-	-	-	-	127,630
TOTAL ASSETS	\$ 1,414,147	\$ 284,906	\$ 353,564	\$ 2,204,495	\$ 34,522	\$ 5,306,577	\$ 9,598,211
LIABILITIES							
Warrants payable	\$ 3,572	\$ 9,888	\$ -	\$ -	\$ -	\$ -	\$ 13,460
Accounts payable	75,833	636	-	-	-	-	76,469
Accrued liabilities	1,458	6,656	-	-	-	-	8,114
Due to other funds	-	-	-	18,625	-	-	18,625
	-	-	-	18,625	-	-	18,625
TOTAL LIABILITIES	80,863	17,180	-	18,625	-	-	116,668
FUND BALANCES							
Nonspendable	-	-	-	-	-	5,019,476	5,019,476
Restricted	1,333,284	267,726	353,564	2,185,870	34,522	287,101	4,462,067
	1,333,284	267,726	353,564	2,185,870	34,522	5,306,577	9,481,543
TOTAL FUND BALANCES	1,333,284	267,726	353,564	2,185,870	34,522	5,306,577	9,481,543
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,414,147	\$ 284,906	\$ 353,564	\$ 2,204,495	\$ 34,522	\$ 5,306,577	\$ 9,598,211

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						
	Grants Fund	Parking Fund	Library Fund	Library Renovation Expendable Trust	Other Expendable Trusts	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:							
Taxes	\$ -	\$ 1,146,740	\$ -	\$ -	\$ -	\$ -	\$ 1,146,740
Charges for services	195,054	948,239	-	-	-	-	1,143,293
Intergovernmental	504,560	42,500	4,900	-	-	-	551,960
Licenses and permits	551,561	-	-	-	-	-	551,561
Investment income	11	1,549	37,925	4,566	2,500	409,152	455,703
Contributions	35,787	-	2,715	1,829,223	-	37,024	1,904,749
Miscellaneous	-	172	5,410	-	-	-	5,582
Total Revenues	1,286,973	2,139,200	50,950	1,833,789	2,500	446,176	5,759,588
Expenditures:							
Current:							
General government	654,666	-	-	-	5	1,177	655,848
Public safety	288,948	1,153,456	-	-	-	-	1,442,404
Public works	63,342	-	-	-	-	-	63,342
Welfare and human services	3,874	-	-	-	-	-	3,874
Library	-	-	11,010	10,171	-	-	21,181
Planning	193,304	-	-	-	-	-	193,304
Parks and facilities	78,982	-	-	-	-	-	78,982
Debt service:							
Principal	-	685,000	-	-	-	-	685,000
Interest	32,470	116,113	-	-	-	-	148,583
Total Expenditures	1,315,586	1,954,569	11,010	10,171	5	1,177	3,292,518
Excess (deficiency) of revenues over (under) expenditures	(28,613)	184,631	39,940	1,823,618	2,495	444,999	2,467,070
Other Financing Sources (Uses):							
Bond premiums on general obligation bonds	821,082	-	-	-	-	-	821,082
Transfers in	13,652	-	-	-	-	-	13,652
Transfers out	(100,000)	(255,209)	-	(361,842)	(548)	(107,601)	(825,200)
Total Other Financing Sources (Uses)	734,734	(255,209)	-	(361,842)	(548)	(107,601)	9,534
Change in fund balance	706,121	(70,578)	39,940	1,461,776	1,947	337,398	2,476,604
Fund Balances at Beginning of Year	627,163	338,304	313,624	724,094	32,575	4,969,179	7,004,939
Fund Balances at End of Year	\$ 1,333,284	\$ 267,726	\$ 353,564	\$ 2,185,870	\$ 34,522	\$ 5,306,577	\$ 9,481,543

SOLID WASTE FUND

The solid waste fund is established to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.

The solid waste fund has an annually adopted budget.

PARKING FUND

The Parking Fund has an annually adopted budget.

CITY OF KEENE, NEW HAMPSHIRE
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES AND USES - BUDGET AND ACTUAL

SOLID WASTE FUND

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 4,546,221	\$ 4,649,924	\$ 103,703
Investment income	40,758	44,867	4,109
Miscellaneous	<u>58,000</u>	<u>57,694</u>	<u>(306)</u>
Total Revenues	4,644,979	4,752,485	107,506
Expenditures:			
Public works	4,538,798	4,535,473	3,325
Debt service:			
Principal	48,444	38,040	10,404
Interest	<u>11,512</u>	<u>9,731</u>	<u>1,781</u>
Total Expenditures	4,598,754	4,583,244	15,510
Other Financing (Uses):			
Use (addition) of fund balance	(1,225)	-	1,225
Transfers in	-	18,092	18,092
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(46,225)</u>	<u>(26,908)</u>	<u>19,317</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 142,333</u>	<u>\$ 142,333</u>

CITY OF KEENE, NEW HAMPSHIRE
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES AND USES - BUDGET AND ACTUAL
ANNUALLY BUDGETED NONMAJOR GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Parking		
	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:			
Taxes	\$ 1,146,740	\$ 1,146,740	\$ -
Charges for services	1,047,491	948,239	(99,252)
Intergovernmental	42,500	42,500	-
Investment income	2,800	1,549	(1,251)
Miscellaneous	-	172	172
Total Revenues	2,239,531	2,139,200	(100,331)
Expenditures:			
Public safety	1,225,353	1,153,456	71,897
Debt service:			
Principal	685,000	685,000	-
Interest	116,113	116,113	-
Total Expenditures	2,026,466	1,954,569	71,897
Other Financing Sources (Uses):			
Use of fund balance	42,144	-	(42,144)
Transfers out	(255,209)	(255,209)	-
Total Other Financing Sources (Uses)	(213,065)	(255,209)	(42,144)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (70,578)	\$ (70,578)

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INTERNAL SERVICE FUNDS

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

The City of Keene has the following Internal Service Funds:

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

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2017

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 554,309	\$ -	\$ 554,309
User fees, net of allowance for uncollectibles	2,012	-	2,012
Due from other funds	643,801	240,324	884,125
Other assets	15,105	-	15,105
Inventory	229,668	-	229,668
Total current assets	1,444,895	240,324	1,685,219
Noncurrent:			
Capital assets:			
Capital assets, net of accumulated depreciation	2,314,014	-	2,314,014
Total noncurrent assets	2,314,014	-	2,314,014
TOTAL ASSETS	3,758,909	240,324	3,999,233
LIABILITIES			
Current:			
Warrants payable	24,609	50	24,659
Accounts payable	4,925	1,688	6,613
Accrued liabilities	10,347	-	10,347
Current portion of long-term liabilities:			
Capital leases	89,840	-	89,840
Compensated absences	4,964	-	4,964
Total current liabilities	134,685	1,738	136,423
Noncurrent:			
Capital leases, net of current portion	92,417	-	92,417
Compensated absences, net of current portion	44,676	-	44,676
Total noncurrent liabilities	137,093	-	137,093
TOTAL LIABILITIES	271,778	1,738	273,516
NET POSITION			
Net investment in capital assets	2,131,757	-	2,131,757
Unrestricted	1,355,374	238,586	1,593,960
TOTAL NET POSITION	\$ 3,487,131	\$ 238,586	\$ 3,725,717

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Operating Revenues:			
Charges for services	\$ 2,321,359	\$ 77,779	\$ 2,399,138
Other	<u>8,800</u>	<u>1,058</u>	<u>9,858</u>
Total Operating Revenues	2,330,159	78,837	2,408,996
Operating Expenses:			
Salaries and benefits	763,250	-	763,250
Other operating expenses	955,847	53,396	1,009,243
Depreciation	<u>370,893</u>	<u>-</u>	<u>370,893</u>
Total Operating Expenses	<u>2,089,990</u>	<u>53,396</u>	<u>2,143,386</u>
Operating Income	240,169	25,441	265,610
Nonoperating Revenues (Expenses):			
Investment income	4,424	1,335	5,759
Interest expense	<u>(6,464)</u>	<u>-</u>	<u>(6,464)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,040)</u>	<u>1,335</u>	<u>(705)</u>
Net Income	238,129	26,776	264,905
Net Position at Beginning of Year	<u>3,249,002</u>	<u>211,810</u>	<u>3,460,812</u>
Net Position at End of Year	<u>\$ 3,487,131</u>	<u>\$ 238,586</u>	<u>\$ 3,725,717</u>

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 2,331,194	\$ 78,837	\$ 2,410,031
Payments to vendors	(968,642)	(69,547)	(1,038,189)
Payments to employees for salaries and benefits	(750,591)	-	(750,591)
Net Cash Provided By Operating Activities	611,961	9,290	621,251
Cash Flows From Noncapital Financing Activities:			
Payments under interfund loan agreements	(153,109)	(10,625)	(163,734)
Net Cash (Used For) Noncapital Financing Activities	(153,109)	(10,625)	(163,734)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(729,261)	-	(729,261)
Principal payments on leases	(73,495)	-	(73,495)
Interest expense	(6,464)	-	(6,464)
Net Cash (Used For) Capital and Related Financing Activities	(809,220)	-	(809,220)
Cash Flows From Investing Activities:			
Investment income	4,423	1,335	5,758
Net Cash Provided By Investing Activities	4,423	1,335	5,758
Net Change in Cash and Short-Term Investments	(345,945)	-	(345,945)
Cash and Short-Term Investments, Beginning of Year	900,254	-	900,254
Cash and Short-Term Investments, End of Year	\$ 554,309	\$ -	\$ 554,309
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Operating income (loss)	\$ 240,169	\$ 25,441	\$ 265,610
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	370,893	-	370,893
Changes in assets and liabilities:			
User fees	1,035	-	1,035
Inventory	26,163	-	26,163
Other assets	(15,105)	-	(15,105)
Warrants and accounts payable	(23,853)	(16,151)	(40,004)
Accrued liabilities	12,659	-	12,659
Net Cash Provided By Operating Activities	\$ 611,961	\$ 9,290	\$ 621,251

CITY OF KEENE, NEW HAMPSHIRE

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Fleet Fund			PC Replacement Fund		
	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Charges for services	\$ 2,289,587	\$ 2,311,293	\$ 21,706	\$ 76,787	\$ 77,779	\$ 992
Investment income	1,700	4,424	2,724	1,000	1,335	335
Other	8,500	18,866	10,366	2,500	1,058	(1,442)
Total Revenues	2,299,787	2,334,583	34,796	80,287	80,172	(115)
Expenses:						
Salaries and benefits	554,882	529,863	25,019	188,555	53,396	135,159
Other operating expenses	1,283,868	1,195,698	88,170	-	-	-
Depreciation	395,000	370,893	24,107	-	-	-
Total Expenses	2,233,750	2,096,454	137,296	188,555	53,396	135,159
Other Financing Sources (Uses):						
Use (addition) of retained earnings	(66,037)	-	66,037	108,268	-	(108,268)
Total Other Financing (Uses)	(66,037)	-	66,037	108,268	-	(108,268)
Excess of revenues and other financing sources over expenditures	\$ -	\$ 238,129	\$ 238,129	\$ -	\$ 26,776	\$ 26,776

**STATISTICAL
SECTION**

CITY OF KEENE, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	99
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	103
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	108
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	111
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	113

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City of Keene, New Hampshire

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 45,749,931	\$ 47,851,415	\$ 48,097,019	\$ 51,674,961	\$ 52,044,769	\$ 51,051,333	\$ 56,711,431	\$ 56,903,534	\$ 57,485,620	\$ 59,166,584
Restricted	10,865,837	8,761,667	7,059,846	7,784,887	7,861,947	7,844,383	8,181,255	8,451,104	9,138,862	11,757,799
Unrestricted	6,263,289	7,930,268	11,549,433	11,122,218	11,231,799	12,963,681	11,493,999	(15,389,928)	(16,519,232)	(17,115,229)
Total governmental activities net position	\$ 62,879,057	\$ 64,543,350	\$ 66,706,298	\$ 70,582,066	\$ 71,138,515	\$ 71,859,397	\$ 76,386,685	\$ 49,964,710	\$ 50,105,250	\$ 53,809,154
Business-type activities										
Net investment in capital assets	\$ 36,511,844	\$ 37,124,172	\$ 38,409,902	\$ 39,404,898	\$ 39,516,773	\$ 40,061,829	\$ 40,449,004	\$ 41,793,286	\$ 45,601,603	\$ 46,911,847
Restricted	5,622,258	5,315,228	5,892,799	6,757,451	7,648,872	7,647,545	8,169,747	8,712,374	9,114,631	8,127,884
Unrestricted	6,174,360	5,303,706	6,317,317	7,496,256	7,367,861	8,242,847	9,010,904	6,471,637	5,515,784	6,297,198
Total business-type activities net position	\$ 48,308,462	\$ 47,743,106	\$ 50,620,018	\$ 53,658,605	\$ 54,533,506	\$ 55,952,221	\$ 57,629,655	\$ 56,977,297	\$ 60,232,018	\$ 61,336,929
Primary government										
Net investment in capital assets	\$ 82,261,775	\$ 84,975,587	\$ 86,506,921	\$ 91,079,859	\$ 91,561,542	\$ 91,113,162	\$ 97,160,435	\$ 98,696,820	\$ 103,087,223	\$ 106,078,431
Restricted	16,488,095	14,076,895	12,952,645	14,542,338	15,510,819	15,491,928	16,351,002	17,163,478	18,253,493	19,885,683
Unrestricted	12,437,649	13,233,974	17,866,750	18,618,474	18,599,660	21,206,528	20,504,903	(8,918,291)	(11,003,448)	(10,818,031)
Total primary government net position	\$ 111,187,519	\$ 112,286,456	\$ 117,326,316	\$ 124,240,671	\$ 125,672,021	\$ 127,811,618	\$ 134,016,340	\$ 106,942,007	\$ 110,337,268	\$ 115,146,083

Data Source:
Audited Financial Statements

City of Keene, New Hampshire

Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 6,662,781	\$ 4,990,180	\$ 5,330,926	\$ 5,610,728	\$ 5,822,868	\$ 6,053,842	\$ 6,163,749	\$ 6,192,633	\$ 7,698,162	\$ 7,008,103
Public safety	11,370,321	12,354,157	11,892,430	12,193,171	12,656,227	13,366,663	12,861,971	11,522,512	13,841,925	15,922,427
Public works	5,041,539	9,027,623	12,013,014	10,877,207	12,302,282	13,905,776	11,505,399	12,030,608	14,272,374	12,342,448
Welfare and human services	794,849	1,779,285	1,741,733	1,737,574	1,601,369	1,626,264	1,584,798	1,678,845	1,594,633	1,600,241
Airport	-	2,203,344	727,933	734,289	744,772	618,376	569,217	854,783	1,084,668	1,312,906
Library	-	1,268,411	1,287,321	1,350,597	1,598,121	1,380,133	1,399,236	1,383,430	1,529,730	1,468,787
Planning	-	859,635	985,672	1,452,390	1,530,547	1,046,842	642,702	1,468,668	498,721	328,168
Sanitation	4,311,112	-	-	-	-	-	-	-	-	-
Parks and facilities	3,051,340	2,821,788	2,939,012	2,917,866	2,771,982	2,813,250	3,938,106	2,910,530	2,519,671	3,018,676
Economic development	3,253,654	-	-	-	-	-	-	-	-	-
Cemetery	341,630	-	-	-	-	-	-	-	-	-
Interest	1,222,655	1,275,337	1,238,853	1,377,650	1,409,256	1,307,235	1,217,767	1,105,316	1,070,477	1,225,901
Total governmental activities expenses	36,049,881	36,579,760	38,156,894	38,251,472	40,437,424	42,118,381	39,882,945	39,147,325	44,110,361	44,227,657
Business-type activities:										
Water services	3,136,907	2,938,702	3,017,282	2,831,527	3,168,404	2,938,752	3,656,619	3,167,831	3,866,375	3,894,553
Sewer services	4,416,712	5,205,734	4,482,410	4,515,891	4,597,936	4,425,423	4,814,906	4,462,398	6,089,976	5,491,891
Total business-type activities expenses	7,553,619	8,144,436	7,499,692	7,347,418	7,766,340	7,364,175	8,471,525	7,630,229	9,956,351	9,386,444
Total primary government expenses	\$ 43,603,500	\$ 44,724,196	\$ 45,656,586	\$ 45,598,890	\$ 48,203,764	\$ 49,482,556	\$ 48,354,470	\$ 46,777,554	\$ 54,066,712	\$ 53,614,101
Program Revenues										
Governmental activities:										
Charges for services	5,971,762	6,592,070	7,312,865	7,735,136	7,905,994	7,529,669	7,767,554	7,870,307	7,845,237	8,967,618
Operating grants and contributions	2,576,175	4,281,304	2,675,787	3,116,118	2,807,994	2,688,371	2,629,292	2,815,646	3,914,405	2,868,256
Capital grants and contributions	941,624	843,869	2,984,455	3,503,169	2,301,745	2,906,463	3,727,365	2,124,908	1,549,538	2,879,365
Total governmental activities program revenue	9,489,561	11,717,243	12,973,107	14,354,423	13,015,733	13,124,503	14,124,211	12,810,861	13,309,180	14,715,239
Business-type activities:										
Charges for services	7,903,520	8,415,386	9,316,838	9,859,549	8,814,525	9,116,917	9,534,445	10,050,780	9,888,922	9,732,189
Operating grants and contributions	26,698	431,428	181,777	173,355	118,810	117,674	1,401,132	176,929	141,079	551,152
Capital grants and contributions	-	-	1,766,010	1,173,267	566,710	398,056	109,881	-	2,995,426	-
Total business-type activities program revenue	7,930,218	8,846,814	11,264,625	11,206,171	9,500,045	9,632,647	11,045,458	10,227,709	13,025,427	10,283,341
Total primary government program revenues	\$ 17,419,779	\$ 20,564,057	\$ 24,237,732	\$ 25,560,594	\$ 22,515,778	\$ 22,757,150	\$ 25,169,669	\$ 23,038,570	\$ 26,334,607	\$ 24,998,580
Net (Expenses)Revenue										
Governmental activities	\$ (26,560,320)	\$ (24,862,517)	\$ (25,183,787)	\$ (23,897,049)	\$ (27,421,691)	\$ (28,993,878)	\$ (25,758,734)	\$ (26,336,464)	\$ (30,801,181)	\$ (29,512,418)
Business-type activities	376,599	702,378	3,764,933	3,858,753	1,733,705	2,268,472	2,573,933	2,597,480	3,069,076	896,897
Total Primary government net expense	\$ (26,183,721)	\$ (24,160,139)	\$ (21,418,854)	\$ (20,038,296)	\$ (25,687,986)	\$ (26,725,406)	\$ (23,184,801)	\$ (23,738,984)	\$ (27,732,105)	\$ (28,615,521)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property tax	\$ 19,650,893	\$ 20,196,104	\$ 20,604,593	\$ 20,979,065	\$ 21,760,281	\$ 22,864,243	\$ 23,225,219	\$ 24,168,766	\$ 25,409,198	\$ 26,741,212
Penalties, interest and other taxes	-	454,409	548,100	694,488	581,123	589,785	1,048,960	888,171	913,408	1,078,383
Licenses and permits	3,080,021	2,884,607	2,964,138	2,842,530	2,808,529	2,992,017	3,071,633	3,294,505	3,501,521	4,384,530
Grants and contributions not restricted to	1,953,599	-	-	-	-	-	-	-	-	-
Investment income	1,187,306	496,384	1,028,537	1,438,974	747,548	754,289	977,974	574,119	243,658	663,683
Miscellaneous	1,692,123	713,712	916,337	674,857	923,534	1,360,322	790,562	1,568,073	825,354	311,474
Transfers, net	-	947,366	1,147,442	1,116,623	1,138,320	1,133,130	1,158,798	1,145,574	21,242	-
Permanent fund contributions	30,053	38,974	137,588	26,280	18,805	20,975	12,876	23,165	27,933	37,024
Special item - loss on disposal of capital	(866,200)	-	-	-	-	-	-	-	-	-
Total governmental activities	26,727,795	25,731,556	27,346,735	27,772,817	27,978,140	29,714,761	30,286,022	31,662,373	30,942,314	33,216,306
Business-type activities:										
Property tax	214,913	217,288	205,951	188,688	182,907	172,141	166,646	160,144	147,897	145,440
Investment income	428,073	256,720	46,880	44,182	73,723	102,262	42,667	46,625	47,112	62,580
Miscellaneous	7,329	-	-	60,240	19,082	-	-	-	635	-
Transfers, net	-	(946,488)	(1,140,852)	(1,113,276)	(1,134,516)	(1,124,160)	(1,105,812)	(1,098,454)	(10,000)	-
Total business-type activities	650,315	(472,480)	(888,021)	(820,166)	(858,804)	(849,757)	(896,499)	(891,685)	185,644	208,020
Total primary government	\$ 27,378,110	\$ 25,259,076	\$ 26,458,714	\$ 26,952,651	\$ 27,119,336	\$ 28,865,004	\$ 29,389,523	\$ 30,770,688	\$ 31,127,958	\$ 33,424,326
Change in Net Position										
Governmental activities	\$ 167,475	\$ 869,039	\$ 2,162,948	\$ 3,875,768	\$ 556,449	\$ 720,883	\$ 4,527,288	\$ 5,325,909	\$ 141,133	\$ 3,703,888
Business-type activities	1,026,914	229,898	2,876,912	3,038,587	874,901	1,418,715	1,677,434	1,705,795	3,254,720	1,104,917
Total primary government	\$ 1,194,389	\$ 1,098,937	\$ 5,039,860	\$ 6,914,355	\$ 1,431,350	\$ 2,139,598	\$ 6,204,722	\$ 7,031,704	\$ 3,395,853	\$ 4,808,805

Data Source
Audited Financial Statements

City of Keene, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 188,629	\$ 904,997	\$ 698,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,992,530	6,279,935	6,986,075	-	-	-	-	-	-	-
Nonspendable	-	-	-	424,072	425,964	381,611	363,483	341,018	362,095	699,572
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	2,417,136	2,700,437	3,074,928	3,423,762	3,517,742	3,380,255	3,968,918
Assigned	-	-	-	1,099,218	1,281,293	1,175,686	1,258,208	1,378,786	1,038,111	436,301
Unassigned	-	-	-	6,771,406	6,801,027	6,050,735	6,498,576	6,763,152	7,495,863	8,655,952
Total General Fund	\$ 7,181,159	\$ 7,184,932	\$ 7,684,521	\$ 10,711,832	\$ 11,208,721	\$ 10,682,960	\$ 11,544,029	\$ 12,000,698	\$ 12,276,324	\$ 13,760,743
Other Governmental Funds										
Reserved	\$ 4,038,794	\$ 7,802,252	\$ 9,222,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	7,133,282	3,587,171	2,985,194	-	-	-	-	-	-	-
Capital Projects	-	684,388	1,420,476	-	-	-	-	-	-	-
Permanent Trust Funds	126,341	326,749	398,926	-	-	-	-	-	-	-
Nonspendable	-	-	-	5,559,717	5,460,867	5,629,927	6,104,692	5,659,081	5,585,419	5,881,176
Restricted	-	-	-	10,680,705	9,257,416	6,009,770	3,723,770	6,857,313	3,405,551	9,619,840
Committed	-	-	-	3,823,670	3,161,878	2,998,753	2,428,004	4,064,769	2,673,426	2,717,052
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,277,123)	(142,719)	-	(68,306)	(2,890)	-	-
Total Other Funds	\$ 11,298,417	\$ 12,400,560	\$ 14,026,705	\$ 18,786,969	\$ 17,737,442	\$ 14,638,450	\$ 12,188,160	\$ 16,578,273	\$ 11,664,396	\$ 18,218,068

Data Source
Audited Financial Statements

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

City of Keene, New Hampshire

Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 19,466,227	\$ 20,451,595	\$ 20,703,737	\$ 21,751,017	\$ 22,676,964	\$ 23,133,820	\$ 24,210,554	\$ 25,288,836	\$ 26,432,668	\$ 26,967,454
Charges for services	5,342,199	6,380,685	7,160,429	7,522,029	7,658,470	7,291,378	7,369,188	7,533,948	7,629,481	8,485,858
Intergovernmental	5,471,398	4,829,320	5,489,463	6,136,097	4,959,426	5,493,486	6,140,731	4,484,310	4,652,406	3,862,127
Licenses and permits	3,080,021	2,884,607	2,964,138	2,842,526	2,808,529	2,992,017	3,071,633	3,294,504	3,501,521	4,384,530
Investment income	1,145,516	470,777	1,016,948	1,432,108	743,734	947,051	972,289	593,061	237,109	657,924
Contributions	-	334,826	308,367	509,470	169,117	122,326	228,801	479,409	839,470	1,922,518
Miscellaneous	2,978,170	705,274	900,828	665,610	907,199	1,345,792	785,568	1,564,627	819,207	301,616
Total revenues	37,483,531	36,057,084	38,543,910	40,858,857	39,923,439	41,325,870	42,778,764	43,238,695	44,111,862	46,582,027
Expenditures by Function										
General government	6,310,089	4,945,106	5,045,246	5,415,262	5,587,652	5,468,373	5,469,804	5,719,168	7,089,882	6,916,814
Public safety	10,942,505	12,197,224	12,460,460	12,981,022	17,291,383	14,087,522	13,513,465	14,398,801	15,008,670	15,503,013
Public works	3,531,436	10,679,367	11,249,353	12,933,004	12,009,098	15,503,210	9,958,887	10,678,166	11,069,870	8,879,870
Welfare and human services	795,096	1,807,693	1,756,534	1,774,941	1,595,458	1,666,794	1,628,021	1,752,376	1,671,547	1,665,998
Airport	-	2,163,468	1,935,047	906,708	607,014	964,802	3,709,384	1,177,027	1,384,971	1,209,610
Library	-	1,184,227	1,170,427	1,253,341	1,490,138	1,286,249	1,326,260	1,473,703	1,501,992	1,753,262
Planning	-	834,487	961,076	1,441,564	1,515,779	1,029,380	726,662	1,506,517	477,782	696,896
Parks and facilities	-	2,698,063	3,069,448	2,940,017	4,606,368	3,246,208	3,931,313	3,196,997	4,602,423	3,029,243
Sanitation	4,309,465	-	-	-	-	-	-	-	-	-
Culture and recreation	2,667,131	-	-	-	-	-	-	-	-	-
Economic development	2,898,499	-	-	-	-	-	-	-	-	-
Cemetery	272,067	-	-	-	-	-	-	-	-	-
Capital outlay	5,406,726	-	-	-	-	-	-	-	-	-
Debt service	3,595,386	3,590,616	3,878,515	4,126,516	5,042,061	5,743,892	5,474,561	5,336,759	5,993,627	6,983,563
Operating expenses	-	11,207	21,709	23,683	21,166	12,610	50,074	92,264	-	-
Total expenditures	40,728,400	40,111,458	41,547,815	43,796,058	49,766,117	49,009,040	45,788,431	45,331,778	48,800,764	46,638,269
Excess (deficiency) of revenues										
Over (under) expenditures	(3,244,869)	(4,054,374)	(3,003,905)	(2,937,201)	(9,842,678)	(7,683,170)	(3,009,667)	(2,093,083)	(4,688,902)	(56,242)
Other Financing Sources (Uses)										
Issuance of general obligation bonds	1,455,000	3,155,000	3,680,000	9,295,000	7,856,700	2,775,200	-	5,530,000	-	5,676,000
Issuance of refunding bonds	-	-	-	-	-	3,850,900	-	-	-	2,151,304
Bond premiums on general obligation bonds	-	-	-	-	-	-	-	-	-	821,082
Bond premiums on refunding bonds	-	-	-	-	-	-	-	-	-	253,002
Payment to escrow agent	-	-	-	-	-	(3,961,406)	-	-	-	(807,071)
Gain on refunding	-	-	-	-	-	(25,739)	-	-	-	-
Transfers in	3,417,313	3,869,312	4,060,917	3,998,021	3,519,678	5,015,021	3,808,287	3,481,201	2,340,391	2,802,014
Transfers out	(3,417,313)	(2,669,022)	(2,611,278)	(2,568,245)	(2,086,338)	(3,595,560)	(2,387,841)	(2,071,336)	(2,289,149)	(2,802,014)
Total other financing sources (uses)	1,455,000	4,355,290	5,129,639	10,724,776	9,290,040	4,058,416	1,420,446	6,939,865	51,242	8,094,317
Net Change in fund balances	\$ (1,789,869)	\$ 300,916	\$ 2,125,734	\$ 7,787,575	\$ (552,638)	\$ (3,624,754)	\$ (1,589,221)	\$ 4,846,782	\$ (4,637,660)	\$ 8,038,075
Debt Service as a percentage of non-capital outlay expenditures										
	11.33%	9.83%	10.30%	10.41%	11.28%	13.28%	13.60%	13.37%	14.00%	17.61%
Data Source										
Audited Financial Statements										

City of Keene, New Hampshire

General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Property Taxes	Timber Tax	Excavation Tax	Motor Vehicle Registrations	Payment in Lieu of Taxes	Total
2017	\$ 24,742,331	\$ 20,875	\$ -	\$ 3,128,771	\$ 433,772	\$ 28,325,750
2016	24,352,010	14,696	-	3,005,853	412,492	27,785,051
2015	23,352,375	20,160	-	2,792,019	390,688	26,555,242
2014	22,470,718	22,326	72	2,668,587	379,467	25,541,170
2013	21,639,386	17,024	-	2,505,780	97,248	24,259,438
2012	21,614,949	8,151	35	2,384,164	64,183	24,071,482
2011	20,785,361	8,656	336	2,313,616	67,891	23,175,860
2010	19,872,115	5,041	-	2,342,736	61,973	22,281,865
2009	19,714,129	2,635	220	2,468,446	75,154	22,260,584
2008	18,856,395	2,597	-	2,683,293	76,918	21,619,203

Data Source
Audited Financial Statements

City of Keene, New Hampshire

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

Fiscal Year	Local Assessed Value (1)			Total Assessed Value	Less Exemptions to Assessed Value (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate per \$1,000 of Assessed Value	Estimated Full Value (2)	Ratio of Total Assessed Value to Total Estimated Full Value
	Residential	Commercial/Industrial	Utilities						
2017	\$ 1,064,310,740	\$ 655,367,400	\$ 73,554,600	1,793,232,740	4,598,925	\$ 1,788,633,815	\$ 36.39	\$ 1,804,187,319	99.4%
2016	1,143,309,000	655,665,400	49,788,300	1,848,762,700	4,974,025	1,843,788,675	34.41	1,821,207,565	101.5%
2015	1,145,591,800	656,428,300	49,788,300	1,851,808,400	4,764,325	1,847,044,075	33.68	1,807,277,270	102.5%
2014	1,145,562,600	656,440,100	49,810,900	1,851,813,600	4,917,025	1,846,896,575	32.75	1,765,219,898	104.9%
2013	1,148,683,831	663,860,700	49,810,900	1,862,355,431	5,297,000	1,857,058,431	31.40	1,761,859,486	105.7%
2012	1,149,268,300	666,380,900	50,953,700	1,866,602,900	5,667,900	1,860,935,000	30.82	1,821,623,737	102.5%
2011	1,213,562,100	643,660,000	50,823,500	1,908,045,600	5,677,900	1,902,367,700	30.17	1,889,927,826	101.0%
2010	1,244,991,400	637,804,809	50,823,500	1,933,619,709	5,704,000	1,927,915,709	28.80	*	*
2009	1,271,703,800	637,828,487	24,217,200	1,933,749,487	6,167,600	1,927,581,887	27.40	*	*
2008	1,275,401,600	639,977,500	24,170,300	1,939,549,400	6,289,100	1,933,260,300	25.79	*	*

* Data unavailable

Data Sources:

(1) State MS-1 Report of Assessed Values

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

City of Keene, New Hampshire

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

Fiscal Year	City Direct Rates					Overlapping Rate	
	City	Local School	State School	Total School	Total Direct	County	Total
2017	\$ 14.02	\$ 16.36	\$ 2.43	\$ 18.79	\$ 32.81	\$ 3.58	\$ 36.39
2016	13.42	15.28	2.35	17.63	31.05	3.36	34.41
2015	12.93	15.04	2.39	17.43	30.36	3.32	33.68
2014	12.44	14.60	2.44	17.04	29.48	3.27	32.75
2013	12.15	13.54	2.47	16.01	28.16	3.24	31.40
2012	11.78	13.32	2.37	15.69	27.47	3.35	30.82
2011	11.32	13.55	2.27	15.82	27.14	3.03	30.17
2010	10.94	12.82	2.21	15.03	25.97	2.83	28.80
2009	10.62	11.95	2.22	14.17	24.79	2.61	27.40
2008	10.22	11.62	2.02	13.64	23.86	1.93	25.79

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>2008 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Net Assessed Value</u>
Eversource (formerly PSNH)	Utility	\$ 73,670,700	1	4.12 %	\$ 48,603,300	2	2.51 %
Keene MZL LLC (formerly MB Keene Monadnock LLC)	Retail/Restaurant	28,777,800	2	1.61	37,778,600	1	1.95
Riverside Improvements LLC	Retail/Restaurant	20,885,500	3	1.17	22,869,700	3	1.18
Realties Inc/Ellis Robertson	Retail/Restaurant	19,353,960	4	1.08	19,085,400	4	0.99
480 West Street LLC	Retail/Restaurant	14,584,000	5	0.82	14,767,000	6	0.76
Target Corporation	Retail	14,329,300	6	0.80	16,183,600	5	0.84
Bentley Commons	Elderly Housing	11,291,200	7	0.63	-	-	-
Home Depot	Retail	11,207,300	8	0.63	12,393,700	10	0.64
Brady Sullivan Keene Properties	Retail/office	10,991,100	9	0.61	-	-	-
PPJ LTD Partnership	Apartment Housing	10,557,600	10	0.59	-	-	-
Total Principal Taxpayers		<u>\$ 215,648,460</u>		<u>12.06 %</u>	<u>\$ 171,681,300</u>		<u>8.88 %</u>
Total Net Assessed Taxable Value		<u>\$ 1,788,633,815</u>			<u>\$ 1,933,260,300</u>		

Data Source
City of Keene Tax Warrant

City of Keene, New Hampshire

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year (1) (FY)	Property Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Tax lien Collections	Balance at end of Current Fiscal Year	Total Collections to Date	
		Amount	% of Levy			Amount	% of Levy
2017	\$ 66,236,957	\$ 65,229,896	98.48%	\$ 1,162,354	\$ 944,300	\$ 65,229,896	98.48%
2016	64,484,906	63,554,757	98.56%	930,149	479,756	63,963,378	99.19%
2015	63,162,701	62,099,707	98.32%	1,062,995	152,514	63,043,025	99.81%
2014	61,244,506	60,490,420	98.77%	1,008,649	11,020	60,976,828	99.56%
2013	59,161,150	58,080,982	98.17%	1,080,168	1,004	59,081,258	99.86%
2012	57,877,697	56,591,398	97.78%	1,005,684	-	56,591,398	97.78%
2011	57,655,346	56,201,888	97.48%	1,453,458	136,519	56,817,638	98.55%
2010	55,824,770	54,412,890	97.47%	1,411,879	130,913	54,231,438	97.15%
2009	53,135,253	52,306,853	98.44%	828,400	-	53,135,253	100.00%
2008	50,067,103	49,377,880	98.62%	689,223	-	50,067,103	100.00%

Data Source:

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

Notes:

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

It includes taxes raised for School District and the County.

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

Amounts are estimated to the nearest thousand

(1) Fiscal year 2017 is the City's tax year 2016.

City of Keene, New Hampshire

Ratios of Outstanding Debt by Debt Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Per Capita	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property	Population	Taxes Raised	Median Per Household Per Capita Income	Actual Taxable Value of Property
	General Obligation Bonds	General Obligation Bonds								
2017	\$ 24,951,556	\$ 13,032,258	\$ 37,983,814	\$ 1,623	3.08%	2.06%	23,406	\$ 66,236,957	\$ 52,636	\$ 1,788,633,815
2016	25,638,281	13,917,817	39,556,098	1,699	3.25%	2.15%	23,281	64,484,906	52,327	1,843,788,675
2015	29,898,542	9,301,462	39,200,004	1,684	3.22%	2.12%	23,281	63,162,701	52,327	1,847,044,075
2014	27,959,901	8,683,308	36,643,209	1,574	3.01%	1.99%	23,281	61,244,506	52,327	1,846,896,575
2013	31,589,609	7,484,320	39,073,929	1,667	3.19%	2.12%	23,444	59,161,150	52,327	1,857,058,431
2012	33,874,263	5,847,385	39,721,648	1,698	3.24%	2.15%	23,396	57,877,697	52,327	1,860,935,000
2011	33,109,918	5,361,334	38,471,252	1,643	3.14%	2.09%	23,418	57,655,346	52,327	1,902,367,700
2010	26,444,083	6,141,667	32,585,750	1,392	3.76%	1.77%	23,409	55,824,770	37,033	1,927,915,709
2009	25,230,254	6,310,496	31,540,750	1,408	3.80%	1.71%	22,395	53,135,253	37,033	1,927,581,887
2008	24,284,164	5,771,586	30,055,750	1,339	3.62%	1.63%	22,450	50,067,103	37,033	1,933,260,300

Data Sources:

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

City of Keene, New Hampshire

Computation of Overlapping Debt

Last Ten Calendar Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct Debt:										
City of Keene										
Net General Obligation Debt Outstanding	\$ 24,284,164	\$ 25,230,254	\$ 26,444,083	\$ 33,109,918	\$ 33,874,263	\$ 31,589,609	\$ 27,959,901	\$ 29,898,542	\$ 25,638,281	\$ 24,951,556
Percentage Applicable to Government	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount Applicable to Government	<u>\$ 24,284,164</u>	<u>\$ 25,230,254</u>	<u>\$ 26,444,083</u>	<u>\$ 33,109,918</u>	<u>\$ 33,874,263</u>	<u>\$ 31,589,609</u>	<u>\$ 27,959,901</u>	<u>\$ 29,898,542</u>	<u>\$ 25,638,281</u>	<u>\$ 24,951,556</u>
Subtotal Direct Debt	\$ 24,284,164	\$ 25,230,254	\$ 26,444,083	\$ 33,109,918	\$ 33,874,263	\$ 31,589,609	\$ 27,959,901	\$ 29,898,542	\$ 25,638,281	\$ 24,951,556
Overlapping Debt:										
Cheshire County										
Net General Obligation Debt Outstanding	\$ 40,720,000	\$ -	\$ 36,090,000	\$ 35,290,923	\$ 33,381,627	\$ 28,539,277	\$ 28,040,000	\$ 26,075,096	\$ 28,040,000	\$ 46,095,000
Percentage Applicable to Government	26.03%	0.00%	26.03%	25.69%	26.04%	26.11%	26.11%	26.44%	26.11%	26.18%
Amount Applicable to Government	<u>\$ 10,597,909</u>	<u>\$ -</u>	<u>\$ 9,392,892</u>	<u>\$ 9,065,850</u>	<u>\$ 8,691,541</u>	<u>\$ 7,452,633</u>	<u>\$ 7,321,244</u>	<u>\$ 6,894,516</u>	<u>\$ 7,321,244</u>	<u>\$ 12,067,671</u>
Keene Union School District										
Net General Obligation Debt Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,223,428	\$ 35,196,745	\$ 29,421,201	\$ 32,263,902	\$ 26,666,003
Percentage Applicable to Government	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%
Amount Applicable to Government	<u>\$ -</u>	<u>\$ 35,196,745</u>	<u>\$ 29,421,201</u>	<u>\$ 32,263,902</u>	<u>\$ 26,666,003</u>					
Subtotal Overlapping Debt	\$ 10,597,909	\$ -	\$ 9,392,892	\$ 9,065,850	\$ 8,691,541	\$ 7,452,633	\$ 42,517,989	\$ 36,315,717	\$ 39,585,146	\$ 38,733,674
Grand Total	<u>\$ 34,882,073</u>	<u>\$ 25,230,254</u>	<u>\$ 35,836,975</u>	<u>\$ 42,175,768</u>	<u>\$ 42,565,804</u>	<u>\$ 39,042,242</u>	<u>\$ 70,477,890</u>	<u>\$ 66,214,259</u>	<u>\$ 65,223,427</u>	<u>\$ 63,685,230</u>

Data Source:

Audited financial statements, Cheshire County, and Keene Union School District

City of Keene, New Hampshire

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Base Value for Debt Limits (1)	\$ 1,932,279,510	\$ 1,865,263,083	\$ 1,865,263,083	\$ 1,887,318,000	\$ 18,193,999	\$ 1,819,399,000	\$ 1,819,399,000	\$ 1,758,640,000	\$ 1,738,800,000	\$ 1,792,296,603
Legal Debt Limits (% of Base Value)										
General - 1.75% thru 1998, 3% 1999 on (2)	\$ 57,968,385	\$ 55,957,892	\$ 55,957,892	\$ 56,619,540	\$ 54,582,000	\$ 54,582,000	\$ 54,582,000	\$ 52,759,000	\$ 52,164,000	\$ 53,768,898
Parking - 0.05%	96,613,976	93,263,154	93,263,154	94,365,900	9,097,000	9,097,000	9,097,000	8,798,000	8,694,000	8,961,483
Water - 10% (2)	193,227,951	186,526,308	186,526,308	188,731,800	181,940,000	181,940,000	181,940,000	175,864,000	173,880,000	179,229,660
	\$ 347,810,312	\$ 335,747,355	\$ 335,747,355	\$ 339,717,240	\$ 245,619,000	\$ 245,619,000	\$ 245,619,000	\$ 237,421,000	\$ 234,738,000	\$ 241,960,041
Issued Debt at June 30										
Total Issued Debt at June 30	\$ 33,480,750	\$ 34,635,751	\$ 35,346,000	\$ 40,896,000	\$ 45,465,000	\$ 45,738,000	\$ 42,513,000	\$ 44,270,000	\$ 43,826,000	\$ 43,864,814
Less Water Fund	(1,991,050)	(1,592,503)	(1,205,650)	(947,631)	(566,300)	(818,956)	(1,456,876)	(1,203,752)	(987,122)	(1,769,366)
Less Sewer Fund (3)	(3,780,536)	(4,717,993)	(4,936,017)	(4,413,703)	(5,281,085)	(6,665,364)	(7,226,432)	(8,097,707)	(12,930,695)	(11,262,892)
Less TIF, Parking, Landfill (3)	(3,425,000)	(4,062,644)	(3,547,718)	(3,037,525)	(6,182,936)	(6,935,853)	(6,106,296)	(6,031,019)	(5,115,740)	(6,113,675)
	24,284,164	24,262,611	25,656,615	32,497,141	33,434,679	31,317,827	27,723,396	28,937,522	24,792,443	24,718,881
Authorized Unissued at June 30										
Total Authorized Unissued Debt at June 30	14,350,000	14,825,000	15,665,000	11,315,000	17,425,840	9,715,000	11,860,000	8,863,000	12,706,000	135,000
Less Water Fund	(290,000)	(975,000)	(780,000)	(780,000)	(780,000)	(780,000)	-	-	-	-
Less Sewer Fund (3)	(5,575,000)	(5,880,000)	(5,590,000)	(6,235,000)	(13,066,700)	(8,175,000)	(7,495,000)	(6,690,000)	(6,045,000)	-
Less TIF, Parking, Landfill (3)	-	-	-	-	(2,389,140)	(760,000)	(760,000)	(105,000)	(105,000)	-
	\$ 32,769,164	\$ 32,232,611	\$ 34,951,615	\$ 36,797,141	\$ 34,624,679	\$ 31,317,827	\$ 31,328,396	\$ 31,005,522	\$ 31,348,443	\$ 24,853,881
Legal Debt Margin										
General	\$ 25,199,221	\$ 23,725,281	\$ 21,006,277	\$ 19,822,399	\$ 19,957,321	\$ 23,264,173	\$ 23,253,604	\$ 21,753,478	\$ 20,815,557	\$ 28,915,017
Water Fund	\$ 190,946,901	\$ 183,958,805	\$ 184,540,658	\$ 187,004,169	\$ 180,593,700	\$ 180,341,044	\$ 180,483,124	\$ 174,660,248	\$ 172,892,878	\$ 177,460,294
% of Legal Debt Limits Used										
General	56.5%	57.6%	62.5%	65.0%	63.4%	57.4%	57.4%	58.8%	60.1%	46.2%
Water Fund	1.2%	1.4%	1.1%	0.9%	0.7%	0.9%	0.8%	0.7%	0.6%	1.0%

Data Source
Audited Financial Statements

Notes:

- (1) Base Value for Debt Limits computed by the NH Department of Revenue Administration
- (2) Legal debt limit percentage rates set by NH State statute
- (3) Debt exempt from Debt limits consists of Landfills, Tax Increment Financing and Sewer debt.

City of Keene, New Hampshire

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population		Personal Income (in thousands)		Per Capita Income		Unemployment Rate
2017	23,406	**	\$ 697,733		\$ 29,810	**	2.80% ***
2016	23,281		593,037		25,473		2.60%
2015	23,281		593,037		25,473		3.10%
2014	23,281		593,037		25,473		4.00%
2013	23,444		593,037		25,473		4.20%
2012	23,396		597,189		25,473		4.90%
2011	23,418		595,966		25,473		5.00%
2010	23,409		596,527		25,473		5.10%
2009	22,395		480,914		20,544		5.60%
2008	22,450		460,083		20,544		3.30%

** Based on 2016 census -- US Census Bureau

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

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cheshire Medical Center/Dartmouth Hitchcock - Keene	1,500	1	12.82%	1,520	1	12.69%
C & S Wholesale Grocers	1,200	2	10.26%	820	2	6.85%
Keene School District	1,141	3	9.75%	728	3	6.08%
Keene State College	916	4	7.83%	707	4	5.90%
Markem-Imaje Corporation	400	5	3.42%	415	9	3.46%
Smith Industrial Medical Systems	380	6	3.25%	630	6	5.26%
Liberty Mutual/Peerless Insurance	354	7	3.03%	525	7	4.38%
National Grange Mutual Insurance	347	8	2.97%	466	8	3.89%
City of Keene	310	9	2.65%	-		0.00%
Timken Super Precision	258	10	2.21%	632	5	5.28%
Total Principal Employers	6,806		58.18%	6,443		53.79%
Total City Employment	11,699 (1)			11,977		

Data Source

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

(1) Based on labor force residing in Keene - NHDES 2016

City of Keene, New Hampshire

City Government Employees by Division - Full Time Equivalents

Last Ten Fiscal Years

Departments	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Manager	1.67	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Attorney	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
City Clerk	4.00	4.53	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59
Assessment	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	15.71	15.71	15.71	14.18	14.18	14.18	14.18	15.18	15.18	15.18
Human Resources	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.91
Information Technology	7.00	7.00	7.00	7.00	6.80	6.80	6.90	7.00	7.00	7.00
General Government	38.18	39.04	40.10	38.57	38.37	38.37	38.47	38.57	38.57	38.68
Fire	44.00	44.00	48.00	47.80	45.80	45.80	46.00	46.00	46.00	46.00
Police	56.56	56.56	57.56	55.56	54.45	54.53	52.75	55.75	55.75	53.75
Health and Code	7.67	7.67	8.34	7.67	6.67	8.14	8.23	8.33	7.83	8.33
Parking	5.81	5.69	5.69	5.70	5.70	5.70	6.39	5.42	5.33	5.10
Public Safety	114.04	113.92	119.59	116.73	112.62	114.17	113.37	115.50	114.91	113.18
Public Works	27.84	22.47	25.93	31.12	29.12	29.12	28.04	26.38	26.21	26.33
Solid Waste	7.86	7.27	6.38	7.46	7.46	7.38	7.85	7.58	7.77	10.17
Fleet Services	7.29	7.29	7.29	7.29	6.29	6.25	6.29	6.29	6.25	6.25
Public Works	42.99	37.03	39.60	45.87	42.87	42.75	42.18	40.25	40.23	42.75
Human Services	2.80	3.30	3.30	3.30	3.30	3.04	3.53	2.71	2.64	2.64
Youth Services	5.67	3.63	2.03	2.03	2.03	1.76	1.39	1.10	1.27	1.27
Welfare and human services	8.47	6.93	5.33	5.33	5.33	4.80	4.92	3.81	3.91	3.91
Airport	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.80	2.80
Library	10.00	10.00	10.00	10.00	10.00	10.00	8.00	8.00	9.44	10.07
Planning	6.00	6.00	6.00	6.00	5.00	3.90	4.65	4.91	4.91	4.91
Parks and facilities	19.69	19.09	18.99	17.99	15.99	16.04	17.24	16.25	15.95	15.30
Water	12.23	12.23	11.73	12.29	8.09	8.59	11.34	12.03	12.03	12.00
Sewer	16.41	17.41	16.54	15.99	15.24	14.66	15.99	15.30	15.22	13.24
Grand Totals	271.01	264.65	270.88	270.77	255.51	255.28	258.16	256.62	257.97	256.84

Data Source

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

City of Keene, New Hampshire

Operating Indicators by Function Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Number of police calls answered	36,500	36,573	38,625	37,548	35,857	34,951	32,723	31,567	29,382	29,688
Traffic violations	7,395	5,610	4,299	5,311	4,553	3,963	3,114	4,814	5,848	5,425
Parking violations	25,000	24,492	22,400	20,083	21,919	17,997	18,879	19,079	21,776	25,686
Total Offenses Reported (prior calendar year basis)										
Group A	2,065	2,201	2,240	2,018	2,367	2,317	2,615	2,327	2,181	1,926
Group B	1,471	1,354	1,357	1,292	1,484	1,343	1,303	1,243	1,181	1,856
Fire and Rescue										
Calls answered	3,658	3,733	3,793	3,848	4,133	4,044	4,152	4,543	4,865	4,865
False alarms	22	26	17	30	24	23	17	24	21	64
Patients treated and transported	*	*	1,957	2,054	2,125	2,138	2,025	2,274	2,456	2,480
Patients treated only	*	47	79	127	209	233	327	289	228	222
Water										
Average daily consumption (in thousands of gallons)	*	*	*	*	*	*	1,602	1,519	1,516	1,415
Sewer										
Daily average treatment (in thousands of gallons)	3,560	3,300	3,460	3,230	3,670	2,910	3,400	2,840	2,370	2,290

Data Source

Various city departments

* Data unavailable

City of Keene, New Hampshire

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	10	10	10	10	10	10	10	10	10	10
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of ladder trucks	2	2	2	2	2	2	2	2	2	2
Number of pumpers	3	3	3	3	3	3	3	3	4	4
Number of support vehicles	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	126	126	126	126	126	126	126	126	126	126
Number of traffic lights (in sets)										13
Number of street lights	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515
Parks & facilities										
Number of parks	*	*	16	16	16	16	16	16	16	16
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Miles of trails	*	*	*	*	*	*	*	*	*	8
Water										
Water main (miles)	100+	100+	100+	100+	100+	100+	109	123	124	124
Maximum daily capacity (in thousands of gallons)	*	*	*	*	*	*	5,400	5,400	5,400	5,400
Sewer										
Sanitary sewers (miles)	*	*	103	*	*	103	105	100	106	106
Maximum daily capacity of treatment (in thousands of gallons) (avg daily flow but designed for 21MGD)	5,180	5,180	5,180	5,180	5,180	5,380	5,380	5,380	5,380	6,000

Data Source

Various city departments

* Data unavailable