



**LEBANON CITY COUNCIL
OCTOBER 7, 2020 - 7:00 PM
REMOTE VIA MICROSOFT TEAMS
LEBANONNH.GOV/LIVE**

1. 6:00PM Quarterly Board/Committee Reports (3rd Quarter 2020)

2. Call to Order

The October 7, 2020 Lebanon City Council Meeting is hereby called to order.

3. Pledge of Allegiance

4. Public Forum Announcement by the Mayor

Any member of the public who desires to speak on any item may do so when the item is taken up by the Council and will be allowed to speak on the subject for not more than three minutes.

(Note: Speakers are asked to state their name, ward of residence, and to use the microphone provided.)

5. Open to the Public

6. Recognitions

None

7. Approval of Minutes

A. September 16, 2020

8. Appointments

A. Current Appointments

- Zoning Board of Adjustment: Stephen Cole (Alternate Member)
- Planning Board: Gregorio Amaro (Regular Member)
- Cemetery Board of Trustees: Antonio Palazzo (Reappointment)
- Heritage Commission: Doug Boisvert (Regular Member)
- Lebanon Housing Authority: Cliff Saunders (Regular Member)
- Pedestrian & Bicyclist Advisory Committee: Clifton Below (Alternate Member)

9. Public Hearing Items

- A. ORDINANCE #2020-13 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages
 - i. Presentation:
 - ii. Opening of the Public Hearing:
 - iii. Questions & Comments by the Public:
 - iv. Closing of the Public Hearing:
 - v. Council Deliberation & Action:

- B. ORDINANCE #2020-14 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia
 - i. Presentation:
 - ii. Opening of the Public Hearing:
 - iii. Questions & Comments by the Public:
 - iv. Closing of the Public Hearing:
 - v. Council Deliberation & Action:

- C. ORDINANCE #2020-15 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic
 - i. Presentation:
 - ii. Opening of the Public Hearing:
 - iii. Questions & Comments by the Public:
 - iv. Closing of the Public Hearing:
 - v. Council Deliberation & Action:

- D. ORDINANCE #2020-16 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-16 to amend City Code to add new Chapter 6, Administrative Enforcement
 - i. Presentation:
 - ii. Opening of the Public Hearing:
 - iii. Questions & Comments by the Public:
 - iv. Closing of the Public Hearing:
 - v. Council Deliberation & Action:

10. Old Business

None

11. New Business

- A. 2019 Finance Audit Presentation

- B. Discussion and Set Public Hearing for October 21, 2020: Ordinance #2020-17 to amend City Code Chapter 1, General Penalty
- C. Presentation of 2021 Proposed Zoning Amendments (Ballot & Council Adoption)
- D. Authorization for transfer of \$65,000 from the Assessing Department Budget to the Department of Public Works for the insulation of walls within the Lebanon Opera House as part of the City Hall Renovation Project
- E. Authorization for transfer of unspent bond proceeds from the Dulac Street Reconstruction Project to the Spencer Street Reconstruction Project

12. City Manager Report

13. Council Representatives to Other Bodies Report

14. Future Agenda Items

15. Non-Public Session

16. Adjournment

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Microsoft Teams. Members of the public are encouraged to attend by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Microsoft Teams software or by phone. Please visit LebanonNH.gov/Live for full details.

THE AGENDA, IN ITS ENTIRETY IS AVAILABLE ON THE CITY'S WEBSITE AT LEBANONNH.GOV

FUTURE BOARD/COMMITTEE/COMMISSION APPOINTMENTS

Board/Committee: Heritage Commission

Position: Regular Member

Applicant: R. Welsch

Assigned Councilor: T. McNamara

Assigned Date: 9/21/2020

Board/Committee: Conservation Commission

Position: Regular Member

Applicant: S. Almy

Assigned Councilor: K. Zook

Assigned Date: 7/15/2020

Board/Committee: West Lebanon Revitalization Advisory Committee

Position: Regular Citizen Member

Applicant: D. Read

Assigned Councilor: T. McNamara

Assigned Date: 9/21/2020

Board/Committee: West Lebanon Revitalization Advisory Committee

Position: Regular Citizen Member

Applicant: L. Stavis

Assigned Councilor: T. McNamara
Assigned Date: 9/21/2020

Board/Committee: West Lebanon Revitalization Advisory Committee
Position: Regular Citizen Member
Applicant: R. Foster
Assigned Councilor: T. McNamara
Assigned Date: 9/21/2020

Board/Committee: West Lebanon Revitalization Advisory Committee
Position: Regular Citizen Member
Applicant: H. Clarke
Assigned Councilor: T. McNamara
Assigned Date: 9/25/2020

Board/Committee: West Lebanon Revitalization Advisory Committee
Position: Regular Business Member
Applicant: C. Clem
Assigned Councilor: T. McNamara
Assigned Date: 9/26/2020

Note: While 1 City Councilor is officially assigned to interview each applicant, any City Councilor may interview any applicant for any position to better inform their decision.

PROPOSED FUTURE AGENDA ITEMS: Dates may be tentative and this list not considered all inclusive.

OCTOBER 21, 2020

PUBLIC HEARING ITEM:

A. ORDINANCE #2020-17 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-17 to amend City Code Chapter 1, General Penalty

NEW BUSINESS:

- A. Presentation: 2020 Lebanon Historic Landmark Designations; James Wood House at 523 Meriden Road, Lebanon and 9 Seminary Hill, West Lebanon.
- B. Big Green Aviation Lease
- C. Closure of Court Street/North Park Street Intersection and continued closure of the parking area in front of Salt hill Pub on West Park Street
- D. Update to Landfill Gas to Energy Project
- E. Discussion & Set Public Hearing for November 4, 2020: Ordinance #2020-18 to amend City Code by adding a new Chapter 64, Fair and Impartial Policing

NOVEMBER 4, 2020

PUBLIC HEARING ITEMS:

- A. ORDINANCE #2020-12 – Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-12 to amend City Code Chapter 117, Passenger Vehicles for Hire
- B. ORDINANCE #2020-18 - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-18 to amend City Code to add Chapter 64, Fair and Impartial Policing

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

5. ACCEPTANCE OF MINUTES:

MINUTES TO BE ACCEPTED

- September 16, 2020 (Regular Meeting)

MOVED, to approve the minutes as presented in the October 7, 2020 agenda packet.

**PAGE
INTENTIONALLY
LEFT BLANK**

DRAFT

**LEBANON CITY COUNCIL
MINUTES, REGULAR SESSION
Wednesday, September 16, 2020, 7:00 p.m.
Remote Via Microsoft Teams: LebanonNH.gov/Live**

MEMBERS PRESENT: Mayor Tim McNamara, Assistant Mayor Clifton Below, Bruce Bronner, Erling Heistad, Karen Liot Hill, Suzanne Prentiss, George Sykes, Jim Winny, Karen Zook

MEMBERS ABSENT: None

STAFF PRESENT: City Manager Shaun Mulholland, Deputy City Manager Paula Maville, City Clerk Kristin Kenniston, Director of Planning & Zoning David Brooks, Lebanon Police Chief Richard Mello, Melanie McDonough (IT)

Mayor McNamara called the meeting to order at 7:00 p.m.

This meeting took place virtually due to the COVID-19 Pandemic and was conducted in accordance with the Emergency Orders issued by the New Hampshire Governor according to NH RSA 91-A “Right-to-Know Law.”

A Roll Call of City Councilors was taken and those who attended the meeting remotely are listed above.

1. PLEDGE OF ALLEGIANCE: Councilor Bronner led the Council in the Pledge.

Mayor McNamara requested a moment of silence for the late Mr. Ed Ashe and spoke about Mr. Ashe’s historical knowledge and the many contributions he made to the City as its Historian.

2. PUBLIC FORUM: Mayor McNamara made the Public Forum announcement.

3. OPEN TO PUBLIC: No one from the public came forth.

4. RECOGNITIONS: Councilor Liot Hill came forth to thank the City Clerk and all election officials who kept things running smoothly during Election Day. This year there was a record number of voters who turned out in person, plus a record number of voters who exercised their ability to vote by Absentee Ballot.

5. ACCEPTANCE OF MINUTES: September 2, 2020 (Regular Meeting)

ACTION:

Councilor Heistad MOVED to approve the September 2, 2020 (Regular Session) minutes as written and presented in the September 16, 2020 City Council agenda packet.

Seconded by Councilor Bronner.

Roll Call Vote:

Assistant Mayor Below, Councilors Bronner, Heistad, Liot Hill, Sykes, Winny, Zook, and Mayor McNamara, all voting Yea.

None voted Nay.

1 ****The Vote on the Motion was unanimously approved by those present (8-0).***

2
3 **Councilor Prentiss arrived at approximately 7:15 PM.**

4
5 **6. APPOINTMENTS:**

- 6
 - **David Muzzy** - Reappointment as Ward 2 Representative of the Board of Cemetery Trustees.

7
8 **ACTION:**

9 **Councilor Sykes nominated Mr. David Muzzy for reappointment as Ward 2 Representative of the**
10 **Board of Cemetery Trustees. Two-year term (9/20 – 9/22).**

11
12 **Roll Call Vote:**

13 Assistant Mayor Below, Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook, and
14 Mayor McNamara, all voting Yea.

15 None voted Nay.

16 ****The Vote on the Motion was unanimously approved (9-0).***

17
18 **7. PUBLIC HEARING ITEMS**

- 19 A. Public hearing for the purpose of receiving public input and taking action on a proposed Public
20 Services grant application for up to \$500,000 in CDBG-CV funds to be sub-granted to West
21 Central Behavioral Health for their Mobile Health Crisis Response Initiative; and to authorize the
22 City Manager to sign, submit, and execute any documents which may be necessary to effectuate
23 the CDBG Application.

24
25 Included in the agenda was the Project Description – West Central Behavioral Health – MOBILE
26 HEALTH CRISIS RESPONSE (pages 24-26). Background information can be found on page 21, agenda
27 packet.

28
29 Mr. Mulholland came before the Council and reviewed the background behind the CDBG-CV grant,
30 noting this is part of a larger strategy to provide the public with mental health services by allowing a
31 Paramedic within the community to provide in-person crisis counseling beyond regular working hours.
32 The goal is to minimize potential crisis situations so they do not cause major impacts on patients, their
33 families, and the community at large.

34
35 Mr. Roger Osmun (CEO, West Central) and Ms. Vicki Davis (Upper Valley-Lake Sunapee Regional
36 Planning Commission and the CDBG-CV grant writer) came forth to represent the Mobile Health Crisis
37 Response and answer questions. Mr. Osmun spoke about how the Mobile Health Crisis Response would
38 be utilized in the community, particularly between the hours of Midnight and 8:00AM; potential future
39 funding sources; their intent to partner with Dartmouth Hitchcock Medical Center; their intent to provide
40 around the clock mental health telephone and mobile crisis services; and establishing regional access to
41 these services in the future.

42
43 **Mayor McNamara opened the Public Hearing. Hearing no comments from the public, the Public**
44 **Hearing was closed.**

Assistant City Mayor Below commended the City Manager, the Lebanon Police Chief, West Central Behavioral Health, and everyone who has been involved in bringing this forward in such a short time period.

Councilors agreed with Assistant City Mayor Below and also appreciated the City Manager integrating this initiative into a larger picture that involves community nursing and paramedicine.

In response to Councilor Prentiss' question regarding the protocol of how these services will be dispatched to a scene, Mr. Osmun stated they would be working very closely with the 911 dispatch system, but will need to look at any rules/regulations they will be required to work under with respect to who can be contacted directly, etc. West Central would like to create a culture change over time where, ideally, calls do not need to go through the 911 system, they can go directly to West Central's 800 number, 24/7. WCBH has a history of working with 911, the LPD and EMS, so there will be multiple opportunities for the community to gain access to crisis services.

ACTION:

As part of the application process, Councilor Bronner read the required following language into the record:

Community Development Block Grant funds are available to municipalities for economic development, public facility and housing rehabilitation projects and feasibility studies that primarily benefit low and moderate-income persons. The purpose of the public hearings required for CDBG funding is to solicit the view of the citizens on community development; furnish the citizens with information concerning the amount of funds available and the range of community development activities which may be undertaken under the Community Development Act.

For the remainder of the year 2020, New Hampshire has been allocated Two awards of CDBG-CV funds totaling approximately \$10 million. The CDFA has identified that there is a significant need for Public Services assistance, additional microenterprise and small business technical assistance. Of the initial \$5.4 million award, CDFA has allocated approximately \$1.7 million to microenterprise and small business technical assistance which has been awarded. The remaining \$3.7 million is available for this Public Services round. The City of Lebanon is eligible for up to \$500,000 in each of the following categories: housing, public facilities and economic development. Emergency grants of up to \$500,000 and planning grants of up to \$25,000.

Councilor Bronner MOVED, that the Lebanon City Council hereby approves the submittal of the Public Services grant application for up to \$500,000 in CDBG-CV funds to be sub-granted to West Central Behavioral Health for their Mobile Health Crisis Response Initiative; and authorizes the City Manager to sign, submit, and execute any documents which may be necessary to effectuate the CDBG Application.

Seconded by Councilor Prentiss.

Roll Call Vote:

Assistant Mayor Below, Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook, and Mayor McNamara, all voting Yea.

None voted Nay.

****The Vote on the Motion was unanimously approved (9-0).***

8. OLD BUSINESS

A. NHMA Legislative Policy Recommendations

Included in the agenda packet was: The 2021-2022 NHMA Recommended Policy Positions; The 2021-2022 NHMA Legislative Policy Process Q&A; The 2021-2022 NHMA Recommended Legislative Principles; The 2021-2022 Floor Policy Proposal Form; and the August 20, 2020 Floor Policy Proposal from the Hudson Board of Selectmen.

City Manager Mulholland reviewed the Legislative Principles with the Council and Hudson’s proposal for the NHMA Policy Conference.

The New Hampshire Municipal Association’s (NHMA) annual Policy Conference is being held virtually on October 2, 2020. The Conference provides a venue for voting by individual municipalities on NHMA’s proposed 2021-2022 Legislative Policy Positions. One member of each municipality has voting privileges at the Conference, and the Council is asked to delegate a member for such voting purposes.

The Council began reviewing NHMA’s policy recommendations at its July 15, 2020 meeting. In addition to the policy recommendations that were reviewed, a “Floor Policy Proposal” was submitted by the Town of Hudson’s Board of Selectmen regarding the alignment of abatement interest paid by a municipality with that of interest rates on delinquent property taxes (recently lowered by the NH Legislature). The Council has reviewed Hudson’s proposal and will provide direction to its delegate for the Policy Conference.

Mayor McNamara read the NHMA Legislative Principles (page 45, agenda packet) as listed below for the benefit of the audience:

In addition to the established legislative policy positions adopted by the New Hampshire Municipal Association membership, the following principles have also been adopted to guide staff in setting priorities during any legislative biennium:

1. Identify and oppose mandates that violate Part 1, Article 28-a of the New Hampshire Constitution.
2. Work to maintain existing revenue streams to municipalities, (i.e. revenue sharing, meals and rooms tax, highway, and other state aid). Be especially watchful of proposals to reduce local aid in order to meet other funding commitments.
3. Advocate to maintain and enhance existing local authority.
4. Support legislation that provides greater authority to govern more effectively, efficiently, and flexibly at the local level, including local option legislation. If the legislature is considering adopting a program that is particularly controversial at the local level, support a requirement that a local legislative body vote is necessary before full implementation of the measure.
5. Support bills proposed by individual municipal members, except when they conflict with these principles or NHMA’s Legislative Policies. Staff should prioritize time and resources when there are competing demands in order to focus on NHMA's broad agenda first.
6. Encourage exemptions from state taxes rather than local property taxes when legislative intent

is to preserve statewide resources.

7. Advocate for municipal representation on state boards, commissions, and study committees that affect municipal government and have non-legislative members.
8. Work cooperatively with other groups and associations to support efforts to improve the delivery of services at the local level.
9. Support municipal efforts toward effective regional and state cooperation and delivery of municipal and state services
10. Advocate for local options for economic development and vitality in partnership, including public/private partnerships, with regional and state economic development goals to encourage the overall economic health and social well-being of New Hampshire.
11. Encourage clarity and the elimination of ambiguity in statutory language, especially in areas of decision-making authority.

ACTION:

***Councilor Heistad Moved to approve the Legislative Principles as presented on page 45 the September 16, 2020, City Council agenda packet.
Seconded by Councilor Liot Hill.***

Roll Call Vote:

Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and Mayor McNamara, all voting Yea.

None voted Nay.

****The Vote on the Motion was unanimously approved (9-0).***

Floor Policy Proposal as presented by the Hudson Board of Selectman.

Mr. Mulholland explained that the State Legislature reduced the interest rate for unpaid property taxes for a 30 day period. For those property owners who have been overcharged for their property taxes, the City needs to also reimburse them for the interest they paid on the amount of overpaid taxes. What the Board of Selectman in Hudson has proposed is a similar reduction in the interest rate the municipality has to pay the property owner. The concept is that if a property owner pays less in interest, the municipality pays less in interest.

ACTION:

***Councilor Below MOVED to support the Floor Policy Proposal of the Hudson Board of Selectman.
Seconded by Councilor Liot Hill.***

Roll Call Vote:

Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and Mayor McNamara, all voting Yea.

None voted Nay.

****The Vote on the Motion was unanimously approved (9-0).***

9. NEW BUSINESS

A. Discussion and Action on the Development Agreement for 20 Spencer Street with the

Braverman Company, LLC to Construct a Multifamily Residential or Mixed-Use Structure.

Included in the agenda packet was the Staff memo dated September 8, 2020 from David Brooks, Director of Planning & Zoning and the Draft Development Agreement, including Exhibits A-1 and A-2.

Mr. Mulholland came before the Council representing the Development Agreement for 20 Spencer Street.

In August 2019, the City of Lebanon advertised a Request for Proposals (RFP) seeking a qualified and capable developer to propose and complete the redevelopment of the 20 Spencer Street property. Responses were received from two developers in November 2019. A review committee comprised of members of the former Economic Vitality Exchange Committee and the Downtown TIF Advisory Board reviewed the proposals and interviewed both respondents. Based on the review committee's results and following a presentation by The Braverman Company, LLC to the City Council on February 5, 2020, the Council authorized the City Administration to move forward with negotiations to create an agreement for the redevelopment of the 20 Spencer Street property. Since that time, the Planning Department and City Manager have worked with The Braverman Company to draft a Development Agreement outlining the basic expectations of each party relative to the redevelopment effort. The draft Development Agreement (detailed on pages 56-63 in the September 16, 2020 agenda packet) has been reviewed by legal counsel for both the City and The Braverman Company and is ready for review and consideration by the City Council.

Mr. Mulholland informed the Council about the work done at 20 Spencer Street such as: a number of well tanks were removed; materials containing PCPs will be removed shortly; most environmental issues have been abated, but there are still some unresolved issues being worked out; and, asbestos located in part of the building has been removed. He presented the slides on page 65 of the agenda packet and noted this is a great opportunity to include workforce housing within this area. The sale price of the property is \$1,504,000. The plan is to reinvest some of the funds from the sale of the property back into the neighborhood for repairs to Spencer Street, with the goal of coinciding those repairs with the work being done by the Braverman Co. The project cost to reconstruct the street, repair sidewalks, place flashing beacons at crosswalks, and do some sewer work will be \$90K. In addition, he plans to pave the Rail Trail from Spencer Street down to Bank Street. He also noted the new building will be evaluated at approximately \$18M, which will bring in about \$580K per year in new property taxes that will go toward the new TIF District.

Mr. David Brooks informed the Council that the Public Works Department hosted a public meeting on September 9, 2020 relevant to the redevelopment of Spencer Street itself. With respect to the cleanup effort, the Regional Planning Commission's Brownfields Advisory Committee has authorized the use of additional Brownfields Grant Funds to help assist with the cost of additional soil samplings that is needed to address some of the required EPA cleanup requirements.

Mr. Ken Braverman (Braverman Co. LLC.) came forth remotely via telephone and reviewed the materials as detailed and presented on pages 68-76 of the agenda packet for the benefit of the public, noting this was the same presentation previously presented to the City Council. His Redevelopment Review included the property layout; style of proposed building; street scape designs and improvements, particularly the Rail Trail; key public and economic benefits; workforce housing (i.e., mixed income housing and coordination of Public/Private improvements); and scheduling goals, which were to have City permits by the spring of 2021 and start construction by the summer/fall of 2021).

In response to Councilor Heistad's question regarding the status of covered bike storage, Mr. Braverman informed the Council that while final plans have not been made yet, the buildings recently completed by them that had an underground parking garage, hanging bike storage was provided. Typically, there is a 3

to 5 ft. space in front of each parking space that would allow enough room for two bikes to be hung. Mayor McNamara said this would be addressed when the Planning Board reviews this project..

ACTION:

Councilor Bronner MOVED, that the Lebanon City Council hereby authorizes the City Manager to finalize and execute the Development Agreement with The Braverman Company, LLC for the redevelopment of the 20 Spencer Street property as provided in the September 16, 2020 City Council Agenda Packet.

Seconded by Councilor Liot Hill.

Ms. Kristin Kenniston, City Clerk, informed the Council it was pointed out to her that Mayor McNamara should be called on last during votes/roll call votes because, in the event of a tie, he holds the tie breaker vote.

Roll Call Vote:

Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and Mayor McNamara, all voting Yea.

None voted Nay.

***The Vote on the Motion was unanimously approved (9-0).**

B. Discussion & Set Public Hearing for October 7, 2020: Ordinance #2020-16 to amend the Code of the City of Lebanon by adding Chapter 6, Administrative Enforcement.

Included in the agenda packet was the Proposed Ordinance #2020-16 and the September 11, 2020 Legal Opinion.

Lebanon Police Chief Richard Mello came before the Council representing the addition of Chapter 6 to Ordinance #2020-16, noting this is a follow-up from the September 2nd, 2020 City Council meeting. A new chapter of the City Code is required in order to enable the administrative enforcement of City Code Violations. This enabling language will provide a mechanism for City officials to issue citations for any violation of the ordinances or codes that they are responsible for enforcing. This enforcement authority is provided for under NH RSA 31:39.

ACTION:

Assistant Mayor Below MOVED, that the Lebanon City Council hereby schedules a public hearing for Wednesday, October 7, 2020, beginning at 7:00pm, Remote via Microsoft Teams, for the purpose of receiving public input and taking action on proposed Ordinance #2020-16, to amend the Code of the City of Lebanon, by adding new Chapter 6, Administrative Enforcement.

Seconded by Councilor Prentiss.

Roll Call Vote:

Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and Mayor McNamara, all voting Yea.

None voted Nay.

***The Vote on the Motion was unanimously approved (9-0).**

C. Request for Exception from City Code Chapter 110, Noise from Sound Amplification: Gardner, 53 Winter Street, Lebanon.

1 Included in the agenda packet was the September 10, 2020 Request from Lindsey Gardner; the Lebanon
2 Police Department Issued Sound Permit; and the City Code Chapter 110, Noise from Sound
3 Amplification Systems.

4
5 Deputy City Manager Paula Maville came before the Council representing the exception from City Code
6 Chapter 110 as listed above from Ms. Lindsey Gardner for an engagement party. Ms. Gardner is aware
7 that she needs to speak with her neighbors in advance of this event.

8
9 City Code Chapter 110, “Noise from Sound Amplification Systems,” allows residents to obtain a permit
10 for sound amplification between the hours of 8am – 8pm. Chapter 110-2(B) allows the City of Lebanon
11 upon its motion, or upon application and for good cause shown, to modify, suspend, repeal or amend the
12 provisions of any rule or regulation or section therein contained.

13
14 Lindsey Gardner of 53 Winter Street, Lebanon, was issued a Sound Permit from the Lebanon Police
15 Department for a function on Saturday, September 26, 2020. The permitted time frame is 8:00am –
16 8:00pm. Ms. Gardner requested an extension to allow amplification equipment to be utilized for her event
17 until 10:00pm.

18
19 ***Councilor Prentiss MOVED, that the Lebanon City Council, in accordance with City Code Chapter***
20 ***110, Noise from Sound Amplification System, §110-2, hereby authorizes Lindsey Gardner of 53***
21 ***Winter Street, Lebanon, to utilize amplification equipment until 10:00pm on Saturday, September***
22 ***26, 2020, provided that the area neighbors are notified in advance.***

23 ***Seconded by Councilor Heistad.***

24
25 **Roll Call Vote:**

26 Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and
27 Mayor McNamara, all voting Yea.

28 None voted Nay.

29 ****The Vote on the Motion was unanimously approved (9-0).***

30
31 In response to Councilor Liot Hill’s concern about the number of people who would be attending this
32 event, Mr. Mulholland explained the limit for gatherings is now at 100 people, according to the
33 Governor’s Executive Order. Councilor Hill expressed the importance of notifying Ms. Gardner about the
34 requirements of social distancing and wearing face masks so there are no unintended consequences from
35 the spread of COVID-19. Mr. Mulholland said City management will make her aware of these
36 requirements.

37
38 **10. REPORTS**

39 **A. City Manager:**

40 Mr. Mulholland informed the Council about the following:

- 41 • Gas-to-Energy Project update: We are now looking at, at least \$1.2M to operate power
42 substations. Now, the EPA wants us to do an additional study with National Grid (additional cost
43 TBD). It is at the point where this project is not cost effective. The City has already spent \$612K
44 in public funds since 2007, and are nowhere closer to a solution than we were then. He will
45 present the data to the Council once it has been completed, but most likely his recommendation
46 would be to sell the gas onsite.
- 47 • Streetlight Project update: The goal is to get this done by the end of the year. The installs are
48 expected to be done by the end of March 2021. He just signed the notice of awards to the two

supply companies that will provide the lights, as well as the smart streetlight technology. The estimated cost was significantly under what was expected. (\$900K down to \$275K).

- DHMC Power Agreement: Further meetings have been held with DHMC and more details have been worked.
- Colburn Park repairs update.
- Smithfield Playground Project: The playground is up.
- School District FEMA Funds: The State Emergency Management sent a letter to the school districts on September 11, 2020 notifying them that promised reimbursements for COVID-19 related emergency response costs would no longer be funded through FEMA and were directed to contact their municipality/city/town to use their CARES ACT Funds. He explained the back story of this situation, noting there was supposed to be funds from the Federal Government (FEMA). However, the President, by Executive Order, has taken money from FEMA to fund the six weeks of unemployment compensation, and, at the same time, there are wildfires in the west and hurricanes in the south which are draining FEMA funds. Consequently, there will not be enough funds left to reimburse school districts.

Mr. Mulholland explained the City had to submit its last request for the CARES ACT funding by September 15, 2020, which was actually submitted on Monday, September 14, 2020, and because the CARES ACT funds have already been spent, the City cannot help out the school district.

- Health Trust Update: The City will be receiving a \$150K rebate for health insurance.
- City Hall Renovation Update: The plan is still to move back to City Hall during the week of November 9th-13th and he expects City Hall will be fully operational and open to the public by November 16th (not necessarily Council meetings, but for regular business). This is subject to any outbreaks due to COVID-19 or other issues that may come up.
- Opera House construction/funding update: He needs the Council's approval to move \$65K from somewhere else in the City budget for this project to be completed. This proposal will be brought before the Council soon. He stressed now is the time to get this done.
- Halloween 2020: Waiting for guidance from the State regarding trick-or-treat.
- City Re-evaluation update.
- Airport Update: Hertz Rental Car has gone bankrupt, which is a nation-wide issue for them. The good news is another company is ready to move in. AVIS Car Rental is still at the airport and doing quite well.
- Salt/sand from the landfill for 20 Spencer Street can be picked up during regular business hours this winter.

B. Council Representatives to other bodies: NONE

11. FUTURE AGENDA ITEMS: NONE

12. NON-PUBLIC SESSION: NONE

13. ADJOURNMENT:

Councilor Bronner MOVED for adjournment.

Seconded by Councilor Heistad.

Roll Call Vote:

Assistant Mayor Below, and Councilors Bronner, Heistad, Liot Hill, Prentiss, Sykes, Winny, Zook and Mayor McNamara, all voting Yea.

None voted Nay.

1 ****The Vote on the Motion was unanimously approved (9-0).***

2

3 **The meeting was adjourned at 8:59 PM.**

4

5 Respectfully submitted,

6 Dona E. Gibson

7 Recording Secretary

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

6. APPOINTMENTS:

APPOINTMENTS

Board/Committee Appointments as presented by City Clerk Kristin Kenniston

- Zoning Board of Adjustment, Stephen Cole (Alternate Member)
- Planning Board, Gregorio Amaro (Regular Member)
- Cemetery Board of Trustees, Antonio Palazzo (Reappointment)
- Heritage Commission, Doug Boisvert (Regular Member)
- Lebanon Housing Authority, Cliff Saunders (Regular Member)
- Pedestrian and Bicyclist Advisory Committee, Clifton Below (Alternate Member)

Included in this Section:

1. Memo from City Clerk Kristin Kenniston dated September 29, 2020

**PAGE
INTENTIONALLY
LEFT BLANK**

OFFICE OF THE CITY CLERK

MEMORANDUM

DATE: September 29, 2020

TO: The Honorable Mayor & City Council

FROM: Kristin M. Kenniston, City Clerk

RE: **Appointments Proposed for Council Discussion/Action:**

If the Council wishes to proceed with action on the appointments below, a nomination should be made and voted on for each appointment. *Note: nominations do not need to be seconded.*

Zoning Board of Adjustment

- **Stephen Cole** - Appointment as an alternate member of the Zoning Board of Adjustment.
Interviewed by: Councilor Heistad
Three-year terms (10/20 – 10/23)

Planning Board

- **Gregorio Amaro** - Appointment as a regular member of the Lebanon Planning Board. (Mr. Amaro currently serves as an alternate member.) Planning Board members are nominated by the City Manager. City Manager Mulholland is putting forth the nomination of Gregorio Amaro for appointment to the Planning Board.
Three-year term (10/20 – 10/23)

Cemetery Board of Trustees

- **Antonio Palazzo** - Reappointment as Ward 3 Representative of the Board of Cemetery Trustees.
Interviewed by: Councilor Winny
Two-year term (10/20 – 10/22)

Heritage Commission

- **Doug Boisvert** – Appointment as a regular member to the Heritage Commission.
Interviewed by: Councilor Hill
Three-year term (10/20 – 10/23)

Lebanon Housing Authority Board

- **Cliff Saunders** – Appointment as a regular member to the Lebanon Housing Authority Board.
Interviewed by: Councilor Prentiss
Five-year term (10/20 – 10/25)

Pedestrian and Bicyclist Advisory Committee

- **Clifton Below** – Assistant Mayor Below is currently serving in the capacity of an alternate citizen member to the Pedestrian and Bicyclist Advisory Committee and his term as such has expired. Assistant Mayor Below has expressed interest in remaining on the committee.

The City Council may choose to reappoint him for another three-year term as an alternate citizen member. OR the City Council may vote to add an alternate City Council seat to the membership of this committee, and the Mayor may appointment Assistant Mayor Below to fill that seat.

Alternate Citizen Commission: Three-year term (10/20 – 10/23)

Alternate Council Representative: Term to be concurrent with City Council term.

West Lebanon Revitalization Advisory Committee Update

This is not for council action but simply informational. We have received five applicants to date; four residents and one business owner. Applications are being given to Mayor McNamara as they are received.

From: noreply@civicplus.com
To: [cityclerk](#); [webmaster](#)
Subject: Online Form Submission #3736 for Board Member Application
Date: Monday, February 10, 2020 8:35:58 AM

Board Member Application

Board Member Application

City of Lebanon board / committee member application.

Basic Requirements

- *Lebanon/West Lebanon resident (except for those boards whose membership makeup includes non-resident)*
 - *Willingness to learn*
 - *Commitment to attend meetings*
 - *Treat people fairly*
 - *Consider the best interest of the community as a whole when making decisions*
 - *Must have attended one meeting of the board that you wish to apply to within the last six months to observe the process and function of the board.*
-

(Section Break)

First Name	Gregorio
------------	----------

Last Name	Amaro
-----------	-------

Physical Address	6 Prospect St. W
------------------	------------------

City	West Lebanon
------	--------------

State	NH
-------	----

Zip Code	03784
----------	-------

Is this your mailing address?	Yes
-------------------------------	-----

Home Phone Number	603-790-0227
-------------------	--------------

Work Number	603-646-0906
-------------	--------------

Email Address	goyo@dartmouth.edu
---------------	--------------------

How long have you resided in Lebanon?	18 years
---------------------------------------	----------

(Section Break)

Is this an application for re-appointment?	This application is not for re-appointment.
For which board, committee, or commission are you applying?	Planning Board
Other Committee	<i>Field not completed.</i>
Why would you like to serve?	I'm a community-minded person who sees a great future for the City of Lebanon. There is a need to engage local citizens in city planning on many levels. We have a diverse mix of residents with varying needs. Bringing them together to create a common vision is a key element to our long term success. I have been on several task forces for the City and would like to be more directly involved along with other like-minded folks.
State a few of what you feel your qualifications are or why you wish to be appointed to this board / committee.	I have a background in planning, implementing, and managing ideas. In my role as creative director at Dartmouth College Office of Advancement, I work with others to bring rough ideas into concepts that are clear, visual, and connect with large audiences. The projects I lead are designed to inspire people to work together towards a common cause.
Certification	I hereby certify that I meet the basic requirements for applying to a Lebanon board / committee.

Email not displaying correctly? [View it in your browser.](#)

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.

From: [cityclerk](#)
To: [Kenniston, Kristin](#)
Subject: FW: Online Form Submission #4052 for Board Member Application
Date: Monday, July 6, 2020 11:06:44 AM

From: noreply@civicplus.com <noreply@civicplus.com>
Sent: Friday, July 3, 2020 7:00 PM
To: cityclerk <cityclerk@lebanonnh.gov>; webmaster <webmaster@lebcity.com>
Subject: Online Form Submission #4052 for Board Member Application

Board Member Application

Board Member Application
City of Lebanon board / committee member application.

Basic Requirements

- *Lebanon/West Lebanon resident (except for those boards whose membership makeup includes non-resident)*
 - *Willingness to learn*
 - *Commitment to attend meetings*
 - *Treat people fairly*
 - *Consider the best interest of the community as a whole when making decisions*
 - *Must have attended one meeting of the board that you wish to apply to within the last six months to observe the process and function of the board.*
-

(Section Break)

First Name	Douglas
Last Name	Boisvert
Physical Address	261 Dartmouth College Highway
City	Lebanon
State	NH
Zip Code	03766
Is this your mailing address?	No
Mailing Address	PO Box 328
	Lebanon

City	
State	NH
Zip Code	03766
Home Phone Number	6036677593
Work Number	<i>Field not completed.</i>
Email Address	dboisvert235@gmail.com
How long have you resided in Lebanon?	53 years
(Section Break)	
Is this an application for re-appointment?	This application is not for re-appointment.
For which board, committee, or commission are you applying?	Heritage Committee
Other Committee	<i>Field not completed.</i>
Why would you like to serve?	I have lived in Lebanon my entire life and finally have a little time to get more involved with the community.
State a few of what you feel your qualifications are or why you wish to be appointed to this board / committee.	I am a member of a couple of local organizations and have held offices and served on several committees in those organizations. I have always been interested in the downtown historical district and how Lebanon has grown and changed over the last several decades
Certification	I hereby certify that I meet the basic requirements for applying to a Lebanon board / committee.

Email not displaying correctly? [View it in your browser.](#)

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender

and know the content is safe.

Councilor Interview Report Form

Councilor Name: Karen Liot Hill

Date of Interview: September 9, 2020

Applicant Name: Doug Boisvert

Board(s) to Which Applied: Heritage Commission

☒ Regular Seat

☐ Alternate Seat

Has Applicant Attended Meeting of Board to Which Applying? ☒ Yes ☐ No

(If yes, indicate date of meeting.) Date: September 9, 2020

Recommend Appointment: ☒ Yes ☐ No

☒ Regular Seat

☐ Alternate Seat

General Comments: Doug Boisvert brings a valuable perspective as a native of Lebanon who cares deeply about our community. He has deep roots in Lebanon and is dedicated to preserving the heritage of Lebanon and West Lebanon. I offer my strong recommendation for Doug's appointment to the Heritage Commission.

(PLEASE NOTE: THIS FORM WILL BE INCLUDED IN THE AGENDA MATERIALS WHEN APPLICANT IS SCHEDULED TO APPEAR BEFORE THE CITY COUNCIL.)

Standard Questions for All Applicants:

1) What do you believe is the purpose of this Board/Committee?

To preserve the heritage of Lebanon and West Lebanon, especially as the communities grow.

2) Are you familiar with the meeting dates and time commitments of this Board/Committee? Would you be available for additional meetings, site visits, or other official events when necessary?

Yes.

3) Do you have any previous experience working with this type of Board/Committee, or in a related field, in this community or any other community?

Not specifically. I have lived in Lebanon all of my life, and I also worked for the City maintaining grounds for 18 years. I am very familiar with our downtown areas, cemeteries, etc.

4) Do you have any interest in attending educational presentations and seminars in order to further educate yourself relative to the work of this Board/Committee?

Yes.

5) Do you anticipate that you would have to recuse yourself from more than an occasional meeting due to a conflict of interest (perceived or real) relating to your past or present employment, organizational membership, real estate holdings, family ties, or other reasons?

Not often, if ever. I own a foodtruck that operates on the Park in downtown Lebanon. So I would recuse myself if there was a conflict, but I don't think it will be an issue.

6) What do you think are the key challenges for this Board/Committee?

The challenge is to hold on to the historical aspects and preserve the heritage as the community changes. I spend a lot of time on Colburn Park, and I have a front row seat to see how things are changing. There is a lot going on.

7) What do you think are the key opportunities for this Board/Committee?

The work that's been done on the cemeteries lately is really good, and we have an opportunity to keep that kind of work going and preserve even more of the heritage in both Lebanon and West Lebanon.

8) What you would like to see this Board/Committee accomplish in the next year?

Nothing specific. I just want to help with the work of the group.

Councilor Interview Report Form

Councilor Name: Erling Heistad

Date of Interview: 9/16/2020

Applicant Name: Steve Cole

Board(s) to Which Applied: Zoning Board

☒ Alternate Seat

Has Applicant Attended Meeting of Board to Which Applying? ☒ Yes

(If yes, indicate date of meeting.) Date: January 6, 2020

Recommend Appointment: ☒ Yes

☒ Alternate Seat

General Comments:

Steve is a lifelong Lebanon resident and comes to the board with a background in farming and house construction in Lebanon and so has considerable background knowledge of how the ZBA functions. He feels strongly that we have State regulations and city zoning for very specific reasons which need to be respected while allowing the city to develop. I think he would be a very positive member of the ZBA.

(PLEASE NOTE: THIS FORM WILL BE INCLUDED IN THE AGENDA MATERIALS WHEN APPLICANT IS SCHEDULED TO APPEAR BEFORE THE CITY COUNCIL.)

Standard Questions for All Applicants:

1) What do you believe is the purpose of this Board/Committee?

To review individuals applications for variances with respect to City regulations and zoning.

2) Are you familiar with the meeting dates and time commitments of this Board/Committee?
Would you be available for additional meetings, site visits, or other official events when necessary?

Yes.

3) Do you have any previous experience working with this type of Board/Committee, or in a related field, in this community or any other community?

Steve is the human resources director for three car dealerships with over 100 employees and so is adept at listening to people's concerns and questions. As a contractor he has appeared before the board for clients.

4) Do you have any interest in attending educational presentations and seminars in order to further educate yourself relative to the work of this Board/Committee?

Yes. he is interested.

5) Do you anticipate that you would have to recuse yourself from more than an occasional meeting due to a conflict of interest (perceived or real) relating to your past or present employment, organizational membership, real estate holdings, family ties, or other reasons?

No, unless it was on Rte. 120 south of town and effected his family farm holdings.

6) What do you think are the key challenges for this Board/Committee?

To find an equitable balance between preserving traditional Lebanon landscape and the interest in development.

7) What do you think are the key opportunities for this Board/Committee?

Rte 120 corridor, 12A and Rte 4. To develop a balance between construction and conservation issues.

8) What you would like to see this Board/Committee accomplish in the next year?

There are many things already approved and we should be cautious as we move forward with zoning appeals.

Specific Questions for Applicants to Land-Use Boards:

Zoning Board of Adjustment:

1) Have you ever appeared before a zoning board, personally or through a representative?

Yes. He has spoken from the audience and also presented as a builder.

2) Do you have any personal or professional knowledge or background in the area of zoning law?

Yes, having appeared before the board with applications as a builder.

3) Do you believe you can set aside your personal opinions and make impartial decisions based on the City's adopted Zoning Ordinance?

Yes, and this is why he feels the ZBA process is effective.

4) Zoning Board decisions can be controversial. The Board is bound by law to work within the current zoning regulations. Do you believe you can tolerate possible criticism from your friends and neighbors as a result of how you may have voted?

Yes, as a Human Resources Director he has to make daily decisions that affect his peers within the automotive industry which may be unpopular.

From: noreply@civicplus.com
To: [cityclerk](#); [webmaster](#)
Subject: Online Form Submission #3720 for Board Member Application
Date: Tuesday, February 4, 2020 9:41:23 AM

Board Member Application

Board Member Application

City of Lebanon board / committee member application.

Basic Requirements

- *Lebanon/West Lebanon resident (except for those boards whose membership makeup includes non-resident)*
 - *Willingness to learn*
 - *Commitment to attend meetings*
 - *Treat people fairly*
 - *Consider the best interest of the community as a whole when making decisions*
 - *Must have attended one meeting of the board that you wish to apply to within the last six months to observe the process and function of the board.*
-

(Section Break)

First Name	Steve
Last Name	Cole
Physical Address	70 Great Brook Rd
City	Lebanon
State	NH
Zip Code	03766
Is this your mailing address?	Yes
Home Phone Number	603-443-7944
Work Number	603-287-4881
Email Address	stcole54@gmail.com
How long have you resided in Lebanon?	49 years

(Section Break)

Is this an application for re-appointment?	This application is not for re-appointment.
For which board, committee, or commission are you applying?	Zoning Board of Adjustment
Other Committee	<i>Field not completed.</i>
Why would you like to serve?	I have been a lifelong Lebanon resident, and as such, have a keen interest in City Government. I would like to learn more about how the process works and provide service to my fellow residents.
State a few of what you feel your qualifications are or why you wish to be appointed to this board / committee.	I have an understanding of the basic history of Lebanon. I spent my first 15 years out of High School and College as a general contractor in Lebanon, which gave me the skills to read plans, and site maps. I have a degree in Forest Management, which gives me the ability to understand how decisions can effect our natural resources. I am currently an HR Manager, and feel I have above average skills listening to people and actually hearing what they have to say and the problems they are looking to solve. I treat people fairly and don't make assumptions until I have the facts.
Certification	I hereby certify that I meet the basic requirements for applying to a Lebanon board / committee.

Email not displaying correctly? [View it in your browser.](#)

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.



CITY OF LEBANON BOARD/COMMITTEE APPLICATION

You must meet the basic requirements listed below to be considered for appointment to a City board/committee.

BASIC REQUIREMENTS:

- ✓ Lebanon/West Lebanon resident (except for those boards who membership makeup includes non-resident)
- ✓ Willingness to learn
- ✓ Commitment to attend meetings
- ✓ Treat people fairly
- ✓ Consider the best interest of the community as a whole when making decisions
- ✓ Must have attended one meeting of the board that you wish to apply to within the last six months to observe the process and function of the board.

Check all that apply:

I am an applicant for: Cemetery Board of Trustees

☒ Check if for re-appointment

Name: ANTONIO PALAZZO
(Please print)

Address: 71 HARDY HILL ROAD, LEBANON, NH 03766
(street) (Town) (Zip)

Mailing Address, if different from above: _____

Home Phone 448-3178 Work Phone: _____ Cell Phone: 306-4697

Email Address: ASPALAZZO@GMAIL.COM

Continued on reverse side.....

How long have you resided in Lebanon? 4 1/2 years
(This will not necessarily reflect on your possible appointment.)

Why would you like to serve?

I enjoy serving and using my expertise in land management to support the mission of the Board.

State a few of what you feel your qualifications are or why you wish to be appointed to this board/committee.

*Commitment
Agriculture*

I hereby certify that I meet the basic requirements for applying to a Lebanon board/committee.

[Signature]
Applicant Signature

August 13, 2020
Date

<i>Official Use Only</i>	
<u>Interview Committee Review</u>	
Date Received by City Clerk _____	Date of Review _____
Date of Appointment _____	Appointment Term _____
Committee/Board to which appointed _____	

Please return to:

Lebanon City Clerk's Office
51 North Park Street, Lebanon, NH 03766

Fax # 442-6148

Email: Sandi.Allard@lebcity.com

Councilor Interview Report Form

Councilor Name: Jim Winny

Date of Interview: 9/19/2020

Applicant Name: Antonio Palazzo

Board(s) to Which Applied: Cemetery Board of Trustees

☒ Regular Seat ☐ Alternate Seat

Has Applicant Attended Meeting of Board to Which Applying? ☒ Yes ☐ No

(If yes, indicate date of meeting.) Date: Current member

Recommend Appointment: ☒ Yes ☐ No

☒ Regular Seat ☐ Alternate Seat

General Comments: Mr. Palazzo has been serving on the Board for 2 years and focuses mainly on landscaping as a result of his experience in the military.

(PLEASE NOTE: THIS FORM WILL BE INCLUDED IN THE AGENDA MATERIALS WHEN APPLICANT IS SCHEDULED TO APPEAR BEFORE THE CITY COUNCIL.)

Standard Questions for All Applicants:

1) What do you believe is the purpose of this Board/Committee?

To maintain the cemeteries welcoming, look better and run better

2) Are you familiar with the meeting dates and time commitments of this Board/Committee?
Would you be available for additional meetings, site visits, or other official events when necessary?

Yes, currently a member

3) Do you have any previous experience working with this type of Board/Committee, or in a related field, in this community or any other community?

Expertise in land management, 2 years on the Board of Cemetery Trustees

4) Do you have any interest in attending educational presentations and seminars in order to further educate yourself relative to the work of this Board/Committee?

Yes, would be interested in learning more

5) Do you anticipate that you would have to recuse yourself from more than an occasional meeting due to a conflict of interest (perceived or real) relating to your past or present employment, organizational membership, real estate holdings, family ties, or other reasons?

no

6) What do you think are the key challenges for this Board/Committee?

Tony's main focus is on landscaping, particularly how the stone impact how the land is maintained; inventory what currently exists and how much space remains to be used; green burial

7) What do you think are the key opportunities for this Board/Committee?

Funding change will allow for better use of funds; green burials; inventory of space available

8) What you would like to see this Board/Committee accomplish in the next year?

Better grass growth; inventory of space; infant graves

From: noreply@civicplus.com
To: [cityclerk](#); [webmaster](#)
Subject: Online Form Submission #4112 for Board Member Application
Date: Monday, August 3, 2020 4:45:01 PM

Board Member Application

Board Member Application

City of Lebanon board / committee member application.

Basic Requirements

- *Lebanon/West Lebanon resident (except for those boards whose membership makeup includes non-resident)*
 - *Willingness to learn*
 - *Commitment to attend meetings*
 - *Treat people fairly*
 - *Consider the best interest of the community as a whole when making decisions*
 - *Must have attended one meeting of the board that you wish to apply to within the last six months to observe the process and function of the board.*
-

(Section Break)

First Name	Clifford
------------	----------

Last Name	Saunders
-----------	----------

Physical Address	45 Crafts Ave
------------------	---------------

City	West Lebanon
------	--------------

State	NH
-------	----

Zip Code	03784
----------	-------

Is this your mailing address?	Yes
-------------------------------	-----

Home Phone Number	603-359-8050
-------------------	--------------

Work Number	603-643-3658
-------------	--------------

Email Address	e4tn@comcast.net
---------------	------------------

How long have you resided in Lebanon?	23 years
---------------------------------------	----------

(Section Break)

Is this an application for re-appointment?	This application is not for re-appointment.
For which board, committee, or commission are you applying?	Other (please fill in blank)
Other Committee	Lebanon Housing Authority
Why would you like to serve?	My involvement with the community used to be through coaching my kids with the Rec dept. This is an area I have knowledge in and like to contribute to the community.
State a few of what you feel your qualifications are or why you wish to be appointed to this board / committee.	I have been in the construction industry for over 40 years, and I think that experience could be helpful to this board, as they work to provide affordable housing solutions for the city's residents.
Certification	I hereby certify that I meet the basic requirements for applying to a Lebanon board / committee.

Email not displaying correctly? [View it in your browser.](#)

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe.

**PAGE
INTENTIONALLY
LEFT BLANK**

AGENDA LEBANON CITY COUNCIL OCTOBER 7, 2020

7. PUBLIC HEARING ITEMS:

7.A – ORDINANCE #2020-13 TO AMEND CITY CODE CHAPTER 14

A public hearing for the purpose of receiving public input and taking action to amend the Code of the City of Lebanon, Chapter 14, Alcoholic Beverages.

The City Council scheduled this public hearing at their September 2, 2020 regular meeting. The public hearing was properly noticed in the *Valley News* on September 26, 2020 in accordance with City Code and State Law.

BACKGROUND

The Lebanon Police Department is responsible for enforcing a number of City Code violations. Presently, the only process to address and enforce these violations is for the officer to issue a paper summons to the offender to appear in court to answer for the violation. Amending Chapter 14 to place specific fines within the penalty section of the chapter would allow for the officer to issue a “ticket.” The ticket could then be paid (much like a parking ticket) which would avoid the need to appear in court.

This change would help reduce unnecessary court appearances and help alleviate an already back-logged court docket, in addition to reducing the amount of cases the Lebanon Police Prosecutor would have to handle on a weekly basis.

The Police Department has designed a City Ordinance ticket to be used in this process. The offender will still have the option to appear in court for a due process hearing, should they choose.

ACTION

If the Council decides to move forward, the following motion is offered for consideration:

MOVED, that the Lebanon City Council hereby adopts Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages, §14-6 Penalties for Offenses, as presented in the October 7, 2020 agenda packet.

Included in this Section:

1. Ordinance #2020-13
2. August 18, 2020 Legal Opinion by Attorney C. Christine Fillmore re: Ordinance #2020-13, Alcoholic Beverages
3. Notice of Public Hearing as Published in the September 26, 2020 Edition of the *Valley News*

**PAGE
INTENTIONALLY
LEFT BLANK**

ORDINANCE 2020-13

AN ORDINANCE TO AMEND the Code of the City of Lebanon, Chapter 14, Alcoholic Beverages, to amend Section 14-6.

Be it ordained by the Council of the City of Lebanon as follows:

Section 1.

Section 14-6 of Chapter 14, Alcoholic Beverages, is hereby amended as follows:

§ 14-6 ~~Penalties for offenses~~ **Violations and penalties.**

~~Violation of any provision of this article shall be punishable as provided in Chapter 1, General Provisions.~~

Any person who is found to have violated the provision of this chapter shall be subject to a civil penalty in the amount of \$150 for the first offense, and \$300 for the subsequent offenses. In addition to these penalties, persons under the age of 21 may be subject to the provisions of RSA 179:10.

Section 2. Severability.

The provisions of this ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdictions, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

Section 3. Effective Date.

This ordinance shall become effective upon passage.

**PAGE
INTENTIONALLY
LEFT BLANK**



C. Christine Fillmore
Admitted in NH

603.792.7417
cfillmore@dwmlaw.com

670 N. Commercial Street, Suite 207
Manchester, NH 03101-1188
603.716.2895 Main
603.716.2899 Fax

August 18, 2020

Shaun Mulholland
City Manager
City of Lebanon, NH
51 N. Park Street
Lebanon, NH 03766

RELEASED TO THE PUBLIC
Lebanon City Manager's Office

Date: 9/2/2020

DS


RE: Ordinance #2020-13 Alcoholic Beverages

Mr. Mulholland:

This is a legal opinion as required by § 115-3 of the Lebanon City Code concerning the proposed Ordinance 2020-13, Alcoholic Beverages, which your office forwarded to me on July 17, 2020, as amended through further correspondence with Chief Mello through August 17, 2020. The goal of the proposed ordinance as I understand it is to amend the penalty provisions of Chapter 14 (Alcoholic Beverages) to provide for more tailored penalties than this chapter currently contains.

I have reviewed the proposed ordinance in detail. In my opinion, it is consistent with New Hampshire law and I discern no legal problems.

Please do not hesitate to contact me with additional questions or comments.

Sincerely,



C. Christine Fillmore

**PAGE
INTENTIONALLY
LEFT BLANK**

September 28, 2020



**LEBANON CITY COUNCIL
NOTICE OF PUBLIC HEARINGS
Wednesday, October 7, 2020 - 7:00pm
REMOTE VIA MICROSOFT TEAMS
LebanonNH.gov/LIVE**

The Lebanon City Council will hold public hearings on October 7, 2020, beginning at 7:00pm for the following:

- A. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages
- B. ORDINANCE #2020-14** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia
- C. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic
- D. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-16 to amend City Code to add new Chapter 6, Administrative Enforcement

The October 7, 2020 City Council agenda package will be available on the City's website (www.lebanonnh.gov) beginning October 2, 2020. Documents pertaining to the above described public hearings can be reviewed at this link: LebanonNH.gov/100720PH

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Microsoft Teams. Members of the public are encouraged to attend by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Microsoft Teams software or by phone. Please visit LebanonNH.gov/Live for full details.

NE-338598

The foregoing notice was published in the *Valley News*, a newspaper of general circulation in the City of Lebanon, in accordance with the Code of the City of Lebanon on Saturday, September 26, 2020.

Kristin M. Kenniston, City Clerk

**PAGE
INTENTIONALLY
LEFT BLANK**

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

7. PUBLIC HEARING ITEMS:

7.B – ORDINANCE #2020-14 TO AMEND CITY CODE CHAPTER 62

A public hearing for the purpose of receiving public input and taking action to amend the Code of the City of Lebanon, Chapter 62, Drugs and Drug Paraphernalia.

The City Council scheduled this public hearing at their September 2, 2020 regular meeting. The public hearing was properly noticed in the *Valley News* on September 26, 2020 in accordance with City Code and State Law.

BACKGROUND

The Lebanon Police Department is responsible for enforcing a number of City Code violations. Presently, the only process to address and enforce these violations is for the officer to issue a paper summons to the offender to appear in court to answer for the violation. Amending Chapter 62 to place specific fines within the penalty section of the chapter would allow for the officer to issue a “ticket.” The ticket could then be paid (much like a parking ticket) which would avoid the need to appear in court.

This change would help reduce unnecessary court appearances and help alleviate an already back-logged court docket, in addition to reducing the amount of cases the Lebanon Police prosecutor would have to handle on a weekly basis.

The Police Department has designed a City Ordinance ticket to be used in this process. The offender will still have the option to appear in court for a due process hearing, should they choose.

ACTION

If the Council decides to move forward, the following motion is offered for consideration:

MOVED, that the Lebanon City Council hereby adopts Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia, §62-6 Penalties for Offenses, as presented in the October 7, 2020 agenda packet.

Included in this Section:

1. Ordinance #2020-14
2. August 18, 2020 Legal Opinion by Attorney C. Christine Fillmore re: Ordinance #2020-14, Drugs and Drug Paraphernalia
3. Notice of Public Hearing as Published in the September 26, 2020 Edition of the *Valley News*

**PAGE
INTENTIONALLY
LEFT BLANK**

ORDINANCE 2020-14

AN ORDINANCE TO AMEND the Code of the City of Lebanon, Chapter 62, Drugs and Drug Paraphernalia, to amend Section 62-6.

Be it ordained by the Council of the City of Lebanon as follows:

Section 1.

Section 62-6 of Chapter 62, Drugs and Drug Paraphernalia, is hereby amended as follows:

§ 62-6 ~~Penalties for offenses.~~ **Violations and penalties.**

~~Any person violating this chapter shall be guilty of a violation and shall be subject to the penalties in Chapter 1, General Provisions, no portion of which may be suspended.~~

Any person who is found to have violated the provision of this chapter shall be subject to a civil penalty in the amount of \$200 for the first offense, and \$350 for subsequent offenses.

Section 2. Severability.

The provisions of this ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdictions, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

Section 3. Effective Date.

This ordinance shall become effective upon passage.

**PAGE
INTENTIONALLY
LEFT BLANK**



C. Christine Fillmore
Admitted in NH

603.792.7417
cfillmore@dwmlaw.com

670 N. Commercial Street, Suite 207
Manchester, NH 03101-1188
603.716.2895 Main
603.716.2899 Fax

August 18, 2020

Shaun Mulholland
City Manager
City of Lebanon, NH
51 N. Park Street
Lebanon, NH 03766

RELEASED TO THE PUBLIC
Lebanon City Manager's Office

Date: 9/2/2020

DS


RE: Ordinance #2020-14 Drugs and Drug Paraphernalia

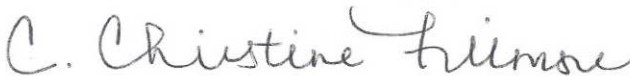
Mr. Mulholland:

This is a legal opinion as required by § 115-3 of the Lebanon City Code concerning the proposed Ordinance 2020-14, Drugs and Drug Paraphernalia, which your office forwarded to me on July 17, 2020, as amended through further correspondence with Chief Mello through August 17, 2020. The goal of the proposed ordinance as I understand it is to amend the penalty provisions of Chapter 62 (Drugs and Drug Paraphernalia) to provide for more tailored penalties than this chapter currently contains.

I have reviewed the proposed ordinance in detail. In my opinion, it is consistent with New Hampshire law and I discern no legal problems.

Please do not hesitate to contact me with additional questions or comments.

Sincerely,



C. Christine Fillmore

**PAGE
INTENTIONALLY
LEFT BLANK**

September 28, 2020



**LEBANON CITY COUNCIL
NOTICE OF PUBLIC HEARINGS
Wednesday, October 7, 2020 - 7:00pm
REMOTE VIA MICROSOFT TEAMS
LebanonNH.gov/LIVE**

The Lebanon City Council will hold public hearings on October 7, 2020, beginning at 7:00pm for the following:

- A. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages
- B. ORDINANCE #2020-14** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia
- C. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic
- D. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-16 to amend City Code to add new Chapter 6, Administrative Enforcement

The October 7, 2020 City Council agenda package will be available on the City's website (www.lebanonnh.gov) beginning October 2, 2020. Documents pertaining to the above described public hearings can be reviewed at this link: LebanonNH.gov/100720PH

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Microsoft Teams. Members of the public are encouraged to attend by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Microsoft Teams software or by phone. Please visit LebanonNH.gov/Live for full details.

NE-338598

The foregoing notice was published in the *Valley News*, a newspaper of general circulation in the City of Lebanon, in accordance with the Code of the City of Lebanon on Saturday, September 26, 2020.

Kristin M. Kenniston, City Clerk

**PAGE
INTENTIONALLY
LEFT BLANK**

AGENDA LEBANON CITY COUNCIL OCTOBER 7, 2020

7. PUBLIC HEARING ITEMS:

7.C – ORDINANCE #2020-15 TO AMEND CITY CODE CHAPTER 168

A public hearing for the purpose of receiving public input and taking action to amend the Code of the City of Lebanon, Chapter 168, Vehicles and Traffic.

The City Council scheduled this public hearing at their September 2, 2020 regular meeting. The public hearing was properly noticed in the *Valley News* on September 26, 2020 in accordance with City Code and State Law.

BACKGROUND

The Lebanon Police Department is responsible for enforcing traffic and parking violations throughout the City. This includes many City Code violations. The Lebanon Police Department currently has \$5,400 in outstanding parking fines since 2018. Currently, all unpaid fines must be recovered by issuing a summons to the violator to appear in court.

The amendments proposed in Ordinance 2020-15 achieves the following objectives:

- Allow for additional options to recover unpaid fines, including the ability to attach an immobilization device and/or tow the vehicle.
- Permit the owner of a vehicle with unpaid fines, to pay a “bond” equivalent to the amount of unpaid fines should they choose to pursue judicial determination regarding the ordinance violations.
- Allow for electronic payment of parking fines

Ordinance #2020-15 outlines the procedure that the police department must follow in order to utilize these additional methods.

These changes would help reduce unnecessary court appearances and help alleviate an already back-logged court docket, in addition to reducing the amount of cases the Lebanon Police prosecutor would have to handle on a weekly basis.

ACTION

If the Council decides to move forward, the following motion is offered for consideration:

MOVED, that the Lebanon City Council hereby adopts Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic, §168-13 Enforcement, as presented in the October 7, 2020 agenda packet.

Included in this Section:

1. Ordinance #2020-15
2. August 18, 2020 Legal Opinion by Attorney C. Christine Fillmore re: Ordinance #2020-15, Vehicles and Traffic
3. Notice of Public Hearing as Published in the September 26, 2020 Edition of the *Valley News*

**PAGE
INTENTIONALLY
LEFT BLANK**

ORDINANCE 2020-15

AN ORDINANCE TO AMEND the Code of the City of Lebanon, Chapter 168, Vehicles and Traffic, to amend Section 168-13.

Be it ordained by the Council of the City of Lebanon as follows:

Section 1.

Section 168-13 of Chapter 168, Vehicles and Traffic, is hereby amended as follows:

§ 168-13 Enforcement.

A.

Any person who receives written notification of violation of §§ **168-1**, **168-2**, **168-4**, **168-5**, **168-6**, **168-7** and **168-8**, with the exception of the violations listed below, shall, within 48 hours of receipt of the notice, either pay a fine of \$10 at the Lebanon Police Department or indicate on said notice that he or she contests the allegation of violation. Should a person decide to pay the fine, such payment shall not constitute an admission of guilt, nor a determination of guilt. On receipt of the payment, no further action shall be taken by the Lebanon Police Department or any other law enforcement officer on such violation. Each additional time period violation constitutes a separate offense.

[Amended 12-6-1995; 6-2-1999; 6-1-2005 by Ord. No. 2005-1; 1-18-2006 by Ord. No. 2006-3]

Section	Offense	Fine
168-2A(4)	Crosswalks	\$50
168-2B(2)	Fire hydrants	\$50
168-2B(7)	Fire lanes	\$50
168-8A	Handicapped parking	\$50
168-3	Hanover Street Mall	\$50
168-14	Motorized vehicle noise and sound system	
	First offense	Up to \$250
	Subsequent offense	Up to \$500

B.

The Chief of Police may also designate certain depositories where the above-described payments can be made or may receive payments by mail, **or electronically**, in lieu of payment at the Police Department.

C.

Any person who receives notification of violation of this chapter and who does not pay the

charge described above shall be summoned upon complaint, as provided by RSA 47. The penalty for the violation of this chapter shall be a fine equivalent to 150% of the initial fine amount with a minimum penalty to be not less than \$20.

[Amended 12-6-1995]

D.

No person shall allow, permit or suffer any vehicle registered in his/her name to stop, stand or park in this City in violation of the regulations of this City controlling the stopping, standing or parking of vehicles, and the owner or person in whose name such vehicle is registered shall be held as prima facie responsibility for such violation.

E.

Any vehicle parked in violation of this chapter may be ordered towed away by the Police Department at the expense of the owner or custodian of said vehicle.

F.

Any vehicle found parked on any public street, parking lot or any other place for which three (3) or more outstanding (i.e. unpaid) parking violations have been issued or sent, totaling at least \$100, may be subject to towing and storage or immobilization by the Lebanon Police Department provided notice of intent to tow and store or immobilize said vehicle has been placed on the vehicle or sent to the last known address listed with the State Motor Vehicle Department of the state in which the vehicle is registered. Said notice shall contain the following information:

- (1) The date, time and location of the violations leading to the issuance of the notice;
- (2) That the subject vehicle will be towed, stored or immobilized after a specific date of not less than five days after the date of the notice unless all the outstanding violations and late fees are paid;

G.

Any vehicle towed and stored or immobilized in accordance with the preceding may be released in one of the following ways, subject to the additional requirements of section I below:

- (1) By payment of all charges due.
- (2) By posting cash bond with the Police Department in an amount sufficient to make full payment of all parking charges due arising out of violations subject to the provisions of this chapter in order to allow judicial determination regarding the matter in question.
- (3) By judicial determination.

H.

When a motor vehicle has been towed and stored or immobilized pursuant to this chapter, the following preconditions to the release of said vehicle shall be satisfied. (1) The party seeking the release of said vehicle shall pay all fees and charges incurred by the city for the towing and storage and immobilization of said vehicle. The fee for immobilization shall be \$100. The fee for towing and storage of a vehicle shall be that set out in the then current towing agreements between the Police Department and the towing companies who are party to towing agreement. (2) The person requesting the release of the vehicle shall present satisfactory evidence of his/her right to possession and sign a receipt upon receiving the vehicle.

I.

When a motor vehicle has been immobilized pursuant to the provisions of this chapter, the Lebanon Police Department shall affix a warning notice on the windshield of the vehicle

advising the driver not to attempt to operate the vehicle or remove the immobilization device, and advising the operator or owner of the procedure to have the immobilization device removed.
J.

It shall be unlawful for any person to tamper with or attempt to destroy or remove any Lebanon Police Department immobilization device from a vehicle without authorization by the Lebanon Police Department, and the penalty for such action upon conviction shall be a violation and a fine of \$100, no portion of which may be suspended.

Section 2. Severability.

The provisions of this ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdictions, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

Section 3. Effective Date.

This ordinance shall become effective upon passage.

**PAGE
INTENTIONALLY
LEFT BLANK**



C. Christine Fillmore
Admitted in NH

603.792.7417
cfillmore@dwmlaw.com

670 N. Commercial Street, Suite 207
Manchester, NH 03101-1188
603.716.2895 Main
603.716.2899 Fax

August 18, 2020

Shaun Mulholland
City Manager
City of Lebanon, NH
51 N. Park Street
Lebanon, NH 03766

RELEASED TO THE PUBLIC
Lebanon City Manager's Office

Date: 9/2/2020

DS

RE: Ordinance #2020-15 Vehicles and Traffic

Mr. Mulholland:

This is a legal opinion as required by § 115-3 of the Lebanon City Code concerning the proposed Ordinance 2020-15, Vehicles and Traffic, which your office forwarded to me on July 17, 2020, as amended through further correspondence with Chief Mello through August 17, 2020. The goal of the proposed ordinance as I understand it is to amend the enforcement and penalty provisions of and Chapter 168 (Vehicles and Traffic) to provide for additional penalties, more flexible enforcement options, and more specific procedures for some enforcement mechanisms.

I have reviewed the proposed ordinance in detail. In my opinion, it is consistent with New Hampshire law and I discern no legal problems.

Please do not hesitate to contact me with additional questions or comments.

Sincerely,

C. Christine Fillmore

**PAGE
INTENTIONALLY
LEFT BLANK**

September 28, 2020



**LEBANON CITY COUNCIL
NOTICE OF PUBLIC HEARINGS
Wednesday, October 7, 2020 - 7:00pm
REMOTE VIA MICROSOFT TEAMS
LebanonNH.gov/LIVE**

The Lebanon City Council will hold public hearings on October 7, 2020, beginning at 7:00pm for the following:

- A. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages
- B. ORDINANCE #2020-14** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia
- C. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic
- D. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-16 to amend City Code to add new Chapter 6, Administrative Enforcement

The October 7, 2020 City Council agenda package will be available on the City's website (www.lebanonnh.gov) beginning October 2, 2020. Documents pertaining to the above described public hearings can be reviewed at this link: LebanonNH.gov/100720PH

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Microsoft Teams. Members of the public are encouraged to attend by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Microsoft Teams software or by phone. Please visit LebanonNH.gov/Live for full details.

NE-338598

The foregoing notice was published in the *Valley News*, a newspaper of general circulation in the City of Lebanon, in accordance with the Code of the City of Lebanon on Saturday, September 26, 2020.

Kristin M. Kenniston, City Clerk

**PAGE
INTENTIONALLY
LEFT BLANK**

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

7. PUBLIC HEARING ITEMS:

**7.D – ORDINANCE #2020-16 TO AMEND CITY CODE TO INCLUDE
NEW CHAPTER 6, ADMINISTRATIVE ENFORCEMENT**

A public hearing for the purpose of receiving public input and taking action to amend the Code of the City of Lebanon to include new Chapter 6, Administrative Enforcement.

The City Council scheduled this public hearing at their September 16, 2020 regular meeting. The public hearing was properly noticed in the *Valley News* on September 26, 2020 in accordance with City Code and State Law.

BACKGROUND

A new chapter of the City code is required in order to enable the administrative enforcement of City code violations. This enabling language will provide a mechanism for City officials to issue citations for any violation of the ordinances or codes that they are responsible for enforcing. This enforcement authority is provided for under NH RSA 31:39.

ACTION

If the Council decides to move forward, the following motion is offered for consideration:

MOVED, that the Lebanon City Council hereby adopts Ordinance #2020-16 to amend the City Code to include new Chapter 6, Administrative Enforcement, as presented in the October 7, 2020 agenda packet.

Included in this Section:

1. Ordinance #2020-16
2. September 11, 2020 Legal Opinion
3. Notice of Public Hearing as Published in the September 26, 2020 Edition of the *Valley News*

**PAGE
INTENTIONALLY
LEFT BLANK**

**CITY OF LEBANON
ORDINANCE #2020-16**

AN ORDINANCE TO AMEND the Code of the City of Lebanon by adding a new Chapter 6, to be entitled ADMINISTRATIVE ENFORCEMENT, which provides for the issuance of citations for any violation of the Code of the City of Lebanon.

Be it ordained by the City Council of the City of Lebanon as follows:

Section 1.

The Code of the City of Lebanon is hereby amended by adding thereto a new chapter, to be Chapter 6, Administrative Enforcement, to read as follows:

- §6-1. Citation Authority
- §6-2. Citation Defined
- §6-3. Service of Citation
- §6-4. Citation Penalties
- §6-5. Violations

§6-1. CITATION AUTHORITY

City departments or officials charged with the responsibility of enforcing the ordinances and codes of the City are hereby authorized to issue citations for any violation of the ordinance or codes that they are responsible for enforcing. The enforcement authority provided hereby is provided for in RSA 31:39-c and is in addition to the authority for ordinance and code enforcement that currently exists.

§6-2. CITATION DEFINED

A citation is a written and/or printed notice describing a specific violation of a City ordinance or code which is served on the person responsible for the violation. Each day on which a violation exists or occurs is a separate offense, and a citation may be issued for each offense. A citation shall be served in the manner described in this chapter, and shall contain the following information:

- A. A clear and concise description of the violation.
- B. The location of the violation and the date and time on which it was observed.
- C. The name and address of the person responsible for the violation.
- D. The penalty for the violation as provided for in this chapter and any other relevant chapter of the Code of the City of Lebanon.
- E. A statement or table describing the penalties for future occurrences of the same violation.
- F. A statement as to whether the citation is being issued for a first, second, or subsequent offense.
- G. The name and address of the office to which the payment of the penalty may be made.

- H. The time period during which a reduced penalty may be paid in full satisfaction of the citation.
- I. Notification of failure to pay the penalty may result in court action.
- J. The signature and printed name, title and department of the individual issuing the citation.

§6-3. SERVICE OF CITATION

Any citation shall be served by the official issuing it in any one of the following ways:

1. In hand to the person responsible for the violation; or
2. By certified, registered or U.S. Postal Service first-class mail, to the last known address of the person responsible for the violation, or as listed with the NH Division of Motor Vehicles.

The official serving the citation shall maintain a record of the date, time, and manner of service of the citation, including the post office receipt if service was accomplished by registered or certified mail.

§6-4. CITATION PENALTIES

Penalties for offenses shall be as stated in applicable chapters of the Code of the City of Lebanon.

§6-5. VIOLATIONS

Whenever any person fails to pay any penalty imposed pursuant to a citation issued under the authority granted by this chapter, such person shall be guilty of a violation and shall, upon conviction, be punished by a fine not to exceed the maximum allowed by RSA 47:17 or other applicable law for each offense. Each citation which is not paid shall constitute a separate offense. If the administrative enforcement system established in the Code is unsuccessful at resolving alleged violations, a summons may be issued as otherwise provided by law, including use of the procedure for plea by mail set forth in RSA 31:39-d.

Section 2. Severability

The provisions of this ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

Section 3. Effective date.

This ordinance shall become effective upon passage.

**PAGE
INTENTIONALLY
LEFT BLANK**



C. Christine Fillmore
Admitted in NH

603.792.7417
cfillmore@dwmlaw.com

670 N. Commercial Street, Suite 207
Manchester, NH 03101-1188
603.716.2895 Main
603.716.2899 Fax

September 11, 2020

Shaun Mulholland
City Manager
City of Lebanon, NH
51 N. Park Street
Lebanon, NH 03766

RELEASED TO THE PUBLIC
Lebanon City Manager's Office

Date: 9/11/2020

DS

RE: Ordinance #2020-16 Administrative Enforcement

Mr. Mulholland:

This is a legal opinion as required by § 115-3 of the Lebanon City Code concerning the proposed Ordinance 2020-16, Administrative Enforcement, which your office forwarded to me on September 11, 2020. The goal of the proposed ordinance as I understand it is to add a new Chapter 6 to the Code to provide a process by which City departments and officials may issue citations for violations of any provision of the Code for which they have enforcement authority. This process, which would not replace but would be in addition to existing enforcement mechanisms, is authorized by RSA 31:39-c.

I have reviewed the proposed ordinance in detail. In my opinion, it is consistent with New Hampshire law and I discern no legal problems.

Please do not hesitate to contact me with additional questions or comments.

Sincerely,

C. Christine Fillmore

**PAGE
INTENTIONALLY
LEFT BLANK**

September 28, 2020



**LEBANON CITY COUNCIL
NOTICE OF PUBLIC HEARINGS
Wednesday, October 7, 2020 - 7:00pm
REMOTE VIA MICROSOFT TEAMS
LebanonNH.gov/LIVE**

The Lebanon City Council will hold public hearings on October 7, 2020, beginning at 7:00pm for the following:

- A. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-13 to amend City Code Chapter 14, Alcoholic Beverages
- B. ORDINANCE #2020-14** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-14 to amend City Code Chapter 62, Drugs and Drug Paraphernalia
- C. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-15 to amend City Code Chapter 168, Vehicles and Traffic
- D. ORDINANCE #2020-13** - Public hearing for the purpose of receiving public input and taking action on proposed Ordinance #2020-16 to amend City Code to add new Chapter 6, Administrative Enforcement

The October 7, 2020 City Council agenda package will be available on the City's website (www.lebanonnh.gov) beginning October 2, 2020. Documents pertaining to the above described public hearings can be reviewed at this link: LebanonNH.gov/100720PH

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Microsoft Teams. Members of the public are encouraged to attend by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Microsoft Teams software or by phone. Please visit LebanonNH.gov/Live for full details.

NE-318558

The foregoing notice was published in the *Valley News*, a newspaper of general circulation in the City of Lebanon, in accordance with the Code of the City of Lebanon on Saturday, September 26, 2020.

Kristin M. Kenniston, City Clerk

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

9. NEW BUSINESS:

9.A – PRESENTATION OF 2019 FINANCIAL AUDIT

BACKGROUND

Mike Campo & Kyle Gingras of Plodzik & Sanderson will be present to discuss the 2019 Financial Audit and to answer any questions.

ACTION

No action is required by the Council, as item is for informational purposes only.

Included in this Section:

1. October 1, 2020 Letter of Governance by Independent Auditors Plodzik & Sanderson
2. City of Lebanon Annual Financial Report – Fiscal Year Ending December 31, 2019

**PAGE
INTENTIONALLY
LEFT BLANK**



October 1, 2020

James A. Sojka, CPA*

Sheryl A. Pratt, CPA***

Michael J. Campo, CPA, MACCY

To the Members of the City Council
City of Lebanon
51 North Park Street
Lebanon, NH 03766

Scott T. Eagen, CPA, CFE

Donna M. LaClair, CPA**

Ashley Miller Klem, CPA, MSA

Tyler A. Paine, CPA***

Kyle G. Gingras, CPA

Ryan T. Gibbons, CPA, CFE

Derek M. Barton, CPA

Sylvia Y. Petro, MSA, CFE

Dear Members of the Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Lebanon for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 3, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lebanon are described in Note 1 to the financial statements. As described in Note 2-D to the financial statements, the City of Lebanon changed accounting policies to change the way the City reports its fiduciary activities by adopting Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* in fiscal year 2019. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 22, Prior Period Adjustments.

We noted no transactions entered into by the City of Lebanon during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the government-wide and proprietary fund financial statements were:

Management's estimates of the capital asset useful lives are based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the capital asset useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense are based on assumptions of future events, such as employment, mortality, and estimates of value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense in determining that they are reasonable in relation to the financial statements taken as a whole.

PLODZIK & SANDERSON, P.A.
Certified Public Accountants

Management's estimates of the other postemployment benefit (OPEB) liabilities, deferred outflows and inflows of resources related to OPEB, and OPEB expense are based on the assumptions of future events, such as employment, mortality, and the healthcare cost trend, as well as estimates of the value of reported amounts. We evaluated key factors and assumptions used to develop the OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued landfill closure and postclosure care costs is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. This amount is determined by the City's engineer. We evaluated the key factors and assumptions used to develop the accrued landfill closure and postclosure care costs in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible taxes is based on 50% of unredeemed liens subject to deedding and 100% of unpaid taxes relating to properties in bankruptcy. We evaluated the key factors and assumptions used to develop the allowance for uncollectible taxes in determining that it is reasonable in relation to the financial statements taken as a whole. (Governmental Activities only.)

The most sensitive estimates affecting the governmental fund financial statements were:

Management's estimate of the allowance for uncollectible ambulance receivables is based on 50% of ambulance receivables 30 days or less, 90% of ambulance receivables 31-90 days, and 100% of ambulance receivables older than 90 days. We evaluated the key factors and assumptions used to develop the allowance for uncollectible ambulance receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the assigned for abatements is based on management's knowledge of assessment appeals and evaluation of the potential tax risks. We evaluated the key factors and assumptions used to develop the assigned for abatements in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments proposed and approved were primarily of a routine nature which management expects the independent auditors to record as part of their year-end procedures. A list of these adjustments for the general fund is attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2020.



Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City of Lebanon’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Lebanon’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Permanent Trust Funds (repeat)

During our review of the Trustees of Trust Funds records, the engagement team noted three trust funds reported with the Permanent Trust Funds that lacked supporting documentation to indicate the formation of the funds and the method as to which the trust can be spent, specifically if principal is expendable or not. We recommend research be performed to determine the type of trust these three trust funds qualify as and whether they are expendable or nonexpendable trust funds.

Information Technology Policies and Procedures (repeat)

Based on our review of the City’s information technology (IT) policies and procedures, we determined the City has not adopted formal policies over several key areas, including information security, user access, data retention, backups, and disaster recovery. In an ever-increasing electronic environment, such policies and procedures are essential to ensure smooth and reliable operation of the City’s IT system. We recommend the City work with their contracted IT Director to develop the necessary policies and procedures.

Other Matters

Implementation of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 87, *Leases*, issued in June 2017, will be effective for the City with its fiscal year ending December 31, 2020. This Statement will improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued June 2018, will be effective for the City with its fiscal year ending December 31, 2020. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations*, issued June 2019, will be effective for the City with its fiscal year ending December 31, 2021. This Statement provides for a single method of reporting conduit debt obligations and clarifies the existing definition of a conduit debt obligation and improves note disclosures.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the City with its fiscal year ended December 31, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

We applied certain limited procedures to the following, which are required supplementary information (RSI) that supplements the basic financial statements:

- Management’s Discussion and Analysis,
- Schedule of the City’s Proportionate Share of Net Pension Liability,



- Schedule of City Contributions – Pensions,
- Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of City Contributions – Other Postemployment Benefits,
- Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund schedules and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the members of the City Council, City Manager, and management of the City of Lebanon, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,


PLODZIK & SANDERSON
Professional Association

Attachment:

General Fund Adjusting Journal Entries

Client: **2033 - City of Lebanon**
Engagement: **2019 - City of Lebanon**
Period Ending: **12/31/2019**
Trial Balance: **001.0000 - Government Fund Trial Balance**
Workpaper: **910.0031 - General Fund Adjusting Journal Entries**
Fund Level: **Fund**
Index: **1100**

Account	Description	W/P Ref	Debit	Credit
Fund: 1100 General Fund				
Adjusting Journal Entries JE # 1		400.0020		
AUDIT ONLY - Immaterial adjustment to tie beginning fund balance to prior year.				
1100-2530-01-0000	UNDESIGNATED FUND BALANCE		1,999.00	
1100-3509-90-0000	MISCELLANEOUS REVENUE			1,999.00
Total			1,999.00	1,999.00
Adjusting Journal Entries JE # 4		400.4100		
To adjust nonspendable fund balance to actual.				
1100-2530-01-0000	UNDESIGNATED FUND BALANCE		66,479.00	
1100-2450-01-0000	NON-SPENDABLE FUND BALANCE			66,479.00
Total			66,479.00	66,479.00
Adjusting Journal Entries JE # 5		400.4400		
To adjust encumbrance balance to actual.				
1100-2440-01-0000	RESERVE FOR ENCUMBRANCES		157,454.00	
1100-2530-01-0000	UNDESIGNATED FUND BALANCE			157,454.00
Total			157,454.00	157,454.00
Adjusting Journal Entries JE # 23		300.1480 300.1420		
To adjust balances to actual				
1100-1080-09-0000	RESERVE FOR UNCOLLECTED TAXES		100,000.00	
1100-1500-01-0000	TAX DEEDDED PROPERTY HELD FOR RESERVE		13,950.00	
1100-3110-01-0001	PROPERTY TAXES OVERLAY			113,950.00
Total			113,950.00	113,950.00
Adjusting Journal Entries JE # 30		300.8101		
Record interfund receivables in trust funds and reclassify payables in GF and enterprise funds.				
1100-2020-02-0000	ACCOUNTS PAYABLE		169,000.00	
1100-2080-02-0000	DUE TO CEMETERY TRUSTEES			169,000.00
Total			169,000.00	169,000.00
Adjusting Journal Entries JE # 36		400.4410		
To adjust assigned for contingencies (of potential abatements) based on settlement during 2019.				
1100-2500-01-0000	RESERVE FOR CONTINGENCIES		425,000.00	
1100-2530-01-0000	UNDESIGNATED FUND BALANCE			425,000.00
Total			425,000.00	425,000.00
Adjusting Journal Entries JE # 54		300.8100		
AUDIT ONLY - Reclassify interfund receivable in Landfill Capital Projects Fund (4001)				
1100-2080-55-0000	POOLED CASH - DUE TO CAPITAL PROJECTS FUND		658,439.00	
1100-1010-01-0000	CASH			658,439.00
Total			658,439.00	658,439.00
Adjusting Journal Entries JE # 56		300.8201		

To record transfer to LOST fund for unspent balance of Conservation budget.

1100-4912-04-9100	LEBANON OPEN SPACE TRUST	983.00	
1100-2080-60-0000	POOLED CASH - DUE TO LEBANON OPEN SPACE FUND		983.00
Total		983.00	983.00
Fund: 1100	Adjusting Journal Entries	1,593,304.00	1,593,304.00
Fund: 1100	Total All Journal Entries	1,593,304.00	1,593,304.00
All Funds	All Journal Entries	1,593,304.00	1,593,304.00

**PAGE
INTENTIONALLY
LEFT BLANK**

**CITY OF LEBANON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019**

CITY OF LEBANON, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 14
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
A Statement of Net Position	15
B Statement of Activities	16
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	17
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	18
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	19
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	21
<i>Proprietary Funds</i>	
E-1 Statement of Net Position	22
E-2 Statement of Revenues, Expenses, and Changes in Net Position	23
E-3 Statement of Cash Flows	24
<i>Fiduciary Funds</i>	
F-1 Statement of Fiduciary Net Position.....	25
F-2 Statement of Changes in Fiduciary Net Position	26
NOTES TO THE BASIC FINANCIAL STATEMENTS	27 - 61
REQUIRED SUPPLEMENTARY INFORMATION	
G Schedule of the City's Proportionate Share of Net Pension Liability.....	62
H Schedule of City Contributions – Pensions	63
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY	
	64
I Schedule of the City's Proportionate Share of Net Other Postemployment Benefits Liability	65
J Schedule of City Contributions – Other Postemployment Benefits.....	66
K Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios	67
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY	
	68 - 69

CITY OF LEBANON, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

TABLE OF CONTENTS

PAGES

COMBINING AND INDIVIDUAL FUND SCHEDULES

Governmental Funds

Major General Fund

1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	70
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	71
3	Schedule of Changes in Unassigned Fund Balance.....	72

Nonmajor Governmental Funds

4	Combining Balance Sheet	73
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	74

Custodial Funds

6	Combining Schedule of Fiduciary Net Position	75
7	Combining Schedule of Changes in Fiduciary Net Position	76

**SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS.....**

77

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

78 - 79

I	Schedule of Findings and Questioned Costs.....	80
II	Schedule of Expenditures of Federal Awards.....	81 - 82

	NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	83
--	--	----



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council
City of Lebanon
Lebanon, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Lebanon as of and for the year ended December 31, 2019, 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

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.

Auditor's 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 auditor's 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, business-type activities, each major fund, and aggregate remaining fund information of the City of Lebanon, as of December 31, 2019, the respective changes in financial position, the respective budgetary comparison for the general fund, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2019 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

City of Lebanon
Independent Auditor's Report

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the City's Proportionate Share of Net Pension Liability,
- Schedule of City Contributions – Pensions,
- Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of City Contributions – Other Postemployment Benefits,
- Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 sufficient evidence 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 of Lebanon's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards 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 schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards - In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the City of Lebanon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City of Lebanon's internal control over financial reporting and compliance.



PLODZIK & SANDERSON
Professional Association

September 30, 2020

City of Lebanon, New Hampshire
Management's Discussion and Analysis

As management of the City of Lebanon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and the disclosures that follow this section.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which are comprised of three components: 1. government-wide financial statements, 2. fund financial statements, 3. notes to the basic 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 – *Statement of Net Position*; *Statement of Activities* -- are designed to provide readers with both short- and long-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflow 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 of the City as a whole 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 (for example, uncollected taxes and earned but unused vacation leave).

Both 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, highways and streets, welfare, culture and recreation, conservation, and interest on long-term debt. The business-type activities included solid waste disposal, water treatment and distribution, sewage collection and disposal, and municipal airport 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 funds of the City are divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary 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: The City of Lebanon maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewage Collection and Disposal, Solid Waste Disposal, Water Treatment and Distribution, and the Municipal Airport.

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

The City of Lebanon maintains one type of fiduciary fund. The Custodial Funds report resources, not in a trust, that are held by the City for other parties outside the City of Lebanon's reporting entity. The City maintains three custodial funds for taxes, trust funds held on behalf of the Lebanon School District and impact fees.

Notes to the 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 required supplementary information concerning the City of Lebanon's progress in funding its obligations to provide pension and OPEB benefits to its employees.

The combining and individual statements referred to earlier in connection with the major general fund and nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB.

B. FINANCIAL HIGHLIGHTS

In comparison to the prior year, as of the close of the current fiscal year:

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$119,134,665.
- Governmental funds reported combined ending fund balances of \$12,793,364, a decrease of \$3,103,070.
- General fund unassigned fund balance was \$12,465,966, an increase of \$943,086.
- Combined governmental and business-type activities bonds/notes payable (including bond premium) was \$61,278,315, a decrease of \$3,764,239.
- Annual requirements (governmental and business-type activities combined) to amortize all bonds/notes payable (principal and interest) was \$73,458,445, an decrease of \$4,709,409.
- Authorized and unissued debt was \$44,969,293, an increase of \$16,104,293.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the close of the current fiscal year, total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$119,134,665, an increase of \$6,515,552 in comparison to the prior year.

The largest portion of net position (\$133,340,915) represents investment in capital assets (land, building, machinery and equipment and infrastructure) less related debt used to acquire those assets that is still outstanding. These capital assets are used by the City to provide services to citizens and are, consequently, 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 (\$5,470,514) represents resources that are subject to external restrictions on how they may be used; the remaining balance (negative \$19,676,764) represents the part of net position of the City that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements (unrestricted).

NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$20,345,672	\$36,177,432	\$24,908,379	\$25,650,656	\$45,254,051	\$61,828,088
Capital Assets	\$91,910,659	\$87,124,484	\$102,856,638	\$97,991,984	\$194,767,297	\$185,116,468
Total Assets	\$112,256,331	\$123,301,916	\$127,765,017	\$123,642,640	\$240,021,348	\$246,944,556
Deferred Outflows of Resources	\$2,099,879	\$3,091,992	\$196,802	\$286,421	\$2,296,681	\$3,378,413
Long-term Liabilities Outstanding	\$51,960,578	\$54,446,860	\$47,981,497	\$49,527,423	\$99,942,075	\$103,974,283
Other Liabilities	\$7,644,491	\$20,247,493	\$10,083,598	\$7,427,401	\$17,728,089	\$27,674,894
Total Liabilities	\$59,605,069	\$74,694,353	\$58,065,095	\$56,954,824	\$117,670,164	\$131,649,177
Deferred Inflows of Resources	\$2,939,287	\$3,477,026	\$2,573,913	\$2,630,245	\$5,513,200	\$6,107,271
Net Position:						
Net Investment in Capital Assets	\$66,801,639	\$59,804,338	\$66,539,276	\$59,973,053	\$133,340,915	\$119,777,391
Restricted	\$1,741,375	\$1,552,879	\$3,729,139	\$4,045,123	\$5,470,514	\$5,598,002
Unrestricted	(\$16,731,160)	(\$13,134,688)	(\$2,945,604)	\$325,816	(\$19,676,764)	(\$12,808,872)
Total Net Position	<u>\$51,811,854</u>	<u>\$48,222,529</u>	<u>\$67,322,811</u>	<u>\$64,343,992</u>	<u>\$119,134,665</u>	<u>\$112,566,521</u>

CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues --						
Charges for Services	\$2,202,918	\$2,134,926	\$13,311,972	\$12,807,436	\$15,514,890	\$14,942,362
Operating Grants and Contributions	\$2,351,364	\$1,324,722	\$932,219	\$589,334	\$3,283,583	\$1,914,056
Capital Grants and Contributions	\$79,799	\$480,846	\$0	\$0	\$79,799	\$480,846
General Revenues --						
Property and Other Taxes	\$23,622,502	\$22,424,383	\$0	\$0	\$23,622,502	\$22,424,383
Licenses & Permits	\$3,170,711	\$3,274,131	\$0	\$0	\$3,170,711	\$3,274,131
Grants and Contributions Not Restricted to Specific Programs	\$1,181,282	\$887,693	\$481,869	\$207,308	\$1,663,151	\$1,095,001
Other General Revenues	\$620,263	\$597,077	\$916,962	\$597,935	\$1,537,225	\$1,195,012
Total Revenues	\$33,228,839	\$31,123,778	\$15,643,022	\$14,202,013	\$48,871,861	\$45,325,791
Gain (Loss) on sale of property			\$6,874	\$183,933	\$6,874	\$183,933
Contributions to Permanent Funds	\$0	\$9,000	\$0	\$0	\$0	\$9,000
Transfers	\$1,217,048	\$697,423	(\$1,217,048)	(\$697,423)	\$0	\$0
Total Revenues Including Transfers	\$34,445,887	\$31,830,201	\$14,432,848	\$13,688,523	\$48,878,735	\$45,518,724
Expenses:						
General Government	\$6,905,314	\$6,461,342	\$0	\$0	\$6,905,314	\$6,461,342
Public Safety	\$12,857,987	\$12,947,960	\$0	\$0	\$12,857,987	\$12,947,960
Highway and Streets	\$6,715,698	\$5,914,489	\$0	\$0	\$6,715,698	\$5,914,489
Sewage Collection and Disposal	\$0	\$0	\$4,934,199	\$4,333,046	\$4,934,199	\$4,333,046
Solid Waste Disposal	\$0	\$0	\$2,565,060	\$2,692,636	\$2,565,060	\$2,692,636
Water Distribution and Treatment	\$0	\$0	\$2,468,908	\$2,224,205	\$2,468,908	\$2,224,205
Welfare (Human Services)	\$522,714	\$461,481	\$0	\$0	\$522,714	\$461,481
Municipal Airport	\$0	\$0	\$1,485,862	\$1,837,250	\$1,485,862	\$1,837,250
Culture and Recreation	\$2,997,465	\$2,953,865	\$0	\$0	\$2,997,465	\$2,953,865
Conservation	\$28,282	\$28,414	\$0	\$0	\$28,282	\$28,414
Interest on Long-term Debt	\$881,694	\$991,132	\$0	\$0	\$881,694	\$991,132
Total Expenses	\$30,909,154	\$29,758,683	\$11,454,029	\$11,087,137	\$42,363,183	\$40,845,820
Change in Net Position	\$3,536,733	\$2,071,518	\$2,978,819	\$2,601,386	\$6,515,552	\$4,672,904
Net Position Beginning 1/1	\$48,275,121	\$46,203,603	\$64,343,992	\$61,742,606	\$112,619,113	\$107,946,209
Net Position Ending 12/31	<u>\$51,811,854</u>	<u>\$48,275,121</u>	<u>\$67,322,811</u>	<u>\$64,343,992</u>	<u>\$119,134,665</u>	<u>\$112,619,113</u>

Governmental Activities. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental activities for the year resulted in a change (increase) in net position of \$3,536,733.

	<u>Amount</u>
Net change in General Fund balance	\$1,270,957
Net change in Capital Improvements Fund balance	(\$4,793,331)
Net change in other governmental funds fund balance	\$419,304
Capital outlays exceed depreciation expense and asset disposals	\$4,786,175
Revenue that does not provide current financial resources	(\$23,799)
Offset the effect of providing/using resources through the issuance/repayment of long-term principal debt	\$2,214,193
Change in accrued interest expense, compensated absences payable, and postemployment benefits payable	(\$336,766)
Total	<u>\$3,536,733</u>

Program revenues of \$4,634,081 covered 14% of program expenses. The remaining 86% was financed by general revenues including property and other taxes, licenses & permits, grants and contributions not restricted to specific programs and other general revenues. The primary funding source for governmental activities was taxes (\$23,622,502) consisting of property taxes (\$21,463,770) and other taxes (\$2,158,732) – payment-in-lieu-of-taxes, yield tax, excavation tax and penalties/interest on taxes. Property taxes comprise about 77.2% of total program revenues, general revenues and contributions and transfers. The Public Safety function makes up 41.6% of the total governmental activities' expenses followed by General Government, 22.3%, Highway and Streets, 21.7%, and Culture and Recreation, 9.7%.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Governmental Activities:				
General Government	\$6,905,314	22.3%	(\$6,693,941)	25.5%
Public Safety	\$12,857,987	41.6%	(\$10,435,664)	39.7%
Highway and Streets	\$6,715,698	21.7%	(\$6,135,979)	23.4%
Welfare (Human Services)	\$522,714	1.7%	(\$492,057)	1.9%
Culture and Recreation	\$2,997,465	9.7%	(\$2,422,818)	9.2%
Conservation	\$28,282	0.1%	(\$18,698)	0.1%
Interest on Long-Term Debt	\$881,694	2.9%	(\$881,694)	3.4%
Capital Outlay	\$0	0.0%	\$805,778	-3.1%
Total	<u>\$30,909,154</u>		<u>(\$26,275,073)</u>	

Business-type Activities. Business-type activities for the year resulted in a change in net position of \$3,029,378.

	<u>Amount</u>
Solid waste disposal operations	\$659,404
Water treatment and distribution operations	\$1,030,963
Sewage collection and disposal operations	\$855,305
Municipal Airport operations	\$433,147
Total	<u>\$2,978,819</u>

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Business Type Activities:				
Solid Waste Disposal	\$2,565,060	22.4%	\$872,808	31.3%
Water Treatment and Distribution	\$2,468,908	21.6%	\$965,514	34.6%
Sewage Collection and Disposal	\$4,934,199	43.1%	\$1,250,053	44.8%
Municipal Airport	\$1,485,862	13.0%	(\$298,213)	-10.7%
Total	<u>\$11,454,029</u>	<u>100.0%</u>	<u>\$2,790,162</u>	<u>100.0%</u>

D. FINANCIAL ANALYSIS OF CITY OF LEBANON FUNDS

The City of Lebanon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of this section is specific to funds and types of funds versus entity wide.

Governmental Funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in determining financing requirements. Of interest is unassigned fund balance, which may serve as a useful measure of net resources available for spending at the end of the fiscal year. Unassigned Fund Balance is the residual classification for the City's general fund and includes all amounts not contained in other fund balance component classifications and therefore not subject to any constraints.

At the close of the current fiscal year, governmental funds reported combined ending fund balances of \$12,793,364, a decrease of \$3,103,070.

The City's Fund Balance Policy is intended to provide adequate financial resources to ensure the continued orderly operation of government and the provision of services to residents and the continued stability of the tax or rate structure that can be threatened by uncertainty emanating from a number of areas including economic uncertainty, unanticipated changes in federal and state policies, imposition of federal and state mandates, unanticipated expenditures resulting from natural disasters or other unforeseen circumstances, errors in estimating expenditures and revenues, potential drain on resources from funds facing financial difficulties, and disparities in timing between revenue collections and expenditures.

Funds other than the General Fund exist primarily to ensure and demonstrate compliance with limitations on the use of existing resources or as enterprises. The General Fund, as the chief operating fund of the City, has a broader mandate which may include accumulating sufficient financial resources for contingencies. Accordingly, the Fund Balance Policy is limited to the General Fund.

<u>KEY ELEMENTS OF CHANGE IN COMBINED FUND BALANCES</u>	
General Fund revenues and transfers in exceed expenditures and transfers out	\$1,270,957
Capital Improvements Fund expenditures exceed revenues and transfers in	(\$4,793,331)
Other governmental funds expenditures and transfers out exceed revenues and transfers in	<u>\$419,304</u>
Net Change in Fund Balances	<u>(\$3,103,070)</u>
Other Governmental Funds:	
Library Fund revenues and transfers in exceed expenditures	(\$9,732)
Public Safety Revolving Fund (Police) revenues exceed expenditures	\$69,299
Lebanon Open Space Fund expenditures exceed revenues and transfers in	\$11,126
Public Safety Revolving Fund (Fire) revenues exceed expenditures	\$2,670
Fanners Market Fund expenditures exceed revenues	(\$702)
Recreation Revolving Fund expenditures exceed revenues	(\$11,580)
Impact Fees	\$159,995
Permanent Fund (cemetery perpetual care) revenues exceed expenditures and transfers out	<u>\$198,228</u>
Net Change in Fund Balances	<u>\$419,304</u>

UNASSIGNED FUND BALANCE, DECEMBER 31, 2019

Non-GAAP Budgetary Basis:

	Unassigned Fund Balance 1/1	<u>\$11,676,062</u>
Percentage of total general fund current year budgeted expenditures		38.0%
Changes:		
Unassigned fund balance used to reduce tax rate and voted from surplus		(\$1,876,471)
Revenue surplus		\$1,803,429
Unexpended balance of appropriations		\$639,736
Decrease in nonspendable fund balance		(\$66,479)
Increase in assigned for abatement contingency		\$425,000
	Unassigned fund balance 12/31 non-GAAP budgetary basis	<u>\$12,601,277</u>
Percentage of total general fund current year budgeted expenditures		38.8%
Reconciliation of Non-GAAP Basis to GAAP Basis:		
Deferral of property taxes not collected within 60 days of year-end		(\$285,311)
Elimination of the allowance for uncollectible taxes		\$150,000
	Unassigned fund balance 12/31 GAAP basis	<u>\$12,465,966</u>

It is the objective of the City to maintain an Unassigned Fund Balance of 19.0% to 24.0% of gross current General Fund budgeted expenditures.

- The City considers a balance of less than 19.0% to be a cause for concern and, considering factors or circumstances that may require a higher than normal maximum level of Unassigned Fund Balance, a balance of more than 24.0% as excessive.
- In the event Unassigned Fund Balance is less than 19.0%, restorative steps shall be taken in the immediate subsequent fiscal years. An amount more than 24.0% may be considered to reduce tax levy requirements determined in conjunction with the annual budget process, as a capital improvement funding component, for reservation to accumulate funding for future capital improvements, or for any legal purpose deemed appropriate and desirable by the City Council.
- This Policy is not intended to preclude the administrative application of Unassigned Fund Balance as a companion to the budgeted application of Unassigned Fund Balance as a mitigating utility in setting the annual Municipal Tax Rate.

E. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for both Governmental and Business-type activities at year end was \$194,767,297 (net of accumulated depreciation).

The capital improvements fund is where the acquisition or construction of major, expensive, and long-lived capital facilities are budgeted. Operating budgets are period oriented (January 1 to December 31); the capital improvements budget is project oriented.

2019 CAPITAL ASSETS			
	<u>Amount</u>		<u>Amount</u>
<u>Governmental Activities</u>		<u>Business-type Activities:</u>	
Not being depreciated:		Not being depreciated:	
Land	\$7,629,286	Land	\$809,968
Intangible assets	\$111,847	Construction in progress	\$23,644,811
Construction in progress	\$14,765,885	Total	\$24,454,779
Total	\$22,507,018	Net of depreciation:	
Net of depreciation:		Land Improvements	\$11,257,753
Land Improvements	\$1,153,971	Building and Building Improvements	\$25,446,323
Building and Building Improvements	\$13,048,867	Machinery and Equipment	\$3,701,464
Machinery and Equipment	\$5,515,740	Infrastructure	\$37,996,319
Infrastructure	\$49,685,063	Total	\$78,401,859
Total	\$69,403,641	Net BV business-type activities capital assets	<u>\$102,856,638</u>
Net BV value governmental activities capital assets	<u>\$91,910,659</u>	Net BV all capital assets	<u>\$194,767,297</u>
BV = Book Value			
2019 CAPITAL BUDGET			
<u>Purpose:</u>	<u>Amount</u>	<u>Source of Financing:</u>	<u>Amount</u>
Streets and Utilities	\$12,450,000	Intergovernmental (Grants)	\$872,000
Bridges	\$460,000	Other	\$189,500
Building Improvements	\$7,390,000	Debt Proceeds	\$19,925,000
Vehicles and Equipment	\$1,975,000	Interfund Transfers	\$1,637,513
Airport Infrastructure	\$115,000	Applied Fund Balance	\$375,987
Other	\$610,000	Total	<u>\$23,000,000</u>
Total	<u>\$23,000,000</u>		
Other Includes:			
Water System Mapping	\$290,000	Recreation Playing Fields	\$75,000
Asset Management Program	\$120,000		
Alteria-Route 120 Pedestrian&Transit Improvements	\$125,000		
		Total	<u>\$610,000</u>

Long-Term Debt

At the close of the current fiscal year, bonds/notes payable (governmental and business-type activities combined) was \$61,278,315, an decrease of \$3,764,239; annual requirements (governmental and business-type activities combined) to amortize all bonds/notes payable (principal and interest) was \$73,458,445, an decrease of \$4,709,409; authorized and unissued debt was \$44,969,293, a decrease of \$16,104,293. All outstanding debt is debt backed by the full faith and credit of the City.

Combined Sewer Overflow Separation and Utility Replacement Program: The U.S. Environmental Protection Agency (EPA) notified the City in November 2007 that it planned to file a lawsuit in the U.S. District Court for the State of New Hampshire regarding alleged violations of the Clean Water Act based on a sewer and storm water system in certain older sections of the City that discharged untreated sewer and storm water into two rivers and a brook. As of 2000, the City's system consisted of approximately 38 miles of sewer and interceptors, with approximately 40% of the sewer system comprised of combined sewers conveying both sanitary sewer and storm water flows. In 2000, the EPA issued an Administrative Order that required the City to eliminate six of seven combined sewer overflows by December 31, 2008 and the seventh by December 31, 2012. The City made substantial progress on this but faced a series of logistical challenges that hampered its efforts and delayed the schedule. Because of the delay and the inability of the City to fulfill the requirements of the Administrative Order, the EPA and City negotiated the terms of a consent decree with a revised schedule to settle the lawsuit that was filed at the same time at the federal district court on May 27, 2009. The revised schedule will complete the elimination of combined sewer overflows no later than 2020.

LONG-TERM LIABILITIES, DECEMBER 31, 2019				
Governmental activities:				
	<u>Balance 1/1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31</u>
Bonds/notes Payable	\$25,969,201	\$884,863	(\$2,867,849)	\$23,986,215
Unamortized Bond Premium	\$1,054,422	\$0	(\$79,684)	\$974,738
Total Bonds/notes Payable	\$27,023,623	\$884,863	(\$2,947,533)	\$24,960,953
Capital Leases Payable	\$296,523	\$0	(\$148,456)	\$148,067
Compensated Absences Payable	\$1,613,894	\$41,043	(\$46,463)	\$1,608,474
Net Other Postemployment Benefits	\$21,961,365	\$0	(\$159,307)	\$21,802,058
Net Pension Liability	\$3,551,455	\$0	(\$110,429)	\$3,441,026
Total	<u>\$54,446,860</u>	<u>\$925,906</u>	<u>(\$3,412,188)</u>	<u>\$51,960,578</u>
Business-type activities:				
	<u>Balance 1/1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31</u>
Bonds/notes Payable	\$37,276,397	\$1,200,000	(\$2,846,792)	\$35,629,605
Unamortized Bond Premium	\$742,534	\$0	(\$54,777)	\$687,757
Total Bonds/notes Payable	\$38,018,931	\$1,200,000	(\$2,901,569)	\$36,317,362
Compensated Absences Payable	\$276,442	\$19,922	(\$28,559)	\$267,805
Accrued Landfill Closure and Postclosure Care Costs	\$8,753,596	\$148,380	\$0	\$8,901,976
Net Other Postemployment Benefits	\$2,034,333	\$8,975	\$0	\$2,043,308
Net Pension Liability	\$444,121	\$6,925	\$0	\$451,046
Total	<u>\$49,527,423</u>	<u>\$1,384,202</u>	<u>(\$2,930,128)</u>	<u>\$47,981,497</u>

It was clear from the beginning the mandated work was going to substantially affect a significant portion of the City. It was therefore decided by the City Council to expand the scope of the work to include not just combined sewer overflow separation but also replacement of the aging water and sewer infrastructure and necessary streetscape improvements and upgrades at the same time.

From 2000 through 2019, the City has appropriated \$75.098 million for combined sewer overflow separation and utility replacement.

Long-term debt, in the form of general obligation debt, and loans through the State Revolving Fund, are the primary source of financing the combined sewer overflow separation and utility replacement work. The New Hampshire State Revolving Fund has Clean Water (CWSRF) and Drinking Water (DWSRF) components. The CWSRF provides funding to municipalities to improve and replace collection systems and wastewater treatment plants. The DWSRF provides assistance in the form of low interest loans to public water systems to finance the cost of drinking water infrastructure. Whether a CWSRF or DWSRF, the consequent cost of borrowing is apportioned to the General Fund, Water Treatment and Distribution Fund, and Sewage Collection and Disposal Fund on a 40%, 30%, and 30% basis, respectively. The former is primarily supported through property taxation; the latter two by user fees.

The first two or three-years (2000 – 2002) the combined sewer overflow separation work was an Army Corps of Engineers (ACOE) project; without that involvement, the total expected cost to the City might have been considerably larger (possibly \$3.5 million). Also, the City received a Community Development Block Grant from the State of New Hampshire of \$1.000 million and an EPA grant of \$299,400 early in the process. When ACOE involvement was terminated no further financial assistance was made available from the federal government and the work became the sole responsibility of the City to finance.

<u>Source of Financing</u>	<u>Amount</u>
Water Treatment and Distribution Fund	\$575,556
Sewage Collection and Disposal Fund	\$20,900
General Fund	\$114,617
Water Investment Fees Fund	\$143,076
Capital Reserve Fund	\$432,790
General Obligation Debt	\$39,775,430
Premium on General Obligation Debt	\$775,890
State Revolving Fund	\$31,959,905
EPA Grants	\$299,400
Community Development Block Grant	\$1,000,000
Total	<u>\$75,097,564</u>

F. NEXT YEAR'S BUDGETS AND RATES

- In 2019, the estimated total net assessed valuation, the amount on which the tax rate for municipal, county and local education tax is computed is \$1,916,260,556. A citywide assessment will occur in 2020. The last update before that was in 2015; the next will be 2025. According to State law, annually, the assessors – Lebanon Board of Assessors – shall adjust assessments to reflect changes so that all assessments are reasonably proportional within the City and that all real estate be reappraised so that assessment are at full and true value at least as often as every five years. (New Hampshire Constitution Part 2 Article 6.)
- An increase in the total net assessed valuation exerts downward pressure on the tax rate; a decrease has the opposite influence.
- The property tax rate bridges the gap between non-property tax revenues, spending and statutory tax credits and property assessment abatements. The Total Tax Rate is made up of four constituent rates: Municipal (general City services), School: Local, School: State and County. Appropriations (authorization to spend public moneys) are a legislative act. The Lebanon City Council is the City's legislative body; the Lebanon School District annual meeting and Grafton County delegation (comprised of state representatives from Grafton County) are the legislative bodies for the school and county.
- The 2019 City Budget Municipal Tax Rate (excluding school and county components) is \$11.25 per \$1,000 of assessed value, an increase of \$.28 or 2.5% over the comparable 2018 rate. A property assessed for tax purposes for \$250,000 will have an estimated 2019 municipal tax bill of about \$2,810, an increase of \$68 over the 2018 municipal tax bill.
- The tax rate is set (calculated) by the New Hampshire Department of Revenue Administration usually in October. The first step in calculating the tax rate for each of the four tax rate components is to subtract non-property tax revenues and applied spendable fund balance from legal appropriations. (In the case of the Municipal Tax Rate, a provision for taxes that either will not be collected (War Service Tax Credits) or might not be collected to varying degrees (abatements) is added in.) The result, divided by the Net Valuation on Which the Tax Rate for Municipal, County & Local Education Tax is Computed, is converted to a rate expressed per \$1,000 of assessed real estate value. (For the state education tax rate, the result is divided by the Net Valuation on Which Tax Rate for State Education Tax is Computed.) The City Budget concerns the Municipal Tax Rate only.

HOW the Amount to Be Raised by Property Taxes is distributed is determined by property values that the Lebanon Board of Assessors must ensure by law are reasonably proportional within the City and that all taxable property was appraised to the best of the Board's knowledge and belief at its full value, in accordance with state appraisal standards. WHAT the amount to be raised by property taxes consists of is determined through the city, school, state and county budget processes.

Tax bills are mailed on or around June 1 and November 1 each year, with interest accruing at a rate of 8% on bills outstanding for more than 30 days. Within 18 months of the date assessed (April 1), the Tax Collector places a lien on properties for all uncollected property taxes. The lien on these properties has priority over

other liens and accrues interest at 12% per annum. If property is not redeemed (taxes, penalties and interest) within the 2-year redemption period, the property is tax deeded to the city. The June billing is considered an estimate only. It is based by law on one-half of the prior year's tax rate. The balance of taxes due, considering current year budget activity, is billed in the fall after the New Hampshire Department of Revenue Administration has calculated the City's tax rate.

Property taxes billed and collected by the City include taxes levied for the Lebanon School District and Grafton County, which are remitted to those governmental units as required by law. The former is paid over the course of the based on a cash requirements schedule provided by the district; the latter is paid in December. Both the Lebanon School District and Grafton County receive their respective assessment no matter what may transpire respecting abatement activity and outcomes as ultimate responsibility for the collection of taxes rests with the City.

- *Landfill Fees:* There was an increase in tipping fees in June of 2019 for disposing solid waste at the landfill. The current rate is \$75/ton. The estimated annual cost for an individual is \$43.80.
- *Water and Sewer Service Fees:* The 2019 City Budget provided an increase of 8.0% to water service rates (base user rate and minimum charge) approved by the City Council (December 5, 2018) effective January 1, 2019. The 2019 water rate increased from \$49.04 to \$52.96 per 1,000 cubic feet of metered water consumption. On May 15th, 2019, the council adopted Ordinance #2019-06 to amend City Code Chapter 68, Enumeration of Fees to incorporate a new fee structure for water and sewer rates. One of the considerations for changing the rates was to remove the disincentive to conserve water because of the minimum charge. The elderly residents were paying a fixed fee even though their consumption was low. The goal is the stability and predictability in rates and the ability to cover the costs of the system. Effective July 1, 2019, water 0-1200 rate is \$2.99 per 100CF, > 1200, the rate is \$5.98 per 100CF for water. There are also fixed charges for the size of the meter.

The 2019 City Budget provides an increase of 7.2% to sewer service rates (base user rate, minimum charge and residential flat rate) approved by the City Council (December 5, 2018) effective January 1, 2019. The 2019 sewer service rate increased from \$99.00 to \$106.13 per \$1,000 cubic feet of metered water consumption. On May 15th, 2019, the council adopted Ordinance #2019-06 to amend City Code Chapter 68, Enumeration of Fees to incorporate a new fee structure for water and sewer rates. One of the considerations for changing the rates was to remove the disincentive to conserve water because of the minimum charge. The elderly residents were paying a fixed fee even though their consumption was low. The goal is the stability and predictability in rates and the ability to cover the costs of the system. Effective July 1, 2019, the new sewer structure rate is 9.08 per 100CF.

The long-term objective of a rate increase is to moderate future service rate increases by accumulating resources in advance as spendable fund balance sufficient for the Water Treatment and Distribution Fund and Sewage Collection and Disposal Fund to absorb projected operation and maintenance and debt service expenses over the next six-years (2019 – 2024). The intent is to balance recognition of future potential financial obligations and the ramifications of those obligations on future service rates and the fiscal integrity and soundness of the fund by adopting meaningful interim rate adjustments. The Combined Sewer Overflow Separation capital project has been and will continue to be a financial strain on both funds.

- *Labor Force Composition:* The 2019 City Budget has 182.20 active full-time equivalent (FTE) positions (172.00 full-time; 10.20 regular part-time positions excluding seasonal and occasional employees and call firefighters). 120.00 positions, or 65.9%, are represented by one of four unions. Positions may be occupied or vacant, funded or unfunded. Positions are required to have an approved budget before they can be filled.

CITY BUDGETS

	2018	2019	
<u>Fund</u>	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
General	\$30,738,370	\$32,508,264	\$1,769,894
Solid Waste Disposal	\$5,738,950	\$3,454,260	(\$2,284,690)
Water Treatment and Distribution	\$3,075,250	\$3,647,675	\$572,425
Sewage Collection and Disposal	\$6,329,160	\$7,031,135	\$701,975
Municipal Airport	\$1,324,930	\$1,456,320	\$131,390
Emergency Management	\$25,000	\$25,000	\$0
Capital	<u>\$20,125,000</u>	<u>\$23,000,000</u>	<u>\$2,875,000</u>
Total	<u>\$67,356,660</u>	<u>\$71,122,654</u>	<u>\$3,765,994</u>
<u>Expenditure Type</u>			\$0
Personnel Services	\$21,485,760	\$21,980,940	\$495,180
Contractual Services	\$7,584,370	\$8,857,740	\$1,273,370
Materials and Supplies	\$3,194,980	\$3,413,610	\$218,630
Property	\$233,410	\$240,120	\$6,710
Debt Service	\$7,539,460	\$7,794,890	\$255,430
Interfund Transfers	<u>\$7,193,680</u>	<u>\$5,876,884</u>	<u>(\$1,316,796)</u>
Total	<u>\$47,231,660</u>	<u>\$48,164,184</u>	<u>\$932,524</u>
			\$0
Operation and Maintenance	\$12,023,520	\$11,492,410	(\$531,110)
Debt Service	\$7,539,460	\$7,794,890	\$255,430
Interfund Transfers	\$7,193,680	\$5,876,884	(\$1,316,796)
Capital	<u>\$20,475,000</u>	<u>\$23,000,000</u>	<u>\$2,525,000</u>
Total	<u>\$47,231,660</u>	<u>\$48,164,184</u>	<u>\$932,524</u>

- The General Fund is 45.7% of the 2019 City Budget; Capital Improvements Fund 32.3%; Sewage Collection and Disposal Fund 9.9%; Solid Waste Disposal Fund 4.8%; Water Treatment and Distribution Fund 5.1%; Municipal Airport Fund 2.0%; and Emergency Management Fund >0.3%.
- The operations and maintenance budget (excluding capital improvements, debt service, and interfund transfers) is 47.4% of the City Budget or \$33,728,000.
- The 2019 Capital Budget of \$23,000,000 is comprised of twenty-seven (27) projects and five sources of financing. Projects include Streets and Utilities (\$12,450,000), Bridges (\$460,000), Building Improvements (\$7,390,000), Vehicles and Equipment (\$1,975,000), Airport Infrastructure (\$610,000) and Other (\$610,000). Other consists of Water System Mapping (\$290,000), Asset Management Program (\$120,000), Altaria-Route 120 Pedestrian & Transit Improvements (\$125,000) and Recreation Playing Fields (\$75,000).
- The 2019 City Budget provides estimated revenues of \$67,308,305, an increase of \$2,834,015 from 2018. The General Fund makes up 44.9% of total revenues; Capital Improvements Fund 34.1%; Sewage Collection and Disposal Fund 9.3%; Solid Waste Disposal Fund 5.0%; Water Treatment and Distribution Fund 5.3%; Municipal Airport Fund 1.8%; and Emergency Management Fund >0.4%.
- 2019 Budget surplus is \$2,443,165 an increase of \$627,975 from 2018.

G. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Lebanon. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Finance Director, City Hall, 51 North Park Street, Lebanon, New Hampshire 03766.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
CITY OF LEBANON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,681,812	\$ 12,969,843	\$ 23,651,655
Investments	2,047,215	9,535,410	11,582,625
Taxes receivables (net)	1,327,977	-	1,327,977
Account receivables (net)	619,039	862,565	1,481,604
Intergovernmental receivable	2,272,232	4,014,690	6,286,922
Internal balances	2,967,633	(2,967,633)	-
Prepaid items	369,492	493,504	862,996
Tax deeded property, subject to resale	60,272	-	60,272
Capital assets:			
Land and construction in progress	22,507,018	24,454,779	46,961,797
Other capital assets, net of depreciation	69,403,641	78,401,859	147,805,500
Total assets	112,256,331	127,765,017	240,021,348
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	1,998,911	187,339	2,186,250
Amounts related to other postemployment benefits	100,968	9,463	110,431
Total deferred outflows of resources	2,099,879	196,802	2,296,681
LIABILITIES			
Accounts payable	1,122,160	453,818	1,575,978
Accrued salaries and benefits	55,651	-	55,651
Retainage payable	521,007	741,047	1,262,054
Contracts payable	796,623	1,163,466	1,960,089
Accrued interest payable	377,322	295,024	672,346
Intergovernmental payable	4,691,508	7,418,339	12,109,847
Escrow and performance deposits	80,220	11,904	92,124
Long-term liabilities:			
Due within one year	3,025,243	1,945,291	4,970,534
Due in more than one year	48,935,335	46,036,206	94,971,541
Total liabilities	59,605,069	58,065,095	117,670,164
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Grants received in advance	42,380	-	42,380
Debt forgiveness	1,418,213	2,426,064	3,844,277
Deferred revenue	-	3,702	3,702
Amounts related to pensions	1,409,827	132,130	1,541,957
Amounts related to other postemployment benefits	68,867	12,017	80,884
Total deferred inflows of resources	2,939,287	2,573,913	5,513,200
NET POSITION			
Net investment in capital assets	66,801,639	66,539,276	133,340,915
Restricted	1,741,375	3,729,139	5,470,514
Unrestricted	(16,731,160)	(2,945,604)	(19,676,764)
Total net position	\$ 51,811,854	\$ 67,322,811	\$ 119,134,665

EXHIBIT B
CITY OF LEBANON, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 6,905,314	\$ 172,730	\$ 38,643	\$ -	\$ (6,693,941)	\$ -	\$ (6,693,941)
Public safety	12,857,987	1,662,943	755,380	4,000	(10,435,664)	-	(10,435,664)
Highways and streets	6,715,698	9,836	569,883	-	(6,135,979)	-	(6,135,979)
Welfare	522,714	-	30,657	-	(492,057)	-	(492,057)
Culture and recreation	2,997,465	357,409	214,971	2,267	(2,422,818)	-	(2,422,818)
Conservation	28,282	-	9,584	-	(18,698)	-	(18,698)
Interest on long-term debt	881,694	-	-	-	(881,694)	-	(881,694)
Capital outlay	-	-	732,246	73,532	805,778	-	805,778
Total governmental activities	<u>30,909,154</u>	<u>2,202,918</u>	<u>2,351,364</u>	<u>79,799</u>	<u>(26,275,073)</u>	<u>-</u>	<u>(26,275,073)</u>
Business-type activities:							
Sewage collection and disposal	4,934,199	5,898,930	285,322	-	-	1,250,053	1,250,053
Solid waste disposal	2,565,060	3,437,868	-	-	-	872,808	872,808
Water treatment and distribution	2,468,908	3,362,635	71,787	-	-	965,514	965,514
Municipal airport	1,485,862	612,539	575,110	-	-	(298,213)	(298,213)
Total business-type activities	<u>11,454,029</u>	<u>13,311,972</u>	<u>932,219</u>	<u>-</u>	<u>-</u>	<u>2,790,162</u>	<u>2,790,162</u>
Total	<u>\$ 42,363,183</u>	<u>\$ 15,514,890</u>	<u>\$ 3,283,583</u>	<u>\$ 79,799</u>	<u>(26,275,073)</u>	<u>2,790,162</u>	<u>(23,484,911)</u>
General revenues:							
Taxes:							
Property					21,463,770	-	21,463,770
Other					2,158,732	-	2,158,732
Motor vehicle permit fees					2,744,685	-	2,744,685
Licenses and other fees					426,026	-	426,026
Grants and contributions not restricted to specific programs					869,862	-	869,862
Unrestricted investment earnings					311,420	481,869	793,289
Miscellaneous					620,263	916,962	1,537,225
Total general revenues					<u>28,594,758</u>	<u>1,398,831</u>	<u>29,993,589</u>
Gain (Loss) on sale of property					-	6,874	6,874
Transfers					<u>1,217,048</u>	<u>(1,217,048)</u>	<u>-</u>
Total general revenues, contributions, and transfers					<u>29,811,806</u>	<u>188,657</u>	<u>30,000,463</u>
Change in net position					<u>3,536,733</u>	<u>2,978,819</u>	<u>6,515,552</u>
Net position, beginning, as restated (see Note 22)					<u>48,275,121</u>	<u>64,343,992</u>	<u>112,619,113</u>
Net position, ending					<u>\$ 51,811,854</u>	<u>\$ 67,322,811</u>	<u>\$ 119,134,665</u>

Lebanon City Council
October 7, 2020
Page 97

EXHIBIT C-1
CITY OF LEBANON, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2019

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,784,821	\$ -	\$ 1,438,138	\$ 10,222,959
Investments	-	-	1,554,992	1,554,992
Receivables, net of allowance for uncollectible:				
Taxes	1,477,935	-	42	1,477,977
Accounts	543,570	-	70,393	613,963
Intergovernmental receivable	-	2,109,037	-	2,109,037
Interfund receivable	4,837,748	-	5,813	4,843,561
Voluntary tax liens	33,150	-	-	33,150
Voluntary tax liens reserved until collected	(33,150)	-	-	(33,150)
Prepaid items	399,849	25,390	-	425,239
Tax deeded property, subject to resale	60,272	-	-	60,272
Restricted assets:				
Cash and cash equivalents	458,853	-	-	458,853
Investments	492,223	-	-	492,223
Accounts receivable	5,076	-	-	5,076
Total assets	<u>\$ 17,060,347</u>	<u>\$ 2,134,427</u>	<u>\$ 3,069,378</u>	<u>\$ 22,264,152</u>
LIABILITIES				
Accounts payable	\$ 1,111,140	\$ -	\$ 11,020	\$ 1,122,160
Accrued salaries and benefits	55,651	-	-	55,651
Retainage payable	-	521,007	-	521,007
Contracts payable	-	796,623	-	796,623
Intergovernmental payable	1,506	4,690,002	-	4,691,508
Interfund payable	5,813	1,780,450	89,665	1,875,928
Escrow and performance deposits	80,220	-	-	80,220
Total liabilities	<u>1,254,330</u>	<u>7,788,082</u>	<u>100,685</u>	<u>9,143,097</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	285,311	-	-	285,311
Unavailable revenue - Grants received in advance	42,380	-	-	42,380
Total deferred inflows of resources	<u>327,691</u>	<u>-</u>	<u>-</u>	<u>327,691</u>
FUND BALANCES (DEFICIT)				
Nonspendable	460,121	-	1,561,280	2,021,401
Restricted	25,000	-	180,095	205,095
Committed	786,022	-	1,227,248	2,013,270
Assigned	1,741,217	-	70	1,741,287
Unassigned (deficit)	12,465,966	(5,653,655)	-	6,812,311
Total fund balances (deficit)	<u>15,478,326</u>	<u>(5,653,655)</u>	<u>2,968,693</u>	<u>12,793,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,060,347</u>	<u>\$ 2,134,427</u>	<u>\$ 3,069,378</u>	<u>\$ 22,264,152</u>

EXHIBIT C-2
CITY OF LEBANON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the Statement of Net

Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 12,793,364
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 131,838,834	
Less accumulated depreciation	<u>(39,928,175)</u>	
		91,910,659
Prepaid debt is not recognized as an expenditure in the governmental funds in the current period, but reduces the outstanding debt in the Statement of Net Position.		(55,747)
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,998,911	
Deferred inflows of resources related to pensions	(1,409,827)	
Deferred outflows of resources related to OPEB	100,968	
Deferred inflows of resources related to OPEB	<u>(68,867)</u>	
		621,185
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (1,875,928)	
Payables	<u>1,875,928</u>	
		-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		285,311
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(150,000)
Long-term assets (State aid receivable) are not available to pay for current-period expenditures and therefore, are not reported in the governmental funds.		163,195
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(377,322)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 23,986,215	
Unamortized bond premium/debt forgiveness	2,392,951	
Capital leases	148,067	
Compensated absences	1,608,474	
Net pension liability	21,802,058	
Other postemployment benefits	<u>3,441,026</u>	
		(53,378,791)
Net position of governmental activities (Exhibit A)		<u>\$ 51,811,854</u>

EXHIBIT C-3
CITY OF LEBANON, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 23,639,380	\$ -	\$ 542	\$ 23,639,922
Licenses and permits	3,170,711	-	-	3,170,711
Intergovernmental	1,963,955	620,660	-	2,584,615
Charges for services	1,614,474	-	588,444	2,202,918
Miscellaneous	924,561	111,586	527,194	1,563,341
Total revenues	31,313,081	732,246	1,116,180	33,161,507
EXPENDITURES				
Current:				
General government	6,709,914	-	8,662	6,718,576
Public safety	11,801,146	-	336,485	12,137,631
Highways and streets	4,014,988	-	-	4,014,988
Welfare	520,985	-	-	520,985
Culture and recreation	2,481,242	-	328,321	2,809,563
Conservation	9,088	-	-	9,088
Debt service:				
Principal	2,762,813	-	-	2,762,813
Interest	1,030,022	-	-	1,030,022
Capital outlay	317,400	7,960,559	-	8,277,959
Total expenditures	29,647,598	7,960,559	673,468	38,281,625
Excess (deficiency) of revenues over (under) expenditures	1,665,483	(7,228,313)	442,712	(5,120,118)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,631,611	1,634,982	6,796	3,273,389
Transfers out	(2,026,137)	-	(30,204)	(2,056,341)
Bonds/notes proceeds	-	800,000	-	800,000
Total other financing sources (uses)	(394,526)	2,434,982	(23,408)	2,017,048
Net change in fund balances	1,270,957	(4,793,331)	419,304	(3,103,070)
Fund balances (deficit), beginning, as restated (see Note 22)	14,207,369	(860,324)	2,549,389	15,896,434
Fund balances (deficit), ending	\$ 15,478,326	\$ (5,653,655)	\$ 2,968,693	\$ 12,793,364

EXHIBIT C-4
CITY OF LEBANON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2019

Net change in fund balances of governmental funds (Exhibit C-3)		#####
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 7,450,340	
Disposal of capital assets	(44,721)	
Depreciation expense	(2,619,444)	
		4,786,175
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ 2,056,341	
Transfers out	2,056,341	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	\$ (117,437)	
Change in allowance for uncollectible property taxes	100,000	
Decrease in deferred aid revenue	(6,362)	
		(23,799)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of debt	\$ (884,863)	
Recognition of principal forgiveness	(88,064)	
Repayment of bond principal	2,867,849	
Repayment of capital leases	148,456	
Amortization of bond premium	79,684	
Amortization of debt forgiveness	91,131	
		2,214,193
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 68,644	
Decrease in compensated absences	5,420	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(368,822)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	(42,008)	
		(336,766)
Changes in net position of governmental activities (Exhibit B)		<u>\$3,536,733</u>

EXHIBIT D
CITY OF LEBANON, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 23,055,729	\$ 23,055,729	\$ 23,621,943	\$ 566,214
Licenses and permits	2,771,060	2,771,060	3,170,711	399,651
Intergovernmental	1,396,964	1,396,964	1,628,026	231,062
Charges for services	1,366,600	1,366,600	1,614,474	247,874
Miscellaneous	439,320	439,320	768,857	329,537
Total revenues	29,029,673	29,029,673	30,804,011	1,774,338
EXPENDITURES				
Current:				
General government	7,219,070	6,995,070	6,649,221	345,849
Public safety	12,180,900	11,885,900	11,669,696	216,204
Highways and streets	3,987,260	4,337,260	4,319,783	17,477
Welfare	562,410	562,410	520,985	41,425
Culture and recreation	2,482,910	2,482,910	2,471,783	11,127
Conservation	10,070	10,070	9,088	982
Debt service:				
Principal	2,766,480	2,766,480	2,762,813	3,667
Interest	1,034,010	1,034,010	1,030,022	3,988
Total expenditures	30,243,110	30,074,110	29,433,391	640,719
Excess (deficiency) of revenues over (under) expenditures	(1,213,437)	(1,044,437)	1,370,620	2,415,057
OTHER FINANCING SOURCES (USES)				
Transfers in	1,602,120	1,602,120	1,631,211	29,091
Transfers out	(2,265,154)	(2,434,154)	(2,435,137)	(983)
Total other financing sources (uses)	(663,034)	(832,034)	(803,926)	28,108
Net change in fund balances	\$ (1,876,471)	\$ (1,876,471)	566,694	\$ 2,443,165
Increase in nonspendable fund balance			(66,479)	
Decrease in assigned fund balance (non-encumbrance)			425,000	
Unassigned fund balance, beginning			11,676,062	
Unassigned fund balance, ending			\$ 12,601,277	

EXHIBIT E-1
CITY OF LEBANON, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
December 31, 2019

	Business-type Activities				
	Enterprise Funds				
	Sewage Collection and Disposal	Solid Waste Disposal	Water Treatment and Distribution	Municipal Airport	Total
ASSETS					
Cash and cash equivalents	\$ 3,055,307	\$ 5,855,915	\$ 3,698,020	\$ 360,601	\$ 12,969,843
Investments	152,673	8,855,357	527,380	-	9,535,410
Receivables:					
Accounts	291,943	442,180	56,474	71,968	862,565
Intergovernmental	1,860,022	35,276	2,087,511	31,881	4,014,690
Internal balances	-	-	25	-	25
Prepaid items	450,000	5,314	25,432	12,758	493,504
Capital assets:					
Land and construction in progress	13,809,042	272,009	7,665,617	2,708,111	24,454,779
Other capital assets, net of depreciation	43,364,344	9,880,852	18,399,376	6,757,287	78,401,859
Total assets	62,983,331	25,346,903	32,459,835	9,942,606	130,732,675
DEFERRED OUTFLOWS OF RESOURCES					
Amounts related to pensions	64,867	48,742	49,418	24,312	187,339
Amounts related to other postemployment benefits	3,277	2,462	2,496	1,228	9,463
Total deferred outflows of resources	68,144	51,204	51,914	25,540	196,802
LIABILITIES					
Current liabilities:					
Accounts payable	306,165	29,399	59,049	59,205	453,818
Retainage payable	361,186	-	379,861	-	741,047
Contract payable	523,578	232	639,656	-	1,163,466
Accrued interest payable	99,389	44,355	139,083	12,197	295,024
Intergovernmental	3,517,501	-	3,900,838	-	7,418,339
Internal balances	957,336	-	1,238,836	771,486	2,967,658
Escrow and performance deposits	-	-	-	11,904	11,904
Long term liabilities:					
Due within one year	901,066	324,585	651,962	67,678	1,945,291
Due in more than one year	25,580,030	10,875,516	8,775,355	805,305	46,036,206
Total liabilities	32,246,251	11,274,087	15,784,640	1,727,775	61,032,753
DEFERRED INFLOWS OF RESOURCES					
Debt forgiveness	1,362,407	-	1,063,657	-	2,426,064
Deferred revenue	-	-	-	3,702	3,702
Amounts related to pensions	45,751	34,377	34,855	17,147	132,130
Amounts related to other postemployment benefits	4,034	3,211	3,277	1,495	12,017
Total deferred inflows of resources	1,412,192	37,588	1,101,789	22,344	2,573,913
NET POSITION					
Net investment in capital assets	31,662,701	8,543,641	17,372,220	8,960,714	66,539,276
Restricted	-	3,008,207	542,548	178,384	3,729,139
Unrestricted	(2,269,669)	2,534,584	(2,289,448)	(921,071)	(2,945,604)
Total net position	\$ 29,393,032	\$ 14,086,432	\$ 15,625,320	\$ 8,218,027	\$ 67,322,811

EXHIBIT E-2
CITY OF LEBANON, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2019

	Business-type Activities				
	Enterprise Funds				
	Sewage Collection and Disposal	Solid Waste Disposal	Water Treatment and Distribution	Municipal Airport	Total
Operating revenues:					
User charges	\$ 5,898,930	\$ 3,437,868	\$ 3,362,635	\$ 612,539	\$ 13,311,972
Intergovernmental revenues	285,322	-	71,787	575,110	932,219
Miscellaneous	89,100	218,926	55,790	553,146	916,962
Total operating revenues	6,273,352	3,656,794	3,490,212	1,740,795	15,161,153
Operating expenses:					
Salaries and wages	1,023,291	779,746	811,600	491,069	3,105,706
Operation and maintenance	1,776,182	783,278	425,898	214,231	3,199,589
Contractual services	119,263	219,363	202,724	214,134	755,484
Materials and supplies	150,549	16,012	196,150	14,723	377,434
Depreciation and amortization	1,184,161	715,294	552,800	527,629	2,979,884
Total operating expenses	4,253,446	2,513,693	2,189,172	1,461,786	10,418,097
Operating gain	2,019,906	1,143,101	1,301,040	279,009	4,743,056
Nonoperating revenue (expense):					
Interest income	49,836	369,120	62,913	-	481,869
Gain on sale of property	-	6,000	-	874	6,874
Interest expense	(680,753)	(51,367)	(279,736)	(24,076)	(1,035,932)
Total nonoperating revenues	(630,917)	323,753	(216,823)	(23,202)	(547,189)
Other financing sources (uses):					
Transfers in	-	-	270,830	244,110	514,940
Transfers out	(533,684)	(807,450)	(324,084)	(66,770)	(1,731,988)
Total other financing sources (uses)	(533,684)	(807,450)	(53,254)	177,340	(1,217,048)
Change in net position	855,305	659,404	1,030,963	433,147	2,978,819
Net position, beginning, as restated	28,537,727	13,427,028	14,594,357	7,784,880	64,343,992
Net position, ending	\$ 29,393,032	\$ 14,086,432	\$ 15,625,320	\$ 8,218,027	\$ 67,322,811

EXHIBIT E-3
CITY OF LEBANON, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2019

	Business-type Activities				
	Enterprise Funds				
	Sewage Collection and Disposal	Solid Waste Disposal	Water Treatment and Distribution	Municipal Airport	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,629,752	\$ 3,646,922	\$ 3,461,126	\$ 1,861,129	\$ 15,598,929
Payments to employees	(927,733)	(783,686)	(746,092)	(578,753)	(3,036,264)
Payments to suppliers	(2,021,588)	(1,030,732)	(838,525)	(429,692)	(4,320,537)
Net cash provided by operating activities	3,680,431	1,832,504	1,876,509	852,684	8,242,128
Cash flows from capital and related financing activities:					
Principal paid on bonds	(1,773,403)	(300,000)	(653,538)	(66,579)	(2,793,520)
Acquisition and construction of fixed assets	(1,765,527)	(80,784)	(1,450,791)	(832,579)	(4,129,681)
Interest paid	(611,256)	(56,065)	(256,882)	(22,588)	(946,791)
Net cash used for capital and related financing activities	(4,150,186)	(436,849)	(2,361,211)	(921,746)	(7,869,992)
Cash flows from non-capital financing activities:					
Operating transfers in	957,311	-	1,509,641	244,110	2,711,062
Operating transfers out	(533,684)	(807,450)	(324,084)	(123,075)	(1,788,293)
Net cash provided by (used for) non-capital financing activities	423,627	(807,450)	1,185,557	121,035	922,769
Cash flows from investing activities:					
Purchase of investments	(132,604)	(820,732)	(9,959)	-	(963,295)
Interest received	49,836	369,120	62,913	-	481,869
Net cash provided by (used for) investing activities	(82,768)	(451,612)	52,954	-	(481,426)
Net increase/decrease in cash	(128,896)	136,593	753,809	51,973	813,479
Cash, beginning	3,184,203	5,719,322	2,944,211	308,628	12,156,364
Cash, ending	\$ 3,055,307	\$ 5,855,915	\$ 3,698,020	\$ 360,601	\$ 12,969,843
Reconciliation of Operating Gain to Net Cash Provided (Used) by Operating Activities					
Operating gain	\$ 2,019,906	\$ 1,143,101	\$ 1,301,040	\$ 279,009	\$ 4,743,056
Adjustments to reconcile operating gain to net cash used by operating activities:					
Depreciation expense	1,184,161	715,294	552,800	527,629	2,979,884
Loss on disposition of capital assets	-	(8,777)	-	-	(8,777)
(Increase)/Decrease in other receivables	13,162	(22,699)	30,494	(21,816)	(859)
(Increase)/Decrease in intergovernmental receivables	343,238	12,827	(59,580)	139,646	436,131
(Increase)/Decrease in prepaid items	(56,745)	(81)	1,176	(116)	(55,766)
Decrease in deferred outflows related to pensions	18,524	23,061	13,512	19,845	74,942
Decrease in deferred outflows related to OPEB	4,398	4,146	3,297	2,836	14,677
Increase/(Decrease) in accounts payable	81,151	(3,221)	(14,929)	13,512	76,513
Increase in escrow deposits	-	-	-	2,504	2,504
Increase/(Decrease) in compensated absences	10,171	9,750	(24,460)	(4,098)	(8,637)
Increase/(Decrease) in net pension liability	60,689	(25,292)	50,903	(77,325)	8,975
Increase/(Decrease) in OPEB	6,809	(6,033)	24,798	(18,649)	6,925
Decrease in deferred inflows related to pensions	(4,736)	(9,093)	(3,243)	(9,587)	(26,659)
Increase/(Decrease) in deferred inflows related to OPEB	(297)	(479)	701	(706)	(781)
Total adjustments	1,660,525	689,403	575,469	573,675	3,499,072
Net cash provided by operating activities	\$ 3,680,431	\$ 1,832,504	\$ 1,876,509	\$ 852,684	\$ 8,242,128

EXHIBIT F-1
CITY OF LEBANON, NEW HAMPSHIRE
Fiduciary Fund
Statement of Net Position
December 31, 2019

	All Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 14,647,909
Investments	4,115,009
Total assets	18,762,918
LIABILITIES	
Intergovernmental payable	14,394,512
NET POSITION	
Unrestricted	\$ 4,368,406

EXHIBIT F-2
CITY OF LEBANON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended December 31, 2019

	All Custodial Funds
ADDITIONS	
Contributions	\$ 740,309
Investment earnings	98,295
Change in fair market value	254,330
Tax collections for other governments	32,121,845
Total additions	<u>33,214,779</u>
DEDUCTIONS	
Administrative expenses	1,628,034
Payments of taxes to other governments	32,121,845
Total deductions	<u>33,749,879</u>
Change in net position	(535,100)
Net position, beginning, as restated (see Note 22)	4,903,506
Net position, ending	<u>\$ 4,368,406</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting, and Measurement Focus	1-B
Cash and Cash Equivalents.....	1-C
Restricted Assets.....	1-D
Statement of Cash Flows	1-E
Investments.....	1-F
Receivables.....	1-G
Prepaid Items.....	1-H
Capital Assets	1-I
Interfund Activities.....	1-J
Property Taxes.....	1-K
Accounts Payable	1-L
Deferred Outflows/Inflows of Resources	1-M
Long-term Obligations	1-N
Compensated Absences	1-O
Claims and Judgments.....	1-P
Defined Benefit Pension Plan	1-Q
Postemployment Benefits Other Than Pensions.....	1-R
Net Position/Fund Balances.....	1-S
Use of Estimates	1-T
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Deficit Fund Balance	2-C
Accounting Change	2-D

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents.....	3
Restricted Assets.....	4
Investments	5
Taxes Receivable	6
Other Receivables.....	7
Prepaid Items.....	8
Capital Assets.....	9
Interfund Balances and Transfers	10
Intergovernmental Payables.....	11
Construction Commitments	12
Deferred Outflows/Inflows of Resources.....	13
Capital Lease Obligations.....	14
Long-term Liabilities	15
Defined Benefit Pension Plan	16
Postemployment Benefits Other Than Pensions.....	17
New Hampshire Retirement System (NHRS).....	17-A
City of Lebanon Retiree Health Benefit Program.....	17-B

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Encumbrances	18
State Aid to Water Pollution Projects.....	19
Governmental Activities Net Position	20
Governmental Fund Balances	21
Prior Period Adjustments	22
Risk Management.....	23
Cafeteria Benefit Plan	24
Security Agreement.....	25
Contingent Liabilities	26
Tax Abatements.....	27
Subsequent Events.....	28

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lebanon, New Hampshire (the City), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-D for further information on this pronouncement.

The more significant of the City's accounting policies are described below.

1-A Reporting Entity

The City of Lebanon is a municipal corporation governed by an elected City Council. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The City has no component units to include in its reporting entity.

1-B Basis of Accounting, and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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 City reports the following major governmental funds:

General Fund – is the City’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants, and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, welfare, culture and recreation, and debt service. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance, the expendable trust, grants, emergency management, Heritage, restricted, and Community Development Block Grant funds are consolidated in the general fund.

Capital Improvements Fund –accounts for activity pertaining to multiple construction and renovation projects that are not reported in other funds.

Additionally, the City reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Fund – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the City. These can include legal trusts for which the interest on the corpus provides funds for the City’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The City reports eight nonmajor governmental funds.

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Sewage Collection and Disposal Fund – accounts for the operation of the wastewater treatment plant and the maintenance and replacement of the wastewater collection system and pump stations.

Solid Waste Disposal Fund – accounts for the operation and maintenance of the landfill, recycling facilities and hazardous waste processing.

Water Treatment and Distribution Fund – accounts for the operation of the water treatment facilities, maintenance and replacement of distribution system, water tanks and pump stations.

Municipal Airport Fund – accounts for the operation and maintenance of the Lebanon Municipal Airport.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds are custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The City also reports the following fiduciary fund:

Custodial Fund – is custodial in nature and does not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash 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 cash equivalents.”

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Restricted Assets

Certain City assets are classified as restricted assets because their use is restricted by statutory limitation and/or they are earmarked for a specific purpose.

1-E Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-F Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the City to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, 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. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the City categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, it is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the City and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

1-G Receivables

Receivables recorded in the financial statements represent amounts due to the City at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses/expenditures as the items are used. Under the full accrual basis of accounting used for the government-wide and proprietary fund financial statements, prepayments of debt are recognized as a reduction of the long-term liability.

1-I Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and intangible assets, which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the City as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	20 - 30
Buildings and building improvements	20 - 30
Machinery and equipment	5 - 25
Infrastructure	50

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

1-J Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.”

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 18, 2019 and November 1, 2019, and were due on July 1, 2019 and December 4, 2019, respectively. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The City placed a lien on all outstanding taxes from 2018 on May 2, 2019.

In connection with the setting of the tax rate, City officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the City include taxes levied for the State of New Hampshire, Lebanon School District, and Grafton County, which are remitted to these entities as required by law.

The City net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,832,969,756
For all other taxes	\$ 1,916,260,556

The tax rates and amounts assessed for the year ended December 31, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 11.25	\$ 21,578,951
School portion:		
State of New Hampshire	2.31	4,229,319
Local	14.66	28,084,140
County portion	2.15	4,112,021
Total	<u>\$ 30.37</u>	<u>\$ 58,004,431</u>

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until then.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-N Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

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

1-O Compensated Absences

Vacation - The City's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy or collective bargaining agreement. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Sick Leave – Benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable the benefits will result in termination payments. The liability is based on the City's experience of making termination payments.

1-P Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as an expense when the related liabilities are incurred.

1-Q Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-R Postemployment Benefits Other Than Pensions

The City maintains two separate other postemployment benefit plans (OPEB), as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City’s actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

I-S Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government’s fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a vote of the City Council. These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned – Amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned, committed, or restricted fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the City’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

It is the goal of the City to maintain an unassigned fund balance of 15% to 17% of current general fund budgeted expenditure activity. The City considers a balance of less than 15% to be a cause for concern and, taking into account factors or circumstances that may require a higher than normal maximum level of unassigned fund balance, a balance of more than 17% as excessive. An amount in excess of 15% may be considered to reduce tax levy requirements determined in conjunction with the

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

annual budget process, as a capital improvement funding component, for reservation to accumulate funding for future capital improvements, or for any legal purpose deemed appropriate and desirable by the City Council. In the event unassigned fund balance is less than 15%, restorative steps shall be taken in the immediate and subsequent fiscal years.

1-T Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the City's operations. The City Council adopts a budget for the current year for the general, emergency management, and capital improvement governmental funds as well as the sewage collection and disposal, solid waste disposal, water treatment and distribution, and municipal airport proprietary funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

The head of any department, with the written approval of the City Manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within their department to another fund or agency with their department. Expenditures may not legally exceed budgeted appropriations in total. Except for capital improvements, all annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$1,876,471 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the City reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the general fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	General
Per Exhibit D (budgetary basis)	\$ 32,435,222
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	491,633
To record transfers in to the blended funds	400
To eliminate transfers between expendable trust and general funds	794,000
To eliminate transfers between blended funds	(794,000)
Change in deferred tax revenue relating to 60-day revenue recognition	
recognized as revenue on the GAAP basis, but not on the budgetary basis	17,437
Per Exhibit C-3 (GAAP basis)	\$ 32,944,692

(Continued)
Lebanon City Council
October 7, 2020
Page 117

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Budgetary reconciliation to GAAP basis continued:

	General
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 31,868,528
Adjustment:	
Basis differences:	
Encumbrances, beginning	888,153
Encumbrances, ending	(1,233,384)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	559,438
To eliminate transfers between general and blended funds	(794,000)
To recognize transfers out of the blended funds	385,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 31,673,735</u>

2-C Deficit Fund Balances

The capital improvements fund had a deficit fund balance \$5,653,655 at December 31, 2019. This deficit results from project expenditures in anticipation of future bond/note issuances and includes \$4,690,002 of intergovernmental payables representing unissued State Revolving Fund drawdown requests, see Note 11.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 22.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The City's deposits are covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name. The FDIC currently insures the first \$250,000 of the City's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the City's deposits was \$38,299,564 and the bank balances totaled \$39,877,798. Petty cash totaled \$2,165.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 23,651,655
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F)	14,647,909
Total cash and cash equivalents	<u>\$ 38,299,564</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 4 – RESTRICTED ASSETS

The following cash and investments are classified as restricted because of the statutory limitation placed on their use as they are earmarked for a specific purpose.

Cash and cash equivalents:	
General fund:	
Expendable trust	\$ 85,687
Grants	23,279
Emergency management	92,110
Heritage	30,460
Restricted funds	<u>227,317</u>
Total restricted cash and cash equivalents	<u>458,853</u>
Investments:	
General fund:	
Expendable trust	<u>492,223</u>
Accounts receivable:	
General fund:	
Grants	<u>5,076</u>
Total restricted assets	<u>\$ 956,152</u>

NOTE 5 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the City funds. The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements and maturities as of December 31, 2019:

Investment type:	Valuation	Fair Value	Exempt from Disclosure	Less Than 1 Year	1-5 Years
	Measurement Method				
Equities	Level 1	\$ 1,523,099	\$ 1,523,099	\$ -	\$ -
Fixed income	Level 1	14,174,535	2,057,372	3,026,670	9,090,493
Total fair value		<u>\$ 15,697,634</u>	<u>\$ 3,580,471</u>	<u>\$ 3,026,670</u>	<u>\$ 9,090,493</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City's Trustees of Trust Funds investment policy limits investment maturities for capital reserve funds to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The City's Trustees of Trust Funds investment policy limits capital reserve investments to the highest grade domestic fixed investments (U.S. treasuries and agencies) as a means of managing credit risk. For trust funds, the policy specifies that not more than 45% nor less than 35% of the portfolio should be invested in equities; of which not more than 90% nor less than 70% in an S&P 500 Index fund, 5%-15% international equities, and the balance in small-cap and mid-cap index funds. Not more than 60% nor less than 40% of the portfolio should be invested in diversified fixed income pools or funds representative of the broad U.S. government and corporate market.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

The cash balance, which composes the rest, should range between 0% and 10% of the total trust fund balance.

Investment type:	Fair Value	Exempt from Disclosure	Ratings as of Year-end	
			Aaa	Other
Equities	\$ 1,523,099	\$ 1,523,099	\$ -	\$ -
Fixed income	14,174,535	2,057,372	11,991,030	126,133
Total fair value	<u>\$ 15,697,634</u>	<u>\$ 3,580,471</u>	<u>\$ 11,991,030</u>	<u>\$ 126,133</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have custodial credit risk policies for investments.

Concentration of Credit Risk – The City's Trustees of Trust Funds investment policy limits the amount it may invest in any one issuer to not more than 10% of the total trust fund balance, excepting U.S. obligations and mutual funds. There are no issuers that exceeded 5% of the City's total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 11,582,625
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F)	4,115,009
Total investments	<u>\$ 15,697,634</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount in the governmental activities has been reduced by an allowance for an estimated uncollectible amount of \$150,000, which is removed in the general fund due to the deferral of taxes receivable not collected within 60 days of year-end. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 1,084,784	\$ 1,084,784
Unredeemed (under tax lien):		
Levy of 2018	110,744	110,744
Levy of 2017	48,092	48,092
Levies of 2016 and prior	223,001	223,001
Yield	11,356	11,356
Less: allowance for estimated uncollectible taxes	(150,000) *	-
Net taxes receivable	<u>\$ 1,327,977</u>	<u>\$ 1,477,977</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Receivables as of December 31, 2019 for the City's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Total Governmental Funds
	General	Capital Improvements	Nonmajor	
Receivables:				
Accounts	\$ 1,445,522	\$ -	\$ 70,393	\$ 1,515,915
Restricted	5,076	-	-	5,076
Intergovernmental	-	2,109,037	-	2,109,037
Voluntary tax liens	33,150	-	-	33,150
Gross receivables	1,483,748	2,109,037	70,393	3,663,178
Less: allowance for uncollectibles	(935,102)	-	-	(935,102)
Net total receivables	<u>\$ 548,646</u>	<u>\$ 2,109,037</u>	<u>\$ 70,393</u>	<u>\$ 2,728,076</u>

	Proprietary Funds				Total Proprietary Funds
	Sewage Collection and Disposal	Solid Waste Disposal	Water Treatment and Distribution	Municipal Airport	
Receivables:					
Accounts	\$ 291,943	\$ 442,180	\$ 56,474	\$ 71,968	\$ 862,565
Intergovernmental	1,860,022	35,276	2,087,511	31,881	4,014,690
Net total receivables	<u>\$ 2,151,965</u>	<u>\$ 477,456</u>	<u>\$ 2,143,985</u>	<u>\$ 103,849</u>	<u>\$ 4,877,255</u>

	Governmental Activities	Business-type Activities	Total Government- wide
Receivables:			
Accounts	\$ 1,520,991	\$ 862,565	\$ 2,383,556
Intergovernmental	2,272,232	4,014,690	6,286,922
Voluntary tax liens	33,150	-	33,150
Gross receivables	3,826,373	4,877,255	8,703,628
Less: allowance for uncollectibles	(935,102)	-	(935,102)
Net total receivables	<u>\$ 2,891,271</u>	<u>\$ 4,877,255</u>	<u>\$ 7,768,526</u>

NOTE 8 – PREPAID ITEMS

Prepaid items at December 31, 2019 consist of the following:

	Government-wide Statements		Governmental Funds		Proprietary Funds			
	Governmental Activities	Business-type Activities	General	Capital Improvements	Sewage Collection and Disposal	Solid Waste Disposal	Water Treatment and Distribution	Municipal Airport
Insurance	\$ 99,296	\$ 37,288	\$ 99,296	\$ -	\$ 9,025	\$ 5,314	\$ 10,466	\$ 12,483
Debt	-	-	55,747	-	-	-	-	-
Interest	18,954	455,191	18,954	-	440,975	-	14,216	-
Other	251,242	1,025	225,852	25,390	-	-	750	275
Total	<u>\$ 369,492</u>	<u>\$ 493,504</u>	<u>\$ 399,849</u>	<u>\$ 25,390</u>	<u>\$ 450,000</u>	<u>\$ 5,314</u>	<u>\$ 25,432</u>	<u>\$ 12,758</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 7,629,286	\$ -	\$ -	\$ 7,629,286
Intangible assets	111,847	-	-	111,847
Construction in progress	8,150,786	6,786,587	(171,488)	14,765,885
Total capital assets not being depreciated	15,891,919	6,786,587	(171,488)	22,507,018
Being depreciated:				
Land improvements	3,370,274	44,013	-	3,414,287
Buildings and building improvements	21,533,158	81,290	(36,963)	21,577,485
Machinery and equipment	11,495,847	709,938	(160,490)	12,045,295
Infrastructure	72,294,749	-	-	72,294,749
Total capital assets being depreciated	108,694,028	835,241	(197,453)	109,331,816
Total all capital assets	124,585,947	7,621,828	(368,941)	131,838,834
Less accumulated depreciation:				
Land improvements	(2,151,758)	(108,558)	-	(2,260,316)
Buildings and building improvements	(8,087,587)	(449,322)	8,291	(8,528,618)
Machinery and equipment	(5,993,759)	(680,237)	144,441	(6,529,555)
Infrastructure	(21,228,359)	(1,381,327)	-	(22,609,686)
Total accumulated depreciation	(37,461,463)	(2,619,444)	152,732	(39,928,175)
Net book value, capital assets being depreciated	71,232,565	(1,784,203)	(44,721)	69,403,641
Net book value, all governmental activities capital assets	\$87,124,484	\$5,002,384	\$ (216,209)	\$ 91,910,659
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 809,968	\$ -	\$ -	\$ 809,968
Construction in progress	16,778,476	7,018,400	(152,065)	23,644,811
Total capital assets not being depreciated	17,588,444	7,018,400	(152,065)	24,454,779
Being depreciated:				
Land improvements	43,313,359	-	-	43,313,359
Buildings and building improvements	40,565,267	148,869	-	40,714,136
Machinery and equipment	7,577,522	686,046	(45,137)	8,218,431
Infrastructure	60,250,808	152,065	-	60,402,873
Total capital assets being depreciated	151,706,956	986,980	(45,137)	152,648,799
Total all capital assets	169,295,400	8,005,380	(197,202)	177,103,578
Less accumulated depreciation:				
Land improvements	(31,252,854)	(802,752)	-	(32,055,606)
Buildings and building improvements	(14,623,421)	(644,392)	-	(15,267,813)
Machinery and equipment	(4,144,669)	(408,658)	36,360	(4,516,967)
Infrastructure	(21,282,472)	(1,124,082)	-	(22,406,554)
Total accumulated depreciation	(71,303,416)	(2,979,884)	36,360	(74,246,940)
Net book value, capital assets being depreciated	80,403,540	(1,992,904)	(8,777)	78,401,859
Net book value, all business-type activities capital assets	\$97,991,984	\$5,025,496	\$ (160,842)	\$ 102,856,638

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Depreciation expense was charged to functions of the City based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 115,924
Public safety	470,582
Highways and streets	1,813,283
Culture and recreation	200,461
Conservation	19,194
Total depreciation expense	<u>\$ 2,619,444</u>
Business-type activities:	
Sewage collection and disposal	\$ 1,184,161
Solid waste disposal	715,294
Water treatment and distribution	552,800
Municipal airport	527,629
Total depreciation expense	<u>\$ 2,979,884</u>

NOTE 10 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital improvements	\$ 1,780,450
General	Nonmajor governmental	89,665
Nonmajor governmental	General	5,813
General	Major proprietary - Sewage collection and disposal	957,311
General	Major proprietary - Water treatment and distribution	1,238,836
General	Major proprietary - Municipal airport	771,486
Major proprietary - Water treatment and distribution	Major proprietary - Sewage collection and disposal	25
		<u>\$ 4,843,586</u>

The outstanding balances among funds result mainly 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.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2019 is as follows:

	Transfers In	Transfers Out	Cumulative Transfers
Major governmental funds:			
General	\$ 1,631,611	\$ (2,026,137)	\$ (394,526)
Capital improvements	1,634,982	-	1,634,982
Nonmajor governmental funds	6,796	(30,204)	(23,408)
Total governmental funds	<u>3,273,389</u>	<u>(2,056,341)</u>	<u>1,217,048</u>
Major proprietary funds:			
Sewage collection and disposal	-	(533,684)	(533,684)
Solid waste disposal	-	(807,450)	(807,450)
Water treatment and distribution	270,830	(324,084)	(53,254)
Municipal airport	244,110	(66,770)	177,340
Total proprietary funds	<u>514,940</u>	<u>(1,731,988)</u>	<u>(1,217,048)</u>
Total	<u>\$ 3,788,329</u>	<u>\$ (3,788,329)</u>	<u>\$ -</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$26,504,359 at December 31, 2019 consist of the following:

Governmental funds:

General:

Fees due to the State of New Hampshire \$ 1,506

Capital improvements:

State of New Hampshire - drawdown requests 4,690,002

Total governmental funds 4,691,508

Proprietary funds:

Sewage collection and disposal:

State of New Hampshire - drawdown requests 3,517,501

Water treatment and distribution:

State of New Hampshire - drawdown requests 3,900,838

Total proprietary funds 7,418,339

Fiduciary fund:

Custodial:

Balance of 2019-20 district assessment due to the Lebanon School District 14,394,512

Total intergovernmental payables due \$ 26,504,359

NOTE 12 – CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2019. The projects include street construction, water and sewer improvements, airport improvements, sidewalk construction, and other capital improvements. At year-end, the City's commitments with contractors for work completed are as follows:

	Contracts Payable	Retainage Payable
Governmental fund:		
Capital improvements	\$ 796,623	\$ 521,007
Proprietary funds:		
Sewage collection and disposal	523,578	361,186
Solid waste disposal	232	-
Water treatment and distribution	639,656	379,861
Total proprietary funds	1,163,466	741,047
Total	\$ 1,960,089	\$ 1,262,054

The remaining balances of uncompleted construction contracts at December 31, 2019 are as follows:

	Total Contracts	Spent to Date	Remaining Commitment
Governmental fund:			
Capital improvements	\$ 8,584,418	\$ 3,924,755	\$ 4,659,663
Proprietary funds:			
Sewage collection and disposal	2,246,627	765,395	1,481,232
Solid waste disposal	246,544	-	246,544
Water treatment and distribution	5,116,984	1,129,729	3,987,255
Total proprietary funds	7,610,155	1,895,124	5,715,031
Total	\$ 16,194,573	\$ 5,819,879	\$ 10,374,694

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Government-wide Statements	
	Governmental	Business-type
	Activities	Activities
Amounts related to pensions (see Note 16)	\$ 1,998,911	\$ 187,339
Amounts related to other postemployment benefits (see Note 17)	100,968	9,463
Total	<u>\$ 2,099,879</u>	<u>\$ 196,802</u>

	Proprietary Funds			
	Sewage	Solid	Water	
	Collection	Waste	Treatment and	Municipal
	and Disposal	Disposal	Distribution	Airport
Amounts related to pensions (see Note 16)	\$ 64,867	\$ 48,742	\$ 49,418	\$ 24,312
Amounts related to other postemployment benefits (see Note 17)	3,277	2,462	2,496	1,228
Total	<u>\$ 68,144</u>	<u>\$ 51,204</u>	<u>\$ 51,914</u>	<u>\$ 25,540</u>

Deferred inflows of resources are as follows:

	Government-wide Statements	
	Governmental	Business-type
	Activities	Activities
Unavailable revenue - Grants received in advance	\$ 42,380	\$ -
Debt forgiveness	1,418,213	2,426,064
Deferred revenue	-	3,702
Amounts related to pensions (see Note 16)	1,409,827	132,130
Amounts related to other postemployment benefits (see Note 17)	68,867	12,017
	<u>\$ 2,939,287</u>	<u>\$ 2,573,913</u>

	Proprietary Funds				
	Governmental	Sewage	Solid	Water	
	Fund	Collection	Waste	Treatment and	Municipal
	General	and Disposal	Disposal	Distribution	Airport
Unavailable revenue - Property taxes	\$ 285,311	\$ -	\$ -	\$ -	\$ -
Unavailable revenue - Grants received in advance	42,380	-	-	-	-
Debt forgiveness	-	1,362,407	-	1,063,657	-
Deferred revenue	-	-	-	-	3,702
Amounts related to pensions (see Note 16)	-	45,751	34,377	34,855	17,147
Amounts related to other postemployment benefits (see Note 17)	-	4,034	3,211	3,277	1,495
	<u>\$ 327,691</u>	<u>\$ 1,412,192</u>	<u>\$ 37,588</u>	<u>\$ 1,101,789</u>	<u>\$ 22,344</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 14 – CAPITAL LEASE OBLIGATIONS

The City has entered into capital lease agreements under which the related equipment will become the property of the City when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
Governmental activities:		
Capital lease obligations:		
Servers and related equipment	4.29%	\$ 14,837
Vehicle fleet	6.00%	113,758
Ford Interceptor	6.95%	19,472
Total capital lease obligations		<u>\$ 148,067</u>

Leased equipment under the capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Servers and related equipment	\$ 111,272
Vehicle fleet	341,661
Ford Interceptor	32,551
Total equipment	485,484
Less: accumulated depreciation	(199,757)
Total capital lease equipment	<u>\$ 285,727</u>

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2020	\$ 146,024
2021	7,413
2022	7,413
Total requirements	160,850
Less: interest	(12,783)
Present value of remaining payments	<u>\$ 148,067</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 15 – LONG-TERM LIABILITIES

Changes in the City's long-term liabilities consisted of the following for the year ended December 31, 2019:

	Balance January 1 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental activities:					
Bonds/notes payable:					
Bonds/notes	\$ 25,969,201	\$ 884,863	\$ (2,867,849) *	\$ 23,986,215	\$ 2,715,236
Premium	1,054,422	-	(79,684)	974,738	79,684
Total bonds/notes payable	27,023,623	884,863	(2,947,533)	24,960,953	2,794,920
Capital leases	296,523	-	(148,456)	148,067	134,655
Compensated absences	1,613,894	41,043	(46,463)	1,608,474	95,668
Net pension liability	21,961,365	-	(159,307)	21,802,058	-
Net other postemployment benefits	3,551,455	-	(110,429)	3,441,026	-
Total long-term liabilities	\$ 54,446,860	\$ 925,906	\$ (3,412,188)	\$ 51,960,578	\$ 3,025,243

***Water Pollution Control Revolving Fund Program** – Included in the \$2,782,986 debt reduction is a one-time principal forgiveness received under the Drinking Water State Revolving Fund Program. The loan was consolidated by a promissory note on June 1, 2019, in order to finance the Combined Sewer Overflow (CSO) #11 Phase 2 Water Main Replacement Project, which has been completed.

The total loan amount issued was \$800,000 (in the governmental activities), of which 11.0%, or \$88,063 was forgiven in the form of federal financial assistance.

	Balance January 1 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Business-type activities:					
Bonds/notes payable:					
Bonds/notes	\$ 37,276,397	\$ 1,200,000	\$ (2,846,792) *	\$ 35,629,605	\$ 1,872,114
Premium	742,534	-	(54,777)	687,757	54,777
Total bonds/notes payable	38,018,931	1,200,000	(2,901,569)	36,317,362	1,926,891
Compensated absences	276,442	19,922	(28,559)	267,805	-
Accrued landfill closure and postclosure care costs	8,753,596	148,380	-	8,901,976	18,400
Net pension liability	2,034,333	8,975	-	2,043,308	-
Net other postemployment benefits	444,121	6,925	-	451,046	-
Total long-term liabilities	\$ 49,527,423	\$ 1,384,202	\$ (2,930,128)	\$ 47,981,497	\$ 1,945,291

***Water Pollution Control Revolving Fund Program** – Included in the \$2,846,792 debt reduction is a one-time principal forgiveness received under the Drinking Water State Revolving Fund Program. The loan was consolidated by a promissory note on June 1, 2019, in order to finance the CSO #11 Phase 2 Water Main Replacement Project, which has been completed. The total loan amount issued was \$1,200,000 (\$600,000 in the sewage collection and disposal proprietary fund and \$600,000 in the water treatment and distribution proprietary fund), of which 11.0%, or \$132,094 (\$66,047 in the sewage collection and disposal proprietary fund and \$66,047 in the water treatment and distribution proprietary fund) was forgiven in the form of federal financial assistance.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
Governmental activities:						
Bonds/notes payable:						
(Majority multi purpose)	\$ 5,273,904	2000	2020	5.125-5.50	\$ 240,000	\$ 240,000
	\$ 2,490,682	2001	2021	4.125-5.00	238,400	119,200
	\$ 2,490,682	2002	2022	3.00-5.00	270,000	90,000
	\$ 1,118,620	2003	2023	4.00-6.00	222,640	55,660
	\$ 3,506,098	2004	2024	3.00-5.00	860,715	172,143
	\$ 4,583,082	2005	2025	4.00-4.50	1,350,000	225,000
	\$ 4,441,665	2006	2026	4.50-5.00	1,545,000	225,000
	\$ 6,584,511	2007	2027	4.00-4.75	2,463,800	323,600
	\$ 2,396,404	2008	2028	4.00-4.125	640,725	74,525
	\$ 3,797,000	2009	2029	3.02-5.02	1,204,000	121,000
	\$ 3,948,393	2010	2030	3.823	2,146,070	197,370
	\$ 3,651,784	2011	2031	3.55	2,075,000	190,000
	\$ 428,374	2012	2032	2.57-3.18	264,680	20,360
	\$ 2,912,891	2014	2034	3.392	1,036,490	74,035
	\$ 655,000	2014	2024	5.10	325,000	65,000
	\$ 1,819,100	2016	2036	2.51	1,535,000	95,000
	\$ 1,272,534	2016	2036	2.00	891,952	-
	\$ 1,280,000	2017	2036	2.00	952,000	56,000
	\$ 1,856,400	2017	2037	2.52	1,625,000	115,000
	\$ 2,905,400	2018	2038	3.20	2,730,000	171,000
	\$ 728,283	2018	2038	2.70	589,914	32,773
	\$ 800,000	2019	2039	1.70	711,938	35,597
	\$ 84,863	2019	2023	2.99	67,891	16,973
Total bonds/notes payable					23,986,215	2,715,236
Bond premium					974,738	79,684
Total governmental activities					24,960,953	2,794,920
Business-type activities:						
Bonds/notes payable:						
(Majority multi purpose)	\$ 3,297,982	2001	2021	4.125-5.00	\$ 51,600	\$ 25,800
	\$ 1,769,210	2003	2023	4.00-6.00	77,360	19,340
	\$ 1,281,902	2004	2024	3.00-5.00	139,285	27,857
	\$ 1,254,393	2005	2025	4.00-4.50	360,000	60,000
	\$ 2,070,164	2006	2026	4.50-5.00	725,000	105,000
	\$ 1,901,689	2007	2027	4.00-4.75	1,066,200	121,400
	\$ 1,574,416	2008	2028	2.352	709,387	78,821
	\$ 2,030,611	2008	2028	4.00-4.125	949,275	105,475
	\$ 1,410,000	2009	2029	3.02-5.02	681,000	69,000
	\$ 3,152,607	2010	2030	3.823	1,733,930	157,630
	\$ 4,720,716	2011	2031	3.55	2,820,000	235,000
	\$ 1,294,062	2011	2031	3.55	447,859	31,802
	\$ 4,306,526	2012	2032	2.57-3.18	1,925,320	329,640
	\$ 2,207,000	2013	2033	4.10-5.60	1,520,000	115,000
	\$ 4,369,336	2014	2034	3.392	1,554,743	111,053
	\$ 1,908,801	2016	2036	2.00	1,337,930	-
	\$ 11,541,564	2016	2036	2.00	9,233,248	-
	\$ 1,904,452	2016	2036	2.00	1,224,811	-

(Continued)

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Bonds/notes payable:

	\$	1,920,000	2017	2036	2.00	1,428,000	84,000
(Majority multi purpose) (Continued)	\$	200,000	2017	2036	1.96	175,611	8,742
	\$	4,672,089	2017	2037	2.42	3,971,277	-
	\$	1,629,000	2018	2038	3.20	1,545,000	84,000
	\$	1,092,424	2018	2037	2.70	884,863	49,159
	\$	1,200,000	2019	2039	1.70	1,067,906	53,395
Total bonds/notes payable						35,629,605	1,872,114
Bond premium						687,757	54,777
Total						36,317,362	1,926,891
Grand total	\$					61,278,315	\$ 4,721,811

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2019, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 2,715,236	\$ 1,032,079	\$ 3,747,315
2021	2,510,983	887,715	3,398,698
2022	2,374,783	738,315	3,113,098
2023	2,254,782	629,454	2,884,236
2024	2,177,150	531,273	2,708,423
2025-2029	7,427,310	1,593,298	9,020,608
2030-2034	3,195,174	528,258	3,723,432
2035-2039	1,330,797	121,999	1,452,796
Totals	\$ 23,986,215	\$ 6,062,391	\$ 30,048,606

Business-type activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 1,872,114	\$ 1,103,117	\$ 2,975,231
2021	2,839,050	999,793	3,838,843
2022	2,811,361	902,840	3,714,201
2023	2,827,503	807,142	3,634,645
2024	2,814,336	704,146	3,518,482
2025-2029	11,430,048	2,266,100	13,696,148
2030-2034	7,928,564	861,405	8,789,969
2035-2039	3,106,629	135,691	3,242,320
Totals	\$ 35,629,605	\$ 7,780,234	\$ 43,409,839

Accrued Landfill Closure and Postclosure Care Costs – Federal and State laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future closure and postclosure care costs that will be incurred. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$8,901,976 as of December 31, 2019, which is based on 100% usage of the closed unlined landfill, 100% usage of the closed C&D debris landfill, 100% usage of the secured (lined) landfill Phase I and II-A, and 56.8% usage of the secured (lined) landfill Phases II-B and II-C. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The City expects to finance the closure and postclosure care costs through contemporaneous setting aside of sufficient amounts in a capital reserve fund.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Per City Meeting Vote of	Purpose	Unissued Amount	Responsible Fund
2014	CSO Separation and Utility replacement	\$ 2,549,293	General/water treatment and distribution/sewage collection and disposal
2015	Packard Hill bridge	100,000	General
2015	CSO separation and utility replacement	2,970,000	General/water treatment and distribution/sewage collection and disposal
2016	Combined sewer overflow separation and utility replacement	5,070,000	General/water treatment and distribution/sewage collection and disposal
2017	CSO Separation and Utility replacement	6,300,000	General/water treatment and distribution/sewage collection and disposal
2017	Downtown visioning and tunnel improvements	200,000	General
2018	CSO Separation and Utility replacement	5,350,000	General/water treatment and distribution/sewage collection and disposal
2018	Downtown visioning and tunnel improvements	2,000,000	General
2018	Hillcrest Acres infrastructure construction	200,000	General/water treatment and distribution/sewage collection and disposal
2018	Lebanon Police Department HVAC repair and upgrade	50,000	General
2018	Streets rehabilitation/reconstruction	255,000	General/sewage collection and disposal
2019	Packard Hill bridge	120,000	General
2019	Hanover Street/Route 120 bridge	275,000	General
2019	Hillcrest Acres infrastructure construction	4,550,000	General/water treatment and distribution
2019	CSO Separation and Utility replacement	3,800,000	General/water treatment and distribution/sewage collection and disposal
2019	Mechanic/High/Mascoma Streets intersection	700,000	General
2019	Lebanon Police Department HVAC repair and upgrade	620,000	General
2019	Radio communications repeater replacement	1,070,000	General
2019	City Hall renovations	3,330,000	General
2019	Street light conversion	920,000	General
2019	Water treatment facility improvements	3,420,000	Water treatment and distribution
2019	Lebanon sewer system rehabilitation	1,000,000	Sewage collection and disposal
2019	Asset management program	120,000	Sewage collection and disposal
		<u>\$ 44,969,293</u>	

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 16 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was 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 Pension 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 are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

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 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 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 earnable compensation and/or service.

Contributions - The System is financed by contributions from both the employees and the City. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police officers and firefighters) members contribute 11.55% and 11.80%, respectively. For fiscal year 2019, the City contributed 25.33% for police officers, 27.79% for firefighters, and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the City contributed 24.77% for police officers, 26.43% for firefighters, and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$2,197,571, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019, the City reported a liability of \$23,845,366 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 towns and school districts, actuarially determined. At June 30, 2019, the City's proportion was 0.50%, which was the same as its proportion measured as of June 30, 2018.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

For the year ended December 31, 2019, the City recognized pension expense of \$2,629,145. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 90,934	\$ 762,930	\$ 8,522	\$ 71,502	\$ 99,456	\$ 834,432
Changes in assumptions	782,249	-	73,313	-	855,562	-
Net difference between projected and actual investment earnings on pension plan investments	-	178,091	-	16,691	-	194,782
Differences between expected and actual experience	120,546	468,806	11,298	43,937	131,844	512,743
Contributions subsequent to the measurement date	1,005,182	-	94,206	-	1,099,388	-
Total	\$ 1,998,911	\$ 1,409,827	\$ 187,339	\$ 132,130	\$ 2,186,250	\$ 1,541,957

The \$1,099,388 reported as deferred outflows of resources related to pensions results from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2020	\$ 467,858	\$ 43,848	\$ 511,706
2021	(647,851)	(60,717)	(708,568)
2022	(265,713)	(24,903)	(290,616)
2023	29,608	2,775	32,383
Totals	\$ (416,098)	\$ (38,997)	\$ (455,095)

Actuarial Assumptions – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25%
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, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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 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 investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table 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:

	Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
Governmental activities	June 30, 2018	\$ 29,193,855	\$ 21,802,058	\$ 15,692,797
Business-type activities	June 30, 2018	2,736,072	2,043,308	1,470,742
		<u>\$ 31,929,927</u>	<u>\$ 23,845,366</u>	<u>\$ 17,163,539</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

17-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the City contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the City contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$228,904, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the City reported a liability of \$2,239,957 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on a projection of the City’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the City’s proportion was 0.51%, which was a decrease of 0.01% from its proportion measured as of June 30, 2018.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

For the year ended December 31, 2019, the City recognized OPEB expense of \$277,963. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-type Activities		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 2,738	\$ -	\$ 257	\$ -	\$ 2,995
Net difference between projected and actual investment earnings on OPEB plan investments	-	2,301	-	216	-	2,517
Differences between expected and actual experience	-	3,563	-	334	-	3,897
Contributions subsequent to the measurement date	100,968	-	9,463	-	110,431	-
Total	\$ 100,968	\$ 8,602	\$ 9,463	\$ 807	\$ 110,431	\$ 9,409

The \$110,431 reported as deferred outflows of resources related to OPEB results from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2020	\$ (7,827)	\$ (734)	\$ (8,561)
2021	(1,527)	(143)	(1,670)
2022	158	15	173
2023	594	55	649
Totals	\$ (8,602)	\$ (807)	\$ (9,409)

Actuarial Assumptions – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5%
Wage inflation:	3.25%
Salary increases:	5.6% average, including inflation
Investment rate of return:	7.25% net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the City's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the City's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the City's proportionate share of the OPEB 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:

	Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
Governmental activities	June 30, 2018	\$ 2,221,384	\$ 2,048,015	\$ 1,897,369
Business-type activities	June 30, 2018	208,190	191,942	177,823
		<u>\$ 2,429,574</u>	<u>\$ 2,239,957</u>	<u>\$ 2,075,192</u>

Sensitivity of the City's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

17-B City of Lebanon Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The City provides postemployment healthcare benefits for certain eligible retirees. The City provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At January 1, 2018 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	62
Active employees	161
Total participants covered by OPEB plan	<u>223</u>

Total OPEB Liability – The City's total OPEB liability of \$1,652,115 was measured as of January 1, 2018, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,652,115 in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.1%
Healthcare Cost Trend Rates:	
Current Year Trend	7.5%
Second Year Trend	7.0%
Decrement	0.5% - 1.0%
Ultimate Trend	5.0%
Year Ultimate Trend is Reached	2022

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2018.

Mortality rates were based on the RP-2014 fully generation mortality table with projection scale MP-2017.

Changes in the Total OPEB Liability

	Governmental Activities	Business-type Activities	Total
OPEB liability beginning of year	\$ 1,384,740	\$ 243,418	\$ 1,628,158
Changes for the year:			
Service cost	42,287	7,866	50,153
Interest	44,497	22,424	66,921
Benefit payments	(78,513)	(14,604)	(93,117)
OPEB liability end of year	<u>\$ 1,393,011</u>	<u>\$ 259,104</u>	<u>\$ 1,652,115</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Sensitivity of the City's OPEB Liability to Changes in the Discount Rate – The following table presents the City's OPEB liability calculated using the discount rate of 4.10% as well as what the City's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1-percentage point higher (5.10%) than the current rate:

Total OPEB Liability	Discount Rate		
	1% Decrease	Baseline 4.10%	1% Increase
Governmental Activities	\$ 1,510,892	\$ 1,393,011	\$ 1,285,973
Business-type Activities	281,030	259,104	239,195
	<u>\$ 1,791,922</u>	<u>\$ 1,652,115</u>	<u>\$ 1,525,168</u>

Sensitivity of the City's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the City's OPEB liability calculated using the healthcare cost trend rate of 7.5% in the first year, decreasing in decrements to an ultimate rate of 5.00% by 2022, as well as what the City's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50% decreasing to 4.00%) or 1-percentage point higher (8.50% decreasing to 6.00%) than the current rate:

Total OPEB Liability	Healthcare Cost Trend Rates		
	1% Decrease	Baseline	1% Increase
	6.50%	7.50%	8.50%
	Decreasing to 4.00%	Decreasing to 5.00%	Decreasing to 6.00%
Governmental Activities	\$ 1,240,136	\$ 1,393,011	\$ 1,571,584
Business-type Activities	230,669	259,104	292,319
	<u>\$ 1,470,805</u>	<u>\$ 1,652,115</u>	<u>\$ 1,863,903</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the City recognized OPEB expense of \$632. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-type Activities		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 60,265	\$ -	\$ 11,210	\$ -	\$ 71,475

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

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2020	\$ (8,308)	\$ (1,545)	\$ (9,853)
2021	(8,308)	(1,545)	(9,853)
2022	(8,308)	(1,545)	(9,853)
2023	(8,308)	(1,545)	(9,853)
2024	(8,308)	(1,545)	(9,853)
Thereafter	(18,725)	(3,485)	(22,209)
Totals	<u>\$ (60,265)</u>	<u>\$ (11,210)</u>	<u>\$ (71,474)</u>

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 18 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2019 and are as follows:

General fund:	
General government	\$ 621,701
Public safety	25,858
Highways and streets	579,650
Culture and recreation	6,175
Total encumbrances	<u>\$ 1,233,384</u>

NOTE 19 – STATE AID TO WATER POLLUTION PROJECTS

The City is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

Bond Issued	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
C-769 Wastewater Treatment Facility Upgrade	\$ -	\$ -	\$ -	\$ 155,848	\$ 23,508	\$ 179,356
C-844 Wastewater SAG (CSO)	163,195	58,868	222,063	244,793	88,302	333,095
L-145 Landfill SAG	-	-	-	35,275	-	35,275
	<u>\$ 163,195</u>	<u>\$ 58,868</u>	<u>\$ 222,063</u>	<u>\$ 435,916</u>	<u>\$ 111,810</u>	<u>\$ 547,726</u>

At December 31, 2019 the City is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 7,145	\$ 5,560	\$ 12,705	\$ 42,491	\$ 13,565	\$ 56,056
2021	8,764	5,882	14,646	44,385	13,394	57,779
2022	8,750	5,548	14,298	43,829	12,241	56,070
2023	8,689	5,215	13,904	32,514	11,088	43,602
2024	8,756	4,866	13,622	32,614	9,911	42,525
2025-2029	43,656	18,888	62,544	123,926	32,251	156,177
2030-2034	41,822	10,088	51,910	62,733	15,133	77,866
2035-2039	31,479	2,784	34,263	47,219	4,175	51,394
2040-2041	4,134	37	4,171	6,205	52	6,257
Totals	<u>\$ 163,195</u>	<u>\$ 58,868</u>	<u>\$ 222,063</u>	<u>\$ 435,916</u>	<u>\$ 111,810</u>	<u>\$ 547,726</u>

NOTE 20 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 91,910,659	\$ 102,856,638	\$ 194,767,297
Less:			
General obligation bonds payable	(23,986,215)	(35,629,605)	(59,615,820)
Unamortized bond premiums	(974,738)	(687,757)	(1,662,495)
Capital leases payable	(148,067)	-	(148,067)
Total net investment in capital assets	<u>66,801,639</u>	<u>66,539,276</u>	<u>133,340,915</u>

(Continued)

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Governmental activities net position continued:

	Governmental Activities	Business-type Activities	Total
Restricted net position:			
Capital projects	-	3,186,591	3,186,591
Library	180,095	-	180,095
Perpetual care - nonexpendable	1,561,280	-	1,561,280
Water investment fees	-	542,548	542,548
Total restricted net position	1,741,375	3,729,139	5,470,514
Unrestricted (deficit)	(16,731,160)	(2,945,604)	(19,676,764)
Total net position	\$ 51,811,854	\$ 67,322,811	\$ 119,134,665

NOTE 21 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 399,849	\$ -	\$ -	\$ 399,849
Tax deeded property	60,272	-	-	60,272
Permanent fund - principal balance	-	-	1,561,280	1,561,280
Total nonspendable fund balance	460,121	-	1,561,280	2,021,401
Restricted:				
Heritage fund - donations	25,000	-	-	25,000
Public library	-	-	180,095	180,095
Total restricted fund balance	25,000	-	180,095	205,095
Committed:				
Expendable trust	780,562	-	-	780,562
Heritage fund	5,460	-	-	5,460
Police public safety revolving	-	-	229,811	229,811
Lebanon open space	-	-	685,589	685,589
Fire public safety revolving	-	-	16,864	16,864
Recreation revolving	-	-	82,397	82,397
Impact fees	-	-	212,587	212,587
Total committed fund balance	786,022	-	1,227,248	2,013,270
Assigned:				
Encumbrances	1,233,384	-	-	1,233,384
Abatements	175,000	-	-	175,000
Grants	15,909	-	-	15,909
Restricted funds	224,814	-	-	224,814
Emergency management	92,110	-	-	92,110
Farmers market	-	-	70	70
Total assigned fund balance	1,741,217	-	70	1,741,287
Unassigned (deficit):				
General fund	12,465,966	-	-	12,465,966
Capital improvements (deficit)	-	(5,653,655)	-	(5,653,655)
Total unassigned fund balance (deficit)	12,465,966	(5,653,655)	-	6,812,311
Total governmental fund balances	\$ 15,478,326	\$ (5,653,655)	\$ 2,968,693	\$ 12,793,364

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 22 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2019 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements Governmental Activities	Governmental Funds Other Governmental Funds	Nonmajor Impact Fees	All Custodial Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 52,592	\$ 52,592	\$ 52,592	\$ 4,903,506
Net position/fund balance, as previously reported	48,222,529	2,496,797	-	-
Net position/fund balance, as restated	<u>\$ 48,275,121</u>	<u>\$ 2,549,389</u>	<u>\$ 52,592</u>	<u>\$ 4,903,506</u>

NOTE 23 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the City was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Council has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019, the City paid \$139,232 and \$252,671, respectively, to Primex³ for worker's compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 24 – CAFETERIA BENEFIT PLAN

Effective July 1, 1991, the City implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the City, into any combination of the following benefit categories:

1. Premium Conversion Benefit for Group Medical and Dental Plans;
2. Healthcare Flexible Spending Account; or
3. Dependent Care Reimbursement Account

In addition to directing the City's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$2,650 annually into the Healthcare Flexible Spending Account or \$5,000 annually into the Dependent Care Reimbursement Account. This cap applies to both City contributions and employee pre-tax contributions. There are no limits on contributions to the Premium Conversion Benefit for Group Medical and Dental Plans.

NOTE 25 – SECURITY AGREEMENT

The City entered a security agreement with Dartmouth-Hitchcock Medical Center (DHMC) on May 17, 2013. The purpose of the agreement is to finance the possible future expansion of the City sewer system to the DHMC properties. Under the agreement, DHMC established an escrow account in the amount of \$475,000. At December 31, 2019, the balance in the escrow account was \$549,724. The City may only access these funds if certain terms in the security agreement are met related to the expansion of services. If no action is taken, the security agreement will expire after ten years.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

NOTE 26 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the City which arose in the normal course of the government's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the City.

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 27 – TAX ABATEMENTS

On July 24, 2019, the City reached a settlement agreement with a business regarding property tax assessments for the 2011 through 2017 tax years. As a result of the settlement, the City refunded \$466,341 related to excess property taxes collected from the entity.

On January 3, 2020, the City reached a settlement agreement with a local business regarding the property tax assessment for the 2016 property tax year in the amount of \$240,000. The amount was refunded as a tax credit on the business's July 2020 tax bill.

NOTE 28 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through September 30, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following event occurred that require recognition or disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact any investments held by the City which are measured at fair value. Other financial impact could occur though such potential impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of the City's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
City's:							
Proportion of the net pension liability	0.54%	0.52%	0.52%	0.52%	0.53%	0.50%	0.50%
Proportionate share of the net pension liability	\$ 23,325,532	\$ 19,345,430	\$ 20,607,815	\$ 27,786,081	\$ 25,878,401	\$ 23,995,698	\$ 23,845,366
Covered payroll	\$ 11,097,378	\$ 10,876,951	\$ 11,206,359	\$ 11,555,902	\$ 12,700,824	\$ 11,902,341	\$ 12,287,475
Proportionate share of the net pension liability as a percentage of its covered payroll	210.19%	177.86%	183.89%	240.45%	203.75%	201.60%	194.06%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

EXHIBIT H
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of City Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,347,646	\$ 1,672,029	\$ 1,745,205	\$ 1,871,074	\$ 1,927,693	\$ 2,106,239	\$ 2,156,652
Contributions in relation to the contractually required contributions	(1,347,646)	(1,672,029)	(1,745,205)	(1,871,074)	(1,927,693)	(2,106,239)	(2,156,652)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 11,097,378	\$ 10,876,951	\$ 11,206,359	\$ 11,555,902	\$ 12,700,824	\$ 11,902,341	\$ 12,287,475
Contributions as a percentage of covered payroll	12.14%	15.37%	15.57%	16.19%	15.18%	17.70%	17.55%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

CITY OF LEBANON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the City's Proportionate Share of Net Pension Liability and
Schedule of City Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the City's pension plan at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Other Information:

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
-------	--

EXHIBIT I
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
City's proportion of the net OPEB liability	0.35%	0.36%	0.52%	0.51%
City's proportionate share of the net OPEB liability (asset)	\$ 1,695,898	\$ 1,629,045	\$ 2,367,418	\$ 2,239,957
City's covered payroll	\$ 11,555,902	\$ 12,700,824	\$ 11,902,341	\$ 12,287,475
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	14.68%	12.83%	19.89%	18.23%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT J
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of City Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 203,555	\$ 211,169	\$ 228,719	\$ 233,166
Contributions in relation to the contractually required contribution	(203,555)	(211,169)	(228,719)	(233,166)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 11,555,902	\$ 12,700,824	\$ 11,902,341	\$ 12,287,475
Contributions as a percentage of covered payroll	1.76%	1.66%	1.92%	1.90%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT K
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2019

	December 31,	
	2018	2019
OPEB liability, beginning of year	\$ 1,692,911	\$ 1,628,158
Changes for the year:		
Service cost	55,750	50,153
Interest	58,654	66,921
Assumption changes and difference between actual and expected experience	(91,181)	-
Benefit payments	(87,976)	(93,117)
OPEB liability, end of year	\$ 1,628,158	\$ 1,652,115
Covered payroll	\$ 8,170,172	\$ 8,374,426
Total OPEB liability as a percentage of covered payroll	19.93%	19.73%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the City's Proportionate Share of Net Other Postemployment Benefits Liability and
Schedule of City Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the City's other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Schedule of Changes in City's Total Other Postemployment Benefits Liability and Related Ratios

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the City's other postemployment benefits at December 31, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Assumptions and Methodology

Economic Assumptions:

Discount Rate	A discount rate of 4.10% was used as of December 31, 2018. The discount rate was based on the <u>Bond Buyer's 20 Bond Index</u> .
Mortality Rate:	RP-2014 fully generation mortality table with projection scale MP-2017.

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

Health Care Trend Rate It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Current Valuation</u>	<u>Prior Valuation</u>
2019	7.5%	6.0%
2020	7.0%	5.0%
2021	6.0%	5.0%
2022+	5.0%	5.0%

Participation Rate It was assumed that 40% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

Percent Married It was assumed that 40% of employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Actuarial Value of Assets N/A

Per Capita Costs Per Capita Claim Costs prior to age 65 were developed by applying morbidity aging factors to the average premium rates reflecting the demographic characteristics of the insured group. Below are the annual per capita claim costs used:

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	11,198	11,620
56	11,647	11,820
57	12,110	12,020
58	12,559	12,317
59	13,022	12,628
60	13,505	12,946
61	14,003	13,264
62	14,521	13,595
63	14,797	13,858
64	15,080	14,120

Administrative Expense Included in the premiums used

Participant Salary Increases 3.50% annually.

Payroll Growth Rate 2.50% annually.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
CITY OF LEBANON, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 21,005,504	\$ 21,463,770	\$ 458,266
Yield	5,000	90,060	85,060
Excavation	5,000	6,044	1,044
Payment in lieu of taxes	1,870,225	1,869,354	(871)
Interest and penalties on taxes	170,000	192,715	22,715
Total from taxes	23,055,729	23,621,943	566,214
Licenses, permits, and fees:			
Motor vehicle permit fees	2,465,260	2,744,685	279,425
Building permits	250,000	360,931	110,931
Other	55,800	65,095	9,295
Total from licenses, permits, and fees	2,771,060	3,170,711	399,651
Intergovernmental:			
State:			
Shared revenues	-	163,993	163,993
Meals and rooms distribution	701,463	701,463	-
Highway block grant	330,951	330,455	(496)
Water pollution grants	10,950	10,948	(2)
Other	60,000	58,862	(1,138)
Federal:			
FEMA	-	38,643	38,643
Other	293,600	323,662	30,062
Total from intergovernmental	1,396,964	1,628,026	231,062
Charges for services:			
Income from departments	1,366,600	1,614,474	247,874
Miscellaneous:			
Sale of municipal property	2,000	63,309	61,309
Interest on investments	130,000	255,931	125,931
Other	307,320	449,617	142,297
Total from miscellaneous	439,320	768,857	329,537
Other financing sources:			
Transfers in	1,602,120	1,631,211	29,091
Total revenues and other financing sources	30,631,793	\$ 32,435,222	\$ 1,803,429
Unassigned fund balance used to reduce tax rate	1,876,471		
Total revenues, other financing sources, and use of fund balance	\$ 32,508,264		

SCHEDULE 2
CITY OF LEBANON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 85,768	\$ 716,230	\$ 701,036	\$ 23,573	\$ 77,389
Election and registration	5,269	750,320	569,758	156,827	29,004
Financial administration	195,609	3,028,210	2,987,442	137,623	98,754
Legal	-	300,000	286,245	-	13,755
Personnel administration	40,888	472,770	440,275	10,534	62,849
Planning and zoning	61,076	692,260	669,808	38,296	45,232
General government buildings	291,876	478,530	531,733	254,848	(16,175)
Cemeteries	-	53,180	51,594	-	1,586
Insurance, not otherwise allocated	-	239,020	205,569	-	33,451
Advertising and regional associations	-	22,110	22,106	-	4
Other	-	242,440	242,440	-	-
Total general government	680,486	6,995,070	6,708,006	621,701	345,849
Public safety:					
Police	81,056	5,695,140	5,671,963	20,438	83,795
Fire	27,998	4,649,680	4,589,855	-	87,823
Building inspection	-	514,310	504,489	-	9,821
Other	-	1,026,770	986,585	5,420	34,765
Total public safety	109,054	11,885,900	11,752,892	25,858	216,204
Highways and streets:					
Administration	4,776	847,640	848,843	6,238	(2,665)
Highways and streets	66,398	3,169,700	2,664,027	573,412	(1,341)
Bridges	-	3,500	1,762	-	1,738
Street lighting	-	152,170	136,167	-	16,003
Other	13,808	164,250	174,316	-	3,742
Total highways and streets	84,982	4,337,260	3,825,115	579,650	17,477
Welfare:					
Administration and direct assistance	-	272,720	231,295	-	41,425
Vendor payments and other	-	289,690	289,690	-	-
Total welfare	-	562,410	520,985	-	41,425
Culture and recreation:					
Parks and recreation	4,956	1,054,070	1,048,339	-	10,687
Library	8,675	1,421,340	1,423,841	6,175	(1)
Patriotic purposes	-	7,500	7,059	-	441
Total culture and recreation	13,631	2,482,910	2,479,239	6,175	11,127
Conservation	-	10,070	9,088	-	982
Debt service:					
Principal of long-term debt	-	2,766,480	2,762,813	-	3,667
Interest on long-term debt	-	935,350	935,287	-	63
Other	-	98,660	94,735	-	3,925
Total debt service	-	3,800,490	3,792,835	-	7,655
Other financing uses:					
Transfers out	-	2,434,154	2,435,137	-	(983)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 888,153	\$ 32,508,264	\$ 31,523,297	\$ 1,233,384	\$ 639,736

SCHEDULE 3
CITY OF LEBANON, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2019

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 11,676,062
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(1,876,471)
2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,803,429	
Unexpended balance of appropriations (Schedule 2)	639,736	
2019 Budget surplus		2,443,165
Increase in nonspendable fund balance		(66,479)
Decrease in assigned fund balance (non-encumbrance)		425,000
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		12,601,277
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(285,311)
Elimination of the allowance for uncollectible taxes		150,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 12,465,966</u>

SCHEDULE 4
CITY OF LEBANON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Special Revenue Funds								
	Public Library	Police Public Safety Revolving	Lebanon Open Space	Fire Public Safety Revolving	Farmers Market	Recreation Revolving	Impact Fees	Permanent Fund	Total
ASSETS									
Cash and cash equivalents	\$ 174,282	\$ 202,161	\$ 685,547	\$ -	\$ -	\$ 93,417	\$ 212,587	\$ 70,144	\$ 1,438,138
Investments	-	-	-	-	-	-	-	1,554,992	1,554,992
Receivables, net of allowance for uncollectable:									
Taxes	-	-	42	-	-	-	-	-	42
Accounts	-	27,650	-	40,785	1,958	-	-	-	70,393
Interfund receivable	5,813	-	-	-	-	-	-	-	5,813
Total assets	\$ 180,095	\$ 229,811	\$ 685,589	\$ 40,785	\$ 1,958	\$ 93,417	\$ 212,587	\$ 1,625,136	\$ 3,069,378
LIABILITIES AND FUND BALANCES									
AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,020	\$ -	\$ -	\$ 11,020
Interfund payable	-	-	-	23,921	1,888	-	-	63,856	89,665
Total liabilities	-	-	-	23,921	1,888	11,020	-	63,856	100,685
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	1,561,280	1,561,280
Restricted	180,095	-	-	-	-	-	-	-	180,095
Committed	-	229,811	685,589	16,864	-	82,397	212,587	-	1,227,248
Assigned	-	-	-	-	70	-	-	-	70
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	180,095	229,811	685,589	16,864	70	82,397	212,587	1,561,280	2,968,693
Total liabilities and fund balances	\$ 180,095	\$ 229,811	\$ 685,589	\$ 40,785	\$ 1,958	\$ 93,417	\$ 212,587	\$ 1,625,136	\$ 3,069,378

SCHEDULE 5
CITY OF LEBANON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	Special Revenue Funds								
	Public Library	Police Public Safety Revolving	Lebanon Open Space	Fire Public Safety Revolving	Farmers Market	Recreation Revolving	Impact Fees	Permanent Fund	Total
Revenues:									
Taxes	\$ -	\$ -	\$ 542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 542
Charges for services	-	313,306	-	85,348	-	189,790	-	-	588,444
Miscellaneous	90,217	9,800	9,601	-	20,487	-	159,995	237,094	527,194
Total revenues	90,217	323,106	10,143	85,348	20,487	189,790	159,995	237,094	1,116,180
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	8,662	8,662
Public safety	-	253,807	-	82,678	-	-	-	-	336,485
Culture and recreation	105,762	-	-	-	21,189	201,370	-	-	328,321
Total expenditures	105,762	253,807	-	82,678	21,189	201,370	-	8,662	673,468
Excess (deficiency) of revenues over (under) expenditures	(15,545)	69,299	10,143	2,670	(702)	(11,580)	159,995	228,432	442,712
Other financing sources (uses):									
Transfers in	5,813	-	983	-	-	-	-	-	6,796
Transfers out	-	-	-	-	-	-	-	(30,204)	(30,204)
Total other financing sources (uses)	5,813	-	983	-	-	-	-	(30,204)	(23,408)
Net change in fund balances	(9,732)	69,299	11,126	2,670	(702)	(11,580)	159,995	198,228	419,304
Fund balances, beginning, as restated (see Note 22)	189,827	160,512	674,463	14,194	772	93,977	52,592	1,363,052	2,549,389
Fund balances, ending	\$ 180,095	\$ 229,811	\$ 685,589	\$ 16,864	\$ 70	\$ 82,397	\$ 212,587	\$ 1,561,280	\$ 2,968,693

SCHEDULE 6
CITY OF LEBANON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Impact Fees	
ASSETS				
Cash and cash equivalents	\$ 14,394,512	\$ 221,910	\$ 31,487	\$ 14,647,909
Investments	-	4,115,009	-	4,115,009
Total assets	14,394,512	4,336,919	31,487	18,762,918
LIABILITIES				
Intergovernmental payable - Due to School District	14,394,512	-	-	14,394,512
NET POSITION				
Unrestricted	\$ -	\$ 4,336,919	\$ 31,487	\$ 4,368,406

SCHEDULE 7
CITY OF LEBANON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Impact Fees	
Additions:				
Contributions	\$ -	\$ 700,000	\$ 40,309	\$ 740,309
Investment earnings	-	98,295	-	98,295
Change in fair market value	-	254,330	-	254,330
Tax collections for other governments	32,121,845	-	-	32,121,845
Total additions	32,121,845	1,052,625	40,309	33,214,779
Deductions:				
Administrative expenses	-	1,617,379	10,655	1,628,034
Payments of taxes to other governments	32,121,845	-	-	32,121,845
Total deductions	32,121,845	1,617,379	10,655	33,749,879
Change in net position	-	(564,754)	29,654	(535,100)
Net position, beginning, as restated (see Note 22)	-	4,901,673	1,833	4,903,506
Net position, ending	\$ -	\$ 4,336,919	\$ 31,487	\$ 4,368,406

***SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the City Council
City of Lebanon
Lebanon, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Lebanon's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lebanon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lebanon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lebanon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lebanon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 30, 2020

PLODZIK & SANDERSON
Lebanon City Council
Professional Association
October 7, 2020



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council
City of Lebanon
Lebanon, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the City of Lebanon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Lebanon's major federal program for the year ended December 31, 2019. The City of Lebanon's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Lebanon's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lebanon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Lebanon's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lebanon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City of Lebanon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lebanon's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lebanon's internal control over compliance.

City of Lebanon

***Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



PLODZIK & SANDERSON
Professional Association

September 30, 2020

SCHEDULE I
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>Passed Through the New Hampshire Community Development Finance Authority</u>				
Community Development Block Grant/State's Program:				
TPHT/Tracy Street	14.228	17-094-CDHS	\$ -	\$ 14,434
TPHT/Village at Crafts Hill/Relocation	14.228	18-094-CDHS	14,090	14,537
HEADREST Facility Rehabilitation Study	14.228	19-094-FSPF	9,900	10,123
RVCC/Dartmouth Regional Technology Center Vision FS	14.228	19-094-FSED	10,000	10,745
HEADREST/Church Street Rehab	14.228	19-094-CDPF	-	93
<i>PROGRAM TOTAL</i>			<u>33,990</u>	<u>49,932</u>
U.S. DEPARTMENT OF JUSTICE				
<u>Passed Through the New Hampshire Department of Justice</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	54,456
U.S. DEPARTMENT OF TRANSPORTATION				
<u>Passed Through the New Hampshire Department of Transportation</u>				
Airport Improvement Program:				
Reconstruct, Mark, Light, and Sign a Portion of Taxiways 'B,' 'B1,' 'B2,' 'B3,' and 'B4'	20.106	AIP #3-33-0010-53-2016	-	24,903
Improve Runway 18/36 Safety Area - Phase I, Preliminary Design (Data Collection and Conceptual Engineering)	20.106	AIP #3-33-0010-57-2017	-	1,641
Acquire Snow Removal Equipment - Rotary Snow Plow	20.106	AIP #3-33-0010-58-2018	-	480,600
Update Airport Layout Plan (ALP)	20.106	AIP #3-33-0010-59-2019	-	26,768
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>533,912</u>
Highway Planning and Construction	20.205	41366	-	15,071
<u>Passed Through the New Hampshire Department of Safety</u>				
HIGHWAY SAFETY CLUSTER				
State and Community Highway Safety:				
Sustained Traffic Enforcement Patrols (STEP)	20.600	#19-101	-	2,685
Operation Safe Commute Enforcement	20.600	#19-101	-	1,743
Join the NH Clique Enforcement Patrols	20.600	#19-101	-	306
National Priority Safety Program	20.616	#19-101	-	2,267
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>7,001</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Passed Through the National Association of County and City Health Officials</u>				
Medical Reserve Corps Small Grant Program	93.008	MRC 12 1776	-	4,180
U.S. DEPARTMENT OF HOMELAND SECURITY				
<u>Passed Through the New Hampshire Department of Safety</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4329-DR-NH	-	38,643
Emergency Management Performance Grants	97.042	EMB-2018-EP-00007-A06	-	4,000
Homeland Security Grant Program	97.067	N/A	-	501

The accompanying notes are an integral part of this schedule.

SCHEDULE II (Continued)
CITY OF LEBANON, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

DIRECT FUNDING

U.S. DEPARTMENT OF JUSTICE

Bullet Proof Vest Partnership Program	16.607	N/A	-	1,445
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	117,881

U.S. DEPARTMENT OF HOMELAND SECURITY

Staffing for Adequate Fire and Emergency Response (SAFR)	97.083	N/A	-	143,375
--	--------	-----	---	---------

Total Expenditures of Federal Awards

\$ 33,990 \$ 970,397

CITY OF LEBANON, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Lebanon under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Lebanon, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Lebanon.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City of Lebanon has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**PAGE
INTENTIONALLY
LEFT BLANK**

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

9. NEW BUSINESS:

9.B – ORDINANCE 2020-17

BACKGROUND

Ordinance #2020-16 to amend the City Code to include a new Chapter 6, Administrative Enforcement, was enacted to enable the administrative enforcement of City code violations.

Chapter 1, General Provisions, of the City Code contains a “General Penalty” section to address penalties where another penalty is not provided in subsequent chapters of the Code. Currently the section is only applicable to “persons.” The amendment proposed by Ordinance #2020-17 expands applicability to accessories, principals, and corporations.

ACTION

Should the Council decide to move forward with amendments as proposed in Ordinance #2020-17, the following motion is offered for consideration:

MOVED, that the Lebanon City Council hereby schedules a public hearing for Wednesday, October 21, 2020, beginning at 7:00pm, Remote via Microsoft Teams, for the purpose of receiving public input and taking action on proposed Ordinance #2020-17, to amend City Code Chapter 1, General Provisions, §1-4 General Penalty.

Included in this Section:

1. Proposed Ordinance #2020-17

**PAGE
INTENTIONALLY
LEFT BLANK**

**CITY OF LEBANON
ORDINANCE #2020-17**

AN ORDINANCE TO AMEND the Code of the City of Lebanon, Chapter 1, General Provisions, to amend Section 1-4, General Penalty.

Be it ordained by the Council of the City of Lebanon as follows:

Section 1.

Section 1-4 of Chapter 1, General Provisions, is hereby amended as follows:

§ 1-4 General Penalty.

Unless otherwise specified, any person, **accessory, principal, or corporation** convicted of violating any provision of the Code of the City of Lebanon where another penalty is not provided, shall be guilty of a misdemeanor and shall be punished, upon conviction, by a maximum fine of not to exceed \$500 or imprisonment for a term not to exceed 90 days, or both such fine and imprisonment. Each day's continued violation shall constitute a separate offense.

Section 2. Severability.

The provisions of this ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdictions, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

Section 3. Effective Date.

This ordinance shall become effective upon passage.

**PAGE
INTENTIONALLY
LEFT BLANK**

AGENDA LEBANON CITY COUNCIL OCTOBER 7, 2020

9. NEW BUSINESS:

9.C – REVIEW OF 2021 PROPOSED ZONING AMENDMENTS

BACKGROUND

It is staff's practice to present a set of proposed zoning amendments to the Council each fall for review and consideration. Presenting the amendments in the fall allows them to move through the required review process in time for placement on the ballot the following March, when necessary.

The current set of proposed changes are primarily process-oriented and/or are intended to address ambiguities and inconsistencies in the existing text. A few substantive amendments are also proposed (such as adjusting the building height requirement in the R-1 District).

Please see the attached September 29, 2020 Memo from the Planning Office which describes the amendments in detail and outlines the process to amend the Ordinance.

ACTION

If the Council decides to move forward with the proposed amendments, the following motion is offered for consideration:

MOVED, that the Lebanon City Council in accordance with the City of Lebanon Zoning Ordinance, Article X, Section 1000.3, Amendment Procedures, submits the Zoning Ordinance amendments as contained in the document titled, "2020-2021 Draft Zoning Amendments, September 29, 2020," to the Planning Board, Conservation Commission, and Zoning Board of Adjustment for the review and comment. The City Council hereby sets the following tentative review schedule:

Zoning Board of Adjustment – November 2, 2020

Conservation Commission – November 12, 2020

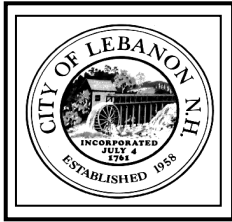
Planning Board – November 23, 2020

City Council Public Hearing – January 20, 2021

Included in this Section:

1. September 29, 2020 Memo from Planning Staff, re: 2020-2021 Proposed Zoning Amendments, including redline excerpt of current Zoning Ordinance (redline last revised 9/29/2020)

**PAGE
INTENTIONALLY
LEFT BLANK**



CITY OF LEBANON ~ PLANNING & DEVELOPMENT

MEMORANDUM

TO: Lebanon City Council

CC: Shaun Mulholland, City Manager
Paula Maville, Deputy City Manager

FROM: Planning Staff

RE: 2020-2021 Proposed Zoning Amendments

DATE: September 29, 2020

Honorable Mayor and City Councilors,

The Planning & Development Department has prepared draft amendments to the Zoning Ordinance for consideration by the City Council, and request that the proposed amendments be placed on the October 7, 2020 Council meeting agenda for discussion. The proposed amendments are summarized below and highlighted in the attached redlined excerpt of the Zoning Ordinance. The new or revised text is blue and underlined. The text to be deleted is shown as ~~red with a strike-out~~.

If the Council chooses to move forward with the proposal, the draft amendments will be sent to the City's legal counsel and land use boards for further review. Once the review process is complete, the amendments will be scheduled for a public hearing before the City Council.

BACKGROUND

It is staff's practice to present a set of proposed zoning amendments to the Council each fall for review and consideration. Presenting the amendments in the fall allows them to move through the required review process in time for placement on the ballot the following March, when necessary.

The current set of proposed changes are primarily process-oriented and/or are intended to address ambiguities and inconsistencies in the existing text. A few substantive amendments are also proposed (such as adjusting the building height requirement in the R-1 District).

OVERVIEW OF AMENDMENTS

The proposed amendments are grouped into four general categories: those impacting permitted uses in the non-residential zoning districts, those involving the Lebanon Downtown District, those requiring ballot approval, and all other miscellaneous amendments (other than minor edits – such as those correcting punctuation, correcting references in the Zoning Ordinance necessitated by other amendments, and other editorial changes – which are not specifically reviewed in this memo).

1. Non-Residential Uses:

- a. **Amend Section 303.2, the IND-L District Table of Uses**, as follows (*see p. 7 of the redline*):
 - i. Add “rehabilitation hospital” (which is not currently a use category in the Zoning Ordinance) as a use allowed by Conditional Use Permit from the Planning Board. Chip Brown of Brown Commercial Realty, LLC, at whose request this suggested amendment has been forwarded to the City Council, will be in attendance at the October 7th meeting to explain and discuss the proposal.
 - ii. Change “retail product pickup” from a use allowed by Conditional Use Permit to a permitted use.
 - iii. Replace “office for 50 or more employees” with “office” within Uses by Conditional Use Permit.
- b. **Amend Section 303A.2, the IND-RA District Table of Uses** to (i) adjust the “excavation of natural earth material” use for consistency with similar uses in the IND-H and RL-2 Districts, and with Section 606 (“Excavation of Natural Earth Material”), and (ii) replace “office building” with “office”. (*see p. 8 of the redline*)
- c. **Amend Section 304.2, the IND-H District Table of Uses** to adjust the “excavation of natural earth material” use for consistency with similar uses in the IND-RA and RL-2 Districts, and with Section 606 (“Excavation of Natural Earth Material”). (*see p. 10 of the redline*)
- d. **Amend Section 305.2, the GC District Table of Uses**, as follows (*see p. 11 of the redline*):
 - i. Change “retail product pickup” from a use allowed by Conditional Use Permit to a permitted use.
 - ii. Change “indoor recreational facility” from a use allowed by Conditional Use Permit to a permitted use.
 - iii. Change “funeral establishment” to “funeral home” for consistency of terminology.
 - iv. Remove “alternative treatment center (cultivation location only)”, in connection with the proposal to combine the definitions of “alternative treatment center” and “alternative treatment center (cultivation location only)” (*see Appendix A, p. 27 of the redline*)
- e. **Amend Section 305A.2, the GC-1 District Table of Uses** to remove “alternative treatment center (cultivation location only)”, in connection with the proposal to combine the definitions of “alternative treatment center” and “alternative treatment center (cultivation location only).” (*see p. 12 of the redline; see also Appendix A, p. 27 of the redline*)
- f. **Amend Section 306.2, the CB District Table of Uses** to (i) remove “vehicular sales,” and (ii) change “funeral establishment” to “funeral home.” (*see p. 13 of the redline*)
- g. **Amend Section 315.2, the MC District Table of Uses** to adjust uses for consistency with the medical center complex requirements set forth in Section 506. (*see p. 19 of the redline*)

2. Lebanon Downtown District:

- a. **Amend Sections 307.6.A & B** to clarify verbiage. (*see p. 15 of the redline*)

- b. **Amend Section 307.6.C** to designate Mechanic Street a secondary street and to designate Mascoma Street a primary street. These designations relate to Sections 307.6.A & B which require a certain portion of the first floor of a building to be reserved for non-residential uses. The requirements for a secondary street (Section 307.6.B) are more flexible, only apply to buildings of a certain size, and may by “waived” by Conditional Use Permit from the Planning Board. (*see p. 15 of the redline*)
- c. **Amend Section 307.8.B** to allow the “waiver” of the minimum story height requirements by Conditional Use Permit. (*see p. 15 of the redline*)
- d. **Amend Section 307.9.B** to allow parking in the front yard by Conditional Use Permit for properties with pre-existing improved surfaces in the front yard, provided that parking cannot be accommodated elsewhere on the lot. (*see p. 16 of the redline*)

3. **Ballot Amendments:**

- a. **Amend Section 308.3 and add new Section 308.4** to allow additional building height of up to ten (10) ft. by Conditional Use Permit provided that the additional height is for the purpose of accommodating parking underneath the building. At the suggestion of the Planning Board, proposed Section 308.4 requires an enhanced building setback of two (2) feet for every one (1) foot of additional building height so authorized by Conditional Use Permit. For example, if the Planning Board were to approve a building height of 50 ft. (which is 5 ft. more than the existing 45 ft. maximum), the minimum required setbacks would be increased by 10 ft. for the structure. (*see p. 16 of the redline*)
- b. **Amend Section 310.2, the R-3 District Table of Uses** to change “house of worship” from a use allowed by Special Exception to a permitted use. This change is consistent with all other districts that allow house of worship where, in those districts, “house of worship” is designated a permitted use and does not require a Special Exception or Conditional Use Permit. (*see p. 17 of the redline*)
- c. **Add new Section 310.4 (“Dwelling Unit Density”)** to clarify that the permitted density in the R-3 District for senior housing complexes and PURDs is based on one dwelling unit per 10,000 sq. ft. of lot area. (*see p. 17 of the redline*)
- d. **Amend Section 313.2, the RL-2 District Table of Uses** to adjust the “excavation of natural earth material” use for consistency with similar uses in the IND-RA and IND-H Districts, and with Section 606 (“Excavation of Natural Earth Material”). (*see p. 18 of the redline*)

3. **Miscellaneous:**

- a. **Remove Section 303.6 (“Flex Buildings”).** The “flex building” concept is redundant to Sections 302.2 and 302.3 which already allow accessory uses and mixed-use buildings, respectively, “by right”. (*see p. 7 of the redline*)
- b. **Amend the IND-RA District regulations, Sections 303A.3, 4, and 5** to clarify that “waivers” of the minimum yard requirements where necessary to allow rail access may be authorized by Conditional Use Permit (Section 303A.3) and to clarify the verbiage of Sections 303A.4 and 5. (*see p. 9 of the redline*)

- c. **Amend Section 306.3, the CB District Table of Area, Dimensions and Coverage** to (i) allow a reduction of the minimum rear yard requirement by Conditional Use Permit from the Planning Board instead of by Special Exception from the Zoning Board of Adjustment, and (ii) as a clean-up item related to the recent adoption of the LD District regulations, remove the language allowing increased building height in downtown Lebanon (as the areas described are now located in the LD District). (*see p. 14 of the redline*)
- d. **Amend Section 311B.4 (“Parking Requirements”)** to clarify that the minimum number of parking spaces that must be provided for each dwelling unit shall be as set forth in Section 607.2 (“Table of Minimum Off-Street Parking Requirements”). (*see p. 17 of the redline*)
- e. **Amend Section 314.1 (“Purpose”)** to update the RL-3 District purpose statement by removing verbiage that is inconsistent with the remainder of the purpose statement and with the Master Plan. (*see p. 18 of the redline*)
- f. **Amend Section 501.4.D (“Uses Allowed in a Commercial or Industrial PUD”)**. Currently, hotels, restaurants, personal services, and retail are permitted uses in an Industrial PUD, but may occupy no more than 25% of the total “building coverage”. The proposed amendment changes “building coverage” to “gross floor area” which is a more logical metric and will avoid encouraging large, sprawling, one-story buildings which is the inadvertent result of using “building coverage” as the metric. (*see p. 21 of the redline*)
- g. **Add new Section 608.4.1.e (“Multi-Tenant Buildings”)** to allow the existing sign area for existing multi-tenant buildings to be used as the permitted sign area for the building, as an alternative to the building sign area formulas set forth in Section 608.4.1.a. (*see p. 24 of the redline*)
- h. **Miscellaneous amendments** to Sections 201 (“Yard Requirements”), 201.1 (“Reduction for an Average Front Yard”), 201.4 (“Fences, Hedges and Walls”), 201.7 (“Driveways and Parking Areas”), 203.1 (“Exceptions to Height Requirements”), 203.3 (“Accessory Wind Energy Facilities”), 203.4 (“Telecommunication Facilities”), 203.5 (“Bonding and Security for Towers and Similar Structures”), 204 (“Lots in Two Zoning Districts”), 206 (“Sight Distance at Street Intersections”), 208 (“Off-Street Loading”), 213 (“Impact Fees”), 301 (“Zoning Map”), 302 (“Uses”), 402 (“Flood Plan District”), 409 (“Landfill Reclamation District”), 501.2 (“Planned Unit Residential Development (PURD)”), 501.3 (“Planned Unit Recreational Developments”), 506 (“Medical Center Complexes”), 601 (“Special Design Standards”), 602 (“Non-Commercial Swimming Pools and Hot Tubs”), 607 (“Parking”), 608.8 (“Non-Conforming Signs”), 610 (“Accessory Dwelling Unit (ADU)”), 611 (“The Keeping of Chickens”), Appendix A (“Definitions”), and all other miscellaneous editorial edits and typographical corrections depicted in the attached redline.

SCHEDULE

The procedure to adopt zoning amendments is set forth in Section 1000 of the Zoning Ordinance and is summarized below:

1. Staff presents amendments to City Council for initial consideration - *scheduled for the October 7, 2020 Council meeting*. Section 1000.2.A.

2. If Council decides to move forward with the amendments, they will set a tentative schedule including review by legal counsel, review before the City's land use boards, and a public hearing before the Council. Section 1000.3.A.
3. The amendments will be forwarded to the City's attorney for review. *Legal opinion expected to be received by the end of October.* Section 1000.3.B.2.
4. The amendments are forwarded to the City's land use boards for review. Sections 1000.3.B.1 and C.
 - a. Zoning Board – *expected to be scheduled for the November 2, 2020 meeting.*
 - b. Conservation Commission – *expected to be scheduled for the November 12, 2020 meeting.*
 - c. Planning Board - *expected to be scheduled for the November 23, 2020 meeting.*
5. Council will then hold a work session to review the amendments as modified based on legal input and land use board feedback – *expected to be scheduled for the January 6, 2021 Council meeting.*
6. Finally, the Council will hold a public hearing followed by a vote on whether to adopt the amendments - *expected to be scheduled for January 20, 2021 Council meeting.* Section 1000.3.D.

Please note that amendments to the Article III Tables of Use for the R-1, R-2, R-3, RL-1, RL-2, and/or RL-3 Districts require approval by referendum vote per Section 1000.4 of the Zoning Ordinance. The remainder require adoption by City Council per Section 1000.4.B of the Zoning Ordinance (keeping in mind that the Council has the ability to place any proposed amendment on the March ballot for voter approval).

ATTACHMENT

- Redline excerpt of current Zoning Ordinance (redline last revised 9/29/20)

ZONING ORDINANCE



Ordinance #2

CITY OF LEBANON, NEW HAMPSHIRE

ADOPTED:

January 16, 2013

LAST AMENDED:

~~*March 10,*~~

~~*2020*~~ *, 2021*

ARTICLE II

GENERAL PROVISIONS

[...]

SECTION 201 YARD REQUIREMENTS.

Except as otherwise provided herein, no building or structure other than accessory structures and buildings of 130 sq. ft. or less per Section 201.8 below shall occupy any part of any yard required by Article III, except that ~~the ordinary projections of sills, cornices, pilasters, chimneys, and eaves, bay windows, awnings, and similar architectural and structural features~~ architectural details may extend not more than two (2) feet into any required yard.

201.1 Reduction for an Average Front Yard.

The required front yard may be reduced to the average front yard of the existing buildings on the same side of the street in the same block, provided that there are at least two (2) such buildings and provided that all such buildings are within 300 feet of the premises (as measured along the street line). This reduction shall not be allowed for lots fronting on a state highway ~~or major thoroughfare~~.

[...]

201.4 Fences, Hedges and Walls.

Fences, hedges and walls may be located within minimum required yards, but ~~Fences, hedges or walls~~ if located within required front yards they shall not exceed 3 ½ feet in height unless ~~the set back at least is~~ 15 feet from the right-of-way. The Board of Adjustment, as a special exception, may allow fences, hedges and walls of a greater height. This section shall not apply to fences and walls erected for agricultural (e.g., the confinement of animals), safety or security purposes in the industrial, commercial or rural lands districts.

[...]

201.7 Driveways and Parking Areas.

Driveways may occupy required **yard** areas. Parking areas may occupy required yard areas provided they maintain a least a 5 ft. setback from all lot lines, except that (i) parking areas in the front yard are prohibited in the LD District per Section 307.9.B, and (ii) Parking areas parking areas in the front yard in the residential districts and the R-O District and the R-O-1 District, shall be set back no less than the lesser of the minimum front yard requirement or the building line, but in no case less than five (5) feet.

[...]

SECTION 203 HEIGHT REQUIREMENTS.203.1 Exceptions to Height Requirements.

Except as provided in Section 407 for structures near the airport or in the airport approach zone, the following structures may exceed the maximum height limitations of Article III by not more than 20 percent:–

- A. Flagpoles.
- B. Rooftop features including cChimneys, spires, ~~silos~~, towers, lightning rods, heating, ventilation and air-conditioning equipment, elevator shafts, accessory solar energy facilities or similar structures/equipment. ~~The Board of Adjustment may allow a greater height for silos in the RL Districts by special exception granted pursuant to Section 801.3.~~
- C. Radio or TV antennae or satellite dish for private, non-commercial reception.
- D. Accessory wind energy facilities, except as provided in Section 203.3.
- E. Silos, except that the Board of Adjustment may allow a greater height for silos in the RL Districts by *special exception* granted pursuant to Section 801.3.

[...]

203.3 Accessory Wind Energy Facilities.

Accessory wind energy facilities may exceed the ~~above~~ Section 203.1 exception to the maximum height limits in RL Districts (Sections 312, 313 and 314) by special exception, except as provided in Section 407 (the more restrictive Section applies).

[...]

203.4 Telecommunication Facilities.

- A. Location of Telecommunication Facilities:

[...]

- 3. Facilities Other Than Collocation or Modification. **Telecommunication facilities** requiring a new dedicated tower or other structure, or which otherwise do not fit within paragraphs A.1 or A.2 above, shall be:
 - a. Permitted in the Industrial, General Commercial, and Medical Center zoning districts by Conditional Use Permit;
 - b. Allowed by Special Exception ~~and Conditional Use Permit~~ in the RL zoning districts and,

[...]

- D. ~~Conditional Use Permits and~~ Procedure:

- 1. Unless specifically exempted under Subsection A.1 of this Section, **telecommunications facilities** are permitted only after obtaining a **conditional use permit** ~~from the Planning Board and/or, where required, a special exception as required under Subsection A.3 from the Zoning Board.~~ All such uses must comply with other applicable ordinances and regulations of the City of Lebanon, State of New Hampshire, and Federal Government.
- 2. Telecommunications facilities requiring a new dedicated tower or other structure, or which otherwise do not fit within Subsections A.1 or A.2 above

~~obtain site plan approval from the~~ The Planning Board ~~which~~ shall act upon the ~~site plan~~ application in accordance with the procedural requirements of ~~its the~~ Site Plan Review Regulations, provided that regional notification requirements contained in RSA 12-K:7 must also be followed.

[...]

203.5 Bonding and Security for Towers and Similar Structures.

Whenever ~~either the Zoning Board of Adjustment or~~ Planning Board ~~or the Zoning Board (in the event that site plan review is not required)~~ approves an application to construct a tower or similar structure which, if abandoned and unmaintained, could present a hazard to health or safety from a potential fall or collapse, including but not limited to broadcast antennas or towers under Section 203.2, telecommunications towers under Section 203.4, or wind energy facilities under Section 203.3, the respective Board shall require the applicant to provide a bond or other security to the City in an amount sufficient to cover the costs of removal and disposal of such structure. The Board shall set the form and amount of the security. Any engineer, attorney, or other consultant engaged by the Board to determine the adequacy of the form and amount of security shall be at the applicant's expense. The Board shall also require the applicant to submit proof of appropriate liability insurance with respect to the proposed structure prior to construction.

SECTION 204 LOTS IN TWO ZONING DISTRICTS.

Where a district boundary line divides a lot of record at the time such district boundary line is established, the regulations for either district of such lot may extend up to thirty feet (one hundred feet in rural lands districts) into the other district, provided the lot has frontage on a street in the district which is being extended, and provided that the lot has not been altered by subdivision, merger, or lot line adjustment subsequent to the establishment of the district boundary. ~~Determinations under this section shall be made by the Zoning Administrator, subject to appeal under Section 801.1.~~

[...]

SECTION 206 SIGHT DISTANCE AT STREET ~~AND DRIVEWAY~~ INTERSECTIONS.

There shall be no obstruction to vision between the heights of three (3) feet and ten (10) feet above the **street** surface within ~~the any~~ triangular area formed by the intersection of two **street lines** and a third line joining them at points 25 feet away from their intersection, ~~or by the intersection of a driveway and a street line and a third line joining them at points 25 feet away from their intersection.~~ The Board of Adjustment may grant a **special exception** to this requirement, pursuant to Section 801.3, in the commercial and industrial districts only.

[...]

SECTION 208 ~~OFF-STREET LOADING~~(Reserved).

~~Off street loading facilities shall be provided for all institutional, commercial and industrial uses. These facilities shall be located so that delivery vehicles are parked completely outside of the street right-of-way, and shall comply with the requirements of the Site Plan Review Regulations as applicable.~~

[...]

SECTION 213 IMPACT FEES.

[...]

213.3 Definitions.

The following definitions shall be considered to pertain to this Section (213) only:

[...]

E. New development means an activity that results in:

- (1) The creation of a new dwelling unit or units or new manufactured housing
~~or in the habitable portion of a residential building~~; or
- (2) The conversion of a legally existing use, or additions thereto, which would result in a net increase in the number of dwelling units; or
- (3) Construction resulting in a new non-residential building or a net increase in the gross floor area of any non-residential building; or

[...]

213.5 Standards and Basis of Assessment.

[...]

D. In the case of new development created by conversion or modification of an existing use, the impact fee shall be based upon the net positive increase in the impact fee assessed for the new use for each category of impact fee assessment as compared to the highest impact fee that was or would have been assessed for each category of impact fee assessment for the previous use in existence on or after the effective date of this Ordinance.

[...]

213.9 Appeals under This Section.

A. A party aggrieved by a decision made by the ~~Code Enforcement Officer~~Zoning Administrator relating to administrative decisions in the assessment or collection of impact fees authorized by this Section may appeal such decision to the Planning Board within 30 days of the administrative decision, and not afterward.

[...]

ARTICLE III

USE DISTRICTS

[...]

SECTION 301 ZONING MAP.

301.1 Establishment.

The districts and the boundaries of such districts shall be as shown on a map entitled "OFFICIAL ZONING MAP OF THE CITY OF LEBANON, NEW HAMPSHIRE." ~~together with all notations, references and other matter and things set forth and/or attached thereto.~~ This map, which was adopted on July 19, 1978, and amended several times thereafter, is hereby re-adopted. ~~It shall be known as the Official Zoning Map of the City of Lebanon and shall be certified by the Mayor and City Clerk.~~ Said map is to be prepared and updated maintained by the City of Lebanon Planning ~~Office~~ & Development Department, and amendments thereto shall be certified by the City Clerk.

[...]

301.3 Final Authority.

Regardless of the existence of purported copies of the Official Zoning Map~~y~~ which may from time to time be published, the Official Zoning Map which is on file with the City Clerk shall be the final authority on current zoning.

[...]

SECTION 302 USES.

302.1 Permitted Uses. In the districts described herein, only those uses listed as "permitted uses" shall be permitted. Uses listed as "special exception" may be allowed, but only at the discretion of the Board of Adjustment pursuant to Section 801.3. Uses listed as "conditional use permit" may be allowed, but only at the discretion of the Planning Board pursuant to Section 302.4. It is the intent of this Ordinance that no other uses be allowed. All uses shall comply with the dimensional requirements of the "Table of Area, Dimensions and Coverage" of the zoning district in which the use is located. Uses not listed are neither permitted nor allowed by special exception nor allowed by **conditional use** permit.

[...]

SECTION 303 LIGHT INDUSTRIAL DISTRICT (IND-L).

[...]

303.2 Table of Uses.

<u>Permitted Uses</u>	<u><i>Special Exception Uses</i></u> (see Section 801.3)
<u>Commercial/Non-Residential</u> 1. Airport 2. Bus terminal 3. Essential service 4. Health club 5. Light industry 6. Local government use 7. Outdoor storage per Section 303.4 (less than 20%) 8. Plumbing, electrical or carpentry shop 9. Publishing/printing 10. Research laboratory 11. Renewable energy system per Section 612 12. Retail product pickup 13. _____ Retail showroom per Section 303.5 (less than 10%) 14. _____ Trucking terminal 15. _____ Warehouse <u>Planned Developments</u> 16. _____ Industrial PUD per Section 501 17. _____ Planned business park per Section 508	<u>Commercial/Non-Residential</u> 1. Care and treatment of animals 2. Contractor's yard 3. Educational facility, college/university 4. Educational facility, vocational school 5. Group day care facility per Section 604 <u>Uses by Conditional Use Permit</u> (see Section 302.4) <u>Commercial/Non-Residential</u> 1. Car wash 2. Office building for 50 or more employees 3. Outdoor storage per Section 303.4 (more than 20%) 4. Retail showroom per Section 303.5 (between 10-20%) 5. Rehabilitation hospital Retail product pickup _____

[...]

~~303.6 Flex Buildings.~~

~~Flex buildings (i.e. multi-use buildings) having no more than 30% of the floor area occupied by independent office uses are permitted, provided the principal use of the building is for a permitted use.~~

[...]

SECTION 303A INDUSTRIAL - RAIL ACCESS DISTRICT (IND-RA).

[...]

303A.2 Table of Uses.

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Commercial/Non-Residential</u> 1. Bituminous paving plant 2. Concrete mixing plant 3. Contractor's yard 4. Essential service 5. Health club 6. Light industry 7. Local government use 8. Outdoor storage and sales 9. Recycling facility 10. Research laboratory 11. Renewable energy system per Section 612 12. Retail showroom per Section 303A.5 13. Warehouse	<u>Commercial/Non-Residential</u> 1. Bulk petroleum and liquid propane gas storage 2. Excavation of natural earth material per Section 606 and/or processing of natural earth material Natural resource extraction and/or processing facility (timber, stone, or soil) 3. Intermodal transportation facility 4. Educational facility, vocational school 5. Group day care facility per Section 604
	<u>Uses by Conditional Use Permit</u> (see Section 302.4)
<u>Planned Developments</u> 14. Industrial PUD per Section 501 15. Planned business park per Section 508	<u>Commercial/Non-Residential</u> 1. Office building

303A.3 Table of Areas, Dimensions, and Coverage.**IND - RA DISTRICT**

Minimum Lot Requirements					Maximum Limitations	
Area	Frontage	Front Yard	Side Yard	Rear Yard	Building Coverage	Height
2 acres	200'	30' (*)	20' (*)	20' (*)	50%	65'

*~~Setback will be waived for~~ This restriction may be relaxed by **conditional use permit**, if the Planning Board finds, in addition to the standards set forth in Section 302.4, that such relaxation is required to allow access to or use of rail service. ~~these portions of the lot where rail access is along the property line.~~

303A.4 Special Setback Restrictions.

Principal structures on lots in the IND-RA district which abut a residential zoning district ~~lines will~~ shall be set back a minimum of 75 feet from the property line or lines which abut the residential zone.

303A.5 Retail Showrooms.

Showrooms and on-premises sales may be allowed as part of a ~~manufacturing~~ light industry or ~~warehouse or distribution facility~~ provided that: (1) such showrooms are limited in floor area to no more than 10% of the total acreage of the lot on which they are located or a maximum of 20,000 square feet, whichever is smaller, and, (2) the goods being displayed are the same as those being manufactured/stored/distributed on the premises.

[...]

SECTION 304 HEAVY INDUSTRIAL DISTRICT (IND-H).

[...]

304.2 Table of Uses.

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Commercial/Non-Residential</u> 1. Contractor's yard 2. Essential service 3. Recycling facility 4. Renewable energy system per Section 612 5. Sanitary landfill 6. Sawmill per Section 304.5	<u>Commercial/Non-Residential</u> 1. Bulk storage of petroleum products 2. Junkyard per Section 605 3. Removal of natural materials <u>Excavation of natural earth material per Section 606 and/or processing of natural earth material</u>
<u>Planned Developments</u> 7. Industrial PUD per Section 501 8. Planned business park per Section 508	<u>Uses by Conditional Use Permit</u> (see Section 302.4)
	<u>Commercial/Non-Residential</u> 1. Bituminous paving plant 2. Concrete mixing plant 3. Stone crushing plant

[...]

SECTION 305 GENERAL COMMERCIAL DISTRICT (GC).[...]305.2 Table of Uses.

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Residential</u> 1. Dwelling unit(s) above first floor 2. Multi-family dwelling (see Section 305.5) <u>Commercial/Non-Residential</u> 3. Amusements (indoor) 4. Car wash 5. Community center 6. Drive-in restaurant, refreshment stand 7. Drive-through facility 8. Drycleaning pick-up station 9. Financial institution 10. Funeral establishment <u>home</u> 11. Group day care facility per Section 604 12. Health club 13. Hotel 14. House of worship 15. Laundromat 16. Local government use 17. Membership club 18. Motel 19. Movie theater 20. Office 21. Personal service 22. Publishing/printing 23. Radio or TV studio <u>24. Recreational facility, indoor</u> 24-25. Renewable energy system per Section 612 25-26. Restaurant , sandwich shop <u>27. Retail product pickup</u> 26-28. Retail store 27-29. Service station 28-30. Vehicular repair 29-31. Vehicular sales <u>Planned Developments</u> 30-32. Commercial PUD per Section 501	<u>Commercial/Non-Residential</u> 1. Alternative treatment center per Section 613 2. Alternative treatment center (cultivation location only) per Section 613 3-2. Bus terminal 4-3. Educational facility, college/university 5-4. Essential service 6-5. Truck terminal <u>Uses by Conditional Use Permit</u> (see Section 302.4) <u>Commercial/Non-Residential</u> 1. Care and treatment of animals 2. Contractor's yard 3. Craftsman's shop 4. Plumbing, electrical or carpentry shop 5. Produce stand 6. Recreational facility, indoor 7-6. Recreational facility, outdoor 8. Retail product pickup 9-7. Warehouse 10-8. Wholesale sales

[...]

SECTION 305A GENERAL COMMERCIAL ONE DISTRICT (GC-1).

[...]

305A.2 Table of Uses.

<u>Permitted Uses</u>	<u>Uses by Conditional Use Permit</u> (see Section 302.4)
<u>Residential</u> 1. Multi-family dwelling (see Section 305A.4) <u>Commercial/Non-Residential</u> 2. Dwelling unit(s) above first floor 3. Essential service 4. Financial institution 5. Group day care facility per Section 604 6. Office 7. Personal service 8. Renewable energy system per Section 612 <u>Planned Developments</u> 9. Commercial PUD per Section 501	<u>Commercial/Non-Residential</u> 1. Alternative treatment center per Section 613 2. Alternative treatment center (cultivation location only) per Section 613 3.2. <u>2.</u> Drycleaning pick-up station 4.3. <u>3.</u> Educational facility, college/university 5.4. <u>4.</u> Light industry 6.5. <u>5.</u> Research laboratory 7.6. <u>6.</u> Restaurant , sandwich shop 8.7. <u>7.</u> Retail store

[...]

[...]

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Residential</u> Dwelling unit(s) above first floor Multi-family dwelling (see Section 306.5) Senior housing complex	<u>Commercial/Non-Residential</u> Craftsman's shop Drive-through facility Educational facility, college/university Group day care facility per Section 604 Vehicular sales
<u>Commercial/Non-Residential</u> Amusements (indoor) Community center - Drycleaning pick-up station Financial institution - Funeral establishment <u>home</u> Health club Hotel - House of worship - Laundromat - Library or museum Local government use Membership club Motel <u>Museum</u> 17.18. <u>Office</u> 18.19. <u>Personal service</u> 19.20. <u>Radio or TV studio</u> 20.21. <u>Renewable energy system</u> per Section 612 21.22. <u>Restaurant</u>, sandwich shop 22.23. <u>Retail store</u> 23.24. <u>Social service center</u> 24.25. <u>Theater, concert hall, movie theater</u>	<u>Uses by Conditional Use Permit</u> (see Section 302.4)
<u>Planned Developments</u> 25.26. <u>Commercial PUD</u> per Section 501	<u>Commercial/Non-Residential</u> Essential service - Other uses per Section 306.4 Parking facility - Publishing/printing Recreational facility, indoor Recreational facility, outdoor

306.3 Table of Area, Dimensions and Coverage.**CB DISTRICT**

Minimum Lot Requirements					Maximum Limitations	
Area	Frontage	Front Yard	Side Yard	Rear Yard	Building Coverage	Height
3,000 square feet	50'	NONE	NONE	10' (*)	NONE	45'**

*May be reduced or eliminated by ~~special exception~~[conditional use permit](#).

~~**55' is allowed for any property within the Central Business District that is located in downtown Lebanon and is adjacent to the Mascoma River; and/or is adjacent to one or more of the following primary streets: North, South, East, and West Park Streets, Hanover Street, High Street, Mechanic Street, Mascoma Street, Bank Street, Campbell Street, and Spencer Street; and/or is adjacent to any other street that intersects one of the afore-mentioned primary streets.~~

[...]

SECTION 307LEBANON DOWNTOWN DISTRICT (LD).

[...]

307.6 Non-Residential Uses.A. Buildings with Frontage on Primary Streets.

1. If a **building** is located on a **lot** with **principal frontage** on a primary **street**, a minimum of 1,000 square feet or 1/3 of the **gross floor area**, whichever is less, of the **street level story** of the **building**, shall be ~~devoted~~ reserved for a non-residential use or uses, and such combined uses shall have both a depth and width of not less than 20 feet along the primary **street**.

[...]

B. Buildings with Frontage on Secondary Streets.

[...]

1. Notwithstanding the above requirements, the Planning Board may waive the requirement for non-residential uses on **the street level story** and permit residential uses on the ~~complete-entire~~ street level story in these locations by **conditional use permit** pursuant to Section 302.4 provided the applicant demonstrates that:

[...]

C. Definitions. For purposes of this subsection, primary and secondary **streets** are defined as follows:

1. Primary Streets. The Downtown Mall, Taylor Street within 500 feet of the Downtown Mall, Hanover Street from Hough Street to Church Street, Mascoma Street, ~~Mechanic Street~~, Court Street, West Park Street from Hanover Street to Court Street, and North Park Street from Court Street to Campbell Street.
2. Secondary Streets. Hanover Street from NH Route 120 to Hough Street, ~~Mascoma Street~~, Foundry Street, Church Street, High Street, Mechanic Street, Water Street, East Park Street, Bank Street, Taylor Street more than 500 feet from the Downtown Mall, Campbell Street, and Spencer Street.

[...]

307.8 Building Height.

[...]

- B. Minimum Story Height. The **street level story** of a **building** shall not be less than twelve (12) feet in height as measured between finished floors. All other **stories** shall be no less than ten (10) feet in height as measured between finished floors. The Planning Board may waive these requirements by conditional use permit pursuant to Section 302.4.

307.9 Driveways, Parking Areas, and Circulation Areas.

[...]

- B. No **parking area** or circulation area for vehicles shall be located in the **front yard**. For improved surfaces in existence as of (insert date of ordinance adoption), the Planning Board may waive these requirements by **conditional use permit** pursuant to Section 302.4 if the Board find that there is no other location on the **lot** to provide parking. Where a **lot** abuts more than one **street**, this restriction shall only apply to the **front yard** along the **principal frontage**.

[...]

SECTION 308 RESIDENTIAL ONE DISTRICT (R-1).

[...]

308.3 Table of Area, Dimensions and Coverage.**R-1 DISTRICT****Minimum Lot Size**

Class	Area	Width	Additional Area per D.U. After Two	Maximum Height
1	10,000 sq.ft.	75'	3,000 sq.ft.	45' <u>or 55' per Section 308.4</u>
2	15,000 sq.ft.	75'	5,000 sq.ft.	45' <u>or 55' per Section 308.4</u>
3	40,000 sq.ft.	100'	15,000 sq.ft.	45' <u>or 55' per Section 308.4</u>

[...]

308.4 Building Height. By **conditional use permit** per Section 302.4, the maximum **building height** for a proposed **building** may be increased up to 10 additional feet if the increase in **building height** is for the purpose of accommodating a **parking structure** underneath or within the proposed **building**, and provided that the **building** is set back from the **setback line** a minimum distance equal to two (2) feet for every one (1) foot of additional **building height** over 45 ft.

[...]

SECTION 310 RESIDENTIAL THREE DISTRICT (R-3).

[...]

310.2 Table of Uses.

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Residential</u> 1. One-family dwelling 2. Accessory dwelling unit (ADU) per Section 610 <u>Commercial/Non-Residential</u> 3. Home business per Section 600 4. Home-based agricultural business per Section 600B.2 (lots 5 acres or more) and per Section 600B.3 (lots greater than 10 acres) 5. Hospital 6. House of worship 6.7. Public education facility 7.8. Public recreation facility 8.9. Public safety facility 9.10. Renewable energy system per Section 612 <u>Planned Developments</u> 10.11. PURD per Section 501	<u>Residential</u> 1. Two family dwelling by conversion of existing one family dwelling 2. Senior housing complex <u>Commercial/Non-Residential</u> 3. Cemetery 4. Essential service 5. Group day care facility per Section 604 6. Home-based agricultural business per Section 600B.2 (lots less than 5 acres) and per Section 600B.3 (5–10 acre lots) 7. House of worship 8.7. Nursing home

[...]

310.4 Dwelling Unit Density.

For **senior housing complexes** and PURDs per Section 501.2 (“Planned Unit Residential Development (PURD)”), one (1) **dwelling unit** is permitted per each 10,000 sq. ft. of **lot area**. Density for **senior housing complexes** may be increased per Section 603 (“Senior Housing Complexes”).

SECTION 311B PROFESSIONAL BUSINESS DISTRICT (PB).

[...]

311B.4 Parking Requirements.

Parking shall be as set out in Section 607.4 of this Ordinance except that parking shall be provided on site for any dwelling unit(s) per Section 607.2 (“Table of Minimum Off-Street Parking Requirements”). Such on-site parking shall not occupy the front yard and shall be screened from abutting properties.

[...]

SECTION 313 RURAL LANDS TWO DISTRICT (RL-2).

[...]

313.2 Table of Uses.

<u>Permitted Uses</u>	<u>Special Exception Uses</u> (see Section 801.3)
<u>Residential</u> One-family dwelling Accessory dwelling unit (ADU) per Section 610 <u>Commercial/Non-Residential</u> Agriculture Home business per Section 600 - House of worship Public recreation facility Renewable energy system per Section 612 <u>Planned Developments</u> Manufactured home park per Section 503 Manufactured home subdivision per Section 504 (or manufactured home PURD) - PRec per Section 501 - PURD per Section 501	<u>Commercial/Non-Residential</u> Care and treatment of animals - Cemetery Essential service Group day care facility per Section 604 Home-based contractor's yard per Section 600A Produce stand - Radio or TV tower or other communication equipment - Recreational camping park per Section 505 Recreational facility, indoor Recreational facility, outdoor RemovalExcavation of natural earth materials per Section 606

SECTION 314 RURAL LANDS THREE DISTRICT (RL-3).314.1 Purpose.

These are areas ~~of the City~~ within ~~which the City that are critical areas for development,~~ ~~or~~ development should be restricted until it has been further studied and detailed plans developed. ~~In the first instance these~~ ~~These~~ are critical areas where slopes of over twenty-five percent (25%) may be found, wetlands and a seasonably high water-table exist or have poor highway access to the rest of the community. ~~Also the~~ ~~These~~ areas almost uniformly have severe restrictions for on-site disposal of sewage and any extensive development, including driveways, may present problems in grades and control of erosion. The primary ~~purpose-use~~ of these areas should be for forestry ~~and with~~ only limited development for single family residential purposes on large lots. ~~The second type in this classification are areas that are reserved for future expansion when the necessary utilities and road systems are designed or in place.~~

SECTION 315 MEDICAL CENTER DISTRICT (MC).

[...]

315.2 Table of Uses.

<u>Permitted Uses</u>	<u>Uses by Conditional Use Permit</u> (see Section 302.4)
<u>Commercial/Non-Residential</u> 1. Essential service 2. Group day care facility per Section 604 and Section 506.3.5 3. Health club 4. Hospice 5. Medical center complex per Section 506 6. Medical office building 7. Medical research facility 8. Renewable energy system per Section 612 9. Retail product pickup <u>Planned Developments</u> 10. Commercial PUD per Section 501	<u>Commercial/Non-Residential</u> 1. Drive-through facility 2. Financial institution per Section 506.3.5 3. Motel 4. Hotel 5. Office 6. Parking facility 7. Personal service per Section 506.3.5 8. Restaurant per Section 506.3.5 9. Retail store per Section 506.3.5 10. Recreational facility, indoor per Section 506.3.5 9-11. Recreational facility, outdoor per Section 506.3.5

315.3 Table of Area, Dimensions and Coverage.**MC DISTRICT**

Minimum Lot Requirements					Maximum Limitations	
Lot Area	Lot Frontage	Front Yard	Side Yard	Rear Yard	Height	Building Coverage
75,000 sq.ft.	200'	40'	20'	20'	60' except as required by (See Section 315.4 and as permitted by Section 506.2)	50%

[...]

ARTICLE IV

OVERLAY DISTRICTS

[...]

SECTION 402 FLOODPLAIN DISTRICT.

[...]

402.2 Floodplain District Regulations.

Within the Flood Plain District, all requirements of the Flood Damage Prevention Ordinance of June 4, 1980, [City Code Chapter 74](#), as amended, shall be complied with.

402.3 Floodplain Official.

[The Floodplain Official is responsible for administering and enforcing Section 402.2. The City Engineer will normally serve as the Floodplain Official. See City Code Chapter 74-15.](#)

[...]

SECTION 409 LANDFILL RECLAMATION DISTRICT

[...]

409.3 Permitted Uses.

The following uses are permitted in a closed or capped waste disposal area:

[...]

- C. ***Accessory uses*** to the secondary permitted recreational use, such as control or maintenance buildings and structures to allow food sales. ~~More than one accessory use is permitted if all such accessory uses remain incidental and subordinate to the principal recreational use.~~

[...]

ARTICLE V

SUBDIVISIONS AND PLANNED DEVELOPMENTS

[...]

SECTION 501 PLANNED UNIT DEVELOPMENT (PUD).

[...]

501.2 Planned Unit Residential Development (PURD).

- A. Objectives. The objectives of the PURD provisions of this ordinance are as follows:

[...]

1. To establish a connected network of conservation lands, trails, and working farm and forest land throughout the City by linking the Open Spaces and trails within the ~~subdivision~~ development, to conservation lands, important natural resources and trails on adjoining lands wherever possible, and as particularly found in the Lebanon *Master Plan* and *Natural Lebanon*.

[...]

C. Uses Allowed in a PURD.

1. Residential Uses. A PURD may include dwelling units in ~~one-family detached~~, one-family ~~attached~~, two-family and multi-family dwellings. A mix of dwelling types may be permitted at the reasonable discretion of the Planning Board. In a manufactured home PURD only manufactured homes are permitted and shall be on individual lots.

[...]

501.3 Planned Unit Recreational Developments.

[...]

D. Uses Allowed in a PRec.

1. Residential Uses. A PRec shall provide a minimum of 15 dwelling units. A PRec may include dwelling units in one-family ~~detached, one-family attached~~, two-family and multi-family dwellings or appropriate mixes thereof, at the discretion of the Planning Board. In a PRec at least 75 percent of the land area used for building development shall be devoted to residential uses.

[...]

501.4 Commercial or Industrial Planned Unit Developments.

[...]

- D. Uses Allowed in a Commercial or Industrial PUD. Any non-residential use permitted in the Industrial, CB, GC, or GC-1 Districts may be allowed in a Commercial PUD.

Any non-residential use permitted or allowed by special exception or **conditional use** permit in the IND-L District may be allowed in an Industrial PUD. Additionally, no more than 25 percent of the gross floor area ~~building coverage~~ in an Industrial PUD may be allocated to **hotels**, restaurants, personal services and retail sales necessary to serve the needs of the other businesses in the PUD (or of their employees).

[...]

SECTION 506 MEDICAL CENTER COMPLEXES.

[...]

506.3 Allowed Uses

In addition to a hospital, the following uses are allowed within the Medical Center Complex:

3. Congregate Living Facilities/Dormitory - A congregate living facility or dormitory is a housing facility provided by the Medical Center Complex which provides housing for ten or more of their adult health care students and/or staff in single or double living quarters. [...]
5. Any of the following uses, as defined in this Ordinance, when all or substantially all of the business will be with and for the patients, and the visitors of those patients, the employees and the staff of the building and facilities located within the medical center complex.
 - a. Personal service.
 - b. Retail store.
 - c. Restaurant.
 - d. ~~Branch bank~~ Financial institution.
 - e. Indoor/outdoor recreational facilities.
 - f. Group day care facility.

[...]

ARTICLE VI**ADDITIONAL STANDARDS FOR SPECIFIC USES**

[...]

SECTION 601 SPECIAL DESIGN STANDARDS.

[...]

601.1 Architecture.

Remodeling for conversions shall not alter the appearance of the exterior of the structure in a manner that is not compatible with the architectural character of the existing building; of abutting properties; or of the neighborhood. New construction ~~of offices~~ shall be compatible with the architectural character or the abutting properties and neighborhoods.

[...]

601.7 ~~(Reserved)~~ Mixed Uses.

~~In the R-2, R-O and R-O-1 Districts, a converted building may have both residential and office uses.~~

[...]

SECTION 602 NON-COMMERCIAL SWIMMING POOLS AND HOT TUBS.

[...]

602.4 Water Supply.

- A. If the water for such pool/tub is supplied from a private well, there shall be no cross-connection with the public water supply system.
- B. If the water for such pool/tub is supplied from the public water supply system, the inlet shall be above the overflow level of said pool. Backflow prevention devices shall be installed ~~as required by the Department of Public Works~~ when determined to be required by the City.

[...]

602.6 Permits.

- A. Every non-commercial swimming pool or hot tub shall have a permit from the Zoning Administrator.
- B. No permit shall be granted for the installation or construction of such swimming pool unless the plans shall meet the minimum construction requirements of the City and unless the City ~~Engineer, or a licensed professional engineer of the State of New Hampshire~~ has ~~certified~~ determined that the drainage of such pool is adequate and will not interfere with the public water supply system, with existing sanitary facilities or with the public streets.

[...]

SECTION 607 PARKING

[...]

607.7 Off-Street Loading.

Off-street loading facilities shall be located so that delivery vehicles are parked completely outside of the **street** right-of-way, and shall comply with the requirements of the Site Plan Review Regulations as applicable.

SECTION 608SIGNS.

[...]

608.4 Non-Residential Uses.

[...]

1. Maximum Permitted Sign Area.

[...]

- e. Multi-Tenant Buildings. The maximum **sign area** permitted for a **multi-tenant building** in existence as of (insert date of ordinance adoption) is the greater of either:

i. the total **sign area** allowed pursuant to Section 608.4.A.1.a; or

~~i.~~ ii. the total **sign area** of all existing legal **signs** on the **building** as of (insert date of ordinance adoption). For any vacant tenant spaces as of (insert date of ordinance adoption), the **sign area** utilized by the immediate prior tenant may be included in the calculation of permitted **sign area** under this subsection.

[...]

608.8 Non-Conforming Signs.

[...]

- A. Loss of Legal Non-Conforming Status. A legal non-conforming **sign** shall lose its legal non-conforming status if it is altered, reconstructed, replaced, or expanded, ~~or relocated~~. A mere change in copy is not an alteration or replacement for purposes of this Section.

[...]

SECTION 610ACCESSORY DWELLING UNIT (ADU)

Accessory dwelling units are intended as an option for homeowners to offer separate and independent living space for their extended families, or to offer small **dwelling units** as rentals to offset the expense of maintaining the **dwelling**. ~~The appearance and character of the existing or proposed new dwelling shall remain single-family in nature. An **accessory dwelling unit** is only allowed on lots with a detached one-family dwelling, and only one such accessory unit is permitted per lot. As an alternative, if allowed in the respective Zoning District, a property owner can seek a conversion of the unit to either a standard two-family or a multi-family dwelling.~~

An **accessory dwelling unit** shall comply with the following criteria:

A. An **ADU** is only allowed on **lots** with a detached **one-family dwelling**, and only one such **ADU** is permitted per **lot**.

B. ~~A.~~ The appearance and character of the existing or proposed **ADU** shall

remain single family in nature.

- A-C. The property owner must occupy either the ~~primary~~principal ~~residence~~dwelling unit or the **ADU** as their permanent residence. A temporary leave of absence by the property owner is allowed, provided the owner-occupied unit is not rented or occupied by anyone other than the property owner during the temporary leave or absence.

Prior to the issuance of a zoning/building permit, the owner shall record in the Grafton County Registry of Deeds an acknowledgment of the above owner-occupancy requirement, in a form satisfactory to the Zoning Administrator, in order to put prospective buyers on notice of the prohibition against renting out both units.

- B. The **ADU** must be located in the same **building** as the ~~primary~~principal ~~residence~~dwelling unit unless the **lot** meets or exceeds the minimum required lot size for the respective zoning district. ~~If the lot meets or exceeds the required minimum lot size, the ADU may be located in a separate detached structure such as a garage or barn, provided the existing structure conforms with the minimum required yard setbacks requirements for the respective zoning district. An ADU may also be in a new structure.~~
- C. If the **ADU** is located within or by an addition to the existing ~~one~~single ~~family~~dwelling, an interior door shall be provided between the principal **dwelling unit** and the **ADU**.
- D. If the **ADU** is located within or by an addition to the existing ~~single~~one ~~family~~dwelling, the **ADU** must be connected to the same utilities (except telephone and television) as the ~~principal dwelling unit~~existing dwelling. ~~If the ADU is located in a detached structure, then connections to municipal utilities (i.e. municipal water/sewer) must be separate.~~

If applicable, the owner must seek a permit from the State of NH Dept. of Environmental Services Subsurface Systems Bureau, in accordance with NH RSA 485-A:38, for any increased load on an existing sewage disposal system as a result of the addition of an **ADU** to the **lot**.

- E. If the gross living area of the ~~primary~~principal ~~dwelling unit~~residence is 1,500 square feet or less, the gross living area of the **ADU** may be no greater than 50% of the **gross living area** of the ~~primary~~principal ~~dwelling unit~~residence. ~~If the gross living area of the primary principal dwelling unit is greater than 1,500 square feet, but less than 3,000 square feet, the gross living area of the ADU shall not exceed 750 square feet. If the primary principal dwelling unit is greater than 3,000 square feet, the gross living area of the ADU can exceed 750 square feet provided the ADU is no greater than 25% of the gross living area of the primary principal dwelling unit.~~
- F. A detached **ADU**, if permitted under paragraph B above, shall maintain a proportional mass, size, and height to ensure it is not taller than the ~~primary~~principal ~~residence~~building on the lot. Detached ADU height shall not exceed the height of the ~~primary~~principal ~~building~~residence as measured to the eave line, with a maximum eave height of ten (10) feet for single-story and sixteen (16) feet for two-story detached ADUs.
- G. Any necessary additional entrances or exits to the ~~primary~~principal ~~residence~~building, to serve the **ADU**, shall be located to the side or rear of the

building. All new or altered **structures**, intended to be used as an **ADU**, must be located behind the **building line** of the existing ~~primary~~**principal residence building** except ~~when the~~**by special exception if the** Zoning Board finds that the placement of the **ADU** on the **lot** will not adversely affect the character of the neighborhood; traffic on roads and highways; safety of pedestrians, and will not create a hazard or nuisance to abutting property owners.

- H. In addition to the two (2) on-site **parking spaces** required for the ~~primary~~**principal** residence, one (1) additional on-site **parking space** for the **ADU** must be provided. ~~and no more than two (2) ADU on-site spaces are allowed. The additional parking space shall comply with the parking standards contained in the Zoning Ordinance and the City of Lebanon's Driveway Regulations.~~

~~I. An ADU located within the principal building shall have an interconnected fire alarm system.~~

~~A zoning/building permit application for the ADU must be approved and issued prior to its construction, and a certificate of occupancy, specifying that the dwelling unit is an ADU, must be obtained prior to its occupancy. The ADU constructed within a primary residence shall have an interconnected fire alarm system. All ADU's shall meet all life safety and building codes.~~

SECTION 611

THE KEEPING OF CHICKENS.

[...]

The keeping of chickens shall be permitted for all **one-** and/or **two-family dwellings**, provided the following standards are met (these standards do not apply to chickens kept in the rural lands zoning districts where **agriculture** is a permitted use):

[...]

- A. A coop shall be provided ~~if chickens shall be kept outdoors~~ within a **secure enclosure**. All chickens shall be kept outdoors within the secure enclosure ~~at all times.~~ The **secure enclosure** and **coop** shall be maintained in a humane and sanitary manner.

[...]

APPENDIX A

DEFINITIONS

[...]

ALTERNATIVE TREATMENT CENTER: An “Alternative Treatment Center” as defined in RSA 126-X:1, I, ~~namely, a not for profit entity registered under RSA 126-X:7 that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, sells, supplies, and dispenses cannabis, and related supplies and education materials, to qualifying patients and *Alternative Treatment Centers*.~~

~~**ALTERNATIVE TREATMENT CENTER (CULTIVATION LOCATION ONLY):** A and/or a “cultivation location” as defined in RSA 126-X:1, IV, namely, a locked and enclosed site under the control of an *Alternative Treatment Center* where cannabis is cultivated, secured with one or more locks or other security devices in accordance with RSA 126-X and the Department of Health and Human Service’s administrative rules.~~

[...]

BUILDING COVERAGE: That percentage of the lot area covered by buildings. In determining the percentage of building coverage of a lot, ~~porches or carports open at the sides but roofed, and all~~ principal and **accessory buildings** shall be included.

[...]

~~**BUSINESS CENTER OR PLAZA:** A grouping of any commercial or industrial uses in one or more buildings, for example, retail, office, restaurant, entertainment, storage or manufacturing uses, sharing common access and parking facilities.~~

~~**BUSINESS STORE FRONT:** That portion of the side of a structure occupied by a business use which faces the main street or major point of access. If the business use faces two main streets or major points of access, then said business shall be deemed to have two business store fronts. If the business use faces three or more main streets or major points of access, then said business shall designate only two faces which shall be deemed business store fronts.~~

[...]

~~**CENTRALIZED WATER SYSTEM:** A water system that does not connect to the municipal water system and that is designed to serve as the water system for an entire development. Such a system shall be approved by the NHWSPCD and the City of Lebanon. Such systems, if approved, are permitted in the RL Districts only.~~

[...]

DWELLING, ONE-FAMILY: A dwelling with one (1) dwelling unit ~~detached or free-standing dwelling other than a manufactured home, designed for and occupied by one family only.~~

DWELLING, TWO-FAMILY: A ~~detached dwelling~~ designed for or occupied by two families living independently of each other in individual attached with two (2) dwelling units.

DWELLING, MULTI-FAMILY: A dwelling ~~designed for or occupied by~~ with three (3) or more families, with the number of families in residence not exceeding the number of **dwelling units** provided.

~~**DWELLING UNIT, ONE-FAMILY ATTACHED:** A dwelling unit designed for and occupied by one family only and separated from another dwelling unit on one or two sides by a vertical party wall.~~

EXCAVATION OF NATURAL EARTH MATERIAL: The removal of natural material is the removal of loam, sand, gravel, stone or other fill material for sale in commercial quantities, or for use in another location.

[...]

~~**FLEX-BUILDING:** A building capable of adapting to use by multiple occupants and normally located in an industrial area.~~

[...]

~~**MAJOR THOROUGHFARE:** A major thoroughfare shall mean any public way which handles an average daily traffic volume greater than 750 vehicles.~~

[...]

MIXED USE: A development or ~~principle~~principal building having two (2) or more of the uses allowed within the Zoning District in which it is located.

[...]

PARKING SPACES, OFF-STREET: For the purpose of these regulations, an off-street parking space shall consist of a space adequate for parking an automobile with room for opening doors on both sides, together with properly related access to a public street or alley and maneuvering room. Except for a two-family dwelling or a one-family dwelling with an ADU, ~~Required~~ off-street parking areas for three or more automobiles shall have individual spaces marked, and shall be so designed, maintained, and regulated that no parking or maneuvering incidental to parking shall be on any public street, walk, or alley, and so that any automobile may be parked without moving another.

[...]

~~**REMOVAL OF NATURAL MATERIAL:** The removal of natural material is the removal of loam, sand, gravel, stone or other fill material for sale in commercial quantities, or for use in another location.~~

[...]

~~**SHOPPING MALL:** A group of stores and shops including retail office and/or restaurant/entertainment uses located along an open or enclosed pedestrian walkway sharing common access and parking facilities.~~

[...]

**PAGE
INTENTIONALLY
LEFT BLANK**

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

9. NEW BUSINESS:

**9.D – AUTHORIZATION FOR TRANSFER OF \$65,000 FROM THE ASSESSING
DEPARTMENT BUDGET TO THE DEPARTMENT OF PUBLIC WORKS FOR THE
INSULATION OF WALLS WITHIN THE LEBANON OPERA HOUSE**

BACKGROUND

The renovations of City Hall that are presently underway do not include insulating the walls of the Lebanon Opera House (LOH). While the project was never part of the planned renovations, completing the project now will avoid future disruptions to LOH as they are not currently providing programming due to the Coronavirus Pandemic.

Installation of the insulation in this large space will reduce heating and cooling cost, reduce operational costs to the City, and further reduce the City's carbon footprint. Cost for the project itself will be less if completed in conjunction with the existing project as the construction company is fully mobilized.

The funds proposed for transfer are not needed in the Assessing Department. The transfer of funds from one department to another requires Council approval in accordance with the applicable Charter provisions

ACTION

MOVED, that in accordance with City Charter Section C419:45, Transfer of Appropriations, the City Council hereby authorizes the City Manager to transfer unencumbered appropriated funds in the amount of \$65,000 from the Assessing Department to the Department of Public Works to be utilized for the insulation of walls within the Lebanon Opera House as part of the City Hall Renovation Project.

**PAGE
INTENTIONALLY
LEFT BLANK**

**AGENDA
LEBANON CITY COUNCIL
OCTOBER 7, 2020**

9. NEW BUSINESS:

**9.E – AUTHORIZATION FOR TRANSFER OF UNSPENT BOND PROCEEDS FROM
THE DULAC STREET RECONSTRUCTION PROJECT TO THE
SPENCER STREET RECONSTRUCTION PROJECT**

BACKGROUND

The purpose of this agenda item is to request the City Council to approve transferring unspent bond proceeds in the amount of \$70,554.92 from the Dulac Street Reconstruction Project to the 20 Spencer Street Reconstruction Project. When the budget was developed for the project, it did not include final design within the scope of services. The BETA Group (current project engineer) has provided amendments to their original scope of services to include additional survey and base mapping and preparation of contract documents so the project is ready for advertisement for bids in early 2021. Utilizing appropriated funds from an existing project will allow the City to move forward with final design with no tax rate implications.

ACTION

The following resolution is offered for Council consideration:

RESOLUTION

FOR THE PURPOSE OF authorizing the transfer of unspent bond proceeds from Dulac Street Reconstruction project to the 2020 Spencer Street Reconstruction Project.

NOW THEREFORE BE IT RESOLVED, by the City of Lebanon, that New Hampshire RSA 33:3-A of the Municipal Finance Act provides that if after notes or bonds have been issued and no expenditure of the proceeds has been made for the purpose or purposes for which the debt was incurred, or if a balance remains after the completion of the project or projects for which the debt was authorized, a city by a vote of 2/3 of the city council may authorize the expenditure of the sum or sums on hand, including any premiums received, for any purpose or purposes for which bonds or serial notes may be issued for an equal or longer period of time at any time which said sum or any portion thereof remains available; provided, however, that if the sum obtained by issuance of bonds or notes, as aforesaid, or any balance thereof, including any premium, is not appropriated as aforesaid, then the same shall be used to pay the principal of the loan as it matures.

NOW THEREFORE BE IT FURTHER RESOLVED, by the City of Lebanon, that appropriation authority, and associated funding derived from the issuance of bonds, is authorized to be transferred as follows:

Project	Bond Issue/Dated	Unspent Bond Proceeds BEFORE Transfer	Transfer	Unspent Bond Proceeds AFTER Transfer	Project Useful Life
FROM					
Dulac Street Reconstruction	NHMBB17B/06-06-17	\$70,554.92	(70,554.92)	\$0	20 years
TO					
20 Spencer Street Reconstruction	Unissued	\$0	\$70,554.92	\$70,554.92	20 years