

*The City of*

# *Portsmouth*

*New  
Hampshire*



*Comprehensive Annual Financial Report*  
*Fiscal Year 2020 (July 1, 2019 - June 30, 2020)*

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**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2020**



**Prepared by:  
The Finance Department**

**Judith Belanger  
Director of  
Finance and Administration**

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Deputy Finance Director**

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**City of Portsmouth, New Hampshire**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020

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# CITY OF PORTSMOUTH

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Municipal Complex  
1 Junkins Avenue  
Portsmouth, New Hampshire 03801  
(603) 431-2000

December 17, 2020

To the Honorable Mayor  
City of Portsmouth  
One Junkins Avenue  
Portsmouth, NH 03801

To the Citizens, Mayor and City Council of the City of Portsmouth:

The Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth for the Fiscal Year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

To provide a reasonable basis for making the representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with generally accepted accounting principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

## INDEPENDENT AUDIT

City Charter, as well as State statutes require an annual audit by independent certified public accountants. The City's audit firm is Melanson. The independent auditor's report is located at the front of the financial section of this report.

The City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Uniform Guidance. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are not included in the CAFR but are available in a separate report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it for additional narrative overview and analysis of the City's activities.

This report includes all funds of the City. This report does not report on the Portsmouth Housing Authority or Rockingham County. These governmental units are independent of the City and do not meet the criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

## **GOVERNMENT PROFILE**

### **HISTORY**

Originally settled in 1623, the City of Portsmouth was incorporated in 1849. It is located on New Hampshire's seacoast on the Piscataqua River midway between Portland, Maine, 50 miles to the north, and Boston, Massachusetts, 49 miles to the south. Portsmouth is the New Hampshire seacoast's trade and cultural center and a major distribution market for points in northern New England. Situated along Interstate 95, Portsmouth is served to the west by routes U.S. 4, N.H. 16 and 33 and to the north and south by the Spaulding Turnpike and U.S. Route 1.

### **ORGANIZATION OF THE GOVERNMENT**

The City of Portsmouth has operated under the Council-Manager form of government since 1947. The City Council is comprised of the Mayor and 8 members, and is responsible for enacting ordinances, resolutions and regulations governing the City, as well as for appointing the members of various statutory and advisory boards. As Chief Administrative Officer, the City Manager is responsible for enforcement of laws and ordinances. The City Manager appoints and supervises the heads of the departments of the City organization with the exception of the School, Police, and Fire Departments.

The School Board consists of nine elected citizens of Portsmouth. The School Board

sets policies and goals and has line item control over its annual budget; however, the City Council is responsible for the funding of the School Department.

The Police Commission consists of three elected citizens of Portsmouth. The Commission sets policies and goals; however, the City Council is responsible for the funding of the Police Department.

The Fire Commission consists of three elected citizens of Portsmouth. The Commission sets policies and goals, however, the City Council is responsible for the funding of the Fire Department.

### **SERVICES PROVIDED**

The City of Portsmouth provides the full range of municipal services normally associated with a municipality including police and fire protection, emergency medical services, public works operations, financial administration, planning and zoning, code enforcement, health and welfare services, parks operations and maintenance, recreation, senior services, library services, public education, parking and transportation, community and economic development, solid waste collection and disposal, and general administrative services.

Water and sewer services are provided under an Enterprise Fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt.

### **BUDGET PROCESS**

The City's fiscal year begins on July 1<sup>st</sup> of each year and ends the following June 30<sup>th</sup>. As required by the City of Portsmouth's Charter, the City Manager submits a

recommended six-year Capital Improvement Plan three months before the final submission date of the fiscal year recommended budget. The fiscal year recommended budget must be submitted to the City Council at least 45 days (May 15<sup>th</sup>) before the start of the fiscal year. The budget, which includes the General Fund and Enterprise Funds, is prepared and presented by department and functions, which each require an appropriation.

The City ensures compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body by use of budgetary controls. Activities of the General Fund and Enterprise Funds are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project Funds. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control; encumbered amounts are carried over at year-end. The City Manager, with the approval of the Council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another.

The City Council, by charter, must adopt a budget by June 30<sup>th</sup>. If the City Council takes no action on or prior to June 30<sup>th</sup>, the budget submitted by the City Manager is deemed to have been adopted by the City Council per the City Charter.

Once the budget is adopted, no appropriations shall be made for any purpose not included in the annual budget as adopted unless voted by a two-thirds majority of the City Council after a public hearing is held to discuss said appropriation.

## **ECONOMIC CONDITIONS**

This report covers the period of July 1, 2019 through June 30, 2020. The effects of the COVID-19 pandemic during this reporting period required extreme state government imposed emergency measures to protect the local community from the devastating effects of the pandemic as seen in numerous parts of the country. Non-essential businesses were closed and most public events and private gatherings were restricted or cancelled. Like the rest of the nation, these measures had significant negative impacts on the local economy. Some areas like leisure, hospitality, travel, education, and health were more negatively impacted than others. This report outlines the economic indicators both before and during this unprecedented period in the City's history.

### **EMPLOYMENT**

Portsmouth serves as the economic and cultural hub of seacoast New Hampshire. Despite its relatively small population of 22,206, it has the fourth-largest number of companies in the state behind the considerably larger cities of Manchester (pop. 110,712), Nashua (pop. 88,872) and Concord (pop. 42,982). Portsmouth businesses employ much of the New Hampshire Seacoast workforce.

According to the NH Employment Security Office, the total average employment at the end of the first quarter of 2020 for Portsmouth businesses was 32,973 compared to 34,032 jobs at the end of 2019, a decrease of 1,059 jobs. The average weekly wage increased slightly from \$1,432 to \$1,449 over the reporting period. The decrease seen in the employment numbers reflects the COVID-19 pandemic impact on local businesses, particularly in the leisure

and hospitality market. Data for the second quarter of 2020 was not available at the publication of this report, however, indicators revealed employment rates were increasing.

For the first nine months of FY20, unemployment rates in Portsmouth remained low with figures approaching full employment. Rates increased significantly (up to 16.8% in April) during the remainder of FY20 due to lay-offs stemming from COVID-19 pandemic related mandated

business closures. As of June 30, 2020, the Portsmouth unemployment rate was trending downward to 7.5% as businesses re-opened at partial capacity. The respective rates for the state of New Hampshire, New England, and the nation in June 2020 were 9.1%, 13.5%, and 11.2%. The following chart illustrates how Portsmouth's unemployment rate consistently ranks below the state, region, and nation pre-COVID-19 from June 30, 2014 – June 30, 2020, in spite of the pandemic.

| Annual Average Unemployment Rate (%)<br>(Source NH Economic & Labor Market Information Bureau) |      |      |      |      |      |      |      |
|------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|
|                                                                                                | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| U.S.                                                                                           | 6.3  | 5.3  | 4.9  | 4.4  | 4.2  | 3.7  | 11.2 |
| New England                                                                                    | 5.7  | 4.8  | 4.4  | 4.1  | 3.7  | 3.1  | 13.5 |
| State of NH                                                                                    | 4.3  | 3.8  | 2.8  | 2.9  | 2.7  | 2.5  | 9.1  |
| Portsmouth                                                                                     | 3.2  | 2.7  | 1.9  | 2.0  | 2.2  | 2.0  | 7.5% |
| Rates are reported as of 6/30 of the given Fiscal Year.                                        |      |      |      |      |      |      |      |

## BUILDING PERMITS

In FY20, 2,634 permit applications were processed for projects with a construction value of just under \$135 million, as illustrated by the following table. Permit application fees were down 30% from the prior year and the total number of inspections performed decreased by nearly 6%. These decreases can be attributed to economic uncertainty related to the duration and impacts of the COVID-19 pandemic. As in the previous years, most of the permits issued in FY20 for residential projects were for renovations versus construction of new dwelling units.

|                              | FY 19 Data    | FY 20 Data    | Change FY19 to FY20     |
|------------------------------|---------------|---------------|-------------------------|
| Residential                  | 1,896         | 1,679         | ↓217 (-11.4%)           |
| Commercial                   | 977           | 955           | ↓22 (-2.3%)             |
| <b>Total Permits Issued:</b> | <b>2,873</b>  | <b>2,634</b>  | <b>↓239 (-8.3%)</b>     |
| Total Fees Collected:        | \$1,607,252   | \$1,114,996   | ↓ \$492,256 (-30.6%)    |
| Total Construction Value:    | \$157,936,179 | \$134,866,113 | ↓ \$23,070,066 (-14.6%) |
| Inspections Performed        | 6,672         | 6,292         | ↓ 380 (-5.7%)           |

## UNIQUE ECONOMIC DRIVERS

Portsmouth benefits from two unique economic drivers that contribute significantly to the local economy and regional workforce, the Pease International Tradeport and the Portsmouth Naval Shipyard.

### 1. Pease International Tradeport

Pease International Tradeport is a former Air Force Base that was redeveloped as an international business park within the City of Portsmouth in the late 1990s. The Tradeport is conveniently located off Interstate 95, just 50 miles from the major cities of Boston, Portland, and Manchester. In FY 2020, \$7.2 million dollars was paid to the City in exchange for municipal services provided to the Tradeport as per the Municipal Services Agreement. Along with being a Foreign Trade Zone, Pease is home to Portsmouth International Airport, a customs-ready facility with commercial and passenger flights, cargo services, and business charter flights.

In a 2020 report to the City's Economic Development Commission, Paul Brean, the Pease Development Authority Executive Director, reported the following activity at the Tradeport:

- 4.9 million square feet of commercial/industrial space has been developed at Pease since 1992.
- 270+ companies now employ over 10,750 direct hires with another 5,125 indirect hires employed by vendors/contractors to Pease-based companies.
- Annual wages are estimated at \$700 million.
- Meals and rooms taxes are estimated at \$16 million.
- Inventory of developable land is

shrinking with 3 parcels under option totaling 19.5 acres and 2 un-optioned totaling 5.6 acres currently available.

- On the airport side of the Tradeport there are 10 parcels, totaling 143 acres, available for aviation-related use.
- Current vacancy rate is 2.3%.

The Tradeport's Executive Director also reported that the impact of COVID-19 on Tradeport businesses has been both positive and negative. The sectors most negatively impacted include academia, transportation, childcare, fitness, and hospitality. On the positive side, there has been an increase in corporate hangar demand and an uptick in interest in the aerospace industry. Private airlines are seeing an increase in demand as passengers seek alternative to commercial passenger carriers.

The success of Lonza in the biopharmaceutical sector and its work with Moderna on a COVID-19 vaccine has generated interest in the Tradeport from other bio/pharma companies. In addition to this work, Lonza continues work on the expansion of cell therapy and mono-1 products with a phased \$200 million capital improvement investment including just under 1 million square feet in office manufacturing/ warehousing plus two, 4-story parking facilities. Initially, 150 new skilled jobs will be created with the potential for another 250 future hires.

On the airport side, work on the runway is anticipated to be complete in December 2020 and the new terminal space is targeted for occupancy in January 2021. Strategic goals for the airport remain the same as in previous reports:

- Establishing a regional connection to

a hub network for increased demand.

- Establishing an international low cost carrier route.
- Increasing corporate air activity and air cargo logistics distribution centers.

## **2. Portsmouth Naval Shipyard (PNSY)**

The Portsmouth Naval Shipyard (PNSY) is located in Kittery, Maine, just across the Piscataqua River from the City. It is a major submarine overhaul and refueling facility as well as the U.S. Government's oldest continuously operating naval shipyard. The Shipyard is also the largest regional employer with a highly-skilled, technical workforce. The following is a summary of the Seacoast Shipyard Association's most current regional economic impact report of the PNSY for the calendar year 2019.

- Overall the Shipyard had an economic impact of \$1,159,014,069 up from \$882,613,734 in calendar year 2018.
- The Shipyard employs a total of 7,310 employees with a civilian payroll of \$594,906 million up from 6,972 employees with a payroll of \$548 million in calendar year 2018.
- The shipyard purchased \$123 million of goods and services in 2019; an increase of \$3 million over calendar year 2018.
- Total contracted facility services purchased in 2019 was \$395 million up from \$169 million in 2018 making it a significant source of direct and indirect expenditures in the region.

### **REAL ESTATE MARKET ACTIVITY**

For the second quarter of 2020, Colliers International real estate advisory firm reported that for the Portsmouth submarket, average modified gross office

market rents were \$24 per square foot. Class A rents registered \$28 per square foot, up from \$25.90 per square foot for the same period in 2019. Class B rents brought \$22 per square foot up from \$20.24 per square foot in 2019. The occupancy rate was 96.5% which is slightly up from the second quarter 2019. The future of these vacancy rates are difficult to predict as companies grapple with an increase in remote workers and a need to reconfigure office space to provide more square footage per employee given the social distancing requirements.

Despite the pandemic, the local industrial market continues to be in high demand. Lease rates and sale prices for industrial spaces are at historic highs due to a lack of inventory properties and the cost of new construction. Average market rents for the quarter were \$8.20 per square foot, up from \$8.02 per square foot for the same period in 2019. Warehousing/distribution and manufacturing properties are trending slightly higher at \$8.28 per square foot and \$8.46 per square foot respectively. At Pease Tradeport, occupancy numbers are promising with industrial and all office listings above 94%. In the downtown, occupancy levels are likewise high with retail and office space at 98% and 96% respectively.

As of January 2020, Northern New England Real Estate Network MLS reported 332 Portsmouth sales with 92% being residential properties. Of these sales, 32 were residential properties selling for \$1 million-plus with the top-seller being a downtown residential condo for \$4,337,500. Knowing commercial properties are not always advertised on the MLS, the City's appraisal software was able to report 19 commercial

sales with the top sale being \$4,000,000 located on Raynes Ave.

Similar to the commercial market, the trend of a high demand with a very low inventory was also a challenge for residential properties in the Fiscal Year 2020. According to the New Hampshire Housing Finance Authority, this reduced inventory combined with strong demand and historically low mortgage interest rates resulted in a 10% increase in sales prices from \$480,000 in 2019 to \$529,000 in 2020 for the median single family, non-condominium home. For all homes, the median sale price in 2020 was \$550,000 compared to \$465,000 in 2019 or 18% higher. The median purchase price for all homes has increased 37% from 2015-2019.

The average monthly gross rent for a two-bedroom unit in Portsmouth was \$1,761 in June 2020, up 2.4% from \$1,720 in 2019. The increase in value combined with a 0.6% vacancy rate continues to be a challenge for people seeking workforce housing.

#### **DEVELOPMENT ACTIVITY**

As noted, fewer development projects were permitted in FY19/20 than in prior years in part due to the economic uncertainty cast by the COVID-19 pandemic. However, construction forged ahead on previously approved projects citywide as noted below.

In the City's Central Business District (CBD), construction continued on the 78,000 square foot mixed-use retail/restaurant/residential project at 46-64 Maplewood Avenue and is nearly complete. One block away at 111 Maplewood Avenue, the 54,000 square foot, 4-story office headquarters for Heinemann Publishing is underway and is slated for occupancy in early 2021.

In the center of the CBD, a 2-building Market Square project broke ground and is slated for completion in late 2021. The project involves the rehabilitation of the existing 7, 400 square foot historic bank building at 3 Pleasant Street for mixed-use. Behind the former bank building will be a new 100,000 square foot contemporary mixed-use building that will house offices on the upper floors and a public market on the ground floor. The new property will be called "Brick Market", will feature a maritime theme as well as include commercial and office space with underground parking. Wide sidewalks are planned for outdoor dining along with musician and artisan use for added vitality.

The Deer Street Associates proposal for a large multi-lot mixed-use development that will include a hotel, office, bank, multi-family residences, retail, and restaurant uses with on-site parking near the new Foundry Place Garage off Deer Street is still pending.

Along the Route 1 corridor, construction continues on the proposed 100,000 square foot mixed-use redevelopment of the former Frank Jones Conference Center at 428 Route 1 Bypass. Dubbed "West End Yards," this redevelopment includes a new connector road and multipurpose path between the Route 1 Bypass and Bartlett Street as well as a connection to Borthwick Avenue. Included in the development are 250 multi-family residential units, 23 townhouse condos, retail, office, and restaurant facilities as well as 495 on-site parking spaces.

Work continues on the application by the City of Portsmouth with partner Redgate/Kane to the US General Service Administration for the acquisition of the federal McIntyre Building under the federal

Historic Surplus Property Program for a mixed-use, urban infill development.

### **CREATIVE ECONOMY**

Portsmouth's creative economy is an important asset for both the residents and visitors as it continues to drive Portsmouth's reputation as New Hampshire's premier cultural and culinary destination. The significant concentration of theatres, historic homes, restaurants, museums, and galleries drive this sector of the economy and fuel a creative workforce of actors, writers, historians, musicians, and graphic design and architectural firms. Through a series of music, arts, seafood, beer and film festivals, these businesses attract visitors year-round which, in turn, support the vibrant hospitality and leisure industry.

It is important to note that this business sector was disproportionately impacted by closures mandated through the Governor's COVID-19 Emergency Orders which resulted in much of the workforce being laid off as events and shows were cancelled. However, the industry pivoted to online performances and worked with the City to provide two outdoor venues for performances by a rotating series of venues within the pandemic safety guidelines.

Pre-pandemic, these cultural and economic assets continued to attract media attention and the City was highlighted for these qualities in both on-line and traditional media. An illustrative list of articles follows for FY20:

Portsmouth #1 Best Place for Young Professionals in New Hampshire" – Niche.com <https://www.niche.com/places-to-live/search/best-places-for-young-professionals/s/new-hampshire/>

Portsmouth included FamilyMinded.com article: "Best Family Vacation in Every State" an article on [https://www.familyminded.com/s/best-family-vacation-every-state-eaaf8d3e397d4fb3?utm\\_campaign=vacationeachsate-af03d74f36c84725&utm\\_source=tab&utm\\_medium=cpc&utm\\_term=msn-msn-home;](https://www.familyminded.com/s/best-family-vacation-every-state-eaaf8d3e397d4fb3?utm_campaign=vacationeachsate-af03d74f36c84725&utm_source=tab&utm_medium=cpc&utm_term=msn-msn-home;) Sept.2020

2020 #1 Best Place to Live and Best Public Schools in Rockingham County, New Hampshire" – Niche.com <https://www.niche.com/places-to-live/search/best-places-to-live/c/rockingham-county-nh/> <https://www.niche.com/places-to-live/search/places-with-the-best-public-schools/c/rockingham-county-nh/>

Portsmouth listed as NH's Best weekend getaway location by MSN.com March 2020 <https://www.msn.com/en-us/travel/us-travel/the-best-weekend-getaways-in-all-50-states/ss-BBZR4Ve?li=BBnb7Kz#image=30>

SmartAsset, a NY-based financial technology company lists Portsmouth as the #2 place to retire in New Hampshire <https://smartasset.com/retirement/retirement-calculator#newhampshire> Feb. 2020

Vintage Christmas highlighted as the most iconic tradition in NH: <https://www.msn.com/en-us/lifestyle/did-you-know/the-most-iconic-christmas-traditions-in-every-state/ss-BBY21Ok?li=BBnb7Kz#image=30> , December 2019

2019 Portsmouth most “Christmassy” Place in the State: <https://www.msn.com/en-us/travel/us-travel/the-most-christmassy-place-in-each-state-for-2019/ss-BBXEBTn?li=BBnb7Kz#image=30>  
December 2019

Like cities and towns worldwide, the COVID-19 pandemic has negatively impacted the Portsmouth economy over the past year as shown in this report. Yet, there are signs of resiliency and recovery in the downward trend of unemployment claims and jobs recovery as well as a strong commercial and residential real estate market. The ongoing development at Pease International Tradeport and in the City’s central core will add to the tax base and help the City recover from the challenges imposed by the pandemic.

The City of Portsmouth has always led the region in job growth and low unemployment rates and has been heralded as a destination for arts, cultural and culinary excellence. And, while the economy has been negatively impacted by the shutdown imposed by pandemic emergency orders, the diversity of Portsmouth’s business base and a strong market for investment in the commercial and residential market combined with cautious fiscal municipal management will be critical in how the City emerges from the pandemic over the next two years.

This combined with resolute adherence to health guidelines, ongoing business assistance, and recovery programs, and sound fiscal management will help the City resume its position as a state leader in career opportunities and low unemployment.

## **MAJOR CITY ACCOMPLISHMENTS & INITIATIVES**

The following describes completed and continued major financial, citywide infrastructure upgrades, economic and community development initiatives for FY20 as well as City awards as a result of the continued efforts and dedication of the City.

### **CITYWIDE AWARDS**

#### **Arbor Day Foundation Awards**

The Arbor Day Foundation has for over twenty years named Portsmouth a Tree City USA and has awarded the Tree Growth Award for the second time to the City’s Department of Public Works Parks and Greenery Division, led by Corin Hallowell, Parks and Greenery Foreman and Charles Baxter, Arborist Foreman. Portsmouth has achieved Tree City USA recognition for over twenty years by meeting the program’s four requirements: a tree board or department, a tree-care ordinance, an annual community forestry budget of at least two dollars per capita and an Arbor Day observance and proclamation.

#### **Fluoride Optimization Award**

The City of Portsmouth’s water operations staff was recently awarded a New Hampshire Safe Lives certificate for fluoride optimization in the Portsmouth water system. This award recognized the City’s water treatment operators for achieving optimal fluoride levels (0.7 parts per million) in the City’s drinking water system.

## **CITY INFRASTRUCTURE**

### Streets & Sidewalks

In FY20, the City continued its investment in the vital infrastructure of its streets and sidewalks as follows:

- Projects completed:
  - McDonough St Phase 4 (Hanover St) reconstruction,
  - Market St Gateway Phase 2,
  - Vaughn St Sewer replacement and paving,
  - Wentworth St reconstruction,
  - Whidden St reconstruction,
  - Gosling Rd paving,
  - Bow St sidewalk and paving,
  - Parrott Ave lot paving,
  - Bridge St sewer and water main replacement,
  - Deer St water main replacement, and
  - City Hall Parking Lot Paving,
- o Projects in process included:
  - Maplewood Ave from Woodbury Ave to Cuts Ave reconstruction,
  - Islington St Complete St from Bartlett to Route 1 Bypass,
  - Market Street Gateway Phase 2,
  - Corporate and International Drive paving at Pease,
  - State and Middle St traffic signal replacement, and
  - Pleasant St area reconstruction:
    - Melcher Street,
    - Livermore Street,
    - Richmond Street, and
    - Franklin Street.

### Senior Activity Center

The City of Portsmouth acquired the Paul A. Doble property at 125 cottage Street and began to refurbish it into the City's new Senior Activity Center in 2019. Construction was completed in the summer of 2020.

During the majority of FY20, the City's Recreation Department managed a temporary two-room senior center at Community Campus hosting approximately 1,500 members and 70 different activities and programs per year. The Senior Activity Center was closed in March 2020 due to the COVID-19 Pandemic.

The City chose to delay the opening of the new Senior Activity Center for the foreseeable future, due to the ongoing COVID-19 virus. In the meantime, the facility is being utilized by the school department to enable Portsmouth's students to continue to attend in-person classes with teachers while observing proper social-distancing. A City webpage has been created to inform citizens on the status, design plans, and renderings of the property: <https://www.cityofportsmouth.com/community/new-senior-activity-center>. Additionally, a Facebook page @PortsmouthSeniorActivityCenter exists with updates and photos of the project.

### Rock St Park Ribbon Cutting

In FY20 the City completed safety and sustainability improvements at Rock Street Park utilizing both Federal Community Development Block Grant (CDBG) funding and capital funding through the City's Capital Improvement Plan (CIP) process. The renovation incorporated requests from citizens for better lighting, more seating areas, a new basketball hoop and play equipment for our younger residents. In addition, artwork by local blacksmith, Peter Happny, was relocated and installed as a threshold piece at the park entrance in a newly fabricated frame built in collaboration with local artist Jane Fithian.

The park renovations included:

- Reconstruction of the pathway through the park with increased lighting;
- Replacement of damaged trees with low plants and size-appropriate trees;
- Replacement of the swing set, adding an infant swing, and refreshing the playground equipment;
- Adding a rock “climbing/stepping” element and new granite seating walls in the central gathering spot of the park;
- Adding/replacing fencing where needed and sprucing up border edges and entrances;
- Repainting the basketball court and replacing the basketball hoop and backboard; and
- Installing a water drinking fountain.

#### Prescott Park Rook (Shaw Building)

In FY20 the Department of Public Works completed repairs to the Shaw Building on Water Street in Prescott Park. The new cedar shake roof upgraded the failing roof on the garage and shed portion of the historic building.

#### Liberty Pole Repainting and Eagle Refurbishing

The Department of Public Works began work to repaint the historic Liberty Pole in Prescott Park at the Marcy Street entrance in mid-September. The painstaking work of scraping and then painting the 110-foot wooden mast took four days.

The Liberty Pole in Portsmouth is the oldest in America and is also a symbol of citizen engagement in times of war and peace, of local initiative, and of the “grassroots” efforts for which Portsmouth is famous. During the project, the crew carefully removed the gilded eagle from the top of the flagpole to also be restored and will be

returned to the liberty pole in the fall of 2020.

#### McIntyre Update

The Thomas J. McIntyre Federal Building has been home to several offices of the Federal Government for over 50 years. Located on Daniel Street, the building has supported offices of the Internal Revenue Service, the Social Security administration, the Federal Bureau of Investigation, and the U.S. Postal Service. Since 2004, the General Services Administration (GSA) has been planning to relocate the functions from this property to another location in Portsmouth. In fall of 2016, the GSA officially began its disposal process, declaring the building to be surplus to its needs.

In FY20, the City engaged in productive discussion with its private partner regarding future development of this 2.1 acre site in the downtown central business district. In the Spring of 2021, the City expects to receive the transfer of the property as a Public-Benefit Conveyance (PBC), through the Historic Monument Program.

#### **COMMUNITY OUTREACH**

##### FY20 COVID-19 Community Communications

On March 5, the City unveiled a special Health Department webpage to aid residents, travelers, schools, businesses, and other communities in navigating the impact of the COVID-19 pandemic, and to provide residents with the most current guidance and resources available from the CDC and DHHS. From a basic page of COVID-19 Frequently Asked Questions, the site expanded to include food resources (and then restaurant takeout, indoor/outdoor dining options), business and workforce issues (including relief programs including the Clipper Strong Fund), City Hall online

resources (and new capabilities), school and library resources, the City Manager's Daily Advisory (March 16 through May 30, and four times a week through June 30), community recovery news and reopening guidelines along with Citizen Response Task Force initiatives. The Daily Advisory was picked up by 23 surrounding towns as the most reliable source of information.

#### Share the Square Days

"Share the Square" Days on Sunday, September 29 and Sunday, October 6, 2019 were both free community events with the added incentive of no traffic and special family activities offered by the Recreation Department, Department of Public Works, and Portsmouth Public Library allowing residents and visitors the opportunity to take advantage of everything downtown Portsmouth has to offer. Residents enjoyed Market Square and adjacent blocks of Market, Congress, and Pleasant Streets as a pedestrians-only zone, free of cars. Residents enjoyed trolling the Square, enjoying the shops and restaurants spilling out on the sidewalks, and seeing downtown Portsmouth from a different perspective.

#### Arbor Day "Tree City 2020 Hug"

In 2020, because of the Governor's COVID-19 Stay At Home declaration, Portsmouth invited residents to prepare a "virtual" celebration of Arbor Day on April 24, 2020 by participating in a #TreeCityHug video that was posted online. Residents submitted photographs of themselves hugging a favorite tree in their backyards, neighborhoods, or City parks. The images were edited into a video and shared in the City Manager's Daily Advisory on April 24, Arbor Day.

#### Sister City Agreement with Santarcangelo, Italy

In 2019 a group of Portsmouth residents with family ties to Santarcangelo, Italy approached Mayor Jack Blalock with a request to establish a Friendship City relationship between the two cities. The hope was to increase cultural, economic, and educational opportunities for both cities as well as to increase awareness of both as having shared residents' heritage, and both being historic cities that serve as cultural destinations. Communication between the communities resulted in a formal Friendship City agreement under the International Sister City program.

The Letter of Agreement that was signed by the mayors in both cities on December 18, 2019, stated, "The cities of Portsmouth, New Hampshire, USA and Santarcangelo di Romagna, Italy share similar goals of international cooperation, mutual prosperity, and world peace; and believe it to be in their collective interest to broaden and strengthen ties between the two cities. They place similar values on cultural understanding, training, youth leadership, visitor exchanges, environmental stewardship and citizen diplomacy; and will identify activities, common to all that can generate new initiatives to further nurture economic, social, and cultural relationships." The idea for a Santarcangelo Friendship City relationship came from Seacoast residents whose ancestors moved to Portsmouth from the Italian city in the early 1900s

#### George Laderbush Bridge Rededication

Portsmouth resident, George Robert Laderbush, Torpedoman's Mate, 2<sup>nd</sup> Class (USN) was lost with 69 other members of the crew aboard the *USS Flier* (SS-250) which sank on August 12, 1944, after striking a

Japanese mine. The Woodbury Avenue bridge over the Rte-1 Bypass was dedicated to him when it was built in 1949 and the original bronze plaque, now refurbished, was unveiled at a November 2019 event. Mayor Jack Blalock read a Proclamation of the re-dedication of the bridge, recognizing the supreme sacrifice of Torpedoman Laderbush, his crewmates, and all of the sailors who have called Portsmouth their homeport. The completion of the bridge marks the conclusion of the project by E. D. Swett, Inc. to replace all of the bridges in the Route 1 By-Pass Bridge Project, as well as bridges on Maplewood Avenue, Albacore Park, Stark Street, Islington Street, and Middle Road.

## **TRANSPORTATION**

### Pay Per Plate Parking Software

In FY20 the Department of Public Works' Parking Division installed "Pay by Plate" technology in the on-street parking kiosks. The parking kiosks prompt the parker to enter a license plate number as a unique ID. No state or any other identifying information is required and the system has no ability to cross-reference any other databases. The parking patron selects a length of stay and the information is transmitted to the Parking Enforcement Team to show the vehicle is legally parked.

The new system has several advantages over the old "pay-and-display" system:

- There is no need to keep returning to a parked vehicle to replace the paper receipt;
- Parking Enforcement Team members would no longer have to climb over snowbanks to check if a vehicle is legally parked; and
- The expected reduction in paper slips normally utilized for the old "pay-and-

display" system could potentially save thousands of dollars annually in expense due to the cost of the specialized thermal printing paper utilized for that "pay-and-display" system.

## **WATER, WASTEWATER, AND STORMWATER**

### Pease Tradeport Water Treatment System

The City of Portsmouth continued the construction of a new treatment system to remove PFAS contaminants from the wells serving the Pease International Tradeport Drinking Water System. The design was completed in late 2018 and construction began in April 2019. The preliminary and final design of the system included piloting a new resin filter treatment technology which showed improved treatment capability in conjunction with the carbon filtering. A revised proposal was submitted to the Air Force during the design process to include resins in the final design for the system intended to treat all three Pease Tradeport Wells. Upon completion in early 2021, this system will be capable of treating up to 1,200 gallons-per-minute (1.7 million gallons-per-day) of well water such that it meets the regulatory requirements of the State of New Hampshire's maximum contaminant levels for PFHxS, PFOA, PFOS, and PFNA.

### Newington Booster Station Upgrade

Construction of a new booster pump station and tank aeration system located at the existing Newington Booster Station began in FY19 and was completed in 2020. New pumps and controls were installed, replacing outdated equipment installed in the late 1950s, enabling more reliable and efficient operation of the water system. A new tank aeration system was also installed in the

booster tank. The new system has proven effective in reducing the levels of total trihalomethanes in the tank, improving water quality in the system. New bulk storage tanks were also installed which allow more efficient delivery and transport of the liquid chlorine needed in the Portsmouth water system at various well sites.

#### Peirce Island Wastewater Treatment Upgrade

The Peirce Island Wastewater Treatment Facility (WWTF) Upgrade Project that began in FY17 will be completed in FY21. The biological treatment process portion of the facility was started up in January of 2020 and was meeting permit compliance for secondary treatment standards by April 2020 and nitrogen removal by June 2020. The treatment process will undergo continuous optimization in the first year of operation. While the treatment process was started up, the construction work continued in the latter part of FY21 to finish site work and complete the Operation/Laboratory Building. The temporary trailers occupying the pool parking lot area and other staging areas will be able to be restored in the latter part of FY21 as construction comes to completion. The contract cost for this construction phase is anticipated to be \$76 Million.

#### Pease Wastewater Treatment Facility Upgrade

The Pease Wastewater Treatment Facility has been undergoing upgrades to old equipment. In FY20 the new Headworks Building was completed. This building will house equipment that provides preliminary treatment to raw wastewater entering the treatment facility. This includes the removal of rags and other debris through a wastewater screen, removal of sand and

other debris in a grit removal device, and raw wastewater pumping to lift the wastewater to the next phase of treatment. In FY21 the City completed the replacement of the internal mechanisms for the two existing primary clarifiers and the plant water pumps replacement. Next year the City will include potential upgrades for increased capacity and permit compliance under the Great Bay Total Nitrogen General Permit issued in November 2020.

#### Water and Sewer Pipe Replacements and Upgrades:

The City continued its program to replace aging pipes in the water and sewer infrastructure systems. The total amount of piping that has been upgraded in these systems since 1990 includes 43 miles of water and 22 miles of sewer.

#### Strawbery Banke Museum “Water Has a Memory” Exhibit Partnership

Strawbery Banke Museum joined the City of Portsmouth and four other seacoast communities in a collaborative study, the Coastal Resilience Initiative. Engaging the University of New Hampshire for data collection and the Rockingham County Planning Commission, the study showed potential impacts from a Sea Level Rise in 2050 and 2100 at ‘anticipated’ and ‘worst case’ scenarios. Strawbery Banke, as the lowest point in the City, has continued to assist the City in modelling impacts on the historic neighborhood and beyond. In 2019 the DPW Water/Stormwater Division began a collaboration with Strawbery Banke to create a new permanent museum exhibit: Water Has a Memory: Preserving Strawbery Banke and Portsmouth from Sea Level Rise.

## **MISCELLANEOUS**

### **9/11 Memorial Artwork Returned to City Hall**

After September 11<sup>th</sup>, 2001, the textile artist Sarah Haskell, of York ME, wanted to create “something that lasts, while the memories fade.” The resulting artwork was “Each One: The Button Project, a 9/11 Memorial,” a piece of art that contains 3,116 buttons donated from people nationwide, one button representing each victim of the World Trade Center disaster, now stands in City Council Chambers at City Hall. The project was displayed at the Currier Museum in 2002; then in 2011, the Portsmouth City Council voted to use gifted funds to purchase the artwork in honor and recognition of Evelyn Sirrell (Portsmouth mayor 1997 – 2005), who was Mayor on September 11, 2001. In 2017, the September 11<sup>th</sup> Memorial and Museum in New York City borrowed the piece where it was displayed until September of 2019 when it was returned home to Portsmouth.

## **LONG-TERM FINANCIAL PLANNING**

### **STATEWIDE EDUCATION PROPERTY TAX**

The Statewide Education Property Tax assessment process remains essentially the same for FY21. Each Fall, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. Historically Portsmouth has raised tax revenue above the State determined cost of an adequate education and has been able to retain this revenue for local education costs. Prior to FY06, Portsmouth was a “Donor” community, forced to raise an additional \$11,750,318 in SWEPT for the State to distribute to other “Receiver” communities. Over the past several years, a number of bills

have been introduced that would require those communities that collect excess SWEPT to pay it over to the State to deposit in the general fund or educational trust fund. The City actively opposed these bills along with other former Donor communities and these bills did not pass. Education funding was a priority issue for the Legislature in 2019 which led to the creation of a Commission on Education Funding. The Commission is expected to issue a report in December of 2020 and it is likely that the Commission’s recommendations will result in new legislation on education funding. The Commission has and will be addressing SWEPT as the primary source of funding for education in the state. The City has monitored and contributed to the Commission’s deliberations. It is also significant to note that in 2019 the issue of whether SWEPT is constitutional was raised in the case of *Contoocook Valley School District v. State of New Hampshire*, which found RSA 198:40-a (Cost of an Opportunity for an Adequate Education a/k/a base adequacy) unconstitutional as applied to the Petitioners (ConVal). The Court did not reach ConVal’s claim that SWEPT is unconstitutional but held that after the legislature adjusts the education formula consistent with its order, the constitutionality of SWEPT could be challenged based on the new education funding formula. As of this writing, this issue and others in the case have been appealed to the New Hampshire Supreme Court. The Attorney General’s Office represents the State and supports the constitutionality of the current education funding formula. The final decision of the Supreme Court may also result in new education funding legislation and further litigation on the education funding issue. The City will continue to monitor proposed legislation which is a

product of the Commission's findings and the ConVal case, along with any other education funding bills that would prohibit cities and towns from retaining excess SWEPT. The City's Legislative Subcommittee, comprised of the Mayor and three City Councilors, works with City Staff and the Portsmouth Delegates to monitor legislation on education funding. In addition, City Staff also monitors the Legislature's activity on education funding by communicating and collaborating with other former "Donor" communities.

### **BOND RATING**

In June 2019, the last time the City issued bonds, Standard & Poor's Rating Group (S&P) affirmed the City's bond rating to AAA citing its City's very strong economy, very strong management with strong financial policies and practices, strong budgetary performance, very strong budgetary flexibility, very strong liquidity, and strong debt and contingent liabilities position as positive credit factors.

### **RELEVANT FINANCIAL POLICIES**

The following are financial policies and long-term financial guidelines which the City follows in managing its financial and budgetary affairs. The goal of these policies and guidelines is to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Portsmouth.

### **LEAVE AT TERMINATION**

The City has addressed in two methods the significant liability owed to employees for accumulated sick leave pay when they leave municipal service.

1. The City eliminated future growth in this liability by negotiating in all sixteen (16) labor agreements that all employees hired after July 1996 can no longer accumulate unlimited sick leave. Thus, the liability can be capped and it is now possible to estimate reductions of this liability through attrition.
2. The Leave at Termination Fund created in fiscal year 1999 eliminated annual budget spikes which negatively impacted the operating budget associated with sick leave pay owed to employees upon termination. Each department annually budgets a fixed amount for each fiscal year determined by an actuarial study and periodic review, which is transferred into this fund where this liability is paid. Each department builds a fund balance, which is carried over from year to year to fund future liabilities, thus stabilizing the annual operating budget.

As of the close of the current fiscal year, citywide liability for accrued employee benefits was \$6,397,759, a net increase of \$960 as compared to prior year.

### **UNASSIGNED FUND BALANCE**

City Council adopted in Fiscal Year 1998 a Fund Balance Ordinance which was amended in 2012 to comply with the fund balance model established by Governmental Accounting Standards Boards (GASB) Statement No. 54. The operational objective of the Ordinance was further amended in 2013 to recognize that the financial management goal of the City of Portsmouth is to annually maintain an Unassigned Fund Balance between 10% and 17% of total general fund appropriations. As of June 30, 2020, the Unassigned Fund Balance is 13.61% of appropriations.

## DEBT MANAGEMENT

It is the policy of the City to keep operational net debt costs at no more than 10% of annual general fund expenditures toward net debt service payments. Current and future debt service is projected out over a 10 year period along with projected annual appropriations and estimated revenues related directly to debt. The framework of this analysis assists with the planning of future capital projects that will be funded through debt issuances. For FY20, the amount of net annual debt remains within the policy limits at 8.78%.

## AWARDS AND ACKNOWLEDGEMENTS

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

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

The Certificate of Achievement award is valid for a period of one year only. The City has received this award for its' Fiscal Years ending June 30, 1988, 1989, and for twenty-five consecutive years from 1995 to 2019. The City believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and

will submit it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA *Award for Outstanding Achievement in Popular Annual financial Reporting (PAFR)* for the publication of the annual citizens' report for the fiscal year ended June 30, 2019. This is the City's third consecutive award. In order to achieve this award, the government unit must produce a high quality popular annual financial report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The City of Portsmouth also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a budget document judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

This award is valid for one year only. The City has received this award for fourteen consecutive years; fiscal year beginning July 1, 2006 to 2020.

The preparation of the Comprehensive Annual Financial Report would not have been accomplished without the dedication and professional efforts of the staff in the Finance Department and diligent efforts of department heads and other City staff who have contributed to this report. I would especially like to express my sincere appreciation to Andrew Purgiel, the Deputy Finance Director and Abigail Mills, Assistant to the Finance Director, who contributed a

significant amount of hours, support, and dedication to the preparation of this report.

I express my appreciation to the Mayor, City Council, and City Manager, Karen S. Conard, for their continuing interest to the commitment to improve and maintain a strong financial position as reflected in this report. This is especially important as our

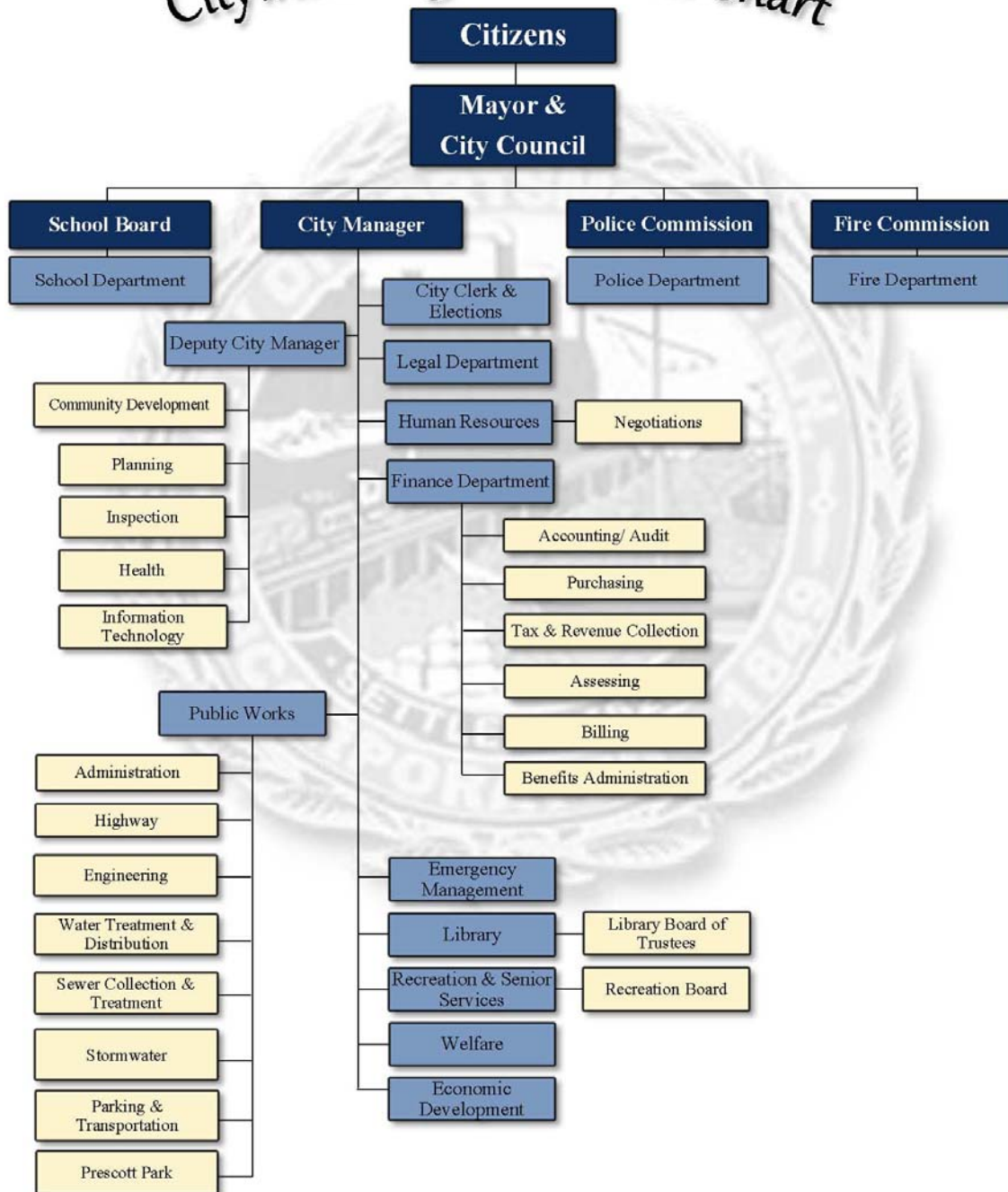
Country and City continues to face economic challenges due the COVID-19 pandemic.

Sincerely,

A handwritten signature in black ink, appearing to read "Judith Belanger". The signature is fluid and cursive, with the first name "Judith" being more prominent than the last name "Belanger".

Judith Belanger  
Director of Finance & Administration

# City of Portsmouth, New Hampshire Citywide Organizational Chart



# City of Portsmouth, New Hampshire Directory of Officials

## Directory of Officials

(as of June 30, 2020)

### City Council

Rick Becksted, Mayor  
Jim Splaine, Assistant Mayor

Deaglan McEachern  
Peter Whelan  
Cliff Lazenby

Esther Kennedy  
Petra Huda  
John K. Tabor Jr.  
Paige Trace

### Board of Education

Stephen Zdravec, Superintendent  
Kristin Jeffrey, Chairperson  
Tara Kennedy, Vice Chairperson

Ann Walker  
"Pip" Clews  
Margaux Peabody

Hope Van Epps  
Nancy Novelline Clayburgh  
Brian French  
Jeffrey Landry

### Police Commission

Chief Robert Merner  
Joseph Onosko, Chair  
Stefany Shaheen  
Tom Hart

### Fire Commission

Chief Todd Germain  
Jennifer Mosher-Matthes, Chair  
Michael Hughes, Vice Chair  
Richard Gamester, Clerk

### Principal Executive Officers

Karen Conard, City Manager  
Nancy Colbert Puff, Deputy City Manager  
Robert Sullivan, City Attorney  
Judith Belanger, Director of Finance and Administration  
Andrew Purgiel, Deputy Finance Director  
Peter Rice, Director of Public Works and Facilities  
Brian Goetz, Deputy Public Works Director  
Kelli Barnaby, City Clerk  
Kelly Harper, Human Resources Director  
Nancy Bates, Revenue Administrator  
Rosann Maurice-Lentz, City Assessor  
Melvin Wilson Jr., Recreation Director  
Steven Butzel, Library Director  
Robert Marsilia, Chief Building Inspector  
Kimberly McNamara, Public Health Director  
Juliet Walker, Planning Director  
Ellen Tully, Welfare Administrator



Government Finance Officers Association

**Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting**

Presented to

**City of Portsmouth  
New Hampshire**

For its Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Merrimack, New Hampshire  
December 17, 2020

# Management's Discussion and Analysis

## Fiscal Year Ended June 30, 2020



The City of Portsmouth's (the City's) management offers readers this narrative overview and analysis of the financial activities of the City of Portsmouth for the fiscal year ended June 30, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

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### FINANCIAL HIGHLIGHTS

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- As of the close of the current fiscal year, total assets and deferred outflows minus liabilities and deferred inflows for governmental and business activities exceeded liabilities by \$240,221,995. This is an increase of \$14,069,927 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$76,680,172, a decrease of \$15,032,051 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,152,597, an increase of \$521,700 in comparison with the prior year.

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### OVERVIEW OF FINANCIAL STATEMENTS

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

#### **Government-Wide Financial Statements**

The government-wide financial statements which report the City's governmental activities separately from its business-type activities are designed to provide readers with a broad overview of the City's finances. There are two basic governmental-wide financial statements: the statement of net position and the statement of activities. All activities included within the government-wide financial statements are measured and reported using the economic resources measurement focus and the accrual basis of accounting similar to a private-sector business.

- ***The Statement of Net Position***- presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference reported as “net position” instead of fund balances as shown on the Fund Statements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.
- ***The Statement of Activities***- presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements include two different types of City Activities and can be found on pages 41-44 of this report.

- ***Governmental Activities***: The activities in this section represent most of the City’s basic services and are principally supported by taxes, grants, and intergovernmental revenues. The governmental activities of the City include general government, public safety, education, public works, health and human services, culture and recreation, and community development. Other governmental activities include special revenue and capital projects funds.
- ***Business-Type Activities***: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges. These business-type activities of the City include the water and sewer activities.

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of

the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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.

The basic governmental fund financial statements can be found on pages 45-49 of this report.

- ***Proprietary Funds:*** The City's proprietary funds provide goods and services to the general public and charge a user fee. These activities are reported in enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Portsmouth maintains two enterprise funds which are used to account for water and sewer operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the City of Portsmouth.

The basic proprietary funds financial statements can be found on pages 50-52 of this report.

- ***Fiduciary Funds:*** These 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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 53-54 of this report.

**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. The notes to the financial statements can be found beginning on page 55 of this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

**Financial Position-** The following table provides a summary of the City's net position at June 30 for the current and prior fiscal years.

|                                                      | Summary of Net Position (000s) |                   |                   |                   |                   |                   |
|------------------------------------------------------|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                      | Governmental                   |                   | Business-Type     |                   | Total             |                   |
|                                                      | Activities                     |                   | Activities        |                   |                   |                   |
|                                                      | 2020                           | 2019              | 2020              | 2019              | 2020              | 2019              |
| Current and other assets                             | \$ 92,574                      | \$ 105,994        | \$ 64,369         | \$ 72,171         | \$ 156,943        | \$ 178,165        |
| Capital assets                                       | 249,653                        | 241,042           | 239,821           | 213,471           | 489,474           | 454,513           |
| Total assets                                         | <u>342,227</u>                 | <u>347,036</u>    | <u>304,190</u>    | <u>285,642</u>    | <u>646,417</u>    | <u>632,678</u>    |
| Deferred outflows of resources                       | 16,358                         | 20,395            | 700               | 824               | 17,058            | 21,219            |
| Total assets and deferred outflows                   | <u>\$ 358,585</u>              | <u>\$ 367,431</u> | <u>\$ 304,890</u> | <u>\$ 286,466</u> | <u>\$ 663,475</u> | <u>\$ 653,897</u> |
| Long-term liabilities                                | \$ 227,607                     | \$ 242,861        | \$ 88,663         | \$ 96,445         | \$ 316,270        | \$ 339,306        |
| Other liabilities                                    | 10,118                         | 8,537             | 88,139            | 73,454            | 98,257            | 81,991            |
| Total liabilities                                    | <u>237,725</u>                 | <u>251,398</u>    | <u>176,802</u>    | <u>169,899</u>    | <u>414,527</u>    | <u>421,297</u>    |
| Deferred inflows of resources                        | 8,395                          | 6,189             | 331               | 260               | 8,726             | 6,449             |
| Net position:                                        |                                |                   |                   |                   |                   |                   |
| Net investment in capital assets                     | 145,409                        | 134,801           | 91,840            | 76,006            | 237,249           | 210,807           |
| Restricted                                           | 14,220                         | 23,358            | -                 | 163               | 14,220            | 23,521            |
| Unrestricted                                         | (47,164)                       | (48,315)          | 35,917            | 40,138            | (11,247)          | (8,177)           |
| Total net position                                   | <u>112,465</u>                 | <u>109,844</u>    | <u>127,757</u>    | <u>116,307</u>    | <u>240,222</u>    | <u>226,151</u>    |
| Total liabilities, deferred inflows and net position | <u>\$ 358,585</u>              | <u>\$ 367,431</u> | <u>\$ 304,890</u> | <u>\$ 286,466</u> | <u>\$ 663,475</u> | <u>\$ 653,897</u> |

The largest portion of net position reflects our investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. As of year-end, net investment in capital assets is \$237,249,292, an increase of \$26,441,759 as compared to prior year. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$14,219,166 or 6% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of (\$11,246,463) represents amounts without constraints established by enabling legislation, external agreements or other legal requirements. That amount is reduced by a deficit in governmental activities primarily resulting from the City's unfunded net pension and total OPEB liabilities as discussed in the Notes

21 and 22. The City's governmental activities will continue to report a deficit until the funding mechanisms and asset returns improve at the state system.

**Financial Results** - The following is a summary of condensed government-wide financial data of changes in net position for the current fiscal and prior fiscal year.

|                                                              | <b>Summary of Changes in Net Position (000s)</b> |             |                   |             |              |             |
|--------------------------------------------------------------|--------------------------------------------------|-------------|-------------------|-------------|--------------|-------------|
|                                                              | Governmental                                     |             | Business-Type     |             | Total        |             |
|                                                              | <u>Activities</u>                                |             | <u>Activities</u> |             | <u>Total</u> |             |
|                                                              | <u>2020</u>                                      | <u>2019</u> | <u>2020</u>       | <u>2019</u> | <u>2020</u>  | <u>2019</u> |
| Revenues:                                                    |                                                  |             |                   |             |              |             |
| Program revenues:                                            |                                                  |             |                   |             |              |             |
| Charges for services                                         | \$ 19,742                                        | \$ 21,873   | \$ 25,601         | \$ 25,030   | \$ 45,343    | \$ 46,903   |
| Operating grants and contributions                           | 12,251                                           | 11,290      | -                 | -           | 12,251       | 11,290      |
| Capital grants and contributions                             | 3,197                                            | 3,583       | 7,681             | 3,030       | 10,878       | 6,613       |
| General revenues:                                            |                                                  |             |                   |             |              |             |
| Property taxes                                               | 88,734                                           | 84,828      | -                 | -           | 88,734       | 84,828      |
| Interest on taxes                                            | 165                                              | 104         | -                 | -           | 165          | 104         |
| Grants and contributions not restricted to specific programs | 1,330                                            | 1,122       | -                 | -           | 1,330        | 1,122       |
| Investment income                                            | 1,563                                            | 1,834       | 1,064             | 1,108       | 2,627        | 2,942       |
| Other                                                        | 2,394                                            | 1,751       | 471               | 407         | 2,865        | 2,158       |
| Total revenues                                               | 129,376                                          | 126,385     | 34,817            | 29,575      | 164,193      | 155,960     |
| Expenses:                                                    |                                                  |             |                   |             |              |             |
| General government                                           | 16,600                                           | 16,129      | -                 | -           | 16,600       | 16,129      |
| Public safety                                                | 25,185                                           | 23,146      | -                 | -           | 25,185       | 23,146      |
| Education                                                    | 57,810                                           | 57,310      | -                 | -           | 57,810       | 57,310      |
| Public works                                                 | 17,309                                           | 16,596      | -                 | -           | 17,309       | 16,596      |
| Health and human services                                    | 773                                              | 746         | -                 | -           | 773          | 746         |
| Culture and recreation                                       | 4,460                                            | 4,679       | -                 | -           | 4,460        | 4,679       |
| Community development                                        | 687                                              | 1,130       | -                 | -           | 687          | 1,130       |
| Interest on long-term debt                                   | 4,329                                            | 4,043       | -                 | -           | 4,329        | 4,043       |
| Water operations                                             | -                                                | -           | 8,761             | 8,196       | 8,761        | 8,196       |
| Sewer operations                                             | -                                                | -           | 12,518            | 12,134      | 12,518       | 12,134      |
| Total expenses                                               | 127,153                                          | 123,779     | 21,279            | 20,330      | 148,432      | 144,109     |
| Change in net position before transfers and special items    | 2,223                                            | 2,606       | 13,538            | 9,245       | 15,761       | 11,851      |
| Transfers in (out)                                           | 398                                              | 260         | (398)             | (260)       | -            | -           |
| Special items                                                | -                                                | -           | (1,690)           | -           | (1,690)      | -           |
| Change in net position                                       | 2,621                                            | 2,866       | 11,450            | 8,985       | 14,071       | 11,851      |
| Net position - beginning of year                             | 109,844                                          | 106,978     | 116,307           | 107,322     | 226,151      | 214,300     |
| Net position - end of year                                   | \$ 112,465                                       | \$ 109,844  | \$ 127,757        | \$ 116,307  | \$ 240,222   | \$ 226,151  |

**Governmental Activities.** Governmental activities for the year resulted in an increase in net position of \$2,619,953 which is a decrease of \$246,924 from the prior year change. Governmental activities realized the following significant transactions

- Property tax increased by \$3,906,000 or 4.7% from the prior year.
- All other revenues combined, besides property taxes, resulted in a net decrease of \$778,483 from the prior year primarily due to a decrease in charges for services of \$2,130,740, an increase in operating and capital grants and contributions of \$575,818, decrease from interest on investments of \$271,328, and an increase in other revenues of \$641,946.
- Overall governmental expenses experienced a net increase of \$3,374,441 or 2.7% from prior year primarily due cost of living adjustments and other personnel expenses such as retirement and health insurance premiums.

**Business-Type Activities.** Business-type activities for the year resulted in an increase in net position of \$11,449,974 which is an increase of \$2,464,657 from the prior year change. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$7,957,932 represent a decrease of \$37,898 from the prior year. Charges for services in the business-type activities experienced an increase of \$571,066. The water fund experienced an increase in operating revenues of \$117,388 or 1.3% and the sewer fund experienced an increase of \$453,678 or 2.9%, both primarily as a result of a rate increase.
- Non-operating revenues of \$1,534,599 represent an increase of \$18,745 primarily due to an increase in bond premium amortization.
- Non-operating expenses, interest expense, increased by \$339,488 to \$3,635,914.
- Capital grants and contributions of \$7,681,347 represents an increase of \$4,651,221 due to contributions made from the Air Force for well and water source projects at Pease.

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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$76,680,172, a decrease of \$15,032,051 in comparison with the prior year.

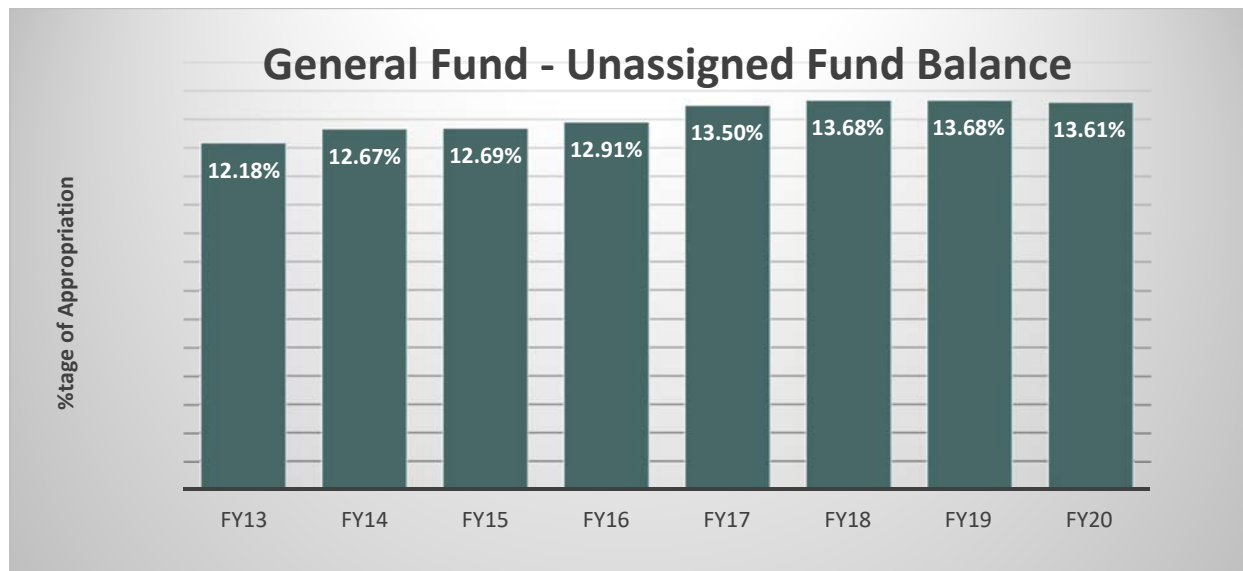
### General Fund

The general fund is the chief operating fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund budget.

City Council adopted in Fiscal Year 1998 the "Unassigned Fund Balance Ordinance" to maintain assigned fund balance within a certain range. This ordinance was amended in fiscal year 2013 which mandates that the City will maintain an unassigned fund balance of between 10% and 17% of total general fund appropriations.

Unassigned fund balance at the end of the fiscal year was \$16,152,597 or 13.61% of the final general fund budget. This is an increase of \$521,700 or 3.34% from prior year.

The table demonstrates that over the last eight years, the unassigned fund balance exceeded 10% of the final general fund budget.



Total fund balance for the general fund at the end of the current fiscal year, was \$47,795,864 or 40.29% of the final general fund budget. This is a decrease of \$1,494,380 or 3.0% from prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$2,500,000 from budgetary use of fund balance.
- A net increase to fund balance of \$1,234,828 from revenues and other financing sources exceeding final budget estimates net of budgeted use of Fund Balance. This amount does not include the tax adjustment.
- A net increase of \$2,392,192 from remaining departmental appropriations.

- A decrease of fund balance of \$1,268,939 due to an increase in abatement liabilities from FY19.
- A decrease of fund balance of \$477,345 from expenditures exceeding appropriations in the Leave at Termination Stabilization Account.
- An increase of fund balance of \$97,828 from excess funding in the Health Insurance Stabilization Account.
- A decrease of \$830,624 to fund balance from non-lapsing appropriations.

### **Non-major Funds**

At the end of the current fiscal year, total fund balance of non-major governmental funds was \$28,884,308, which is a net decrease of \$13,537,671 from prior year. This change was primarily due to a decrease of \$1,496,898 in the Parking and Transportation special revenue fund, a decrease of \$6,731,922 in the capital project funds restricted fund balance, and a negative unassigned fund balance of \$3,464,019 in capital project funds resulting from the delay of bond issues to FY21.

**Proprietary Funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail. Proprietary fund financial statements use the accrual basis of accounting, like the government-wide financials. As such, there is no reconciliation needed between the government-wide financial statements for business type activities and the proprietary fund financial statements.

Total net position for the water and sewer funds at the end of the year increased \$11,449,974 to a total of \$127,757,193. The water fund increased by \$7,900,392 and the sewer fund increased by \$3,549,582 mainly attributed to revenue raised for future rate stabilization and capital projects.

To provide adequate revenues to meet expenditures for operations, debt service, and capital improvements, the City's rates are based on a two-step, inclining block rate structure for both water and sewer usage. Water rates for FY20 increased by 2%. The first ten units (one unit equals 100 cubic feet or 748 gallons) of water consumed per month were billed at \$4.32 per unit; all units over ten units per month were billed at a rate of \$5.20 per unit. Irrigation meters have a third tier to further capture the cost of additional capacity to service the customer's water demands. The first ten units of water consumed per month were billed at \$5.20 per unit, water consumed over 10 units up to 20 units were billed at \$9.81 per unit, and units over 20 units per month were billed at a rate of \$12.11 per unit.

Sewer, which is measured by water consumption, had a rate increase of 4% over prior year. The first ten units were billed at \$13.77 per unit; and all units over ten units per month were billed at a rate of \$15.14 per unit.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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The difference between the final amended budget and actual results is a positive variance of \$3,627,020 with revenues exceeding estimated budgets by \$1,234,828 and expenditures were less than the estimated budget by \$2,392,192. Significant variances include:

- Positive variance in Licenses and Permits of \$478,668 is mainly attributed to an excess of \$105,658 as a result of an increased number of motor vehicle registrations and \$293,997 in building, electrical and plumbing permits resulting from renovations and new construction citywide.
- Positive variance in Intergovernmental of \$69,668 is mainly attributed to an unanticipated revenue from Health and Human Services of \$31,699, an excess of \$76,484 from State revenues, and a negative variance of \$31,080 in School tuition.
- Positive variance in Charges for Services of \$121,215 is mainly attributed to an excess of \$157,490 for Ambulance Fees a negative variance of \$24,119 from the closure of recreation programs due to the COVID-19 pandemic.
- Positive variance in Investment Income of \$105,712.
- Current operating expenditures resulting in a positive variance of \$1,635,547 is the result of a spending and hiring freeze mandated by the City Manager due to the financial uncertainties from the COVID-19 pandemic. The majority of the surplus is comprised of \$259,588 in the Police Department, \$204,848 in the Fire Department, \$246,849 in the School Department, \$373,285 in Public Works, \$93,749 in the Health Department, \$163,823 in Recreation and Senior Services activities, and \$296,405 in other General Government departments. The Welfare Department experienced a negative variance of \$90,387.
- Non-operating expenditures resulting in a net positive variance of \$756,645 is mainly attributed to \$551,883 surplus in debt related expenditures as a result of the timing of issuing debt, and \$180,102 from County Tax.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$489,473,568 (net of accumulated depreciation), an increase of \$34,960,701 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment.

| <b>Capital Assets (000s)</b><br>(net of depreciation) |                            |                   |                             |                   |                   |                   |                  |              |
|-------------------------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|------------------|--------------|
|                                                       | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Totals            |                   | Amount<br>Change | %<br>Change  |
|                                                       | 2020                       | 2019              | 2020                        | 2019              | 2020              | 2019              |                  |              |
| Land                                                  | \$ 23,402                  | \$ 23,402         | \$ 3,292                    | \$ 3,292          | \$ 26,694         | \$ 26,694         | \$ -             | 0.00%        |
| Building and improvement                              | 134,054                    | 137,647           | 52,367                      | 19,336            | 186,421           | 156,983           | 29,438           | 18.75%       |
| Machinery and equipment                               | 10,864                     | 9,326             | 37,697                      | 12,294            | 48,561            | 21,620            | 26,941           | 124.61%      |
| Infrastructure                                        | 63,971                     | 65,605            | 94,761                      | 81,862            | 158,732           | 147,467           | 11,265           | 7.64%        |
| Construction in Progress                              | 17,362                     | 5,062             | 51,703                      | 96,687            | 69,065            | 101,749           | (32,684)         | -32.12%      |
| Total Assets                                          | <u>\$ 249,653</u>          | <u>\$ 241,042</u> | <u>\$ 239,820</u>           | <u>\$ 213,471</u> | <u>\$ 489,473</u> | <u>\$ 454,513</u> | <u>\$ 34,960</u> | <u>7.69%</u> |

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

- Construction in progress for governmental activities totaled \$17,361,884 at year end of which \$1,743,735, \$986,369, \$3,146,613, \$704,900 and \$1,291,713 are attributed to Maplewood Avenue, Islington Street, Market Street Extension, McDonough Area and Pleasant Street reconstruction activity respectively, \$375,184 for Peverly Hill Road Sidewalks, \$3,762,698 for upgrades to the former Dobles Center converting to the new Senior Center, and \$969,602 for continued construction of multi-purpose fields off of Peverly Hill Road, \$958,123 for upgrades to the New Franklin School and the remainder to various streets, sidewalks and infrastructure projects.
- Governmental funds capitalization of assets totaled \$5,462,994 are summarized as follows:
  - Bow Street and Grafton Road of \$477,663.
  - A new generator at fire station one of \$119,553.
  - City Hall security system of \$143,164.
  - Hoover Drive storm drainage improvements of \$538,140.
  - Additional work on the new Foundry Parking Facility of \$351,533.
  - Upgrades to the High School outdoor track of \$399,950.
  - Parrott Avenue and City Hall parking lots of \$413,612.
  - General government vehicles capitalized during the current year which included Public Works of \$1,423,208, Police of \$187,435, Fire of \$776,189 and School of \$82,900.

- Construction in progress in the water fund totaled \$17,750,492 at year end primarily due to \$9,552,725 for Pease Well Design/Construction, \$1,629,346 for Pleasant Street waterline, \$3,877,276 for Maplewood Avenue waterline projects, \$546,082 for McDonough area waterline, and \$1,563,951 for Islington Street waterline.
- The water fund had increases to capital assets of \$5,859,554 during the year which primarily consisted of \$4,237,416 for upgrades to the Newington Booster Station, \$271,982 for New Castle waterline, \$351,256 for Peirce Island waterline, \$202,555 for Clough Drive waterline, \$204,700 for Hanover Street waterline and \$219,275 for vehicles/equipment.
- Construction in progress in the sewer fund totaled \$33,952,905 at year end primarily due to \$19,732,672 for the continued construction of the Peirce Island wastewater treatment plant, \$7,812,051 for upgrades to the Pease wastewater treatment plant, \$2,026,647 for Islington Street sewerline, \$320,411 for Hanover St sewerline, \$783,274 for Pleasant Street sewerline and \$2,417,790 for Maplewood Avenue sewerline.
- The sewer fund had increases to capital assets of \$71,782,889 during the year which primarily consisted of \$68,010,257 for Equipment, buildings and sewerlines associated with the Peirce Island Waste Water Treatment Plant, \$1,545,956 for Goose Bay Drive sewer line, \$468,432 for Green Street sewer line, \$400,000 for sewer lines near the new playing fields on Peverly Road, and \$926,722 for equipment and vehicles.

Additional information on the City of Portsmouth's capital assets can be found in Note 10 on pages 70-71 of this report.

**Long-term Debt.** At the end of the current fiscal year, total bonded debt, including unamortized bond premiums, and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$193,377,862 as shown in the table below, all of which was backed by the full faith and credit of the government.

State Revolving Fund Loan (SRF) program was created by the New Hampshire Legislature in 1987. This SRF program provides low-interest loans to help municipalities with projects such as wastewater treatment projects, landfill closures, and public water supply improvements.

The City of Portsmouth's General Obligation bonds have an AAA rating from Standard and Poor's Global rating services.

**Outstanding Debt (000s)**

|                            | Governmental<br>Activities |                   | Business-type<br>Activities |                  | Totals            |                   |
|----------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|                            | 2020                       | 2019              | 2020                        | 2019             | 2020              | 2019              |
| General obligation bonds   | \$ 99,623                  | \$ 111,096        | \$ 59,962                   | \$ 64,560        | \$ 159,585        | \$ 175,656        |
| State revolving fund loans | -                          | 32                | 17,831                      | 20,630           | 17,831            | 20,662            |
| Unamortized premium        | 10,326                     | 11,555            | 5,636                       | 6,090            | 15,962            | 17,645            |
| Total Debt                 | <u>\$ 109,949</u>          | <u>\$ 122,683</u> | <u>\$ 83,429</u>            | <u>\$ 91,280</u> | <u>\$ 193,378</u> | <u>\$ 213,963</u> |

The City of Portsmouth's total debt decreased by \$20,584,618 or 9.62% during the current fiscal year. The key factor in this net decrease is the reduction of outstanding debt principal in the amount of \$18,900,738.

Under current state statutes, the City's general obligation bonded debt issuances are subject to legal limitations based on various percentages of "base valuation". The "base valuation" for computing debt limit is determined by adding the amount of taxable property lost to cities and towns as a result of the enactment of the State Business Profits Tax Law, to the equalized assessed valuation (full value) as determined by the State Department of Revenue Administration.

The general debt limit of the City is 3 percent of "base valuation", (see below), except for landfill closures, school, water and sewer purposes, which have their own independent limits. The debt limit for school purposes is 7 percent, for water purposes is 10 percent of a base valuation, and debt for landfill closure and sewer purposes are exempt from the debt limit and are not counted toward the 3 percent limitation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes can also be excluded from the City's debt limit. As of June 30, 2020, the City's net general obligation bonded debt was well below the legal limits.

The base valuation for computing debt limit for the City of Portsmouth is \$6,714,405,427. The debt limit and outstanding debt is as follows:

| Debt Limit Calculation          |                                 |                         |                                                                           |                                         |                                      |                              |
|---------------------------------|---------------------------------|-------------------------|---------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|------------------------------|
| Purpose                         | Percent of Allowable Debt Limit | Maximum Debt Limit      | Bonds Outstanding including Unamortized Bond Premiums as of June 30, 2020 | Authorized Unissued as of June 30, 2020 | Total Gross Debt as of June 30, 2020 | % of Legal Debt Service Used |
| Municipal                       | 3.00%                           | \$ 201,432,163          | \$ 59,625,988                                                             | \$ 25,825,000                           | \$ 85,450,988                        | 42%                          |
| Landfill closure <sup>(1)</sup> | N/A                             | -                       | -                                                                         | 4,641,897                               | 4,641,897                            | N/A                          |
| School                          | 7.00%                           | 470,008,380             | 50,323,330                                                                | 2,000,000                               | 52,323,330                           | 11%                          |
| Water                           | 10.00%                          | 671,440,543             | 30,309,428                                                                | 4,623,000                               | 34,932,428                           | 5%                           |
| Sewer <sup>(1)</sup>            | N/A                             | -                       | 53,119,116                                                                | 89,045,000                              | 142,164,116                          | N/A                          |
| Total                           |                                 | \$ <u>1,342,881,086</u> | \$ <u>193,377,862</u>                                                     | \$ <u>126,134,897</u>                   | \$ <u>319,512,759</u>                |                              |

<sup>(1)</sup> Exempt from Debt Limit

Additional information on long-term debt can be found in Note 17 on pages 72-77 of this report.

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## ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET AND RATES

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As of June 30, 2020, the City of Portsmouth's unemployment rate was 7.5%. During the same period, Portsmouth's rate remained lower by comparison to the State of New Hampshire, New England, and the Nation's unemployment average of 9.1%, 13.5% and 11.2%, respectively.

The budget and tax rate for the General Fund for FY21 has been approved by the Department of Revenue Administration. The tax rate has been set at \$14.70 per \$1,000 of assessed value. This is a decrease of \$0.16 or 1.08% from the prior year.

The total budget of \$119,115,338 is an increase of \$476,708 or .4% from the prior year final budget. This budget includes an appropriation of \$1,900,000 for debt service payments and \$150,000 for abatements from committed fund balance. In addition, the City Council approved \$150,000 supplemental appropriation from unassigned fund balance after the budget was adopted on June 22, 2020.

Both the Water and Sewer Division user rates are based on a two-tier inclining rate block structure based on units of water consumed. *[One unit is equal to 100 cubic feet or 748 gallons of water]*. This two-tier inclining rate block structure provided an equitable method of financing of water treatment and wastewater operations. The large volume users have a greater impact on system operations; therefore, a second tier at the higher rate captures the additional costs incurred to serve them.

- The water rate did not change over FY20 as follows:

| <b>WATER USER RATES</b>            | <u><b>FY20</b></u> | <u><b>FY21</b></u> |
|------------------------------------|--------------------|--------------------|
| First Tier Rate (10 units or less) | \$4.32             | \$4.32             |
| Second Tier Rate (over 10 units)   | \$5.20             | \$5.20             |

- Irrigation user rates did not change over FY20 as follows:

| <b>IRRIGATION USER RATES</b>       | <u><b>FY20</b></u> | <u><b>FY21</b></u> |
|------------------------------------|--------------------|--------------------|
| First Tier Rate (10 units or less) | \$5.20             | \$5.20             |
| Second Tier Rate (over 10 units)   | \$9.81             | \$9.81             |
| Third Tier Rate (over 20 units)    | \$12.11            | \$12.11            |

- The sewer rate increase by 4% over FY20 as follows:

| <b>SEWER USER RATES</b>            | <u><b>FY20</b></u> | <u><b>FY21</b></u> |
|------------------------------------|--------------------|--------------------|
| First Tier Rate (10 units or less) | \$13.77            | \$14.32            |
| Second Tier Rate (over 10 units)   | \$15.14            | \$15.75            |

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## REQUESTS FOR INFORMATION

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This financial report is designed to provide a general overview of the City of Portsmouth's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be found on the City's web page at [www.cityofportsmouth.com](http://www.cityofportsmouth.com) or should be addressed to:

**Office of the Director of Finance and Administration**

City of Portsmouth

1 Junkins Avenue

Portsmouth, New Hampshire 03801

## **Basic Financial Statements**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Statement of Net Position

June 30, 2020

|                                                            | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>   |
|------------------------------------------------------------|------------------------------------|-------------------------------------|----------------|
| <b>Assets and Deferred Outflows of Resources</b>           |                                    |                                     |                |
| <b>Assets</b>                                              |                                    |                                     |                |
| Current:                                                   |                                    |                                     |                |
| Cash and short-term investments                            | \$ 74,099,413                      | \$ 56,217,682                       | \$ 130,317,095 |
| Investments                                                | 9,174,563                          | -                                   | 9,174,563      |
| Receivables, net of allowance for uncollectibles:          |                                    |                                     |                |
| Property taxes                                             | 1,434,150                          | -                                   | 1,434,150      |
| User fees                                                  | -                                  | 4,859,670                           | 4,859,670      |
| Departmental and other                                     | 1,056,163                          | -                                   | 1,056,163      |
| Contributions                                              | -                                  | 1,966,803                           | 1,966,803      |
| Intergovernmental                                          | 1,514,446                          | 800,827                             | 2,315,273      |
| Special assessment                                         | 187,069                            | -                                   | 187,069        |
| Loans and interest                                         | 11,482                             | -                                   | 11,482         |
| Other assets                                               | 134,763                            | -                                   | 134,763        |
| Inventory                                                  | 44,900                             | 266,278                             | 311,178        |
| Total current assets                                       | 87,656,949                         | 64,111,260                          | 151,768,209    |
| Noncurrent:                                                |                                    |                                     |                |
| Receivables, net of allowance for uncollectibles:          |                                    |                                     |                |
| Property taxes                                             | 444,052                            | -                                   | 444,052        |
| Contributions                                              | -                                  | 258,121                             | 258,121        |
| Special assessment                                         | 943,161                            | -                                   | 943,161        |
| Loans                                                      | 3,529,939                          | -                                   | 3,529,939      |
| Capital assets:                                            |                                    |                                     |                |
| Land and construction in progress                          | 40,763,821                         | 54,995,392                          | 95,759,213     |
| Other capital assets, net of<br>accumulated depreciation   | 208,888,913                        | 184,825,442                         | 393,714,355    |
| Total noncurrent assets                                    | 254,569,886                        | 240,078,955                         | 494,648,841    |
| <b>Total Assets</b>                                        | 342,226,835                        | 304,190,215                         | 646,417,050    |
| <b>Deferred Outflows of Resources</b>                      |                                    |                                     |                |
| Related to pensions                                        | 15,129,730                         | 676,327                             | 15,806,057     |
| Related to OPEB                                            | 1,228,113                          | 23,898                              | 1,252,011      |
| <b>Total Deferred Outflows of Resources</b>                | 16,357,843                         | 700,225                             | 17,058,068     |
| <b>Total Assets and Deferred<br/>Outflows of Resources</b> | \$ 358,584,678                     | \$ 304,890,440                      | \$ 663,475,118 |

(continued)

|                                                                           |                   |                   |                |
|---------------------------------------------------------------------------|-------------------|-------------------|----------------|
| (continued)                                                               |                   |                   |                |
|                                                                           | Governmental      | Business-Type     |                |
|                                                                           | <u>Activities</u> | <u>Activities</u> | <u>Total</u>   |
| <b>Liabilities, Deferred Inflows of Resources, and Net Position</b>       |                   |                   |                |
| <b>Liabilities</b>                                                        |                   |                   |                |
| Current:                                                                  |                   |                   |                |
| Accounts payable                                                          | \$ 4,384,316      | \$ 4,872,542      | \$ 9,256,858   |
| Accrued liabilities                                                       | 1,682,427         | 2,230,953         | 3,913,380      |
| Notes payable                                                             | -                 | 74,821,240        | 74,821,240     |
| Deposits held in custody                                                  | -                 | 39,667            | 39,667         |
| Retainage payable                                                         | 788,053           | 5,615,881         | 6,403,934      |
| Unearned revenue                                                          | 108,093           | 55,000            | 163,093        |
| Tax refunds payable                                                       | 2,591,753         | -                 | 2,591,753      |
| Other current liabilities                                                 | 563,680           | 503,716           | 1,067,396      |
| Current portion of long-term liabilities:                                 |                   |                   |                |
| Bonds and loans payable                                                   | 12,474,324        | 7,521,227         | 19,995,551     |
| Accrued employee benefits                                                 | 686,317           | 54,274            | 740,591        |
| Total current liabilities                                                 | 23,278,963        | 95,714,500        | 118,993,463    |
| Noncurrent:                                                               |                   |                   |                |
| Bonds and loans payable, net of current portion                           | 97,474,994        | 75,907,317        | 173,382,311    |
| Net pension liability                                                     | 89,374,236        | 4,025,353         | 93,399,589     |
| Total OPEB liability                                                      | 21,124,621        | 530,981           | 21,655,602     |
| Landfill liability                                                        | 1,439,396         | -                 | 1,439,396      |
| Accrued employee benefits, net of current portion                         | 5,032,993         | 624,174           | 5,657,167      |
| Total noncurrent liabilities                                              | 214,446,240       | 81,087,825        | 295,534,065    |
| <b>Total Liabilities</b>                                                  | 237,725,203       | 176,802,325       | 414,527,528    |
| <b>Deferred Inflows of Resources</b>                                      |                   |                   |                |
| Related to pensions                                                       | 3,650,392         | 174,849           | 3,825,241      |
| Related to OPEB                                                           | 4,744,281         | 156,073           | 4,900,354      |
| <b>Total Deferred Inflows of Resources</b>                                | 8,394,673         | 330,922           | 8,725,595      |
| <b>Net Position</b>                                                       |                   |                   |                |
| Net investment in capital assets                                          | 145,409,298       | 91,839,994        | 237,249,292    |
| Restricted for:                                                           |                   |                   |                |
| Public works improvements                                                 | 2,955,608         | -                 | 2,955,608      |
| Community development                                                     | 879,886           | -                 | 879,886        |
| Public safety                                                             | 787,295           | -                 | 787,295        |
| Other purposes                                                            | 1,386,541         | -                 | 1,386,541      |
| Permanent funds:                                                          |                   |                   |                |
| Nonexpendable                                                             | 1,633,062         | -                 | 1,633,062      |
| Expendable                                                                | 6,576,774         | -                 | 6,576,774      |
| Unrestricted                                                              | (47,163,662)      | 35,917,199        | (11,246,463)   |
| <b>Total Net Position</b>                                                 | 112,464,802       | 127,757,193       | 240,221,995    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | \$ 358,584,678    | \$ 304,890,440    | \$ 663,475,118 |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Statement of Activities

For the Year Ended June 30, 2020

|                                 |                       | Program Revenues                |                                                   |                                                 |                                        |
|---------------------------------|-----------------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|----------------------------------------|
|                                 | <u>Expenses</u>       | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Net<br/>(Expenses)<br/>Revenues</u> |
| <b>Governmental Activities</b>  |                       |                                 |                                                   |                                                 |                                        |
| General government              | \$ 16,600,160         | \$ 9,443,267                    | \$ 518,259                                        | \$ -                                            | \$ (6,638,634)                         |
| Public safety                   | 25,184,885            | 1,332,301                       | 1,093,958                                         | -                                               | (22,758,626)                           |
| Education                       | 57,810,208            | 427,586                         | 9,866,134                                         | 1,901,470                                       | (45,615,018)                           |
| Public works                    | 17,308,970            | 7,770,516                       | 452,678                                           | 679,348                                         | (8,406,428)                            |
| Health and human services       | 772,738               | 79,383                          | -                                                 | -                                               | (693,355)                              |
| Culture and recreation          | 4,460,453             | 689,334                         | 319,267                                           | -                                               | (3,451,852)                            |
| Community development           | 686,920               | -                               | 485                                               | 616,425                                         | (70,010)                               |
| Interest on long-term debt      | 4,328,783             | -                               | -                                                 | -                                               | (4,328,783)                            |
| Total Governmental Activities   | 127,153,117           | 19,742,387                      | 12,250,781                                        | 3,197,243                                       | (91,962,706)                           |
| <b>Business-Type Activities</b> |                       |                                 |                                                   |                                                 |                                        |
| Water services                  | 8,760,831             | 9,359,610                       | -                                                 | 6,835,457                                       | 7,434,236                              |
| Sewer services                  | 12,518,334            | 16,241,573                      | -                                                 | 845,890                                         | 4,569,129                              |
| Total Business-Type Activities  | 21,279,165            | 25,601,183                      | -                                                 | 7,681,347                                       | 12,003,365                             |
| Total                           | \$ <u>148,432,282</u> | \$ <u>45,343,570</u>            | \$ <u>12,250,781</u>                              | \$ <u>10,878,590</u>                            | \$ <u>(79,959,341)</u>                 |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Statement of Activities

For the Year Ended June 30, 2020

(continued)

|                                                                 | <u>Governmental<br/>Activities</u> | <u>Business-<br/>Type<br/>Activities</u> | <u>Total</u>                 |
|-----------------------------------------------------------------|------------------------------------|------------------------------------------|------------------------------|
| Change in Net Position:                                         |                                    |                                          |                              |
| Net (expenses) revenues from previous page                      | \$ (91,962,706)                    | \$ 12,003,365                            | \$ (79,959,341)              |
| General Revenues:                                               |                                    |                                          |                              |
| Property taxes                                                  | 88,733,646                         | -                                        | 88,733,646                   |
| Interest on taxes                                               | 164,713                            | -                                        | 164,713                      |
| Grants and contributions not restricted<br>to specific programs | 1,329,583                          | -                                        | 1,329,583                    |
| Investment income                                               | 1,563,074                          | 1,063,655                                | 2,626,729                    |
| Other revenues                                                  | 2,393,837                          | 470,944                                  | 2,864,781                    |
| Special item - loss on disposal                                 | -                                  | (1,690,184)                              | (1,690,184)                  |
| Transfers in (out)                                              | <u>397,806</u>                     | <u>(397,806)</u>                         | <u>-</u>                     |
| Total general revenues, special item, and transfers             | <u>94,582,659</u>                  | <u>(553,391)</u>                         | <u>94,029,268</u>            |
| Change in net position                                          | 2,619,953                          | 11,449,974                               | 14,069,927                   |
| <b>Net Position</b>                                             |                                    |                                          |                              |
| Beginning of year                                               | <u>109,844,849</u>                 | <u>116,307,219</u>                       | <u>226,152,068</u>           |
| End of year                                                     | \$ <u><u>112,464,802</u></u>       | \$ <u><u>127,757,193</u></u>             | \$ <u><u>240,221,995</u></u> |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Governmental Funds

Balance Sheet

June 30, 2020

|                                                                           | <u>General</u>       | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|---------------------------------------------------------------------------|----------------------|------------------------------------------|---------------------------------------|
| <b>Assets</b>                                                             |                      |                                          |                                       |
| Cash and short-term investments                                           | \$ 50,716,865        | \$ 23,382,548                            | \$ 74,099,413                         |
| Investments                                                               | -                    | 9,174,563                                | 9,174,563                             |
| Receivables:                                                              |                      |                                          |                                       |
| Property taxes                                                            | 1,878,202            | -                                        | 1,878,202                             |
| Departmental and other                                                    | 693,339              | 362,824                                  | 1,056,163                             |
| Intergovernmental                                                         | -                    | 1,514,446                                | 1,514,446                             |
| Special assessment                                                        | -                    | 1,130,230                                | 1,130,230                             |
| Loans and interest                                                        | -                    | 3,541,421                                | 3,541,421                             |
| Due from other funds                                                      | 788,738              | -                                        | 788,738                               |
| Advances to other funds                                                   | 443,160              | -                                        | 443,160                               |
| Other assets                                                              | 134,763              | -                                        | 134,763                               |
| Inventory                                                                 | -                    | 44,900                                   | 44,900                                |
| <b>Total Assets</b>                                                       | <b>\$ 54,655,067</b> | <b>\$ 39,150,932</b>                     | <b>\$ 93,805,999</b>                  |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>       |                      |                                          |                                       |
| <b>Liabilities</b>                                                        |                      |                                          |                                       |
| Accounts payable                                                          | \$ 1,172,090         | \$ 3,212,226                             | \$ 4,384,316                          |
| Accrued liabilities                                                       | 1,063,748            | 350,338                                  | 1,414,086                             |
| Unearned revenue                                                          | 40,981               | 67,112                                   | 108,093                               |
| Retainage payable                                                         | 6,907                | 781,146                                  | 788,053                               |
| Tax refunds liability                                                     | 2,591,753            | -                                        | 2,591,753                             |
| Due to other funds                                                        | -                    | 788,738                                  | 788,738                               |
| Advances from other funds                                                 | -                    | 443,160                                  | 443,160                               |
| Other liabilities                                                         | 563,680              | -                                        | 563,680                               |
| <b>Total Liabilities</b>                                                  | <b>5,439,159</b>     | <b>5,642,720</b>                         | <b>11,081,879</b>                     |
| <b>Deferred Inflows of Resources</b>                                      |                      |                                          |                                       |
| Unavailable revenues - taxes                                              | 921,483              | -                                        | 921,483                               |
| Unavailable revenues - long-term receivables                              | -                    | 4,623,904                                | 4,623,904                             |
| Unavailable revenues - other                                              | 498,561              | -                                        | 498,561                               |
| <b>Total Deferred Inflows of Resources</b>                                | <b>1,420,044</b>     | <b>4,623,904</b>                         | <b>6,043,948</b>                      |
| <b>Fund Balances</b>                                                      |                      |                                          |                                       |
| Nonspendable                                                              | 443,160              | 1,677,962                                | 2,121,122                             |
| Restricted                                                                | -                    | 22,958,279                               | 22,958,279                            |
| Committed                                                                 | 21,917,043           | 7,763,801                                | 29,680,844                            |
| Assigned                                                                  | 9,283,064            | -                                        | 9,283,064                             |
| Unassigned                                                                | 16,152,597           | (3,515,734)                              | 12,636,863                            |
| <b>Total Fund Balances</b>                                                | <b>47,795,864</b>    | <b>28,884,308</b>                        | <b>76,680,172</b>                     |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 54,655,067</b> | <b>\$ 39,150,932</b>                     | <b>\$ 93,805,999</b>                  |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

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

June 30, 2020

|                                                                                                                                                                                                          |                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total governmental fund balances</b>                                                                                                                                                                  | \$ 76,680,172                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.                                                                   | 249,652,734                  |
| Revenues are reported on the accrual basis of accounting and are not deferred until collection.                                                                                                          | 6,043,948                    |
| Deferred outflows and inflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related outflows and inflows consist of:               |                              |
| Deferred outflows                                                                                                                                                                                        | 15,129,730                   |
| Deferred inflows                                                                                                                                                                                         | (3,650,392)                  |
| Deferred outflows and inflows of OPEB resources are not financial resources nor are they available to pay current-period expenditures. OPEB related outflows and inflows consist of:                     |                              |
| Deferred outflows                                                                                                                                                                                        | 1,228,113                    |
| Deferred inflows                                                                                                                                                                                         | (4,744,281)                  |
| In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.                                                     | (268,341)                    |
| Long-term liabilities, including bonds payable, net pension liability and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds. |                              |
| General obligation bonds & loans payable, including unamortized premiums                                                                                                                                 | (109,949,318)                |
| Accrued employee benefits                                                                                                                                                                                | (5,719,310)                  |
| Net pension liability                                                                                                                                                                                    | (89,374,236)                 |
| Total OPEB liability                                                                                                                                                                                     | (21,124,621)                 |
| Estimated liability for landfill postclosure care costs                                                                                                                                                  | <u>(1,439,396)</u>           |
| <b>Net position of governmental activities</b>                                                                                                                                                           | <b>\$ <u>112,464,802</u></b> |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

|                                                              | <u>General</u>              | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|--------------------------------------------------------------|-----------------------------|------------------------------------------|---------------------------------------|
| <b>Revenues</b>                                              |                             |                                          |                                       |
| Property taxes                                               | \$ 88,562,993               | \$ -                                     | \$ 88,562,993                         |
| Licenses and permits                                         | 6,851,868                   | -                                        | 6,851,868                             |
| Intergovernmental                                            | 10,246,414                  | 5,829,078                                | 16,075,492                            |
| Charges for services                                         | 5,976,520                   | 6,126,786                                | 12,103,306                            |
| Investment income                                            | 1,205,712                   | 359,424                                  | 1,565,136                             |
| Interest on taxes                                            | 164,713                     | -                                        | 164,713                               |
| Fines and costs                                              | 769,152                     | 38,271                                   | 807,423                               |
| Contributions                                                | -                           | 702,314                                  | 702,314                               |
| Special assessment                                           | -                           | 179,357                                  | 179,357                               |
| Other                                                        | <u>867,619</u>              | <u>284,290</u>                           | <u>1,151,909</u>                      |
| Total Revenues                                               | 114,644,991                 | 13,519,520                               | 128,164,511                           |
| <b>Expenditures</b>                                          |                             |                                          |                                       |
| Current:                                                     |                             |                                          |                                       |
| General government                                           | 9,526,253                   | 648,295                                  | 10,174,548                            |
| Public safety                                                | 21,556,370                  | 1,174,415                                | 22,730,785                            |
| Education                                                    | 47,860,982                  | 5,476,124                                | 53,337,106                            |
| Public works                                                 | 7,180,096                   | 5,202,096                                | 12,382,192                            |
| Health and human services                                    | 745,845                     | -                                        | 745,845                               |
| Culture and recreation                                       | 2,875,986                   | 1,017,533                                | 3,893,519                             |
| Community development                                        | -                           | 528,343                                  | 528,343                               |
| Debt service:                                                |                             |                                          |                                       |
| Principal                                                    | 10,510,117                  | 994,000                                  | 11,504,117                            |
| Interest                                                     | 3,409,497                   | 965,840                                  | 4,375,337                             |
| Capital outlay                                               | 2,689,013                   | 15,672,199                               | 18,361,212                            |
| Intergovernmental                                            | <u>5,561,364</u>            | <u>-</u>                                 | <u>5,561,364</u>                      |
| Total Expenditures                                           | <u>111,915,523</u>          | <u>31,678,845</u>                        | <u>143,594,368</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 2,729,468                   | (18,159,325)                             | (15,429,857)                          |
| <b>Other Financing Sources (Uses)</b>                        |                             |                                          |                                       |
| Transfers in                                                 | 759                         | 4,621,654                                | 4,622,413                             |
| Transfers out                                                | <u>(4,224,607)</u>          | <u>-</u>                                 | <u>(4,224,607)</u>                    |
| Total Other Financing Sources (Uses)                         | <u>(4,223,848)</u>          | <u>4,621,654</u>                         | <u>397,806</u>                        |
| Net change in fund balances                                  | (1,494,380)                 | (13,537,671)                             | (15,032,051)                          |
| Fund Balances, at Beginning of Year                          | <u>49,290,244</u>           | <u>42,421,979</u>                        | <u>91,712,223</u>                     |
| Fund Balances, at End of Year                                | \$ <u><u>47,795,864</u></u> | \$ <u><u>28,884,308</u></u>              | \$ <u><u>76,680,172</u></u>           |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

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

For the Year Ended June 30, 2020

|                                                                |                 |
|----------------------------------------------------------------|-----------------|
| <b>Net changes in fund balances - total governmental funds</b> | \$ (15,032,051) |
|----------------------------------------------------------------|-----------------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

|                          |             |
|--------------------------|-------------|
| Capital outlay purchases | 17,763,287  |
| Depreciation             | (9,152,789) |

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes and other receivables) differ between the two statements. This amount represents the net change in deferred revenue.

(16,514)

The issuance of long-term debt (bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

|                           |            |
|---------------------------|------------|
| Repayments of debt        | 11,504,117 |
| Bond premium amortization | 1,229,324  |

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

46,554

Pension and OPEB liabilities, including related outflows and inflows are reported in the statement of net position and the statement of activities, but are not reported in governmental funds.

|                                                            |             |
|------------------------------------------------------------|-------------|
| Net pension liability                                      | (688,427)   |
| Pension related deferred outflows and inflows of resources | (3,059,086) |
| Total other post employment benefits liability             | 3,088,276   |
| OPEB related deferred outflows and inflows of resources    | (3,183,862) |

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

|                           |         |
|---------------------------|---------|
| Accrued employee benefits | 121,124 |
|---------------------------|---------|

|                                                          |                     |
|----------------------------------------------------------|---------------------|
| <b>Change in net position of governmental activities</b> | <b>\$ 2,619,953</b> |
|----------------------------------------------------------|---------------------|

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

General Fund

Statement of Revenues and Other Sources  
And Expenditures of Other Uses - Budget and Actual

For the Year Ended June 30, 2020

|                                                                          | <u>Budgeted Amounts</u>    |                         |                           |                                       |
|--------------------------------------------------------------------------|----------------------------|-------------------------|---------------------------|---------------------------------------|
|                                                                          | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget</u> |
| <b>Revenues and other sources:</b>                                       |                            |                         |                           |                                       |
| Taxes                                                                    | \$ 90,275,478              | \$ 90,275,478           | \$ 90,613,451             | \$ 337,973                            |
| Licenses and permits                                                     | 6,373,200                  | 6,373,200               | 6,851,868                 | 478,668                               |
| Intergovernmental                                                        | 10,176,746                 | 10,176,746              | 10,246,414                | 69,668                                |
| Charges for services                                                     | 5,855,305                  | 5,855,305               | 5,976,520                 | 121,215                               |
| Investment income                                                        | 1,100,000                  | 1,100,000               | 1,205,712                 | 105,712                               |
| Interest and penalties                                                   | 170,549                    | 170,549                 | 164,713                   | (5,836)                               |
| Fines and costs                                                          | 733,000                    | 733,000                 | 769,152                   | 36,152                                |
| Other revenues                                                           | 153,000                    | 153,000                 | 243,517                   | 90,517                                |
| Other financing sources:                                                 |                            |                         |                           |                                       |
| Transfers in                                                             | 1,301,352                  | 1,301,352               | 1,302,111                 | 759                                   |
| Use of fund balance:                                                     |                            |                         |                           |                                       |
| To reduce taxes                                                          | 400,000                    | 400,000                 | 400,000                   | -                                     |
| For debt                                                                 | 1,950,000                  | 1,950,000               | 1,950,000                 | -                                     |
| For tax appraisal                                                        | 150,000                    | 150,000                 | 150,000                   | -                                     |
| Total Revenues and Other Sources                                         | <u>118,638,630</u>         | <u>118,638,630</u>      | <u>119,873,458</u>        | <u>1,234,828</u>                      |
| <b>Expenditures and other uses:</b>                                      |                            |                         |                           |                                       |
| Current:                                                                 |                            |                         |                           |                                       |
| General administrative                                                   | 7,271,721                  | 7,373,281               | 7,149,325                 | 223,956                               |
| Other general administrative                                             | 2,235,868                  | 1,050,690               | 985,105                   | 65,585                                |
| Public works                                                             | 7,016,415                  | 7,095,875               | 6,722,590                 | 373,285                               |
| Community services                                                       | 3,578,644                  | 3,603,808               | 3,482,107                 | 121,701                               |
| Regulatory services                                                      | 1,584,552                  | 1,634,904               | 1,495,169                 | 139,735                               |
| Emergency management                                                     | 15,514                     | 15,514                  | 15,514                    | -                                     |
| Police department                                                        | 11,647,381                 | 11,830,799              | 11,571,211                | 259,588                               |
| Fire department                                                          | 9,232,857                  | 9,347,650               | 9,142,802                 | 204,848                               |
| School department                                                        | 49,612,427                 | 50,242,858              | 49,996,009                | 246,849                               |
| Non-operating                                                            | <u>26,443,251</u>          | <u>26,443,251</u>       | <u>25,686,606</u>         | <u>756,645</u>                        |
| Total Expenditures and Other Uses                                        | <u>118,638,630</u>         | <u>118,638,630</u>      | <u>116,246,438</u>        | <u>2,392,192</u>                      |
| Excess of revenues and other sources<br>over expenditures and other uses | \$ <u>-</u>                | \$ <u>-</u>             | \$ <u>3,627,020</u>       | \$ <u>3,627,020</u>                   |

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

## CITY OF PORTSMOUTH, NEW HAMPSHIRE

## Proprietary Funds

## Statement of Net Position

June 30, 2020

|                                                                          | Business-Type Activities<br>Enterprise Funds |                       |                       |
|--------------------------------------------------------------------------|----------------------------------------------|-----------------------|-----------------------|
|                                                                          | <u>Water</u>                                 | <u>Sewer</u>          | <u>Total</u>          |
| <b>Assets and Deferred Outflows of Resources</b>                         |                                              |                       |                       |
| Assets                                                                   |                                              |                       |                       |
| Current:                                                                 |                                              |                       |                       |
| Cash and short-term investments                                          | \$ 12,909,816                                | \$ 43,307,866         | \$ 56,217,682         |
| Receivables, net of allowance for uncollectibles:                        |                                              |                       |                       |
| User fees                                                                | 1,849,749                                    | 3,009,921             | 4,859,670             |
| Contributions                                                            | 1,833,048                                    | 133,755               | 1,966,803             |
| Intergovernmental                                                        | -                                            | 800,827               | 800,827               |
| Inventory                                                                | <u>196,352</u>                               | <u>69,926</u>         | <u>266,278</u>        |
| Total current assets                                                     | 16,788,965                                   | 47,322,295            | 64,111,260            |
| Noncurrent:                                                              |                                              |                       |                       |
| Contribution receivables, net of current portion                         | 191,343                                      | 66,778                | 258,121               |
| Capital assets:                                                          |                                              |                       |                       |
| Land and construction in progress                                        | 18,751,021                                   | 36,244,371            | 54,995,392            |
| Capital assets, net of accumulated depreciation                          | <u>55,362,275</u>                            | <u>129,463,167</u>    | <u>184,825,442</u>    |
| Total noncurrent assets                                                  | <u>74,304,639</u>                            | <u>165,774,316</u>    | <u>240,078,955</u>    |
| Total Assets                                                             | 91,093,604                                   | 213,096,611           | 304,190,215           |
| Deferred Outflows of Resources                                           |                                              |                       |                       |
| Related to pensions                                                      | 338,530                                      | 337,797               | 676,327               |
| Related to OPEB                                                          | <u>12,296</u>                                | <u>11,602</u>         | <u>23,898</u>         |
| Total Deferred Outflows of Resources                                     | <u>350,826</u>                               | <u>349,399</u>        | <u>700,225</u>        |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <u>\$ 91,444,430</u>                         | <u>\$ 213,446,010</u> | <u>\$ 304,890,440</u> |
| <b>Liabilities, Deferred Inflows of Resources and Net Position</b>       |                                              |                       |                       |
| Liabilities                                                              |                                              |                       |                       |
| Current:                                                                 |                                              |                       |                       |
| Accounts payable                                                         | \$ 2,232,090                                 | \$ 2,640,452          | \$ 4,872,542          |
| Accrued liabilities                                                      | 324,327                                      | 1,906,626             | 2,230,953             |
| Deposits held in custody                                                 | 15,429                                       | 24,238                | 39,667                |
| Retainage payable                                                        | 928,571                                      | 4,687,310             | 5,615,881             |
| Unearned revenue                                                         | 15,000                                       | 40,000                | 55,000                |
| Notes payable                                                            | -                                            | 74,821,240            | 74,821,240            |
| Other current liabilities                                                | 466,573                                      | 37,143                | 503,716               |
| Current portion of long-term liabilities:                                |                                              |                       |                       |
| Bonds and loans payable                                                  | 2,727,531                                    | 4,793,696             | 7,521,227             |
| Other liabilities                                                        | <u>24,473</u>                                | <u>29,801</u>         | <u>54,274</u>         |
| Total current liabilities                                                | 6,733,994                                    | 88,980,506            | 95,714,500            |
| Noncurrent:                                                              |                                              |                       |                       |
| Bonds and loans payable, net of current portion                          | 27,581,897                                   | 48,325,420            | 75,907,317            |
| Net pension liability                                                    | 1,970,584                                    | 2,054,769             | 4,025,353             |
| Net OPEB liability                                                       | 272,673                                      | 258,308               | 530,981               |
| Other liabilities, net of current portion                                | <u>281,448</u>                               | <u>342,726</u>        | <u>624,174</u>        |
| Total noncurrent liabilities                                             | <u>30,106,602</u>                            | <u>50,981,223</u>     | <u>81,087,825</u>     |
| Total Liabilities                                                        | 36,840,596                                   | 139,961,729           | 176,802,325           |
| Deferred Inflows of Resources                                            |                                              |                       |                       |
| Related to pensions                                                      | 85,596                                       | 89,253                | 174,849               |
| Related to OPEB                                                          | <u>81,388</u>                                | <u>74,685</u>         | <u>156,073</u>        |
| Total Deferred Inflows of Resources                                      | 166,984                                      | 163,938               | 330,922               |
| Net Position                                                             |                                              |                       |                       |
| Net investment in capital assets                                         | 47,073,366                                   | 44,766,628            | 91,839,994            |
| Unrestricted                                                             | <u>7,363,484</u>                             | <u>28,553,715</u>     | <u>35,917,199</u>     |
| Total Net Position                                                       | <u>54,436,850</u>                            | <u>73,320,343</u>     | <u>127,757,193</u>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <u>\$ 91,444,430</u>                         | <u>\$ 213,446,010</u> | <u>\$ 304,890,440</u> |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2020

|                                                            | Business-Type Activities<br>Enterprise Funds |                             |                              |
|------------------------------------------------------------|----------------------------------------------|-----------------------------|------------------------------|
|                                                            | <u>Water</u>                                 | <u>Sewer</u>                | <u>Total</u>                 |
| <b>Operating Revenues</b>                                  |                                              |                             |                              |
| Charges for services                                       | \$ 8,284,662                                 | \$ 15,523,645               | \$ 23,808,307                |
| Licenses and permits                                       | 785,192                                      | 500,023                     | 1,285,215                    |
| Departmental revenue                                       | 279,682                                      | 217,905                     | 497,587                      |
| Other revenue                                              | <u>10,074</u>                                | <u>-</u>                    | <u>10,074</u>                |
| Total Operating Revenues                                   | 9,359,610                                    | 16,241,573                  | 25,601,183                   |
| <b>Operating Expenses</b>                                  |                                              |                             |                              |
| Personnel services                                         | 3,661,140                                    | 3,757,571                   | 7,418,711                    |
| Non-personnel services                                     | 1,957,726                                    | 3,659,955                   | 5,617,681                    |
| Depreciation                                               | <u>2,056,796</u>                             | <u>2,550,063</u>            | <u>4,606,859</u>             |
| Total Operating Expenses                                   | <u>7,675,662</u>                             | <u>9,967,589</u>            | <u>17,643,251</u>            |
| Operating Income                                           | 1,683,948                                    | 6,273,984                   | 7,957,932                    |
| <b>Nonoperating Revenues (Expenses)</b>                    |                                              |                             |                              |
| Intergovernmental revenues                                 | 3,805                                        | 12,583                      | 16,388                       |
| Investment income                                          | 272,348                                      | 791,307                     | 1,063,655                    |
| Bond premium amortization                                  | 190,003                                      | 264,553                     | 454,556                      |
| Interest expense                                           | <u>(1,085,169)</u>                           | <u>(2,550,745)</u>          | <u>(3,635,914)</u>           |
| Total Nonoperating Revenues (Expenses), net                | <u>(619,013)</u>                             | <u>(1,482,302)</u>          | <u>(2,101,315)</u>           |
| Income Before Contributions, Special Item<br>and Transfers | 1,064,935                                    | 4,791,682                   | 5,856,617                    |
| Capital contributions                                      | 6,835,457                                    | 845,890                     | 7,681,347                    |
| Special Item - loss on disposal                            | -                                            | (1,690,184)                 | (1,690,184)                  |
| Transfers out                                              | <u>-</u>                                     | <u>(397,806)</u>            | <u>(397,806)</u>             |
| Change in Net Position                                     | 7,900,392                                    | 3,549,582                   | 11,449,974                   |
| Net Position at Beginning of Year                          | <u>46,536,458</u>                            | <u>69,770,761</u>           | <u>116,307,219</u>           |
| Net Position at End of Year                                | \$ <u><u>54,436,850</u></u>                  | \$ <u><u>73,320,343</u></u> | \$ <u><u>127,757,193</u></u> |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2020

|                                                                                            | Business-Type Activities<br>Enterprise Funds |                             |                             |
|--------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------------------|
|                                                                                            | <u>Water</u>                                 | <u>Sewer</u>                | <u>Total</u>                |
| <b>Cash Flows From Operating Activities</b>                                                |                                              |                             |                             |
| Receipts from customers and users                                                          | \$ 9,142,042                                 | \$ 15,516,600               | \$ 24,658,642               |
| Payments to employees for salaries and related benefits                                    | (3,506,544)                                  | (3,609,763)                 | (7,116,307)                 |
| Payments to suppliers for goods and services                                               | (1,246,983)                                  | (3,932,704)                 | (5,179,687)                 |
| Other miscellaneous operating revenues                                                     | <u>10,074</u>                                | <u>-</u>                    | <u>10,074</u>               |
| Net Cash Provided By Operating Activities                                                  | 4,398,589                                    | 7,974,133                   | 12,372,722                  |
| <b>Cash Flows From Noncapital Financing Activities:</b>                                    |                                              |                             |                             |
| Intergovernmental revenues                                                                 | 3,805                                        | 12,583                      | 16,388                      |
| Transfers to other funds                                                                   | <u>-</u>                                     | <u>(397,806)</u>            | <u>(397,806)</u>            |
| Net Cash Provided By (Used For) Noncapital Financing Activities                            | 3,805                                        | (385,223)                   | (381,418)                   |
| <b>Cash Flows From Capital and Related Financing Activities</b>                            |                                              |                             |                             |
| Acquisition and construction of capital assets                                             | (11,773,574)                                 | (19,365,780)                | (31,139,354)                |
| Principal payments on bonds and loans                                                      | (2,539,929)                                  | (4,856,696)                 | (7,396,625)                 |
| Proceeds from revolving loan                                                               | -                                            | 11,846,290                  | 11,846,290                  |
| Capital contributions                                                                      | 5,830,786                                    | 1,734,921                   | 7,565,707                   |
| Interest expense                                                                           | <u>(1,108,426)</u>                           | <u>(1,898,833)</u>          | <u>(3,007,259)</u>          |
| Net Cash Used For Capital and Related Financing Activities                                 | (9,591,143)                                  | (12,540,098)                | (22,131,241)                |
| <b>Cash Flows From Investing Activities</b>                                                |                                              |                             |                             |
| Investment income                                                                          | <u>272,348</u>                               | <u>791,307</u>              | <u>1,063,655</u>            |
| Net Cash Provided by Investing Activities                                                  | <u>272,348</u>                               | <u>791,307</u>              | <u>1,063,655</u>            |
| Net Change in Cash and Short-Term Investments                                              | (4,916,401)                                  | (4,159,881)                 | (9,076,282)                 |
| Cash and Short-Term Investments, Beginning of Year                                         | <u>17,826,217</u>                            | <u>47,467,747</u>           | <u>65,293,964</u>           |
| Cash and Short-Term Investments, End of Year                                               | \$ <u><u>12,909,816</u></u>                  | \$ <u><u>43,307,866</u></u> | \$ <u><u>56,217,682</u></u> |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities</b> |                                              |                             |                             |
| Operating income                                                                           | \$ 1,683,948                                 | \$ 6,273,984                | \$ 7,957,932                |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities: |                                              |                             |                             |
| Depreciation                                                                               | 2,056,796                                    | 2,550,063                   | 4,606,859                   |
| Changes in assets, liabilities, and deferred outflows/inflows:                             |                                              |                             |                             |
| User fees                                                                                  | (429,137)                                    | (730,375)                   | (1,159,512)                 |
| Inventory                                                                                  | (18,234)                                     | (13,739)                    | (31,973)                    |
| Deferred outflows                                                                          | 43,904                                       | 80,174                      | 124,078                     |
| Accounts payable                                                                           | 728,977                                      | (259,010)                   | 469,967                     |
| Accrued liabilities                                                                        | 41,591                                       | (4,036)                     | 37,555                      |
| Compensated absences                                                                       | 59,709                                       | 62,376                      | 122,085                     |
| Net pension liability                                                                      | 20,892                                       | 21,784                      | 42,676                      |
| Net OPEB liability                                                                         | (49,356)                                     | (45,570)                    | (94,926)                    |
| Deferred inflows                                                                           | 37,856                                       | 33,080                      | 70,936                      |
| Other liabilities                                                                          | <u>221,643</u>                               | <u>5,402</u>                | <u>227,045</u>              |
| Net Cash Provided By Operating Activities                                                  | \$ <u><u>4,398,589</u></u>                   | \$ <u><u>7,974,133</u></u>  | \$ <u><u>12,372,722</u></u> |
| <b>Noncash Investing and Financing Activities</b>                                          |                                              |                             |                             |
| Capital contributions not yet received                                                     | \$ -                                         | \$ 186,961                  | \$ 186,961                  |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

|                                 | Private<br>Purpose<br>Trust<br><u>Fund</u> | Agency<br><u>Funds</u>   |
|---------------------------------|--------------------------------------------|--------------------------|
| <b>Assets</b>                   |                                            |                          |
| Cash and short-term investments | \$ 827,358                                 | \$ 694,668               |
| Investments:                    |                                            |                          |
| Fixed income                    | 1,906,432                                  | -                        |
| Equities                        | <u>5,638,059</u>                           | <u>-</u>                 |
| Total Assets                    | \$ <u><u>8,371,849</u></u>                 | \$ <u><u>694,668</u></u> |
| <br><b>Liabilities</b>          |                                            |                          |
| Other liabilities               | \$ <u>-</u>                                | \$ <u>694,668</u>        |
| Total Liabilities               | <u>-</u>                                   | \$ <u><u>694,668</u></u> |
| <br><b>Net Position</b>         |                                            |                          |
| Restricted for other purposes   | <u>8,371,849</u>                           |                          |
| Total Net Position              | \$ <u><u>8,371,849</u></u>                 |                          |

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

|                                                   | Private<br>Purpose<br><u>Trust Fund</u> |
|---------------------------------------------------|-----------------------------------------|
| <b>Additions</b>                                  |                                         |
| Investment income                                 | \$ 331,091                              |
| Contributions                                     | <u>140,579</u>                          |
| Total additions                                   | 471,670                                 |
| <b>Deductions</b>                                 |                                         |
| Payments to beneficiaries                         | <u>276,535</u>                          |
| Total deductions                                  | <u>276,535</u>                          |
| Net increase                                      | 195,135                                 |
| <b>Net position restricted for other purposes</b> |                                         |
| Beginning of year                                 | <u>8,176,714</u>                        |
| End of year                                       | <u><u>\$ 8,371,849</u></u>              |

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

## CITY OF PORTSMOUTH, NEW HAMPSHIRE

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

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

##### *A. Reporting Entity*

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

##### *B. Government-wide and Fund Financial Statements*

###### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, internal eliminations do not include services provided to city departments. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

###### Fund Financial Statements

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

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales

and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

- *Water Enterprise Fund* is used to account for the operation of a water treatment plant, City wells and water system.
- *Sewer Enterprise Fund* is used to account for the operations of two sewer treatment plants, pumping stations and sewer lines.

Fiduciary Funds employ the same *economic resources measurement focus* and *accrual basis of accounting* as do proprietary funds. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The City also reports the following fiduciary funds:

- *The Private-Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefits individuals, private organizations, or other governments. Private Purpose Trust Funds held by the City include trust arrangements for the Parks, Scholarships, Worthy Poor, Memorials, and Commemorations.
- *Agency Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Agency Funds held by the City include the Future Statewide Property Tax Coalition Fund, and School Fund. Agency Funds, however, only report assets and liabilities, and thus have no measurement focus.

#### *D. Cash and Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Each of those funds' portions of consolidated cash is displayed on its respective balance sheet as "cash and short-term investments". Cash balances are invested to the extent available, and interest earnings are recognized in the appropriate funds. Cash and short-term investments are separately held and reflected in proprietary, permanent, fiduciary, and certain special revenue funds.

Under New Hampshire RSA 48:16, whenever the City treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the City treasurer shall invest the same in accordance with the investment policy adopted by the mayor or city council under RSA 47:6, II. The treasurer may invest in participation units in the public deposit investment pool established pursuant to RSA 383:22, in deposits, including money market accounts or certificates of deposit, of federally insured banks

chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U. S. C. Section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations.

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

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

Investments are carried at fair value, except certificates of deposit and the investment in NHPDIP, which are reported at cost and amortized cost, respectively.

#### *E. Interfund Receivables and Payables*

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

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

The government-wide Statement of Activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

#### *F. Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method for business-type activities. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed, except for the School Lunch fund, a nonmajor governmental fund, which used the FIFO method.

#### *G. Capital Assets*

Capital assets, which include buildings, improvements, infrastructure, machinery and equipment, land, and construction in progress assets are reported in the applicable

governmental or business-type activities columns in the government-wide financial statements. 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 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 5 - 50       |
| Improvements            | 20           |
| Machinery and equipment | 2 - 30       |
| Infrastructure          | 2 - 65       |

#### *H. Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits depending on their date of hire. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

#### *I. Long-Term Liabilities*

All long-term liabilities are reported in the government-wide and proprietary funds *Statement of Net Position*.

#### *J. Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

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

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

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

#### *K. Use of Estimates*

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

#### *L. Mandated Fund Balance*

In August 1997 (revised for GASB 54 terminology in fiscal year 2012), the City Council adopted ordinances Chapter I, Sections 1:1401 and 1:1402 that mandates the City's Unassigned Fund Balance be maintained (amended in fiscal year 2013) between 10% and 17% of total current year appropriations.

Specific City Council ordinances are as follows:

##### *Section 1:1401 - Mandated Fund Balance*

*The General Fund Balance of the City, at the end of any fiscal year as recorded in accordance with generally accepted accounting principles (GAAP) and excluding any and all reserves, and any dedicated fund balances of the General Fund (otherwise referred to as Unassigned Fund balance of the General Fund) shall be maintained at the prescribed amount of not less than 10% of the actual Total General Fund appropriations for that fiscal year.*

##### *Section 1:1402 - Operational Objective*

*Notwithstanding the provision of Section 1:1401, it is recognized that the financial management goal of the City of Portsmouth is to annually maintain an Unassigned Fund Balance between 10% and 17% of total actual General Fund appropriations.*

## 2. Stewardship, Compliance, and Accountability

### *A. Budgetary Information*

An annual appropriated budget is adopted for the City's general fund. In January, the City Manager issues a directive requesting line-item budget proposals from each department. In accordance with the City ordinance, the departments must submit their budget to the City Manager no later than March 15. The City Manager schedules individual department reviews with supervisors. In accordance with the City Charter, the City Manager's recommendations must be submitted to the City Council no later than 45 days prior to the first day of the fiscal year (May 15). The City Council, through the City Manager, schedules public work-sessions with the individual departments.

The City Council then calls a public hearing to review budget requirements with the general public. After due consideration to the public, the Council makes a final decision. A resolution is required for acceptance for the final budget by a majority vote. Departments are legally limited to their total budget as voted.

The final budget and resolution are then presented to the Department of Revenue Administration for their review and approval of the tax rate. Certain limitations set by state statute must be adhered to before the rate is established. Any changes in the budget after the tax rate is set must be made within the revenues and reserves estimated as available by the City Manager and must be approved by an affirmative vote of a two-thirds majority of the City Council.

After the budget has been adopted, no expenditure may be incurred, except pursuant to a budget appropriation unless there is a specific additional appropriation thereof. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his/her department to another fund or agency within his/her department. The City Charter established that the legal level of control is at the department level.

Budget appropriations lapse at the end of the fiscal year except for any appropriations either supported by formal purchase contracts or approval by the City Manager to be carried forward.

### *B. Budget/GAAP Reconciliation*

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

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

| <u>General Fund</u>                                               | <u>Revenues<br/>and Other<br/>Financing Sources</u> | <u>Expenditures<br/>and Other<br/>Financing Uses</u> | <u>Excess<br/>(Deficiency)</u> |
|-------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|--------------------------------|
| Revenues/Expenditures<br>(GAAP Basis)                             | \$ 114,644,991                                      | \$ 111,915,523                                       | \$ 2,729,468                   |
| Other financing sources/uses<br>(GAAP Basis)                      | <u>759</u>                                          | <u>4,224,607</u>                                     | <u>(4,223,848)</u>             |
| Subtotal (GAAP Basis)                                             | 114,645,750                                         | 116,140,130                                          | (1,494,380)                    |
| Reverse expenditures of prior<br>year appropriation carryforwards | -                                                   | (3,680,278)                                          | 3,680,278                      |
| Reclassify use of overlay                                         | 2,050,458                                           | 2,050,458                                            | -                              |
| Use of fund balance                                               | 2,500,000                                           | -                                                    | 2,500,000                      |
| Indirect costs from enterprise funds                              | 1,301,352                                           | 1,301,352                                            | -                              |
| Add end-of-year<br>appropriation carryforwards                    | -                                                   | 2,868,915                                            | (2,868,915)                    |
| Other reconciling items                                           | <u>(624,101)</u>                                    | <u>(2,434,139)</u>                                   | <u>1,810,038</u>               |
| Budgetary Basis                                                   | \$ <u><u>119,873,459</u></u>                        | \$ <u><u>116,246,438</u></u>                         | \$ <u><u>3,627,021</u></u>     |

### *C. Deficit Fund Equity*

The City's Debt Service nonmajor fund had an unassigned fund balance deficit of \$8,801 at June 30, 2020. This deficit will be funded through special assessments not yet due. The School Lunch nonmajor special revenue fund had an unassigned fund balance deficit of \$42,914 at June 30, 2020, which will be funded through future user charges, intergovernmental reimbursements, or a general fund subsidy. The Transportation Management and Buildings and Infrastructure nonmajor capital project funds had unassigned fund balance deficits of \$397,950 and \$3,066,069, respectively, at June 30, 2020, which will be funded through subsequent issuance of long-term debt in fiscal year 2021.

## **3. Deposits and Investments**

### *A. Custodial Credit Risk*

The custodial credit risk for deposits or investments is the risk that, in the event of the failure of the bank or counterparty to a transaction, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The City's policy is to follow New Hampshire RSA 48:16 and 383:22. Under New Hampshire RSA 48:16, the City treasurer shall deposit money in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in federally

insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits of the following types:

- (a) United States government obligations;
- (b) United States government agency obligations; or
- (c) Obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

As of June 30, 2020, deposits and short term investments are collateralized or held in by the City's counterparty in the City's name. The City also held \$837,170 in NHPDIP, a state investment pool, which is not subject to custodial credit risk disclosure.

The City's investments are held in the City's name by the City's brokerage firm, which is also the counterparty to these securities.

#### *B. Investment Summary*

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

| <u>Investment Type</u> | <u>Amount</u>        |
|------------------------|----------------------|
| Bond mutual funds      | \$ 3,564,542         |
| U.S. Treasury notes    | 1,081,230            |
| Equity mutual funds    | <u>12,073,282</u>    |
| Total investments      | <u>\$ 16,719,054</u> |

#### *C. Credit Risk*

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

The City's Investment Policy minimizes credit risk by limiting investments to eligible instruments.

The trustees are also required to report annually to the State attorney general any securities retained under the provisions of the statute.

As of June 30, 2020, \$3,564,542 of the City's investments were held in bond mutual funds, with average S&P credit rating of A-. The City's investment balance of \$1,081,230 in US Treasury Notes had an implied credit rating of AAA.

#### *D. Concentration of Credit Risk*

The trustees of trust fund policy on the concentration of credit risk is to limit the amount that may be invested in any one issue to \$15,000 or 10% of the value of the account whichever is greater. The City does not have a formal policy on the concentration of credit risk exposure.

Other than investments in mutual funds, the City did not have any investments in a single issuer which are greater than 5% of total investments.

#### *E. Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2020, \$3,564,542 of the City's investments were held in bond mutual funds, with average effective duration of 0.93 years. The City's investment balance of \$1,081,230 in US Treasury Notes had average effective duration of 6.14 years.

#### *F. Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City's policy limits investments to domestic securities.

As of June 30, 2020, the City did not have any investments exposed to foreign currency risk.

#### *G. Fair Value*

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

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

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

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

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

|                                  |                      | Fair value measurements using:                                             |                                                  |                                                    |
|----------------------------------|----------------------|----------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
|                                  |                      | Quoted prices in<br>active markets<br>for identical<br>assets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| <u>Investment Type</u>           | <u>Amount</u>        |                                                                            |                                                  |                                                    |
| Investments by fair value level: |                      |                                                                            |                                                  |                                                    |
| Debt securities:                 |                      |                                                                            |                                                  |                                                    |
| Fixed income mutual funds        | \$ 3,564,542         | \$ -                                                                       | \$ 3,564,542                                     | \$ -                                               |
| U.S. Treasury Notes              | 1,081,230            | 1,081,230                                                                  | -                                                | -                                                  |
| Equity mutual funds              | <u>12,073,282</u>    | <u>12,073,282</u>                                                          | <u>-</u>                                         | <u>-</u>                                           |
| Total                            | \$ <u>16,719,054</u> | \$ <u>13,154,512</u>                                                       | \$ <u>3,564,542</u>                              | \$ <u>-</u>                                        |

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings.

#### 4. Property Taxes Receivable

Property taxes were committed in November and were due in two installments, on December 19, 2019 and June 1, 2020. Taxes unpaid by December 20, 2019 and June 2, 2020 accrued interest at 8% until August 30, 2020. A tax lien was recorded on all properties with taxes unpaid as of August 30, 2020, at which time interest began accruing at 14%.

Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year-end.

The City annually budgets an amount (overlay for abatements) for property tax abatements and refunds. All abatements and refunds are charged to overlay.

Property taxes receivable at June 30, 2020 by levy year consist of the following:

|                   |                     |
|-------------------|---------------------|
| Property Taxes:   |                     |
| 2019              | \$ 1,434,150        |
| Unredeemed Taxes: |                     |
| 2018              | 217,946             |
| 2017              | 110,466             |
| Prior Years       | <u>115,640</u>      |
| Total             | <u>\$ 1,878,202</u> |

## 5. User Fees Receivable

User fees receivable in water and sewer funds include amounts due from customers for water and sewer usage. User fees receivable are reported net of an allowance for doubtful accounts based on the age of the receivables. Water and sewer delinquent receivables are lienied in a similar manner as property taxes, described in Note 4.

User fees receivable and related allowance for doubtful accounts at June 30, 2020 consist of the following:

|                                          | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Total</u>        |
|------------------------------------------|-----------------------|-----------------------|---------------------|
| Billed user fees                         | \$ 554,767            | \$ 709,124            | \$ 1,263,891        |
| Unbilled at year end                     | 1,451,886             | 2,348,432             | 3,800,318           |
| Less: Allowance for<br>doubtful accounts | <u>(156,904)</u>      | <u>(47,635)</u>       | <u>(204,539)</u>    |
| Net Amount                               | <u>\$ 1,849,749</u>   | <u>\$ 3,009,921</u>   | <u>\$ 4,859,670</u> |

## 6. Departmental and Other Receivables

Departmental and other receivables, as reported in the governmental funds, represent ambulance, police detail, and other receivables.

|                                       | <u>Ambulance</u>  | <u>Police<br/>Detail</u> | <u>Other</u>      | <u>Total</u>        |
|---------------------------------------|-------------------|--------------------------|-------------------|---------------------|
| Gross receivable                      | \$ 1,357,798      | \$ 215,341               | \$ 430,464        | \$ 2,003,603        |
| Less: Allowance for doubtful accounts | <u>(859,507)</u>  | <u>(87,933)</u>          | <u>-</u>          | <u>(947,440)</u>    |
| Total                                 | <u>\$ 498,291</u> | <u>\$ 127,408</u>        | <u>\$ 430,464</u> | <u>\$ 1,056,163</u> |

## 7. Contribution Receivables

Contributions receivable, as reported in business-type funds represent agreements between the City and the contributors, for which the City has met its purpose restrictions requirements.

Contributions receivable at June 30, 2020 are due as follows:

|                    | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Total</u>        |
|--------------------|-----------------------|-----------------------|---------------------|
| Less than one year | \$ 1,833,048          | \$ 133,755            | \$ 1,966,803        |
| One to five years  | <u>191,343</u>        | <u>66,778</u>         | <u>258,121</u>      |
| Total              | <u>\$ 2,024,391</u>   | <u>\$ 200,533</u>     | <u>\$ 2,224,924</u> |

## 8. Intergovernmental Receivables

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

## 9. Interfund Fund Receivables/Payables and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable

accounts must be utilized. The following is an analysis of the June 30, 2020 balances in interfund receivable and payable accounts:

| <u>Fund</u>                               | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|-------------------------------------------|---------------------------------|-------------------------------|
| Governmental Funds:                       |                                 |                               |
| General Fund                              | \$ 788,738                      | \$ -                          |
| Nonmajor Funds:                           |                                 |                               |
| Special Revenue Funds:                    |                                 |                               |
| School lunch                              | -                               | 27,265                        |
| School categorical revenues               | -                               | 649,641                       |
| Miscellaneous grants and<br>contributions | -                               | 3,333                         |
| Police grants                             | -                               | 99,698                        |
| Debt Service Fund                         | -                               | 8,801                         |
| Total                                     | <u>\$ 788,738</u>               | <u>\$ 788,738</u>             |

The balance due to general fund from police grants resulted from a short-term loan made to establish working capital. The balance due to general fund from the remaining special revenue funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2020 is as follows:

| <u>Fund</u>            | <u>Advances to<br/>Other Funds</u> | <u>Advances from<br/>Other Funds</u> |
|------------------------|------------------------------------|--------------------------------------|
| Governmental Funds:    |                                    |                                      |
| General Fund           | \$ 443,160                         | \$ -                                 |
| Nonmajor Funds:        |                                    |                                      |
| Special Revenue Funds: |                                    |                                      |
| City trust             | -                                  | 443,160                              |
| Total                  | <u>\$ 443,160</u>                  | <u>\$ 443,160</u>                    |

The advance from the General fund, to City trusts, represents a loan agreement signed in fiscal year 2015 for the replacement of the Prescott Park south dock system. The loan will be repaid by the marine maintenance trust.

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the

governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2020:

| <u>Governmental Funds:</u>             | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------------------|---------------------|----------------------|
| General Fund                           | \$ 759              | \$ 4,224,607         |
| Nonmajor Funds:                        |                     |                      |
| Special Revenue Funds:                 |                     |                      |
| School lunch                           | 186,540             | -                    |
| School categorical revenues            | 1,544,377           | -                    |
| Miscellaneous grants and contributions | 103,635             | 759                  |
| Prescott Park                          | 288,200             | -                    |
| Parking and transportation             | -                   | 48,000               |
| Conservation                           | 452                 | -                    |
| Stormwater                             | 495,612             | -                    |
| Swimming pool                          | 150,000             | -                    |
| Library                                | 9,966               | -                    |
| City trust                             | -                   | 41,416               |
| Capital Project Funds:                 |                     |                      |
| Transportation state                   | 284,815             | -                    |
| Vehicle/equipment replacement          | 1,248,980           | -                    |
| Technology equipment                   | 577,452             | -                    |
| Permanent Funds                        |                     |                      |
| City trust                             | -                   | 178,200              |
| Subtotal Nonmajor Funds                | <u>4,890,029</u>    | <u>268,375</u>       |
| <u>Business-Type Funds:</u>            |                     |                      |
| Sewer Fund                             | <u>-</u>            | <u>397,806</u>       |
| Total Enterprise Funds                 | <u>-</u>            | <u>397,806</u>       |
| Grand Total                            | <u>\$ 4,890,788</u> | <u>\$ 4,890,788</u>  |

The majority of the transfers out of the General fund represent the City's practice of funding capital with current year revenues, including the \$1,248,980 transfer into vehicle/equipment replacement fund and the \$577,452 transfer into the technology equipment fund. The transfer of \$1,544,377 to the school categorical revenues fund represents school department appropriations transferred for special education expenses. The transfer of \$495,612 to the stormwater fund was funded half by the general fund and half by the sewer fund. Prior to 2019, stormwater functions were shown as part of the general fund portion of public works. However, because of the combined nature of the City's sewer system, stormwater functions were also completed by the City's sewer division.

Other transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

## 10. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

|                                              | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|----------------------------------------------|------------------------------|-------------------|--------------------|---------------------------|
| <b>Governmental Activities</b>               |                              |                   |                    |                           |
| Capital assets, being depreciated:           |                              |                   |                    |                           |
| Buildings                                    | \$ 186,791                   | \$ 381            | \$ -               | \$ 187,172                |
| Improvements                                 | 4,134                        | -                 | (1,695)            | 2,439                     |
| Infrastructure                               | 96,045                       | 1,829             | (4,059)            | 93,815                    |
| Machinery and equipment                      | <u>25,982</u>                | <u>3,252</u>      | <u>(711)</u>       | <u>28,523</u>             |
| Total capital assets, being depreciated      | 312,952                      | 5,462             | (6,465)            | 311,949                   |
| Less accumulated depreciation for:           |                              |                   |                    |                           |
| Buildings                                    | (49,390)                     | (3,908)           | -                  | (53,298)                  |
| Improvements                                 | (3,887)                      | (68)              | 1,695              | (2,260)                   |
| Infrastructure                               | (30,440)                     | (3,463)           | 4,059              | (29,844)                  |
| Machinery and equipment                      | <u>(16,656)</u>              | <u>(1,714)</u>    | <u>711</u>         | <u>(17,659)</u>           |
| Total accumulated depreciation               | <u>(100,373)</u>             | <u>(9,153)</u>    | <u>6,465</u>       | <u>(103,061)</u>          |
| Total capital assets, being depreciated, net | 212,579                      | (3,691)           | -                  | 208,888                   |
| Capital assets, not being depreciated:       |                              |                   |                    |                           |
| Land                                         | 23,402                       | -                 | -                  | 23,402                    |
| Construction in progress                     | <u>5,062</u>                 | <u>12,672</u>     | <u>(372)</u>       | <u>17,362</u>             |
| Total capital assets, not being depreciated  | <u>28,464</u>                | <u>12,672</u>     | <u>(372)</u>       | <u>40,764</u>             |
| Governmental activities capital assets, net  | <u>\$ 241,043</u>            | <u>\$ 8,981</u>   | <u>\$ (372)</u>    | <u>\$ 249,652</u>         |
|                                              | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
| <b>Business-Type Activities</b>              |                              |                   |                    |                           |
| Capital assets, being depreciated:           |                              |                   |                    |                           |
| Buildings                                    | \$ 37,044                    | \$ 35,353         | \$ (3,713)         | \$ 68,684                 |
| Improvements                                 | 4                            | -                 | -                  | 4                         |
| Infrastructure                               | 103,338                      | 14,969            | -                  | 118,307                   |
| Machinery and equipment                      | <u>30,308</u>                | <u>27,320</u>     | <u>(3,495)</u>     | <u>54,133</u>             |
| Total capital assets, being depreciated      | 170,694                      | 77,642            | (7,208)            | 241,128                   |
| Less accumulated depreciation for:           |                              |                   |                    |                           |
| Buildings                                    | (17,712)                     | (898)             | 2,289              | (16,321)                  |
| Infrastructure                               | (21,476)                     | (2,070)           | -                  | (23,546)                  |
| Machinery and equipment                      | <u>(18,014)</u>              | <u>(1,639)</u>    | <u>3,217</u>       | <u>(16,436)</u>           |
| Total accumulated depreciation               | <u>(57,202)</u>              | <u>(4,607)</u>    | <u>5,506</u>       | <u>(56,303)</u>           |
| Total capital assets, being depreciated, net | 113,492                      | 73,035            | (1,702)            | 184,825                   |
| Capital assets, not being depreciated:       |                              |                   |                    |                           |
| Land                                         | 3,292                        | -                 | -                  | 3,292                     |
| Construction in progress                     | <u>96,687</u>                | <u>29,027</u>     | <u>(74,011)</u>    | <u>51,703</u>             |
| Total capital assets, not being depreciated  | <u>99,979</u>                | <u>29,027</u>     | <u>(74,011)</u>    | <u>54,995</u>             |
| Business-type activities capital assets, net | <u>\$ 213,471</u>            | <u>\$ 102,062</u> | <u>\$ (75,713)</u> | <u>\$ 239,820</u>         |

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

|                                |                     |
|--------------------------------|---------------------|
| Governmental Activities        |                     |
| General government             | \$ 305,513          |
| Public safety                  | 760,291             |
| Education                      | 2,739,625           |
| Public works                   | 4,649,499           |
| Culture and recreation         | 456,142             |
| Community development          | <u>241,720</u>      |
| Total governmental activities  | <u>\$ 9,152,790</u> |
| Business-Type Activities       |                     |
| Water                          | \$ 2,056,796        |
| Sewer                          | <u>2,550,063</u>    |
| Total business-type activities | <u>\$ 4,606,859</u> |

#### **11. Deferred Outflows of Resources**

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

#### **12. Accounts Payable**

Accounts payable represent additional 2020 expenditures paid after June 30, 2020.

#### **13. Accrued Liabilities**

Accrued liabilities represent accrued payroll and a reserve for insurance claims in governmental funds, and accrued payroll and accrued interest in proprietary funds.

#### **14. Tax Refunds Payable**

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

## 15. Other Liabilities

This balance consists primarily of municipal escrow accounts, and various other miscellaneous liabilities.

## 16. Notes Payable

The City had notes payable during the year ended June 30, 2020 in the sewer enterprise fund. The notes payable are state revolving loans and are used to fund various capital projects within the sewer enterprise fund. The notes will be permanently funded upon completion of the projects.

The following are changes in notes payable for the year ended June 30, 2020:

| <u>State Revolving Loan</u>        | <u>Interest Rate</u> | <u>Beginning Balance</u> | <u>Additions</u>     | <u>Reductions</u> | <u>Ending Balance</u> |
|------------------------------------|----------------------|--------------------------|----------------------|-------------------|-----------------------|
| Pierce Island WWTF Upgrade Project | 2.23%                | \$ 62,974,950            | \$ 11,694,676        | \$ -              | \$ 74,669,626         |
| Sagamore Avenue Sewer Extension    | 2.00%                | -                        | 151,614              | -                 | 151,614               |
| Total notes payable                |                      | <u>\$ 62,974,950</u>     | <u>\$ 11,846,290</u> | <u>\$ -</u>       | <u>\$ 74,821,240</u>  |

## 17. Long-Term Debt

### A. Long-Term Debt Supporting Activities

General obligation bonds and state revolving loans, issued by the City for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the general fund and water and sewer charges recorded in the enterprise funds. The commerce way bond issued in fiscal year 2016 is being repaid by the Debt Service Fund, from special assessment revenues. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City. The City's borrowing capacity is restrained by State law.

Compensated absences, net pension liability, and the total OPEB liability are repaid from the funds that the costs relate to, mostly general, water, and sewer funds.

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

General obligation bonds and state revolving loans have been issued for both governmental and business-type activities. The City has outstanding general obligation bonds from public offerings totaling \$99,623,500, related to governmental activities. The City has general obligation bonds from public offerings and notes from direct borrowings related to business-type activities totaling \$59,961,500 and \$17,831,417, respectively related to

business-type activities. General obligation bonds and state revolving loans currently outstanding are as follows:

|                                                    | Original<br>Issue | Serial<br>Maturities<br>Through | Interest<br>Rate % | Amount<br>Outstanding<br>as of<br>6/30/20 |
|----------------------------------------------------|-------------------|---------------------------------|--------------------|-------------------------------------------|
| <b>Governmental Activities</b>                     |                   |                                 |                    |                                           |
| Middle School Construction                         | \$ 15,000,000     | 05/15/30                        | 3.27               | \$ 7,500,000                              |
| Middle School Construction                         | 22,500,000        | 12/01/31                        | 2.68               | 13,500,000                                |
| Capital Improvements 2011                          | 6,400,000         | 12/01/21                        | 2.68               | 1,280,000                                 |
| Refunding High School                              | 17,325,000        | 09/15/22                        | 1.40               | 4,995,000                                 |
| Streets Sidewalks, Bridge 2013                     | 2,267,000         | 06/15/23                        | 2.38               | 675,000                                   |
| School Improvements 2013                           | 500,000           | 06/15/23                        | 2.38               | 150,000                                   |
| Facilities, Streets and Sidewalks 2014             | 5,750,000         | 06/01/24                        | 1.78               | 2,300,000                                 |
| Middle School Construction                         | 3,300,000         | 06/01/34                        | 2.87               | 2,310,000                                 |
| Capital Improvements 2015                          | 3,475,000         | 06/30/25                        | 2.10               | 1,725,000                                 |
| School Facility Improvements 2015                  | 750,000           | 06/30/25                        | 2.10               | 375,000                                   |
| Refunding Library 2015                             | 3,335,000         | 08/01/25                        | 2.09               | 1,950,000                                 |
| Streets, Sidewalks, Bridge 2016                    | 6,100,000         | 06/15/26                        | 1.87               | 3,660,000                                 |
| Fire Apparatus 2016                                | 523,290           | 06/15/21                        | 1.87               | 100,000                                   |
| School Facilities 2016                             | 500,000           | 05/15/26                        | 1.87               | 300,000                                   |
| Little Harbour School Facility<br>Improvement 2016 | 5,000,000         | 05/15/26                        | 1.87               | 4,000,000                                 |
| Commerce Way 2016                                  | 1,524,710         | 05/15/26                        | 1.87               | 980,000                                   |
| Refunding Fire Station 2 Construction<br>and Land  | 2,332,000         | 05/15/26                        | 1.87               | 1,840,000                                 |
| Refunding Fire Station 2 Improvements              | 708,500           | 01/15/29                        | 1.57               | 633,500                                   |
| Elementary School Facilities 2017                  | 5,000,000         | 06/15/37                        | 2.56               | 4,250,000                                 |
| Street, Sidewalks, Facilities 2017                 | 6,850,000         | 06/15/27                        | 1.63               | 4,795,000                                 |
| Fire Apparatus 2017                                | 400,000           | 06/15/22                        | 1.26               | 160,000                                   |
| Fire Station 3 Improvements 2017                   | 610,000           | 06/15/27                        | 1.63               | 420,000                                   |
| FY18 Elementary School Facilities                  | 5,000,000         | 06/15/38                        | 2.93               | 4,500,000                                 |
| High School Athletic Field Lighting                | 550,000           | 06/15/28                        | 2.23               | 440,000                                   |
| Street Sidewalk and Facility                       | 6,200,000         | 06/15/28                        | 2.24               | 4,960,000                                 |
| Foundry Place Parking Facility                     | 23,149,000        | 06/15/39                        | 2.42               | 22,295,000                                |
| FY18 Elementary School Facilities                  | 4,508,500         | 06/15/39                        | 2.45               | 4,275,000                                 |
| FY18 Fire Boat                                     | 164,000           | 06/15/24                        | 1.39               | 125,000                                   |
| FY17 Street, Sidewalks, and Facilities             | 2,802,000         | 06/15/29                        | 1.53               | 2,515,000                                 |
| FY18 Fire Apparatus                                | 544,000           | 06/15/24                        | 1.39               | 430,000                                   |
| FY18 School Facility Improvements                  | 426,000           | 06/15/29                        | 1.52               | 380,000                                   |
| FY18 Street, Sidewalks, and Facilities             | 2,018,000         | 06/15/29                        | 1.53               | 1,805,000                                 |
| Total Governmental Activities                      |                   |                                 |                    | \$ <u>99,623,500</u>                      |

| <b>Business-Type Activities</b>                    | <b>Original<br/>Issue</b> | <b>Serial<br/>Maturities<br/>Through</b> | <b>Interest<br/>Rate %</b> | <b>Amount<br/>Outstanding<br/>as of<br/>6/30/20</b> |
|----------------------------------------------------|---------------------------|------------------------------------------|----------------------------|-----------------------------------------------------|
| <u>Water:</u>                                      |                           |                                          |                            |                                                     |
| Upgrade to Motor Control                           | \$ 300,000                | 01/01/22                                 | 3.98                       | \$ 30,000                                           |
| Corrosion Control Program                          | 288,000                   | 01/01/22                                 | 3.80                       | 28,800                                              |
| Constitution Avenue                                | 4,800,000                 | 01/01/22                                 | 3.70                       | 720,000                                             |
| Spinney Tank                                       | 1,162,560                 | 12/01/22                                 | 3.73                       | 174,384                                             |
| Madbury WTP Design                                 | 2,000,000                 | 06/01/28                                 | 2.49                       | 800,000                                             |
| Madbury WTP                                        | 5,000,000                 | 06/01/32                                 | 2.72                       | 3,000,000                                           |
| Hobb's Hill Water Tank                             | 3,500,000                 | 06/01/34                                 | 2.87                       | 2,450,000                                           |
| Greenland Well & Water Line                        | 4,800,000                 | 06/15/35                                 | 2.99                       | 3,600,000                                           |
| Water System Pressure and Storage                  | 4,100,000                 | 06/15/36                                 | 1.87                       | 3,280,000                                           |
| Refunding Madbury Plant                            | 7,921,500                 | 01/15/29                                 | 1.57                       | 7,126,500                                           |
| Water Line Replacement and Storage                 | 2,250,000                 | 06/15/37                                 | 2.55                       | 1,905,000                                           |
| Water Line Replacement                             | 600,000                   | 06/15/38                                 | 2.93                       | 480,000                                             |
| Water Line Replacement                             | 2,500,000                 | 06/15/38                                 | 2.93                       | 2,250,000                                           |
| Water Line Replacement FY18                        | 426,000                   | 06/15/29                                 | 1.52                       | 380,000                                             |
| Pressure and Storage FY18                          | 1,981,400                 | 06/15/39                                 | 2.44                       | 1,880,000                                           |
| <u>Sewer:</u>                                      |                           |                                          |                            |                                                     |
| Sewer Projects Phase I                             | 4,931,361                 | 08/01/21                                 | 1.36                       | 493,136                                             |
| Sewer Projects Phase II                            | 8,898,110                 | 12/01/24                                 | 1.87                       | 2,224,527                                           |
| Lower Court Utilities Upgrade                      | 688,563                   | 07/01/27                                 | 2.38                       | 275,425                                             |
| Phase III Sewer                                    | 5,508,137                 | 12/01/27                                 | 2.38                       | 2,203,255                                           |
| Sewer-Rye Line Pump Station                        | 1,069,714                 | 11/01/29                                 | 2.58                       | 534,857                                             |
| Sewer-201 Facility Study                           | 1,000,000                 | 01/01/30                                 | 2.58                       | 500,000                                             |
| Bartlett Street                                    | 5,290,233                 | 01/01/31                                 | 2.62                       | 2,909,628                                           |
| Sewer PIWWTP                                       | 3,000,000                 | 01/01/31                                 | 2.68                       | 1,800,000                                           |
| Sewer WWTP - Plant                                 | 8,000,000                 | 09/15/31                                 | 2.31                       | 4,800,000                                           |
| State St Utilities Upgrade                         | 1,500,433                 | 09/01/21                                 | 1.36                       | 300,087                                             |
| Lincoln 3C                                         | 3,929,000                 | 06/15/33                                 | 2.38                       | 2,535,000                                           |
| Lincoln Separation                                 | 5,595,874                 | 06/01/33                                 | 3.35                       | 3,637,318                                           |
| Pierce Island WWTP                                 | 10,000,000                | 06/01/34                                 | 2.87                       | 7,000,000                                           |
| Pease WWTP 2014                                    | 3,500,000                 | 06/01/34                                 | 2.87                       | 2,450,000                                           |
| Pease WWTP 2015                                    | 1,000,000                 | 06/15/35                                 | 2.99                       | 750,000                                             |
| Lafayette Pumping Station                          | 4,000,000                 | 06/15/36                                 | 1.87                       | 3,000,000                                           |
| Sewer Line and Pump Station                        | 900,000                   | 06/15/27                                 | 1.63                       | 630,000                                             |
| Pumping Station                                    | 2,500,000                 | 06/15/37                                 | 2.56                       | 2,125,000                                           |
| Sewer Line and Pump Station                        | 1,800,000                 | 06/15/28                                 | 2.24                       | 1,440,000                                           |
| Sewer Line Replacement                             | 3,000,000                 | 06/15/37                                 | 2.24                       | 2,700,000                                           |
| FY18 Pease Wastewater Treatment                    | 6,490,000                 | 06/15/39                                 | 2.45                       | 6,165,000                                           |
| FY18 Consent Decree Mitigation, Annual Sewer Lines | 1,361,100                 | 06/15/29                                 | 1.53                       | 1,215,000                                           |
| Total Business-Type Activities                     |                           |                                          |                            | <u>\$ 77,792,917</u>                                |

### C. Future Debt Service

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

|                      |    | Governmental Activities                     |                      |
|----------------------|----|---------------------------------------------|----------------------|
|                      |    | General Obligation Bonds (Public Offerings) |                      |
| Year Ending June 30, |    | Principal                                   | Interest             |
| 2021                 | \$ | 11,245,000                                  | \$ 3,875,953         |
| 2022                 |    | 11,155,000                                  | 3,399,553            |
| 2023                 |    | 10,450,000                                  | 2,939,953            |
| 2024                 |    | 8,565,000                                   | 2,542,503            |
| 2025                 |    | 7,915,000                                   | 2,180,703            |
| 2026 - 2030          |    | 28,993,500                                  | 6,488,170            |
| 2031 - 2035          |    | 15,455,000                                  | 2,220,169            |
| 2036 - 2040          |    | 5,845,000                                   | 331,963              |
| Total                | \$ | <u>99,623,500</u>                           | <u>\$ 23,978,967</u> |

|                      |    | Business-Type Activities                    |                      |                                          |                     |                      |                      |
|----------------------|----|---------------------------------------------|----------------------|------------------------------------------|---------------------|----------------------|----------------------|
|                      |    | General Obligation Bonds (Public Offerings) |                      | State Revolving Loans (Direct Borrowing) |                     | Total                |                      |
| Year Ending June 30, |    | Principal                                   | Interest             | Principal                                | Interest            | Total Principal      | Total Interest       |
| 2021                 | \$ | 4,590,000                                   | \$ 2,271,695         | \$ 2,476,671                             | \$ 481,178          | \$ 7,066,671         | \$ 2,752,873         |
| 2022                 |    | 4,590,000                                   | 2,090,495            | 2,476,671                                | 418,624             | 7,066,671            | 2,509,119            |
| 2023                 |    | 4,590,000                                   | 1,889,095            | 2,050,659                                | 356,071             | 6,640,659            | 2,245,166            |
| 2024                 |    | 4,590,000                                   | 1,693,195            | 1,752,531                                | 300,054             | 6,342,531            | 1,993,249            |
| 2025                 |    | 4,585,000                                   | 1,500,795            | 1,752,531                                | 255,095             | 6,337,531            | 1,755,890            |
| 2026 - 2030          |    | 20,711,500                                  | 4,798,203            | 5,718,460                                | 695,142             | 26,429,960           | 5,493,345            |
| 2031 - 2035          |    | 12,985,000                                  | 1,676,490            | 1,603,894                                | 83,597              | 14,588,894           | 1,760,087            |
| 2036 - 2039          |    | 3,320,000                                   | 215,981              | -                                        | -                   | 3,320,000            | 215,981              |
| Total                | \$ | <u>59,961,500</u>                           | <u>\$ 16,135,949</u> | <u>\$ 17,831,417</u>                     | <u>\$ 2,589,761</u> | <u>\$ 77,792,917</u> | <u>\$ 18,725,710</u> |

#### D. Bond Authorizations/Unissued

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

| <u>Purpose</u>                                      | <u>Amount</u>                |
|-----------------------------------------------------|------------------------------|
| <b><u>Governmental activities</u></b>               |                              |
| Coakley landfill                                    | \$ 4,641,897                 |
| 2019 Streets and sidewalks                          | 6,525,000                    |
| 2018 Streets and sidewalks                          | 1,450,000                    |
| Multi-purpose recreational field                    | 3,400,000                    |
| Senior Center                                       | 2,500,000                    |
| 2019 School facilities                              | 2,000,000                    |
| 2020 Streets and sidewalks                          | 10,550,000                   |
| Fire apparatus                                      | <u>1,400,000</u>             |
| Subtotal governmental                               | 32,466,897                   |
| <b><u>Business-type activities</u></b>              |                              |
| Pierce Island wastewater treatment facility upgrade | 81,900,000                   |
| Sagamore Avenue sewer extension                     | 4,400,000                    |
| Annual sewer line                                   | 2,745,000                    |
| Water projects                                      | <u>4,623,000</u>             |
| Subtotal business-type                              | <u>93,668,000</u>            |
| Total Bond Authorizations/unissued                  | <u><u>\$ 126,134,897</u></u> |

#### E. Changes in General Long-Term Liabilities

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

|                                             | <u>Beginning Balance</u> | <u>Additions</u>       | <u>Reductions</u>         | <u>Ending Balance</u>    | <u>Less Current Portion</u> | <u>Equals Long-Term Portion</u> |
|---------------------------------------------|--------------------------|------------------------|---------------------------|--------------------------|-----------------------------|---------------------------------|
| <b>Governmental Activities</b>              |                          |                        |                           |                          |                             |                                 |
| General obligation bonds (public offerings) | \$ 111,095               | \$ -                   | \$ (11,472)               | \$ 99,623                | \$ (11,245)                 | \$ 88,378                       |
| State revolving loans (direct borrowing)    | 32                       | -                      | (32)                      | -                        | -                           | -                               |
| Unamortized premium                         | <u>11,555</u>            | <u>-</u>               | <u>(1,229)</u>            | <u>10,326</u>            | <u>(1,229)</u>              | <u>9,097</u>                    |
| Subtotal bonds and loans payable            | 122,682                  | -                      | (12,733)                  | 109,949                  | (12,474)                    | 97,475                          |
| Net pension liability                       | 88,686                   | 688                    | -                         | 89,374                   | -                           | 89,374                          |
| Total OPEB liability                        | 24,213                   | -                      | (3,088)                   | 21,125                   | -                           | 21,125                          |
| Landfill closure                            | 1,440                    | -                      | -                         | 1,440                    | -                           | 1,440                           |
| Accrued employee benefits                   | <u>5,840</u>             | <u>975</u>             | <u>(1,096)</u>            | <u>5,719</u>             | <u>(686)</u>                | <u>5,033</u>                    |
| Totals                                      | <u><u>\$ 242,861</u></u> | <u><u>\$ 1,663</u></u> | <u><u>\$ (16,917)</u></u> | <u><u>\$ 227,607</u></u> | <u><u>\$ (13,160)</u></u>   | <u><u>\$ 214,447</u></u>        |

|                                             | Beginning<br>Balance | Additions     | Reductions        | Ending<br>Balance | Less<br>Current<br>Portion | Equals<br>Long-Term<br>Portion |
|---------------------------------------------|----------------------|---------------|-------------------|-------------------|----------------------------|--------------------------------|
| <b>Business-Type Activities</b>             |                      |               |                   |                   |                            |                                |
| General obligation bonds (public offerings) | \$ 64,560            | \$ -          | \$ (4,598)        | \$ 59,962         | \$ (4,590)                 | \$ 55,372                      |
| State revolving loans (direct borrowing)    | 20,630               | -             | (2,799)           | 17,831            | (2,477)                    | 15,354                         |
| Unamortized premium                         | <u>6,090</u>         | <u>-</u>      | <u>(454)</u>      | <u>5,636</u>      | <u>(455)</u>               | <u>5,181</u>                   |
| Subtotal bonds and loans payable            | 91,280               | -             | (7,851)           | 83,429            | (7,522)                    | 75,907                         |
| Net pension liability                       | 3,983                | 42            | -                 | 4,025             | -                          | 4,025                          |
| Total OPEB liability                        | 626                  | -             | (95)              | 531               | -                          | 531                            |
| Accrued employee benefits                   | <u>557</u>           | <u>135</u>    | <u>(14)</u>       | <u>678</u>        | <u>(54)</u>                | <u>624</u>                     |
| Totals                                      | <u>\$ 96,446</u>     | <u>\$ 177</u> | <u>\$ (7,960)</u> | <u>\$ 88,663</u>  | <u>\$ (7,576)</u>          | <u>\$ 81,087</u>               |

#### *F. Long-Term Debt Supporting Governmental and Business-Type Activities*

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

### **18. Landfill Closure and Postclosure Care Costs**

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

The \$1,439,396 reported as landfill postclosure care liability at June 30, 2020 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

### **19. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The City reports three items as deferred inflows of resources: one which is attributable to the changes in the net pension liability and total OPEB liability, and the other two which arise from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes

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

## 20. Governmental Funds - Balances

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

The following types of fund balances are reported at June 30, 2020:

Nonspendable - This fund balance classification includes an offset for inventory, advances to other funds, and reserves for the principal portion of permanent trust funds.

Restricted - This fund balance classification includes various special revenue funds, capital project balances funded by bond issuances and grants, and the income portion of permanent trust funds.

Committed - This fund balance classification includes General Fund capital reserve funds set aside by City Council vote for future debt payments, health insurance costs, future tax abatements, capital acquisitions and improvements, subsequent year's use of fund balance, and amounts used from operations for capital per City Council resolutions.

Assigned - This fund balance classification includes General Fund surplus balances that management assigns for specific purposes with City Council approval.

Unassigned - This fund balance classification includes General Fund available balance and other funds' temporary fund balance deficits.

The following types of fund balances are reported at June 30, 2020:

|                                              | General<br><u>Fund</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|----------------------------------------------|------------------------|------------------------------------------|---------------------------------------|
| Nonspendable                                 |                        |                                          |                                       |
| Advance to other funds                       | \$ 443,160             | \$ -                                     | \$ 443,160                            |
| Inventory                                    | -                      | 44,900                                   | 44,900                                |
| Nonexpendable permanent funds:               |                        |                                          |                                       |
| City Trust                                   | -                      | 1,629,062                                | 1,629,062                             |
| Library Trust                                | -                      | 4,000                                    | 4,000                                 |
| Total Nonspendable                           | 443,160                | 1,677,962                                | 2,121,122                             |
| Restricted                                   |                        |                                          |                                       |
| Bonded projects and capital contributions    | -                      | 9,133,460                                | 9,133,460                             |
| Community development                        | -                      | 853,857                                  | 853,857                               |
| Education                                    | -                      | 409,415                                  | 409,415                               |
| Police and fire                              | -                      | 792,425                                  | 792,425                               |
| Public works improvements                    | -                      | 873,647                                  | 873,647                               |
| Telecommunications tower license             | -                      | 855,018                                  | 855,018                               |
| US route 1 and constitution ave expansion    | -                      | 500,000                                  | 500,000                               |
| Woodbury ave turning lane and signals        | -                      | 226,943                                  | 226,943                               |
| Ocean road improvements                      | -                      | 500,000                                  | 500,000                               |
| Finance                                      | -                      | 372,631                                  | 372,631                               |
| Recreation                                   | -                      | 341,534                                  | 341,534                               |
| Other miscellaneous grants and contributions | -                      | 262,961                                  | 262,961                               |
| Trusts for education and recreation          | -                      | 1,259,614                                | 1,259,614                             |
| Expendable permanent funds:                  |                        |                                          |                                       |
| City Trust                                   | -                      | 6,576,192                                | 6,576,192                             |
| Library Trust                                | -                      | 582                                      | 582                                   |
| Total Restricted                             | -                      | 22,958,279                               | 22,958,279                            |
| Committed                                    |                        |                                          |                                       |
| Debt service                                 | 10,932,387             | -                                        | 10,932,387                            |
| Health insurance                             | 6,753,064              | -                                        | 6,753,064                             |
| Tax appraisal                                | 2,082,522              | -                                        | 2,082,522                             |
| Compensated absences                         | 951,245                | -                                        | 951,245                               |
| Future Statewide Property Tax Coalition Fund | 578,180                | -                                        | 578,180                               |
| Coakley landfill                             | 619,645                | -                                        | 619,645                               |
| Parking and transportation                   | -                      | 4,733,669                                | 4,733,669                             |
| Portwalk Place services and repairs          | -                      | 159,015                                  | 159,015                               |
| Conservation                                 | -                      | 849,185                                  | 849,185                               |
| Stormwater                                   | -                      | 144,923                                  | 144,923                               |
| Recreation                                   | -                      | 9,198                                    | 9,198                                 |
| Swimming pool                                | -                      | 102,591                                  | 102,591                               |
| Other capital project funds                  | -                      | 1,765,220                                | 1,765,220                             |
| Total Committed                              | 21,917,043             | 7,763,801                                | 29,680,844                            |
| Assigned                                     |                        |                                          |                                       |
| Encumbered for:                              |                        |                                          |                                       |
| Finance                                      | 28,886                 | -                                        | 28,886                                |
| Human resources                              | 12,251                 | -                                        | 12,251                                |
| Planning                                     | 19,192                 | -                                        | 19,192                                |
| Legal                                        | 80,955                 | -                                        | 80,955                                |
| Police                                       | 136,816                | -                                        | 136,816                               |
| Fire                                         | 154,453                | -                                        | 154,453                               |
| Education                                    | 170,149                | -                                        | 170,149                               |
| Public works                                 | 570,016                | -                                        | 570,016                               |
| Capital                                      | 5,165,676              | -                                        | 5,165,676                             |
| Assessing                                    | 99,162                 | -                                        | 99,162                                |
| Library                                      | 56,135                 | -                                        | 56,135                                |
| Contingency                                  | 671,080                | -                                        | 671,080                               |
| General administration                       | 156,286                | -                                        | 156,286                               |
| Municipal complex                            | 1,318,318              | -                                        | 1,318,318                             |
| IT upgrades and replacements                 | 255,306                | -                                        | 255,306                               |
| Professional services                        | 388,383                | -                                        | 388,383                               |
| Total Assigned                               | 9,283,064              | -                                        | 9,283,064                             |
| Unassigned                                   | 16,152,597             | (3,515,734)                              | 12,636,863                            |
| Total Fund Balance                           | \$ 47,795,864          | \$ 28,884,308                            | \$ 76,680,172                         |

## 21. Retirement System

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

### A. Plan Description

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

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

### B. Benefits Provided

Group 1 benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

| Years of creditable service as of<br><u>January 1, 2012</u> | Minimum<br><u>Age</u> | Minimum<br><u>Service</u> | Benefit<br><u>Multiplier</u> |
|-------------------------------------------------------------|-----------------------|---------------------------|------------------------------|
| At least 3 but less than 10 years                           | 46                    | 21                        | 2.4%                         |
| At least 6 but less than 8 years                            | 47                    | 22                        | 2.3%                         |
| At least 4 but less than 6 years                            | 48                    | 23                        | 2.2%                         |
| Less than 4 years                                           | 49                    | 24                        | 2.1%                         |

### *C. Contributions*

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.88% to 26.43% of covered compensation. The City's contributions to NHRS for the year ended June 30, 2020 was \$8,665,646 (exclusive of a \$853,498 medical subsidy contribution), which was equal to its annual required contribution.

### *D. Summary of Significant Accounting Policies*

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

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

At June 30, 2020, the City reported a liability of \$93,399,589 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At the most recent measurement date of June 30, 2019, City's proportion was 1.94%, which was an increase of 0.02% from its previous year proportion.

For the year ended June 30, 2020, the City recognized pension expense of \$12,621,158. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

|                                                                                                 | Deferred<br>Outflows of<br>Resources | Deferred<br>(Inflows) of<br>Resources |
|-------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|
| Contributions subsequent to measurement date                                                    | \$ 8,650,115                         | \$ -                                  |
| Changes in proportion and differences between employer contributions and share of contributions | 3,288,383                            | (1,053,944)                           |
| Difference between expected and actual experience                                               | 516,419                              | (2,008,357)                           |
| Net difference between projected and actual investment earnings                                 | -                                    | (762,940)                             |
| Changes of assumptions                                                                          | <u>3,351,140</u>                     | <u>-</u>                              |
| Total                                                                                           | <u>\$ 15,806,057</u>                 | <u>\$ (3,825,241)</u>                 |

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|       |                     |
|-------|---------------------|
| 2021  | \$ 3,712,343        |
| 2022  | (1,007,601)         |
| 2023  | 289,001             |
| 2024  | <u>336,958</u>      |
| Total | <u>\$ 3,330,701</u> |

#### *F. Actuarial Assumptions*

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

|                           |                                                       |
|---------------------------|-------------------------------------------------------|
| Price inflation           | 2.50%                                                 |
| Wage Inflation            | 3.25% (3.00% for teachers)                            |
| Salary increases          | 5.60%, including inflation                            |
| Investment rate of return | 7.25%, net of investment expense, including inflation |

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

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

#### *G. Target Allocation*

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

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

#### *H. Discount Rate*

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

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

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

| 1% Decrease    | Current<br>Discount Rate | 1% Increase    |
|----------------|--------------------------|----------------|
| <u>(6.25%)</u> | <u>(7.25%)</u>           | <u>(8.25%)</u> |
| \$ 125,065,898 | \$ 93,399,589            | \$ 67,227,633  |

#### *J. Pension Plan Fiduciary Net Position*

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

## **22. Other Post-Employment Benefits (GASB 75)**

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

#### A. City OPEB Plan

All the following OPEB disclosures for the City OPEB Plan are based on a measurement date of June 30, 2020.

##### General Information about the OPEB Plan

###### Plan Description

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

The benefits, benefit levels, employee contributions, and employer contributions are based on requirements of the New Hampshire Retirement System (NHRS) and governed by RSA 100-A:50. The OPEB Plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

###### Benefits Provided

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

###### Plan Membership

At June 30, 2020 (the last full valuation date), the following employees were covered by the benefit terms:

|                                      |                     |
|--------------------------------------|---------------------|
| Inactive employees or beneficiaries  |                     |
| currently receiving benefit payments | 46                  |
| Active employees                     | <u>1,066</u>        |
| Total                                | <u><u>1,112</u></u> |

### Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |                                                                                                                                                                                                                 |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                   | 2.00% per year                                                                                                                                                                                                  |
| Salary increases            | 2.75% for wage inflation plus merit/productivity growth, which are based on the Employees, Police, Fire, and Teachers rates used in the New Hampshire Retirement System actuarial valuation as of June 30, 2019 |
| Discount rate               | 2.66%                                                                                                                                                                                                           |
| Healthcare cost trend rates | 8% for fiscal year ending June 30, 2021, decreasing 0.50% for 7 years, to an ultimate 4.5% in 2028                                                                                                              |

The discount rate was based on Bond Buyer Go 20 – Bond Municipal Bond Index at June 30, 2020.

Mortality rates were based on the following:

- Police and fire participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019
- All other participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
- Surviving spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

The actuarial assumptions used in the valuation were based on the results of the City's historical experience.

### Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

### Total OPEB Liability

The City's total OPEB liability of \$13,358,704 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

### Changes in the Total OPEB Liability

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

|                                                       | Total OPEB<br><u>Liability</u> |
|-------------------------------------------------------|--------------------------------|
| Balances, beginning of year                           | \$ 16,213,396                  |
| Changes for the year:                                 |                                |
| Service cost                                          | 1,032,861                      |
| Interest                                              | 593,708                        |
| Differences between expected<br>and actual experience | (1,092,644)                    |
| Changes in assumptions                                | (2,719,864)                    |
| Benefit payments                                      | <u>(668,753)</u>               |
| Net Changes                                           | <u>(2,854,692)</u>             |
| Balances, end of year                                 | \$ <u>13,358,704</u>           |

Changes in assumptions reflect the following:

- A change in the discount rate from 3.51% in 2019 to 2.66% in 2020.
- Updated mortality tables since the most recent valuation.
- The initial healthcare trend rate has been reset to 8%, compared to 9% in the prior valuation.
- The payroll growth rate assumption has been updated to 2.75% in 2020, compared to 3.25% in 2019, based on the most recent NHRS actuarial valuation report, which is as of June 30, 2019.
- The healthcare coverage election rate for active employees with current coverage was decreased to 55% in 2020, compared to 60-85% in 2019.

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| <u>1%</u><br><u>Decrease</u> | <u>Current</u><br><u>Discount</u><br><u>Rate</u> | <u>1%</u><br><u>Increase</u> |
|------------------------------|--------------------------------------------------|------------------------------|
| \$ 14,403,706                | \$ 13,358,704                                    | \$ 12,388,346                |

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| <u>1%</u><br><u>Decrease</u> | Current<br>Healthcare<br>Cost Trend<br><u>Rates</u> | <u>1%</u><br><u>Increase</u> |
|------------------------------|-----------------------------------------------------|------------------------------|
| \$ 12,029,637                | \$ 13,358,704                                       | \$ 14,898,117                |

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

For the year ended June 30, 2020, the City recognized an OPEB expense of \$941,847. At June 30, 2020, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

|                                                   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>(Inflows) of<br/>Resources</u> |
|---------------------------------------------------|-----------------------------------------------|------------------------------------------------|
| Difference between expected and actual experience | \$ -                                          | \$ (2,496,715)                                 |
| Change in assumptions                             | <u>390,699</u>                                | <u>(2,379,881)</u>                             |
| Total                                             | <u>\$ 390,699</u>                             | <u>\$ (4,876,596)</u>                          |

The amounts reported as deferred outflows and (inflows) of resources (other than contributions subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year Ended:</u> |                       |
|---------------------------|-----------------------|
| 2021                      | \$ (684,722)          |
| 2022                      | (684,722)             |
| 2023                      | (684,722)             |
| 2024                      | (684,722)             |
| 2025                      | (684,716)             |
| Thereafter                | <u>(1,062,293)</u>    |
| Total                     | <u>\$ (4,485,897)</u> |

## *B. New Hampshire Retirement System Medical Subsidy Plan Description*

### General Information about the OPEB Plan

#### Plan Description

In addition to the OPEB plan discussed in Note 22A, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer, defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

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

#### Benefits Provided

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

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

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

#### Contributions

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

### Actuarial Assumptions and Other Inputs

The City's proportionate share of the NHRS Medical Subsidy as of June 30, 2020 is based upon an actuarial valuation performed as of June 30, 2018 (rolled forward to June 30, 2019) using a measurement date as of June 30, 2019. The actuarial valuation used the following actuarial assumptions:

|                           |                                                       |
|---------------------------|-------------------------------------------------------|
| Price inflation           | 2.50%                                                 |
| Wage inflation            | 3.25% (3.00% for teachers)                            |
| Salary increases          | 5.60%, including inflation                            |
| Investment rate of return | 7.25%, net of investment expense, including inflation |

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

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

### Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The City's proportionate share of the total NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2019 was \$8,296,898, representing 1.89%.

For the year ended June 30, 2020, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$704,064. At June 30, 2020, the City reported deferred outflows and (inflows) resources related to OPEB from the following sources:

|                                                                      | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>(Inflows) of<br><u>Resources</u> |
|----------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|
| Contributions subsequent to the measurement date                     | \$ 857,136                                  | \$ -                                         |
| Changes in proportion                                                | 4,176                                       | -                                            |
| Differences between expected and actual experience                   | -                                           | (14,435)                                     |
| Net difference between projected and actual OPEB investment earnings | -                                           | (9,323)                                      |
| Total                                                                | <u>\$ 861,312</u>                           | <u>\$ (23,758)</u>                           |

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

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

| <u>Fiscal Year Ended:</u> |                    |
|---------------------------|--------------------|
| 2021                      | \$ (16,443)        |
| 2022                      | (6,184)            |
| 2023                      | 642                |
| 2024                      | <u>2,403</u>       |
| Total                     | \$ <u>(19,582)</u> |

*Sensitivity of the Total NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| <u>1%<br/>Decrease</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1%<br/>Increase</u> |
|------------------------|--------------------------------------|------------------------|
| \$ 8,999,247           | \$ 8,296,898                         | \$ 7,686,602           |

*Healthcare Cost Trend Rate*

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

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

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

|                                                     | <u>Total<br/>OPEB<br/>Liability</u> | <u>Total<br/>Deferred<br/>Outflows of<br/>Resources</u> | <u>Total<br/>Deferred<br/>(Inflows) of<br/>Resources</u> | <u>Total<br/>OPEB<br/>Expense</u> |
|-----------------------------------------------------|-------------------------------------|---------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| City OPEB Plan                                      | \$ 13,358,704                       | \$ 390,699                                              | \$ (4,876,596)                                           | \$ 941,847                        |
| Proportionate share of<br>NHRS Medical Subsidy Plan | <u>8,296,898</u>                    | <u>861,312</u>                                          | <u>(23,758)</u>                                          | <u>704,226</u>                    |
| Total                                               | \$ <u>21,655,602</u>                | \$ <u>1,252,011</u>                                     | \$ <u>(4,900,354)</u>                                    | \$ <u>1,646,073</u>               |

## 23. Commitments and Contingencies

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

Coakley Landfill – For the period 1972 through 1982, the Coakley Landfill site, located in North Hampton, New Hampshire, served as the municipal refuse disposal site for the City of Portsmouth and for the Towns of North Hampton, New Castle, and Pease Air Force Base. In December 1984, the City was advised by the State of New Hampshire that the City was considered to be a Potentially Responsible Party (PRP) under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986, for contamination conditions which exist at the site.

In December 1992, a total of 27 responsible parties, including the City, entered into 2 Consent Decrees (Decrees) with the United States Environmental Protection Agency (EPA). The Decrees commit the City to expend a significant amount as its share of the costs to remedy conditions at the site and to monitor and maintain the site once the remedial steps have been completed. The Decrees estimated the total cost of the cleanup to be approximately \$22 million, with the City's share of these costs estimated to be approximately \$8.9 million, to be contributed over a number of years as needed by the project. Liability amongst the responsible parties is joint and several and is in no way limited by the estimate in the Decrees. Should one of the responsible parties default on its obligations, the remaining parties will assume the liability for the defaulting party.

In December 1991, the City Council authorized the issuance of \$8.9 million in bonds to pay for the costs of the project. To date, the City has borrowed \$4,258,103 from the State Revolving Loan Fund against this authorization. The City received state aid payments in connection with the project in the total amount of \$493,644 payable over the life of the loan. The City awaits a final determination of the City's remaining liability and has \$4,641,897 remaining in the bond authority to pay its liability, if necessary.

It is not estimated that the remediation required by the Consent Decrees will be completed prior to 2035 or 2040. With emerging contaminants such as PFAs as well as 1,4- Dioxane, it is possible that the completion of the project will be extended beyond that time. Currently, regulatory agencies are contemplating what if any remediation will be required to deal with these new issues. As in the past, costs for taking mandated remediation efforts will be paid by a system of assessments made against the parties to the Consent Decrees and to the participating parties' agreements. It is not possible to predict with any degree of certainty what the regulatory agencies might require in the future or what share of those costs would be assessed against the City. However, it is believed that the overwhelming majority of

remediation expenses occurred in the past during times of heavy construction at the site and that future costs will be of significantly lower amounts.

Wastewater Treatment Facility – The City of Portsmouth is obligated under a Consent Decree (as amended) with the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (DES) to complete construction of an upgraded wastewater treatment facility and achieve secondary treatment permit limits by April 2020. Construction commenced in September 2016 and all Consent Decree milestones for substantial completion and operation of the new Biological Aerated Filter treatment system have been met. There are ongoing performance obligations that remain under the Consent Decree and certain environmental mitigation projects to complete, but the majority of the Peirce Island Wastewater Treatment Facility commitments have been met. Borrowing authorization for up to \$81.9 million was approved for the construction effort.

Greenleaf Avenue Realty Trust – Between 1967 and 1968 the City constructed a sewer line across property of the State of New Hampshire located off the Route 1 By-pass. The State had given the City permission, but no formal easement was ever recorded. In 2003, after passing through several owners, the property came to be owned by 150 Greenleaf Avenue Realty Trust. In 2010, 150 Greenleaf Avenue Realty Trust commenced a legal action against the City of Portsmouth with multiple claims sounding in trespass, nuisance, and inverse condemnation related to the construction of a municipal sewer line across the property in the late 1960s and the alleged unlawful detention of water on the property. In February 2017, a New Hampshire Superior Court jury awarded Mr. Boyle \$3.57 million on his various claims, the sole damages for which were lost profits. The City has vigorously contested many issues throughout the course of litigation including those related to the applicability and calculation of lost profits. The City and the plaintiff filed appeals to the New Hampshire Supreme Court.

Separate from but related to the Greenleaf Avenue Realty Trust Litigation, the City of Portsmouth took by eminent domain a portion of the property at 150 Greenleaf Avenue in order to acquire the rights to maintain the sewer line, detain water for stormwater purposes, and protect wetlands. The owner has successfully contested the City's right to take that action at the superior court level. That determination was also appealed to the New Hampshire Supreme Court.

In January of 2020, the New Hampshire Supreme Court ruled on both pending appeals. In the sewer line case, the Court vacated the jury award of \$3.57 million but ruled against the City on the trespass issues. The case has been remanded and litigation is likely to continue for some years. In the eminent domain matter, the Court upheld the decision of the Superior Court and the matter is before the New Hampshire Board of Tax and Land Appeals for a determination of damages owed by the City based on fair rental value of the land temporarily taken.

In the meantime, the City is in preliminary design to construct a sewer pump station in order to remove the sewer pipe from the plaintiff's property to resolve the trespass.

SoBow Square v. City – In the downtown of the City of Portsmouth there is a building owned by the United States Government called the McIntyre Federal Building (McIntyre). The Federal Government is in the process of closing the McIntyre Building, after which it is anticipated that it will be conveyed to the City of Portsmouth under the so-called Federal Monument Program. In connection with that process, the City of Portsmouth has entered a Development Agreement dated August 29, 2019, which contemplated that after acquisition of the property by the City it would then be the subject of a Ground Lease to SoBow Square, LLC and a major redevelopment. The City and SoBow Square are thus development partners for the project. When progress under the Development Agreement was not proceeding in a manner sought by SoBow Square, that entity brought suit against the City of Portsmouth for breach of contract by complaint dated March 11, 2020. Although the City does not agree, SoBow Square, LLC indicated in writing that its lawsuit was seeking in the “tens of millions” of dollars.

The City responded vigorously to the lawsuit claiming, in fact, that it was SoBow Square that was not proceeding in good faith under the Development Agreement.

On April 16, 2020, the City and SoBow Square, LLC agreed in writing, “to stay the pending lawsuit, agreeing that all pleading, discovery and other deadlines are suspended in the meantime.”

From that time until the present time, the City and SoBow Square have been engaged in good faith negotiations designed to secure the mutual approval of a modified Development Agreement and Ground Lease relating to the McIntyre Federal Building. The negotiations are proceeding in a manner which could reasonably be expected to lead to the withdrawal of the SoBow Square lawsuit against the City without the payment of any damages. In the meantime, the lawsuit remains stayed so that there is no activity in the court.

Other legal matters – In addition to the above, there are various suits pending in courts within the State in which the City is a defendant. In the opinion of Counsel for the City, no litigation is pending, or to his knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgements against the City that would materially affect its financial position.

Encumbrances – At year-end the City's general fund has \$9,283,064 in encumbrances that will be honored in the next fiscal year.

## **24. Subsequent Events**

Management has evaluated subsequent events through December 17, 2020, which is the date the financial statements were available to be issued.

## **25. New Pronouncements**

Management is currently evaluating the impact of implementing the following GASB pronouncements that will be effective within the next few years.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, as amended by Statement No. 97, effective for the City beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, as amended by Statement No. 97, effective for the City beginning with its fiscal year June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Schedule of Proportionate Share  
of the Net Pension Liability  
(Unaudited)

| New Hampshire Retirement System |                     |                                                  |                                                           |                 |                                                                                                     |                                                                             |
|---------------------------------|---------------------|--------------------------------------------------|-----------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Fiscal<br>Year                  | Measurement<br>Date | Proportion<br>of the<br>Net Pension<br>Liability | Proportionate<br>Share of the<br>Net Pension<br>Liability | Covered Payroll | Proportionate Share of the<br>of the Net Pension Liability<br>as a Percentage of<br>Covered Payroll | Plan Fiduciary Net Position<br>Percentage of the Total<br>Pension Liability |
| June 30, 2020                   | June 30, 2019       | 1.94%                                            | \$ 93,399,589                                             | \$ 49,698,886   | 187.93%                                                                                             | 65.59%                                                                      |
| June 30, 2019                   | June 30, 2018       | 1.92%                                            | \$ 92,668,486                                             | \$ 48,895,625   | 189.52%                                                                                             | 64.73%                                                                      |
| June 30, 2018                   | June 30, 2017       | 1.87%                                            | \$ 92,175,747                                             | \$ 46,508,941   | 198.19%                                                                                             | 62.66%                                                                      |
| June 30, 2017                   | June 30, 2016       | 1.86%                                            | \$ 98,937,024                                             | \$ 45,846,939   | 215.80%                                                                                             | 58.30%                                                                      |
| June 30, 2016                   | June 30, 2015       | 1.86%                                            | \$ 73,723,357                                             | \$ 43,883,269   | 168.00%                                                                                             | 65.47%                                                                      |
| June 30, 2015                   | June 30, 2014       | 1.84%                                            | \$ 68,991,223                                             | \$ 42,543,250   | 162.17%                                                                                             | 66.32%                                                                      |

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

See Independent Auditors' Report.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Schedule of Pension Contributions

(Unaudited)

| New Hampshire Retirement System |                                                    |                                                                                             |                                                 |                            |                                                                 |
|---------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------|-----------------------------------------------------------------|
| <u>Fiscal<br/>Year</u>          | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Contributions as<br/>a Percentage of<br/>Covered Payroll</u> |
| June 30, 2020                   | \$ 8,665,646                                       | \$ 8,665,646                                                                                | \$ -                                            | \$ 53,997,615              | 16.0%                                                           |
| June 30, 2019                   | \$ 8,447,361                                       | \$ 8,447,361                                                                                | \$ -                                            | \$ 49,698,886              | 17.0%                                                           |
| June 30, 2018                   | \$ 8,134,040                                       | \$ 8,134,040                                                                                | \$ -                                            | \$ 48,895,625              | 16.6%                                                           |
| June 30, 2017                   | \$ 8,074,117                                       | \$ 8,074,117                                                                                | \$ -                                            | \$ 46,508,941              | 17.4%                                                           |
| June 30, 2016                   | \$ 6,866,210                                       | \$ 6,866,210                                                                                | \$ -                                            | \$ 45,846,939              | 15.0%                                                           |
| June 30, 2015                   | \$ 6,662,274                                       | \$ 6,662,274                                                                                | \$ -                                            | \$ 43,883,269              | 15.2%                                                           |

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

See Independent Auditors' Report.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
Schedule of Proportionate Share and Contributions of the Net OPEB Liability  
(Unaudited)

**Schedule of Proportionate Share**

| New Hampshire Retirement System Medical Subsidy |                         |                                             |                                                      |                        |                                                                                         |                                                                           |
|-------------------------------------------------|-------------------------|---------------------------------------------|------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <u>Fiscal Year</u>                              | <u>Measurement Date</u> | <u>Proportion of the Net OPEB Liability</u> | <u>Proportionate Share of the Net OPEB Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u> |
| June 30, 2020                                   | June 30, 2019           | 1.89%                                       | \$ 8,296,898                                         | \$ 49,698,886          | 16.69%                                                                                  | 7.75%                                                                     |
| June 30, 2019                                   | June 30, 2018           | 1.89%                                       | \$ 8,625,408                                         | \$ 48,895,625          | 17.64%                                                                                  | 7.53%                                                                     |
| June 30, 2018                                   | June 30, 2017           | 1.75%                                       | \$ 8,021,347                                         | \$ 46,508,941          | 17.25%                                                                                  | 7.91%                                                                     |
| June 30, 2017                                   | June 30, 2016           | 1.75%                                       | \$ 8,490,288                                         | \$ 45,846,939          | 18.52%                                                                                  | 5.21%                                                                     |

**Schedule of Contributions**

| New Hampshire Retirement System Medical Subsidy |                                            |                                                                      |                                         |                        |                                                         |
|-------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------------------|
| <u>Fiscal Year</u>                              | <u>Contractually Required Contribution</u> | <u>Contributions Relative to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
| June 30, 2020                                   | \$ 853,498                                 | \$ 853,498                                                           | -                                       | \$ 53,997,615          | 1.58%                                                   |
| June 30, 2019                                   | \$ 833,310                                 | \$ 833,310                                                           | -                                       | \$ 49,698,886          | 1.68%                                                   |
| June 30, 2018                                   | \$ 1,039,787                               | \$ 1,039,787                                                         | -                                       | \$ 48,895,625          | 2.13%                                                   |

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

See Independent Auditors' Report.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Other Post-Employment Benefits**  
**City Plan**

Schedule of Changes in the Total OPEB Liability  
(Unaudited)

**Schedule of Changes in Total OPEB Liability**

|                                                                  | <u>2020</u>                 | <u>2019</u>                 | <u>2018</u>                 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Total OPEB liability</b>                                      |                             |                             |                             |
| Service cost                                                     | \$ 1,032,861                | \$ 982,172                  | \$ 1,004,806                |
| Interest on unfunded liability - time value of money             | 593,708                     | 646,717                     | 590,211                     |
| Differences between expected and actual experience               | (1,092,644)                 | (1,314,662)                 | (887,452)                   |
| Changes of assumptions                                           | (2,719,864)                 | 441,310                     | 95,546                      |
| Benefit payments, including refunds of member contributions      | <u>(668,753)</u>            | <u>(536,933)</u>            | <u>(574,642)</u>            |
| Net change in total OPEB liability                               | (2,854,692)                 | 218,604                     | 228,469                     |
| Total OPEB liability - beginning                                 | <u>16,213,396</u>           | <u>15,994,792</u>           | <u>15,766,323</u>           |
| Total OPEB liability - ending                                    | \$ <u><u>13,358,704</u></u> | \$ <u><u>16,213,396</u></u> | \$ <u><u>15,994,792</u></u> |
| Covered employee payroll                                         | \$ 54,633,763               | \$ 45,387,789               | \$ 44,280,770               |
| Total OPEB liability as a percentage of covered employee payroll | 24.5%                       | 35.7%                       | 36.1%                       |

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

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

See Independent Auditors' Report.

## **Combining Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Community Development: to account for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning. Current grants are mainly designed for City of Portsmouth economic development, housing rehabilitation, public service, and public facilities.
- School Lunch: to account for local funds and funds received from the federal and state governments to provide lunches at City of Portsmouth schools.
- School Categorical Revenues: to account for funds received from the federal and state governments for special programs and projects at City of Portsmouth schools.
- Miscellaneous Grants and Contributions: to account for the various other funds of the City designated for specific purposes.
- Police Grants: to account for federal and State grants for the Police Department.
- Prescott Park: to account for maintenance costs associated with the park. The fund is funded by the Josie F. Prescott trust, Marine Maintenance trust, a transfer from the General fund, and revenues generated from weddings and license agreements.
- Seizure: to account for Federal Equitable Sharing program funds received from seized funds and equipment.
- Parking and Transportation: to account for operations of the City's parking facility, parking enforcement, parking meter operations and parking administration funded by funds generated from these parking activities.
- Portwalk Place: to account for public works services, private street maintenance, parking enforcement services and reserve for future repair and maintenance costs of the private street.
- Housing Subsidy: to account for housing subsidy grants to provide assistance to first time homebuyers.
- Conservation: to account for Land Use Change Tax dedicated for the acquisition or preservation of open space.
- Stormwater: to account for funds dedicated to improving water quality in drainage areas by management of stormwater and combined sewer/stormwater systems.

- Recreation: to account for fees collected for sports and other recreational activities and related expenditures.
- Swimming Pool: to account for operations of the Portsmouth indoor swimming pool.
- Library: to account for certain revenues, including equipment fees and donations and related expenditures incurred in operation of this public library located at 175 Parrott Avenue.
- Library Trust: to account for expendable gifts received by the Library.
- City Trust: to account for the various expendable portions of the City's trusts.

### **CAPITAL PROJECT FUNDS**

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in Enterprise Funds.

The current funds were established for the following purposes:

- School Renovations: to fund Middle School renovation costs.
- Transportation Management: to fund transportation management projects.
- Transportation State: to account for transportation projects funded both by City and State funds and as where the City manages the project.
- Vehicle/Equipment Replacement: to fund purchases of vehicles and equipment.
- Technology Equipment: to fund purchases of technology equipment.
- Building and Infrastructure: to account for building and infrastructure improvements.

### **PERMANENT FUNDS**

Permanent Funds are established to account for certain assets held by the City in a fiduciary capacity as trustee. The following is a description of the City's Permanent Funds:

- City Trust: to account for various bequests to the City designated for particular purposes.
- Library Trust: to account for nonexpendable gifts received by the library with income restricted for maintenance of the library grounds.

## **DEBT SERVICE FUNDS**

Debt Service Funds are established to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources. The following is a description of the City's Debt Service Fund:

- Debt Service Fund: to account for the betterment improvement on Commerce Way.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

|                                                                               | Special Revenue Funds            |                         |                                            |                                                       |                          |                          |
|-------------------------------------------------------------------------------|----------------------------------|-------------------------|--------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|
|                                                                               | <u>Community<br/>Development</u> | <u>School<br/>Lunch</u> | <u>School<br/>Categorical<br/>Revenues</u> | <u>Miscellaneous<br/>Grants and<br/>Contributions</u> | <u>Police<br/>Grants</u> | <u>Prescott<br/>Park</u> |
| <b>Assets</b>                                                                 |                                  |                         |                                            |                                                       |                          |                          |
| Cash and short-term investments                                               | \$ 491,739                       | \$ 27,709               | \$ -                                       | \$ 4,395,260                                          | \$ -                     | \$ 44,879                |
| Investments                                                                   | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Receivables:                                                                  |                                  |                         |                                            |                                                       |                          |                          |
| Departmental and other                                                        | -                                | 24,395                  | 219,199                                    | 113,860                                               | -                        | 4,917                    |
| Intergovernmental                                                             | -                                | -                       | 863,247                                    | 377,870                                               | 244,781                  | -                        |
| Special assessment                                                            | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Loans and interest                                                            | 2,223,725                        | -                       | -                                          | -                                                     | -                        | -                        |
| Inventory                                                                     | <u>-</u>                         | <u>44,900</u>           | <u>-</u>                                   | <u>-</u>                                              | <u>-</u>                 | <u>-</u>                 |
| <b>Total Assets</b>                                                           | <u>\$ 2,715,464</u>              | <u>\$ 97,004</u>        | <u>\$ 1,082,446</u>                        | <u>\$ 4,886,990</u>                                   | <u>\$ 244,781</u>        | <u>\$ 49,796</u>         |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>       |                                  |                         |                                            |                                                       |                          |                          |
| <b>Liabilities</b>                                                            |                                  |                         |                                            |                                                       |                          |                          |
| Accounts payable                                                              | \$ 49                            | \$ 641                  | \$ -                                       | \$ 314,950                                            | \$ 7,501                 | \$ 31,196                |
| Accrued liabilities                                                           | 2,888                            | -                       | 23,390                                     | 218,201                                               | 3,232                    | 12,723                   |
| Unearned revenue                                                              | -                                | 67,112                  | -                                          | -                                                     | -                        | -                        |
| Retainage payable                                                             | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Due to other funds                                                            | -                                | 27,265                  | 649,641                                    | 3,333                                                 | 99,698                   | -                        |
| Advances from other funds                                                     | <u>-</u>                         | <u>-</u>                | <u>-</u>                                   | <u>-</u>                                              | <u>-</u>                 | <u>-</u>                 |
| <b>Total Liabilities</b>                                                      | 2,937                            | 95,018                  | 673,031                                    | 536,484                                               | 110,431                  | 43,919                   |
| <b>Deferred Inflows of Resources</b>                                          |                                  |                         |                                            |                                                       |                          |                          |
| Unavailable revenues - long-term receivables                                  | 2,176,460                        | -                       | -                                          | -                                                     | -                        | -                        |
| <b>Fund Balances</b>                                                          |                                  |                         |                                            |                                                       |                          |                          |
| Nonspendable                                                                  | -                                | 44,900                  | -                                          | -                                                     | -                        | -                        |
| Restricted                                                                    | 536,067                          | -                       | 409,415                                    | 4,350,506                                             | 134,350                  | 5,877                    |
| Committed                                                                     | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Unassigned                                                                    | <u>-</u>                         | <u>(42,914)</u>         | <u>-</u>                                   | <u>-</u>                                              | <u>-</u>                 | <u>-</u>                 |
| <b>Total Fund Balances</b>                                                    | <u>536,067</u>                   | <u>1,986</u>            | <u>409,415</u>                             | <u>4,350,506</u>                                      | <u>134,350</u>           | <u>5,877</u>             |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 2,715,464</u>              | <u>\$ 97,004</u>        | <u>\$ 1,082,446</u>                        | <u>\$ 4,886,990</u>                                   | <u>\$ 244,781</u>        | <u>\$ 49,796</u>         |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

(continued)

|                                                                               | Special Revenue Funds |                                           |                           |                            |                     |                   |
|-------------------------------------------------------------------------------|-----------------------|-------------------------------------------|---------------------------|----------------------------|---------------------|-------------------|
|                                                                               | <u>Seizure</u>        | <u>Parking<br/>and<br/>Transportation</u> | <u>Portwalk<br/>Place</u> | <u>Housing<br/>Subsidy</u> | <u>Conservation</u> | <u>Stormwater</u> |
| <b>Assets</b>                                                                 |                       |                                           |                           |                            |                     |                   |
| Cash and short-term investments                                               | \$ 70,279             | \$ 5,149,695                              | \$ 159,015                | \$ 138,727                 | \$ 849,185          | \$ 164,501        |
| Investments                                                                   | -                     | -                                         | -                         | -                          | -                   | -                 |
| Receivables:                                                                  |                       |                                           |                           |                            |                     |                   |
| Departmental and other                                                        | -                     | -                                         | -                         | -                          | -                   | -                 |
| Intergovernmental                                                             | 7,553                 | -                                         | -                         | -                          | -                   | -                 |
| Special assessment                                                            | -                     | -                                         | -                         | -                          | -                   | -                 |
| Loans and interest                                                            | -                     | -                                         | -                         | 1,317,214                  | -                   | -                 |
| Inventory                                                                     | -                     | -                                         | -                         | -                          | -                   | -                 |
| <b>Total Assets</b>                                                           | <u>\$ 77,832</u>      | <u>\$ 5,149,695</u>                       | <u>\$ 159,015</u>         | <u>\$ 1,455,941</u>        | <u>\$ 849,185</u>   | <u>\$ 164,501</u> |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>       |                       |                                           |                           |                            |                     |                   |
| <b>Liabilities</b>                                                            |                       |                                           |                           |                            |                     |                   |
| Accounts payable                                                              | \$ -                  | \$ 338,319                                | \$ -                      | \$ -                       | \$ -                | \$ 7,381          |
| Accrued liabilities                                                           | -                     | 77,707                                    | -                         | -                          | -                   | 12,197            |
| Unearned revenue                                                              | -                     | -                                         | -                         | -                          | -                   | -                 |
| Retainage payable                                                             | -                     | -                                         | -                         | -                          | -                   | -                 |
| Due to other funds                                                            | -                     | -                                         | -                         | -                          | -                   | -                 |
| Advances from other funds                                                     | -                     | -                                         | -                         | -                          | -                   | -                 |
| <b>Total Liabilities</b>                                                      | -                     | 416,026                                   | -                         | -                          | -                   | 19,578            |
| <b>Deferred Inflows of Resources</b>                                          |                       |                                           |                           |                            |                     |                   |
| Unavailable revenues - long-term receivables                                  | -                     | -                                         | -                         | 1,317,214                  | -                   | -                 |
| <b>Fund Balances</b>                                                          |                       |                                           |                           |                            |                     |                   |
| Nonspendable                                                                  | -                     | -                                         | -                         | -                          | -                   | -                 |
| Restricted                                                                    | 77,832                | -                                         | -                         | 138,727                    | -                   | -                 |
| Committed                                                                     | -                     | 4,733,669                                 | 159,015                   | -                          | 849,185             | 144,923           |
| Unassigned                                                                    | -                     | -                                         | -                         | -                          | -                   | -                 |
| <b>Total Fund Balances</b>                                                    | <u>77,832</u>         | <u>4,733,669</u>                          | <u>159,015</u>            | <u>138,727</u>             | <u>849,185</u>      | <u>144,923</u>    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 77,832</u>      | <u>\$ 5,149,695</u>                       | <u>\$ 159,015</u>         | <u>\$ 1,455,941</u>        | <u>\$ 849,185</u>   | <u>\$ 164,501</u> |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

(continued)

|                                                                               | Special Revenue Funds |                          |                   |                          |                       |                      |
|-------------------------------------------------------------------------------|-----------------------|--------------------------|-------------------|--------------------------|-----------------------|----------------------|
|                                                                               | <u>Recreation</u>     | <u>Swimming<br/>Pool</u> | <u>Library</u>    | <u>Library<br/>Trust</u> | <u>City<br/>Trust</u> | <u>Subtotals</u>     |
| <b>Assets</b>                                                                 |                       |                          |                   |                          |                       |                      |
| Cash and short-term investments                                               | \$ 9,390              | \$ 118,615               | \$ 171,790        | \$ 155,123               | \$ 757,994            | \$ 12,703,901        |
| Investments                                                                   | -                     | -                        | -                 | 26,854                   | 944,298               | 971,152              |
| Receivables:                                                                  |                       |                          |                   |                          |                       |                      |
| Departmental and other                                                        | -                     | -                        | -                 | -                        | -                     | 362,371              |
| Intergovernmental                                                             | -                     | -                        | -                 | -                        | -                     | 1,493,451            |
| Special assessment                                                            | -                     | -                        | -                 | -                        | -                     | -                    |
| Loans and interest                                                            | -                     | -                        | -                 | -                        | 482                   | 3,541,421            |
| Inventory                                                                     | -                     | -                        | -                 | -                        | -                     | 44,900               |
| <b>Total Assets</b>                                                           | <u>\$ 9,390</u>       | <u>\$ 118,615</u>        | <u>\$ 171,790</u> | <u>\$ 181,977</u>        | <u>\$ 1,702,774</u>   | <u>\$ 19,117,196</u> |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>       |                       |                          |                   |                          |                       |                      |
| <b>Liabilities</b>                                                            |                       |                          |                   |                          |                       |                      |
| Accounts payable                                                              | \$ 192                | \$ 16,024                | \$ 18,110         | \$ -                     | \$ -                  | \$ 734,363           |
| Accrued liabilities                                                           | -                     | -                        | -                 | -                        | -                     | 350,338              |
| Unearned revenue                                                              | -                     | -                        | -                 | -                        | -                     | 67,112               |
| Retainage payable                                                             | -                     | -                        | -                 | -                        | -                     | -                    |
| Due to other funds                                                            | -                     | -                        | -                 | -                        | -                     | 779,937              |
| Advances from other funds                                                     | -                     | -                        | -                 | -                        | 443,160               | 443,160              |
| <b>Total Liabilities</b>                                                      | 192                   | 16,024                   | 18,110            | -                        | 443,160               | 2,374,910            |
| <b>Deferred Inflows of Resources</b>                                          |                       |                          |                   |                          |                       |                      |
| Unavailable revenues - long-term receivables                                  | -                     | -                        | -                 | -                        | -                     | 3,493,674            |
| <b>Fund Balances</b>                                                          |                       |                          |                   |                          |                       |                      |
| Nonspendable                                                                  | -                     | -                        | -                 | -                        | -                     | 44,900               |
| Restricted                                                                    | -                     | -                        | 153,680           | 181,977                  | 1,259,614             | 7,248,045            |
| Committed                                                                     | 9,198                 | 102,591                  | -                 | -                        | -                     | 5,998,581            |
| Unassigned                                                                    | -                     | -                        | -                 | -                        | -                     | (42,914)             |
| <b>Total Fund Balances</b>                                                    | <u>9,198</u>          | <u>102,591</u>           | <u>153,680</u>    | <u>181,977</u>           | <u>1,259,614</u>      | <u>13,248,612</u>    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 9,390</u>       | <u>\$ 118,615</u>        | <u>\$ 171,790</u> | <u>\$ 181,977</u>        | <u>\$ 1,702,774</u>   | <u>\$ 19,117,196</u> |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

(continued)

|                                                                               | Capital Project Funds |                              |                         |                                      |                         |                                   |                      |
|-------------------------------------------------------------------------------|-----------------------|------------------------------|-------------------------|--------------------------------------|-------------------------|-----------------------------------|----------------------|
|                                                                               | School<br>Renovations | Transportation<br>Management | Transportation<br>State | Vehicle/<br>Equipment<br>Replacement | Technology<br>Equipment | Building<br>and<br>Infrastructure | Subtotals            |
| <b>Assets</b>                                                                 |                       |                              |                         |                                      |                         |                                   |                      |
| Cash and short-term investments                                               | \$ 25,920             | \$ 7,927,407                 | \$ 253,587              | \$ 1,586,532                         | \$ 208,649              | \$ 670,580                        | \$ 10,672,675        |
| Investments                                                                   | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Receivables:                                                                  |                       |                              |                         |                                      |                         |                                   |                      |
| Departmental and other                                                        | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Intergovernmental                                                             | -                     | -                            | 20,995                  | -                                    | -                       | -                                 | 20,995               |
| Special assessment                                                            | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Loans and interest                                                            | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Inventory                                                                     | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| <b>Total Assets</b>                                                           | <u>\$ 25,920</u>      | <u>\$ 7,927,407</u>          | <u>\$ 274,582</u>       | <u>\$ 1,586,532</u>                  | <u>\$ 208,649</u>       | <u>\$ 670,580</u>                 | <u>\$ 10,693,670</u> |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>       |                       |                              |                         |                                      |                         |                                   |                      |
| <b>Liabilities</b>                                                            |                       |                              |                         |                                      |                         |                                   |                      |
| Accounts payable                                                              | \$ 650                | \$ 1,282,240                 | \$ -                    | \$ 301,242                           | \$ 3,301                | \$ 890,430                        | \$ 2,477,863         |
| Accrued liabilities                                                           | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Unearned revenue                                                              | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Retainage payable                                                             | -                     | 605,663                      | -                       | -                                    | -                       | 175,483                           | 781,146              |
| Due to other funds                                                            | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Advances from other funds                                                     | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| <b>Total Liabilities</b>                                                      | 650                   | 1,887,903                    | -                       | 301,242                              | 3,301                   | 1,065,913                         | 3,259,009            |
| <b>Deferred Inflows of Resources</b>                                          |                       |                              |                         |                                      |                         |                                   |                      |
| Unavailable revenues - long-term receivables                                  | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| <b>Fund Balances</b>                                                          |                       |                              |                         |                                      |                         |                                   |                      |
| Nonspendable                                                                  | -                     | -                            | -                       | -                                    | -                       | -                                 | -                    |
| Restricted                                                                    | 25,270                | 6,437,454                    | -                       | -                                    | -                       | 2,670,736                         | 9,133,460            |
| Committed                                                                     | -                     | -                            | 274,582                 | 1,285,290                            | 205,348                 | -                                 | 1,765,220            |
| Unassigned                                                                    | -                     | (397,950)                    | -                       | -                                    | -                       | (3,066,069)                       | (3,464,019)          |
| <b>Total Fund Balances</b>                                                    | <u>25,270</u>         | <u>6,039,504</u>             | <u>274,582</u>          | <u>1,285,290</u>                     | <u>205,348</u>          | <u>(395,333)</u>                  | <u>7,434,661</u>     |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 25,920</u>      | <u>\$ 7,927,407</u>          | <u>\$ 274,582</u>       | <u>\$ 1,586,532</u>                  | <u>\$ 208,649</u>       | <u>\$ 670,580</u>                 | <u>\$ 10,693,670</u> |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

(continued)

|                                                                               | <u>Permanent Funds</u> |                          |                     | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|-------------------------------------------------------------------------------|------------------------|--------------------------|---------------------|----------------------------------|------------------------------------------------------|
|                                                                               | <u>City<br/>Trust</u>  | <u>Library<br/>Trust</u> | <u>Subtotals</u>    |                                  |                                                      |
| <b>Assets</b>                                                                 |                        |                          |                     |                                  |                                                      |
| Cash and short-term investments                                               | \$ 5,972               | \$ -                     | \$ 5,972            | \$ -                             | \$ 23,382,548                                        |
| Investments                                                                   | 8,198,829              | 4,582                    | 8,203,411           | -                                | 9,174,563                                            |
| Receivables:                                                                  |                        |                          |                     |                                  |                                                      |
| Departmental and other                                                        | 453                    | -                        | 453                 | -                                | 362,824                                              |
| Intergovernmental                                                             | -                      | -                        | -                   | -                                | 1,514,446                                            |
| Special assessment                                                            | -                      | -                        | -                   | 1,130,230                        | 1,130,230                                            |
| Loans and interest                                                            | -                      | -                        | -                   | -                                | 3,541,421                                            |
| Inventory                                                                     | <u>-</u>               | <u>-</u>                 | <u>-</u>            | <u>-</u>                         | <u>44,900</u>                                        |
| <b>Total Assets</b>                                                           | <u>\$ 8,205,254</u>    | <u>\$ 4,582</u>          | <u>\$ 8,209,836</u> | <u>\$ 1,130,230</u>              | <u>\$ 39,150,932</u>                                 |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>       |                        |                          |                     |                                  |                                                      |
| <b>Liabilities</b>                                                            |                        |                          |                     |                                  |                                                      |
| Accounts payable                                                              | \$ -                   | \$ -                     | \$ -                | \$ -                             | \$ 3,212,226                                         |
| Accrued liabilities                                                           | -                      | -                        | -                   | -                                | 350,338                                              |
| Unearned revenue                                                              | -                      | -                        | -                   | -                                | 67,112                                               |
| Retainage payable                                                             | -                      | -                        | -                   | -                                | 781,146                                              |
| Due to other funds                                                            | -                      | -                        | -                   | 8,801                            | 788,738                                              |
| Advances from other funds                                                     | <u>-</u>               | <u>-</u>                 | <u>-</u>            | <u>-</u>                         | <u>443,160</u>                                       |
| <b>Total Liabilities</b>                                                      | <u>-</u>               | <u>-</u>                 | <u>-</u>            | <u>8,801</u>                     | <u>5,642,720</u>                                     |
| <b>Deferred Inflows of Resources</b>                                          |                        |                          |                     |                                  |                                                      |
| Unavailable revenues - long-term receivables                                  | -                      | -                        | -                   | 1,130,230                        | 4,623,904                                            |
| <b>Fund Balances</b>                                                          |                        |                          |                     |                                  |                                                      |
| Nonspendable                                                                  | 1,629,062              | 4,000                    | 1,633,062           | -                                | 1,677,962                                            |
| Restricted                                                                    | 6,576,192              | 582                      | 6,576,774           | -                                | 22,958,279                                           |
| Committed                                                                     | -                      | -                        | -                   | -                                | 7,763,801                                            |
| Unassigned                                                                    | <u>-</u>               | <u>-</u>                 | <u>-</u>            | <u>(8,801)</u>                   | <u>(3,515,734)</u>                                   |
| <b>Total Fund Balances</b>                                                    | <u>8,205,254</u>       | <u>4,582</u>             | <u>8,209,836</u>    | <u>(8,801)</u>                   | <u>28,884,308</u>                                    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> | <u>\$ 8,205,254</u>    | <u>\$ 4,582</u>          | <u>\$ 8,209,836</u> | <u>\$ 1,130,230</u>              | <u>\$ 39,150,932</u>                                 |

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

|                                                              | Special Revenue Funds            |                         |                                            |                                                       |                          |                          |
|--------------------------------------------------------------|----------------------------------|-------------------------|--------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|
|                                                              | <u>Community<br/>Development</u> | <u>School<br/>Lunch</u> | <u>School<br/>Categorical<br/>Revenues</u> | <u>Miscellaneous<br/>Grants and<br/>Contributions</u> | <u>Police<br/>Grants</u> | <u>Prescott<br/>Park</u> |
| <b>Revenues</b>                                              |                                  |                         |                                            |                                                       |                          |                          |
| Intergovernmental                                            | \$ 611,295                       | \$ 282,011              | \$ 3,053,139                               | \$ 1,159,524                                          | \$ 682,174               | \$ -                     |
| Charges for services                                         | -                                | 427,586                 | -                                          | -                                                     | -                        | 18,750                   |
| Investment income                                            | 8,516                            | -                       | -                                          | 103                                                   | -                        | -                        |
| Fines and costs                                              | -                                | -                       | -                                          | 4,690                                                 | -                        | -                        |
| Contributions                                                | -                                | -                       | -                                          | 381,677                                               | 1,170                    | -                        |
| Special assessment                                           | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Other                                                        | <u>49,155</u>                    | <u>-</u>                | <u>-</u>                                   | <u>150,900</u>                                        | <u>-</u>                 | <u>1,513</u>             |
| Total Revenues                                               | 668,966                          | 709,597                 | 3,053,139                                  | 1,696,894                                             | 683,344                  | 20,263                   |
| <b>Expenditures</b>                                          |                                  |                         |                                            |                                                       |                          |                          |
| Current:                                                     |                                  |                         |                                            |                                                       |                          |                          |
| General government                                           | -                                | -                       | -                                          | 648,295                                               | -                        | -                        |
| Public safety                                                | -                                | -                       | -                                          | 485,874                                               | 650,798                  | -                        |
| Education                                                    | -                                | 895,137                 | 4,476,275                                  | -                                                     | -                        | -                        |
| Public works                                                 | -                                | -                       | -                                          | 372,068                                               | -                        | -                        |
| Culture and recreation                                       | -                                | -                       | -                                          | 14,238                                                | -                        | 314,553                  |
| Community development                                        | 420,216                          | -                       | -                                          | 3,109                                                 | -                        | -                        |
| Debt service:                                                |                                  |                         |                                            |                                                       |                          |                          |
| Principal                                                    | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Interest                                                     | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Capital outlay                                               | <u>409,790</u>                   | <u>-</u>                | <u>-</u>                                   | <u>41,268</u>                                         | <u>13,356</u>            | <u>-</u>                 |
| Total Expenditures                                           | <u>830,006</u>                   | <u>895,137</u>          | <u>4,476,275</u>                           | <u>1,564,852</u>                                      | <u>664,154</u>           | <u>314,553</u>           |
| Excess (deficiency) of revenues<br>over (under) expenditures | (161,040)                        | (185,540)               | (1,423,136)                                | 132,042                                               | 19,190                   | (294,290)                |
| <b>Other Financing Sources (Uses)</b>                        |                                  |                         |                                            |                                                       |                          |                          |
| Bond premium                                                 | -                                | -                       | -                                          | -                                                     | -                        | -                        |
| Transfers in                                                 | -                                | 186,540                 | 1,544,377                                  | 103,635                                               | -                        | 288,200                  |
| Transfers out                                                | <u>-</u>                         | <u>-</u>                | <u>-</u>                                   | <u>(759)</u>                                          | <u>-</u>                 | <u>-</u>                 |
| Total Other Financing<br>Sources (Uses)                      | <u>-</u>                         | <u>186,540</u>          | <u>1,544,377</u>                           | <u>102,876</u>                                        | <u>-</u>                 | <u>288,200</u>           |
| Net change in fund balances                                  | (161,040)                        | 1,000                   | 121,241                                    | 234,918                                               | 19,190                   | (6,090)                  |
| Fund Balances,<br>beginning of year                          | <u>697,107</u>                   | <u>986</u>              | <u>288,174</u>                             | <u>4,115,588</u>                                      | <u>115,160</u>           | <u>11,967</u>            |
| Fund Balances, end of year                                   | <u>\$ 536,067</u>                | <u>\$ 1,986</u>         | <u>\$ 409,415</u>                          | <u>\$ 4,350,506</u>                                   | <u>\$ 134,350</u>        | <u>\$ 5,877</u>          |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(continued)

|                                                              | Special Revenue Funds |                                           |                           |                            |                     |                   |
|--------------------------------------------------------------|-----------------------|-------------------------------------------|---------------------------|----------------------------|---------------------|-------------------|
|                                                              | <u>Seizure</u>        | <u>Parking<br/>and<br/>Transportation</u> | <u>Portwalk<br/>Place</u> | <u>Housing<br/>Subsidy</u> | <u>Conservation</u> | <u>Stormwater</u> |
| <b>Revenues</b>                                              |                       |                                           |                           |                            |                     |                   |
| Intergovernmental                                            | \$ -                  | \$ -                                      | \$ -                      | \$ -                       | \$ -                | \$ -              |
| Charges for services                                         | -                     | 5,209,937                                 | 31,670                    | -                          | -                   | -                 |
| Investment income                                            | 794                   | -                                         | -                         | -                          | -                   | -                 |
| Fines and costs                                              | 33,581                | -                                         | -                         | -                          | -                   | -                 |
| Contributions                                                | -                     | -                                         | -                         | -                          | -                   | -                 |
| Special assessment                                           | -                     | -                                         | -                         | -                          | -                   | -                 |
| Other                                                        | <u>34,790</u>         | <u>-</u>                                  | <u>-</u>                  | <u>47,865</u>              | <u>-</u>            | <u>-</u>          |
| Total Revenues                                               | 69,165                | 5,209,937                                 | 31,670                    | 47,865                     | -                   | -                 |
| <b>Expenditures</b>                                          |                       |                                           |                           |                            |                     |                   |
| Current:                                                     |                       |                                           |                           |                            |                     |                   |
| General government                                           | -                     | -                                         | -                         | -                          | -                   | -                 |
| Public safety                                                | 37,743                | -                                         | -                         | -                          | -                   | -                 |
| Education                                                    | -                     | -                                         | -                         | -                          | -                   | -                 |
| Public works                                                 | -                     | 4,272,820                                 | 13,405                    | -                          | -                   | 532,172           |
| Culture and recreation                                       | -                     | -                                         | -                         | -                          | -                   | -                 |
| Community development                                        | -                     | -                                         | -                         | 105,018                    | -                   | -                 |
| Debt service:                                                |                       |                                           |                           |                            |                     |                   |
| Principal                                                    | -                     | 854,000                                   | -                         | -                          | -                   | -                 |
| Interest                                                     | -                     | 921,040                                   | -                         | -                          | -                   | -                 |
| Capital outlay                                               | <u>-</u>              | <u>610,975</u>                            | <u>-</u>                  | <u>-</u>                   | <u>-</u>            | <u>-</u>          |
| Total Expenditures                                           | <u>37,743</u>         | <u>6,658,835</u>                          | <u>13,405</u>             | <u>105,018</u>             | <u>-</u>            | <u>532,172</u>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 31,422                | (1,448,898)                               | 18,265                    | (57,153)                   | -                   | (532,172)         |
| <b>Other Financing Sources (Uses)</b>                        |                       |                                           |                           |                            |                     |                   |
| Bond premium                                                 | -                     | -                                         | -                         | -                          | -                   | -                 |
| Transfers in                                                 | -                     | -                                         | -                         | -                          | 452                 | 495,612           |
| Transfers out                                                | <u>-</u>              | <u>(48,000)</u>                           | <u>-</u>                  | <u>-</u>                   | <u>-</u>            | <u>-</u>          |
| Total Other Financing<br>Sources (Uses)                      | <u>-</u>              | <u>(48,000)</u>                           | <u>-</u>                  | <u>-</u>                   | <u>452</u>          | <u>495,612</u>    |
| Net change in fund balances                                  | 31,422                | (1,496,898)                               | 18,265                    | (57,153)                   | 452                 | (36,560)          |
| Fund Balances,<br>beginning of year                          | <u>46,410</u>         | <u>6,230,567</u>                          | <u>140,750</u>            | <u>195,880</u>             | <u>848,733</u>      | <u>181,483</u>    |
| Fund Balances, end of year                                   | <u>\$ 77,832</u>      | <u>\$ 4,733,669</u>                       | <u>\$ 159,015</u>         | <u>\$ 138,727</u>          | <u>\$ 849,185</u>   | <u>\$ 144,923</u> |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(continued)

|                                                                  | <u>Special Revenue Funds</u> |                          |                       |                          |                         |                          |
|------------------------------------------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|-------------------------|--------------------------|
|                                                                  | <u>Recreation</u>            | <u>Swimming<br/>Pool</u> | <u>Library</u>        | <u>Library<br/>Trust</u> | <u>City<br/>Trust</u>   | <u>Subtotals</u>         |
| <b>Revenues</b>                                                  |                              |                          |                       |                          |                         |                          |
| Intergovernmental                                                | \$ -                         | \$ -                     | \$ -                  | \$ -                     | \$ -                    | \$ 5,788,143             |
| Charges for services                                             | 55,050                       | 337,720                  | 46,073                | -                        | -                       | 6,126,786                |
| Investment income                                                | -                            | -                        | -                     | -                        | 34,059                  | 43,472                   |
| Fines and costs                                                  | -                            | -                        | -                     | -                        | -                       | 38,271                   |
| Contributions                                                    | -                            | -                        | 6,885                 | -                        | 312,382                 | 702,114                  |
| Special assessment                                               | -                            | -                        | -                     | -                        | -                       | -                        |
| Other                                                            | <u>67</u>                    | <u>-</u>                 | <u>-</u>              | <u>-</u>                 | <u>-</u>                | <u>284,290</u>           |
| <br>Total Revenues                                               | <br>55,117                   | <br>337,720              | <br>52,958            | <br>-                    | <br>346,441             | <br>12,983,076           |
| <b>Expenditures</b>                                              |                              |                          |                       |                          |                         |                          |
| Current:                                                         |                              |                          |                       |                          |                         |                          |
| General government                                               | -                            | -                        | -                     | -                        | -                       | 648,295                  |
| Public safety                                                    | -                            | -                        | -                     | -                        | -                       | 1,174,415                |
| Education                                                        | -                            | -                        | -                     | -                        | 88,996                  | 5,460,408                |
| Public works                                                     | -                            | -                        | -                     | -                        | -                       | 5,190,465                |
| Culture and recreation                                           | 130,125                      | 501,003                  | 54,005                | 2,386                    | -                       | 1,016,310                |
| Community development                                            | -                            | -                        | -                     | -                        | -                       | 528,343                  |
| Debt service:                                                    |                              |                          |                       |                          |                         |                          |
| Principal                                                        | -                            | -                        | -                     | -                        | -                       | 854,000                  |
| Interest                                                         | -                            | -                        | -                     | -                        | -                       | 921,040                  |
| Capital outlay                                                   | <u>-</u>                     | <u>-</u>                 | <u>-</u>              | <u>-</u>                 | <u>-</u>                | <u>1,075,389</u>         |
| <br>Total Expenditures                                           | <br><u>130,125</u>           | <br><u>501,003</u>       | <br><u>54,005</u>     | <br><u>2,386</u>         | <br><u>88,996</u>       | <br><u>16,868,665</u>    |
| <br>Excess (deficiency) of revenues<br>over (under) expenditures | <br>(75,008)                 | <br>(163,283)            | <br>(1,047)           | <br>(2,386)              | <br>257,445             | <br>(3,885,589)          |
| <b>Other Financing Sources (Uses)</b>                            |                              |                          |                       |                          |                         |                          |
| Bond premium                                                     | -                            | -                        | -                     | -                        | -                       | -                        |
| Transfers in                                                     | -                            | 150,000                  | 9,966                 | -                        | -                       | 2,778,782                |
| Transfers out                                                    | <u>-</u>                     | <u>-</u>                 | <u>-</u>              | <u>-</u>                 | <u>(41,416)</u>         | <u>(90,175)</u>          |
| <br>Total Other Financing<br>Sources (Uses)                      | <br><u>-</u>                 | <br><u>150,000</u>       | <br><u>9,966</u>      | <br><u>-</u>             | <br><u>(41,416)</u>     | <br><u>2,688,607</u>     |
| <br>Net change in fund balances                                  | <br>(75,008)                 | <br>(13,283)             | <br>8,919             | <br>(2,386)              | <br>216,029             | <br>(1,196,982)          |
| <br>Fund Balances,<br>beginning of year                          | <br><u>84,206</u>            | <br><u>115,874</u>       | <br><u>144,761</u>    | <br><u>184,363</u>       | <br><u>1,043,585</u>    | <br><u>14,445,594</u>    |
| <br>Fund Balances, end of year                                   | <br><u>\$ 9,198</u>          | <br><u>\$ 102,591</u>    | <br><u>\$ 153,680</u> | <br><u>\$ 181,977</u>    | <br><u>\$ 1,259,614</u> | <br><u>\$ 13,248,612</u> |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(continued)

|                                                              | Capital Project Funds         |                                      |                                 |                                               |                                 |                                            |                  |
|--------------------------------------------------------------|-------------------------------|--------------------------------------|---------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------------|------------------|
|                                                              | <u>School<br/>Renovations</u> | <u>Transportation<br/>Management</u> | <u>Transportation<br/>State</u> | <u>Vehicle/<br/>Equipment<br/>Replacement</u> | <u>Technology<br/>Equipment</u> | <u>Building<br/>and<br/>Infrastructure</u> | <u>Subtotals</u> |
| <b>Revenues</b>                                              |                               |                                      |                                 |                                               |                                 |                                            |                  |
| Intergovernmental                                            | \$ -                          | \$ -                                 | \$ 40,935                       | \$ -                                          | \$ -                            | \$ -                                       | \$ 40,935        |
| Charges for services                                         | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Investment income                                            | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Fines and costs                                              | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Contributions                                                | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Special assessment                                           | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Other                                                        | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Total Revenues                                               | -                             | -                                    | 40,935                          | -                                             | -                               | -                                          | 40,935           |
| <b>Expenditures</b>                                          |                               |                                      |                                 |                                               |                                 |                                            |                  |
| Current:                                                     |                               |                                      |                                 |                                               |                                 |                                            |                  |
| General government                                           | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Public safety                                                | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Education                                                    | 994                           | -                                    | -                               | -                                             | -                               | -                                          | 994              |
| Public works                                                 | -                             | -                                    | -                               | -                                             | -                               | 11,631                                     | 11,631           |
| Culture and recreation                                       | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Community development                                        | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Debt service:                                                |                               |                                      |                                 |                                               |                                 |                                            |                  |
| Principal                                                    | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Interest                                                     | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Capital outlay                                               | 1,890                         | 5,447,831                            | 107,580                         | 2,272,828                                     | 508,334                         | 6,258,347                                  | 14,596,810       |
| Total Expenditures                                           | 2,884                         | 5,447,831                            | 107,580                         | 2,272,828                                     | 508,334                         | 6,269,978                                  | 14,609,435       |
| Excess (deficiency) of revenues<br>over (under) expenditures | (2,884)                       | (5,447,831)                          | (66,645)                        | (2,272,828)                                   | (508,334)                       | (6,269,978)                                | (14,568,500)     |
| <b>Other Financing Sources (Uses)</b>                        |                               |                                      |                                 |                                               |                                 |                                            |                  |
| Bond premium                                                 | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Transfers in                                                 | -                             | -                                    | 284,815                         | 1,248,980                                     | 577,452                         | -                                          | 2,111,247        |
| Transfers out                                                | -                             | -                                    | -                               | -                                             | -                               | -                                          | -                |
| Total Other Financing<br>Sources (Uses)                      | -                             | -                                    | 284,815                         | 1,248,980                                     | 577,452                         | -                                          | 2,111,247        |
| Net change in fund balances                                  | (2,884)                       | (5,447,831)                          | 218,170                         | (1,023,848)                                   | 69,118                          | (6,269,978)                                | (12,457,253)     |
| Fund Balances,<br>beginning of year                          | 28,154                        | 11,487,335                           | 56,412                          | 2,309,138                                     | 136,230                         | 5,874,645                                  | 19,891,914       |
| Fund Balances, end of year                                   | \$ 25,270                     | \$ 6,039,504                         | \$ 274,582                      | \$ 1,285,290                                  | \$ 205,348                      | \$ (395,333)                               | \$ 7,434,661     |

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(continued)

|                                                              | <u>Permanent Funds</u> |                          |                  | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--------------------------------------------------------------|------------------------|--------------------------|------------------|----------------------------------|------------------------------------------------------|
|                                                              | <u>City<br/>Trust</u>  | <u>Library<br/>Trust</u> | <u>Subtotals</u> |                                  |                                                      |
| <b>Revenues</b>                                              |                        |                          |                  |                                  |                                                      |
| Intergovernmental                                            | \$ -                   | \$ -                     | \$ -             | \$ -                             | \$ 5,829,078                                         |
| Charges for services                                         | -                      | -                        | -                | -                                | 6,126,786                                            |
| Investment income                                            | 315,952                | -                        | 315,952          | -                                | 359,424                                              |
| Fines and costs                                              | -                      | -                        | -                | -                                | 38,271                                               |
| Contributions                                                | 200                    | -                        | 200              | -                                | 702,314                                              |
| Special assessment                                           | -                      | -                        | -                | 179,357                          | 179,357                                              |
| Other                                                        | -                      | -                        | -                | -                                | 284,290                                              |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Total Revenues                                               | 316,152                | -                        | 316,152          | 179,357                          | 13,519,520                                           |
| <b>Expenditures</b>                                          |                        |                          |                  |                                  |                                                      |
| Current:                                                     |                        |                          |                  |                                  |                                                      |
| General government                                           | -                      | -                        | -                | -                                | 648,295                                              |
| Public safety                                                | -                      | -                        | -                | -                                | 1,174,415                                            |
| Education                                                    | 14,722                 | -                        | 14,722           | -                                | 5,476,124                                            |
| Public works                                                 | -                      | -                        | -                | -                                | 5,202,096                                            |
| Culture and recreation                                       | 1,173                  | 50                       | 1,223            | -                                | 1,017,533                                            |
| Community development                                        | -                      | -                        | -                | -                                | 528,343                                              |
| Debt service:                                                |                        |                          |                  |                                  |                                                      |
| Principal                                                    | -                      | -                        | -                | 140,000                          | 994,000                                              |
| Interest                                                     | -                      | -                        | -                | 44,800                           | 965,840                                              |
| Capital Outlay                                               | -                      | -                        | -                | -                                | 15,672,199                                           |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Total Expenditures                                           | 15,895                 | 50                       | 15,945           | 184,800                          | 31,678,845                                           |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Excess (deficiency) of revenues<br>over (under) expenditures | 300,257                | (50)                     | 300,207          | (5,443)                          | (18,159,325)                                         |
| <b>Other Financing Sources (Uses)</b>                        |                        |                          |                  |                                  |                                                      |
| Bond premium                                                 | -                      | -                        | -                | -                                | -                                                    |
| Transfers in                                                 | -                      | -                        | -                | -                                | 4,890,029 <sup>(1)</sup>                             |
| Transfers out                                                | (178,200)              | -                        | (178,200)        | -                                | (268,375) <sup>(1)</sup>                             |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Total Other Financing<br>Sources (Uses)                      | (178,200)              | -                        | (178,200)        | -                                | 4,621,654                                            |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Net change in fund balances                                  | 122,057                | (50)                     | 122,007          | (5,443)                          | (13,537,671)                                         |
| <b>Fund Balances,</b>                                        |                        |                          |                  |                                  |                                                      |
| beginning of year                                            | 8,083,197              | 4,632                    | 8,087,829        | (3,358)                          | 42,421,979                                           |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |
| Fund Balances, end of year                                   | \$ 8,205,254           | \$ 4,582                 | \$ 8,209,836     | \$ (8,801)                       | \$ 28,884,308                                        |
|                                                              | <hr/>                  | <hr/>                    | <hr/>            | <hr/>                            | <hr/>                                                |

(1) Transfers in and out were netted on page 45 to eliminate activity within nonmajor governmental funds.

## **FIDUCIARY FUNDS**

### **PRIVATE-PURPOSE TRUST FUNDS**

Private-Purpose Trust Funds represent contributions used to account for trust arrangements, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- Park: represents contributions used to compensate local artists performing in Prescott Park Arts Festival and to maintain and provide for upkeep of the Lower State Street Park.
- Scholarship: represents contributions used to subsidize education costs for eligible students.
- Worthy Poor: represents contributions to help eligible residents with living costs.
- Memorial: represents contributions used to maintain Emerson Hovey Fountain in Prescott Park, construction of memorial for veterans, and presentation of travel talks for the public.
- Commemoration: represents contributions for celebration on Emancipation Day, 400<sup>th</sup> celebration in 2023, and to further Japanese-American relations.

### **AGENCY FUNDS**

Agency Funds are established to account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others.

- Future Statewide Property Tax Coalition Fund: represents contributions from various local governments in the State of New Hampshire, which are used to pay costs related to state-wide property tax issue.
- School: represents primarily student activity funds, which are contributions from students and fundraising receipts used to pay for student-related activities.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2020

|                                 | <u>Park</u>       | <u>Scholarship</u>  | <u>Worthy<br/>Poor</u> | <u>Memorial</u>   | <u>Commemoration</u> | <u>Total</u>        |
|---------------------------------|-------------------|---------------------|------------------------|-------------------|----------------------|---------------------|
| <b>Assets</b>                   |                   |                     |                        |                   |                      |                     |
| Cash and short-term investments | \$ 151,717        | \$ 64,020           | \$ 76,479              | \$ 529,459        | \$ 5,683             | \$ 827,358          |
| Investments:                    |                   |                     |                        |                   |                      |                     |
| Fixed income                    | -                 | 1,906,432           | -                      | -                 | -                    | 1,906,432           |
| Equities                        | <u>-</u>          | <u>5,638,059</u>    | <u>-</u>               | <u>-</u>          | <u>-</u>             | <u>5,638,059</u>    |
| Total Assets                    | <u>\$ 151,717</u> | <u>\$ 7,608,511</u> | <u>\$ 76,479</u>       | <u>\$ 529,459</u> | <u>\$ 5,683</u>      | <u>\$ 8,371,849</u> |
| Net position held in trust      | <u>\$ 151,717</u> | <u>\$ 7,608,511</u> | <u>\$ 76,479</u>       | <u>\$ 529,459</u> | <u>\$ 5,683</u>      | <u>\$ 8,371,849</u> |

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2020

|                           | <u>Park</u>              | <u>Scholarship</u>         | <u>Worthy<br/>Poor</u>  | <u>Memorial</u>          | <u>Commemoration</u>   | <u>Total</u>               |
|---------------------------|--------------------------|----------------------------|-------------------------|--------------------------|------------------------|----------------------------|
| <b>Additions</b>          |                          |                            |                         |                          |                        |                            |
| Investment income         | \$ 3,068                 | \$ 303,228                 | \$ 3,101                | \$ 21,464                | \$ 230                 | \$ 331,091                 |
| Contributions             | <u>135,754</u>           | <u>4,825</u>               | <u>-</u>                | <u>-</u>                 | <u>-</u>               | <u>140,579</u>             |
| Total Additions           | 138,822                  | 308,053                    | 3,101                   | 21,464                   | 230                    | 471,670                    |
| <b>Deductions</b>         |                          |                            |                         |                          |                        |                            |
| Payments to beneficiaries | <u>125,221</u>           | <u>149,523</u>             | <u>224</u>              | <u>1,551</u>             | <u>16</u>              | <u>276,535</u>             |
| Net increase              | 13,601                   | 158,530                    | 2,877                   | 19,913                   | 214                    | 195,135                    |
| <b>Net Position</b>       |                          |                            |                         |                          |                        |                            |
| Beginning of year         | <u>138,116</u>           | <u>7,449,981</u>           | <u>73,602</u>           | <u>509,546</u>           | <u>5,469</u>           | <u>8,176,714</u>           |
| End of year               | <u><u>\$ 151,717</u></u> | <u><u>\$ 7,608,511</u></u> | <u><u>\$ 76,479</u></u> | <u><u>\$ 529,459</u></u> | <u><u>\$ 5,683</u></u> | <u><u>\$ 8,371,849</u></u> |

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

|                                                | Balance<br>July 1,<br><u>2019</u> | <u>Additions</u>  | <u>Deductions</u>   | Balance<br>June 30,<br><u>2020</u> |
|------------------------------------------------|-----------------------------------|-------------------|---------------------|------------------------------------|
| <b>Future Statewide Property Tax Coalition</b> |                                   |                   |                     |                                    |
| Assets - cash and short-term investments       | \$ <u>61,776</u>                  | \$ <u>12,507</u>  | \$ <u>-</u>         | \$ <u>74,283</u>                   |
| Liabilities - other liabilities                | \$ <u>61,776</u>                  | \$ <u>12,507</u>  | \$ <u>-</u>         | \$ <u>74,283</u>                   |
| <br><b>School</b>                              |                                   |                   |                     |                                    |
| Assets - cash and short-term investments       | \$ <u>405,362</u>                 | \$ <u>481,654</u> | \$ <u>(266,631)</u> | \$ <u>620,385</u>                  |
| Liabilities - other liabilities                | \$ <u>405,362</u>                 | \$ <u>481,654</u> | \$ <u>(266,631)</u> | \$ <u>620,385</u>                  |
| <br><b>Totals</b>                              |                                   |                   |                     |                                    |
| Assets - cash and short-term investments       | \$ <u>467,138</u>                 | \$ <u>494,161</u> | \$ <u>(266,631)</u> | \$ <u>694,668</u>                  |
| Liabilities - other liabilities                | \$ <u>467,138</u>                 | \$ <u>494,161</u> | \$ <u>(266,631)</u> | \$ <u>694,668</u>                  |

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## CITY OF PORTSMOUTH, NEW HAMPSHIRE

### STATISTICAL SECTION

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

|                                                                                                                                                                                                                   | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <i>Financial Trends</i>                                                                                                                                                                                           |             |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.                                                               | 120 - 124   |
| <i>Revenue Capacity</i>                                                                                                                                                                                           |             |
| These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.                                                                                 | 125 - 131   |
| <i>Debt Capacity</i>                                                                                                                                                                                              |             |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                   | 132 - 135   |
| <i>Demographic and Economic Information</i>                                                                                                                                                                       |             |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                                  | 136 - 137   |
| <i>Operating Information</i>                                                                                                                                                                                      |             |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs. | 138 - 140   |

## City of Portsmouth, New Hampshire

### Net Position by Component

#### Last Ten Fiscal Years

(accrual basis of accounting)

|                                             | Fiscal Year    |                |                |                |                     |                |                |                     |                |                |
|---------------------------------------------|----------------|----------------|----------------|----------------|---------------------|----------------|----------------|---------------------|----------------|----------------|
|                                             | 2011           | 2012           | 2013           | 2014           | 2015 <sup>(1)</sup> | 2016           | 2017           | 2018 <sup>(2)</sup> | 2019           | 2020           |
| <b>Governmental Activities</b>              |                |                |                |                |                     |                |                |                     |                |                |
| Net invested in capital assets              | \$ 75,937,883  | \$ 78,587,672  | \$ 85,565,006  | \$ 100,313,414 | \$ 109,917,788      | \$ 113,265,585 | \$ 120,182,374 | \$ 126,962,691      | \$ 134,801,319 | \$ 145,409,298 |
| Restricted                                  | 15,701,688     | 17,147,890     | 17,238,560     | 17,107,717     | 16,604,810          | 17,379,705     | 23,682,016     | 27,866,299          | 23,358,486     | 14,219,166     |
| Unrestricted                                | 33,595,065     | 36,242,831     | 37,952,181     | 40,877,993     | (27,370,090)        | (20,874,844)   | (26,597,332)   | (47,851,018)        | (48,314,956)   | (47,163,662)   |
| Total governmental activities net position  | \$ 125,234,636 | \$ 131,978,393 | \$ 140,755,747 | \$ 158,299,124 | \$ 99,152,508       | \$ 109,770,446 | \$ 117,267,058 | \$ 106,977,972      | \$ 109,844,849 | \$ 112,464,802 |
| <b>Business-type activities</b>             |                |                |                |                |                     |                |                |                     |                |                |
| Net invested in capital assets              | \$ 43,749,770  | \$ 42,709,386  | \$ 47,882,518  | \$ 50,987,816  | \$ 56,301,452       | \$ 60,256,180  | \$ 64,498,965  | \$ 73,151,637       | \$ 80,956,213  | \$ 91,839,994  |
| Restricted                                  | 1,462,931      | 1,300,383      | 1,137,835      | 975,288        | 812,740             | 650,192        | 487,644        | 325,096             | 162,549        | -              |
| Unrestricted                                | 13,546,674     | 21,966,267     | 23,551,956     | 27,699,734     | 26,835,174          | 30,326,890     | 33,436,307     | 33,845,169          | 35,188,457     | 35,917,199     |
| Total business-type activities net position | \$ 58,759,375  | \$ 65,976,036  | \$ 72,572,309  | \$ 79,662,838  | \$ 83,949,366       | \$ 91,233,262  | \$ 98,422,916  | \$ 107,321,902      | \$ 116,307,219 | \$ 127,757,193 |
| <b>Primary government</b>                   |                |                |                |                |                     |                |                |                     |                |                |
| Net invested in capital assets              | \$ 119,687,653 | \$ 121,297,058 | \$ 133,447,524 | \$ 151,301,230 | \$ 166,219,240      | \$ 173,521,765 | \$ 184,681,339 | \$ 200,114,328      | \$ 215,757,532 | \$ 237,249,292 |
| Restricted                                  | 17,164,619     | 18,448,273     | 18,376,395     | 18,083,005     | 17,417,550          | 18,029,897     | 24,169,660     | 28,191,395          | 23,521,035     | 14,219,166     |
| Unrestricted                                | 47,141,739     | 58,209,098     | 61,504,137     | 68,577,727     | (534,916)           | 9,452,046      | 6,838,975      | (14,005,849)        | (13,126,499)   | (11,246,463)   |
| Total primary government net position       | \$ 183,994,011 | \$ 197,954,429 | \$ 213,328,056 | \$ 237,961,962 | \$ 183,101,874      | \$ 201,003,708 | \$ 215,689,974 | \$ 214,299,874      | \$ 226,152,068 | \$ 240,221,995 |

Notes:

<sup>(1)</sup>As restated in conformity with GASB Statement 68.

<sup>(2)</sup>As restated in conformity with GASB Statement 75.

## City of Portsmouth, New Hampshire

### Changes in Net Position

#### Last Ten Fiscal Years

(accrual basis of accounting)

|                                                                  | 2011            | 2012            | 2013            | 2014            | 2015 <sup>(1)</sup> | 2016            | 2017            | 2018 <sup>(2)</sup> | 2019            | 2020            |
|------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| <b>Expenses</b>                                                  |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Governmental activities:                                         |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| General government                                               | \$ 10,919,895   | \$ 11,717,003   | \$ 11,905,707   | \$ 11,652,734   | \$ 12,330,468       | \$ 12,673,140   | \$ 13,503,790   | \$ 15,088,352       | \$ 16,128,724   | \$ 16,600,160   |
| Public safety                                                    | 16,579,407      | 16,854,982      | 17,576,460      | 18,479,571      | 17,697,750          | 18,094,404      | 20,724,528      | 21,595,007          | 23,146,413      | 25,184,885      |
| Education                                                        | 43,416,528      | 44,280,725      | 44,546,643      | 47,492,836      | 49,212,516          | 50,084,302      | 54,271,573      | 55,519,796          | 57,309,963      | 57,810,208      |
| Public works                                                     | 9,659,576       | 9,834,737       | 10,303,800      | 11,337,941      | 12,367,464          | 12,653,506      | 14,283,986      | 15,615,743          | 16,596,453      | 17,308,970      |
| Health and human Services                                        | 644,424         | 601,503         | 689,895         | 675,256         | 582,910             | 565,256         | 674,704         | 650,045             | 745,703         | 772,738         |
| Culture and recreation                                           | 3,694,425       | 3,804,755       | 3,634,914       | 3,895,264       | 3,888,467           | 4,095,642       | 4,331,428       | 4,291,601           | 4,679,018       | 4,460,453       |
| Community development                                            | 764,771         | 981,022         | 863,416         | 1,125,562       | 888,705             | 1,115,661       | 1,278,188       | 1,356,490           | 1,129,752       | 686,920         |
| Interest                                                         | 2,702,329       | 3,781,050       | 3,095,996       | 3,013,917       | 3,123,714           | 3,213,394       | 3,157,534       | 3,840,248           | 4,042,650       | 4,328,783       |
| Total governmental activities expenses                           | 88,381,355      | 91,855,777      | 92,616,831      | 97,673,081      | 100,091,994         | 102,495,305     | 112,225,731     | 117,957,282         | 123,778,676     | 127,153,117     |
| Business-type activities:                                        |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Water services                                                   | 5,365,583       | 5,905,875       | 6,621,011       | 7,012,453       | 6,866,489           | 7,701,340       | 7,906,621       | 8,006,293           | 8,196,446       | 8,760,831       |
| Sewer services                                                   | 7,081,798       | 8,052,017       | 8,456,885       | 9,018,802       | 9,187,296           | 9,656,429       | 10,534,561      | 10,764,490          | 12,134,267      | 12,518,334      |
| Total business-type activities expenses                          | 12,447,381      | 13,957,892      | 15,077,896      | 16,031,255      | 16,053,785          | 17,357,769      | 18,441,182      | 18,770,783          | 20,330,713      | 21,279,165      |
| Total primary government expenses                                | \$ 100,828,736  | \$ 105,813,669  | \$ 107,694,727  | \$ 113,704,336  | \$ 116,145,779      | \$ 119,853,074  | \$ 130,666,913  | \$ 136,728,065      | \$ 144,109,389  | \$ 148,432,282  |
| <b>Program Revenues</b>                                          |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Governmental activities:                                         |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Charges for services                                             |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| General government                                               | \$ 6,259,000    | \$ 6,702,933    | \$ 6,800,409    | \$ 7,421,658    | \$ 7,620,989        | \$ 8,468,071    | \$ 9,118,467    | \$ 9,238,699        | \$ 10,174,313   | \$ 9,443,267    |
| Public safety                                                    | 1,235,321       | 1,248,411       | 1,127,299       | 1,196,161       | 1,161,585           | 1,023,934       | 1,447,285       | 1,019,331           | 1,328,213       | 1,332,301       |
| Education                                                        | 488,735         | 475,200         | 437,772         | 416,624         | 453,266             | 439,435         | 521,698         | 586,097             | 615,001         | 427,586         |
| Public Works                                                     | 3,918,395       | 4,396,016       | 4,654,656       | 5,092,527       | 5,878,880           | 6,666,633       | 6,978,104       | 8,287,756           | 8,622,961       | 7,770,516       |
| Health and Human Services                                        | 48,054          | 22,152          | 85,079          | 100,002         | 89,398              | 101,805         | 90,178          | 46,827              | 119,184         | 79,383          |
| Culture and Recreation                                           | 543,575         | 506,975         | 874,509         | 955,544         | 969,031             | 1,047,332       | 1,046,097       | 1,037,737           | 1,013,455       | 689,334         |
| Total charges for services                                       | 12,493,080      | 13,351,687      | 13,979,724      | 15,182,516      | 16,173,149          | 17,747,210      | 19,201,829      | 20,216,447          | 21,873,127      | 19,742,387      |
| Operating grants and contributions                               | 12,562,272      | 12,218,026      | 10,450,214      | 10,582,693      | 11,640,506          | 11,176,877      | 12,057,678      | 12,821,591          | 11,289,587      | 12,250,781      |
| Capital grants and contributions                                 | 2,619,401       | 2,561,524       | 3,032,801       | 12,137,864      | 5,106,620           | 3,113,261       | 3,630,406       | 4,384,314           | 3,582,619       | 3,197,243       |
| Total governmental activities program revenues                   | 27,674,753      | 28,131,237      | 27,462,739      | 37,903,073      | 32,920,275          | 32,037,348      | 34,889,913      | 37,422,352          | 36,745,333      | 35,190,411      |
| Business-type activities:                                        |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Charges for services                                             |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Water services                                                   | 8,914,913       | 9,057,948       | 8,839,035       | 9,114,578       | 8,849,199           | 9,225,357       | 9,029,792       | 9,469,785           | 9,242,222       | 9,359,610       |
| Sewer services                                                   | 7,249,404       | 10,422,913      | 11,962,934      | 13,210,967      | 13,724,391          | 14,244,796      | 14,602,295      | 15,434,863          | 15,787,895      | 16,241,573      |
| Total charges for services                                       | 16,164,317      | 19,480,861      | 20,801,969      | 22,325,545      | 22,573,590          | 23,470,153      | 23,632,087      | 24,904,648          | 25,030,117      | 25,601,183      |
| Capital grants and contributions                                 | 2,487,884       | 1,642,521       | 784,754         | 719,148         | 638,259             | 876,799         | 1,397,118       | 2,035,271           | 3,030,126       | 7,681,347       |
| Total business-type activities program revenues                  | 18,652,201      | 21,123,382      | 21,586,723      | 23,044,693      | 23,211,849          | 24,346,952      | 25,029,205      | 26,939,919          | 28,060,243      | 33,282,530      |
| Total primary government program revenues                        | \$ 46,326,954   | \$ 49,254,619   | \$ 49,049,462   | \$ 60,947,766   | \$ 56,132,124       | \$ 56,384,300   | \$ 59,919,118   | \$ 64,362,271       | \$ 64,805,576   | \$ 68,472,941   |
| <b>Net (Expenses)Revenue</b>                                     |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Governmental activities                                          | \$ (60,706,602) | \$ (63,724,540) | \$ (65,154,092) | \$ (59,770,008) | \$ (67,171,719)     | \$ (70,457,957) | \$ (77,335,818) | \$ (80,534,930)     | \$ (87,033,343) | \$ (91,962,706) |
| Business-type activities                                         | 6,204,820       | 7,165,490       | 6,508,827       | 7,013,438       | 7,158,064           | 6,989,183       | 6,588,023       | 8,169,136           | 7,729,530       | 12,003,365      |
| Total primary government net expense                             | \$ (54,501,782) | \$ (56,559,050) | \$ (58,645,265) | \$ (52,756,570) | \$ (60,013,655)     | \$ (63,468,774) | \$ (70,747,795) | \$ (72,365,794)     | \$ (79,303,813) | \$ (79,959,341) |
| <b>General Revenues and Other Changes in Net Assets/Position</b> |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Governmental activities:                                         |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Property taxes                                                   | \$ 65,993,838   | \$ 67,341,676   | \$ 69,226,282   | \$ 72,594,154   | \$ 73,416,098       | \$ 77,272,916   | \$ 78,955,625   | \$ 81,811,278       | \$ 84,827,646   | \$ 88,733,646   |
| Interest on taxes                                                | 300,578         | 266,690         | 371,247         | 279,531         | 289,805             | 208,972         | 168,675         | 88,770              | 104,157         | 164,713         |
| Grants and contributions not restricted to specific programs     | 1,143,748       | 1,238,571       | 989,067         | 957,070         | 1,025,926           | 1,032,133       | 1,111,547       | 1,109,504           | 1,122,057       | 1,329,583       |
| Special Assessment                                               | -               | -               | -               | -               | -                   | -               | 1,870,839       | -                   | -               | -               |
| Investment income (loss)                                         | 1,520,906       | 478,214         | 861,855         | 1,143,154       | 252,292             | 473,465         | 1,219,261       | 1,548,840           | 1,834,402       | 1,563,074       |
| Other revenues                                                   | 960,388         | 267,608         | 1,045,112       | 2,321,745       | 1,967,808           | 2,061,211       | 1,493,503       | 3,115,350           | 1,751,891       | 2,393,837       |
| Permanent fund contributions                                     | 3,120           | 11,538          | 11,450          | 17,731          | 34,330              | 27,198          | 12,980          | 865                 | -               | -               |
| Transfers in (out)                                               | -               | -               | -               | -               | -                   | -               | -               | -                   | 260,067         | 397,806         |
| Total governmental activities                                    | 69,922,578      | 69,604,297      | 72,505,013      | 77,313,385      | 76,986,259          | 81,075,895      | 84,832,430      | 87,674,607          | 89,900,220      | 94,582,659      |
| Business-type activities:                                        |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Investment income                                                | 50,705          | 42,733          | 17,408          | 239             | 57,554              | 98,047          | 270,077         | 602,424             | 1,107,618       | 1,063,655       |
| Other revenues                                                   | 34,720          | 8,438           | 70,038          | 76,852          | 176,950             | 196,666         | 331,554         | 355,849             | 408,236         | 470,944         |
| Special item - loss on disposal                                  | -               | -               | -               | -               | -                   | -               | -               | -                   | -               | (1,690,184)     |
| Transfers in (out)                                               | -               | -               | -               | -               | -                   | -               | -               | -                   | (260,067)       | (397,806)       |
| Total business-type activities                                   | 85,425          | 51,171          | 87,446          | 77,091          | 234,504             | 294,713         | 601,631         | 958,273             | 1,255,787       | (553,391)       |
| Total primary government                                         | \$ 70,008,003   | \$ 69,655,468   | \$ 72,592,459   | \$ 77,390,476   | \$ 77,220,763       | \$ 81,370,608   | \$ 85,434,061   | \$ 88,632,880       | \$ 91,156,007   | \$ 94,029,268   |
| <b>Change in Net Assets/Position</b>                             |                 |                 |                 |                 |                     |                 |                 |                     |                 |                 |
| Governmental activities                                          | \$ 9,215,976    | \$ 5,879,757    | \$ 7,350,921    | \$ 17,543,377   | \$ 9,814,540        | \$ 10,617,938   | \$ 7,496,612    | \$ 7,139,677        | \$ 2,866,877    | \$ 2,619,953    |
| Business-type activities                                         | 6,290,245       | 7,216,661       | 6,596,273       | 7,090,529       | 7,392,568           | 7,283,896       | 7,189,654       | 9,127,409           | 8,985,317       | 11,449,974      |
| Total primary government                                         | \$ 15,506,221   | \$ 13,096,418   | \$ 13,947,194   | \$ 24,633,906   | \$ 17,207,108       | \$ 17,901,834   | \$ 14,686,266   | \$ 16,267,086       | \$ 11,852,194   | \$ 14,069,927   |

Notes:

<sup>(1)</sup> As restated in conformity with GASB Statement 68.

<sup>(2)</sup> As restated in conformity with GASB Statement 75.

## City of Portsmouth, New Hampshire

### Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                     | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| <b>All governmental funds</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                        | \$ 1,632,425         | \$ 1,616,387         | \$ 1,652,765         | \$ 1,654,749         | \$ 2,338,528         | \$ 2,271,832         | \$ 2,247,577         | \$ 2,202,379         | \$ 2,161,330         | \$ 2,121,122         |
| Restricted                          | 27,107,030           | 37,311,546           | 29,485,301           | 28,494,530           | 27,200,344           | 31,096,850           | 37,783,517           | 39,515,897           | 36,764,757           | 22,958,279           |
| Committed                           | 22,466,249           | 26,363,315           | 25,056,206           | 27,219,500           | 26,784,433           | 30,930,948           | 29,694,220           | 28,243,458           | 26,692,031           | 29,680,844           |
| Assigned                            | 5,294,862            | 5,978,717            | 6,533,785            | 6,656,298            | 7,621,331            | 8,887,314            | 8,985,660            | 8,942,597            | 10,513,688           | 9,283,064            |
| Unassigned                          | 10,329,071           | 10,470,953           | 11,007,797           | 11,769,423           | 11,838,381           | 11,932,667           | 7,070,449            | (4,041,649)          | 15,580,417           | 12,636,863           |
| Total all governmental funds        | <u>\$ 66,829,637</u> | <u>\$ 81,740,918</u> | <u>\$ 73,735,854</u> | <u>\$ 75,794,500</u> | <u>\$ 75,783,017</u> | <u>\$ 85,119,611</u> | <u>\$ 85,781,423</u> | <u>\$ 74,862,682</u> | <u>\$ 91,712,223</u> | <u>\$ 76,680,172</u> |
| <b>General Fund</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable <sup>(1)</sup>         | \$ 28,000            | \$ 6,000             | \$ -                 | \$ -                 | \$ 672,927           | \$ 610,160           | \$ 567,160           | \$ 524,160           | \$ 480,160           | \$ 443,160           |
| Committed                           | 19,960,221           | 22,631,684           | 22,624,205           | 26,173,686           | 24,544,530           | 27,956,594           | 26,964,585           | 25,642,234           | 22,665,499           | 21,917,043           |
| Assigned                            | 5,294,862            | 5,978,717            | 6,533,785            | 6,656,298            | 7,621,331            | 8,887,314            | 8,985,660            | 8,942,597            | 10,513,688           | 9,283,064            |
| Unassigned                          | 10,329,071           | 10,470,953           | 11,027,473           | 11,790,868           | 12,509,746           | 13,158,179           | 14,505,641           | 15,152,954           | 15,630,897           | 16,152,597           |
| Total General Fund                  | <u>\$ 35,612,154</u> | <u>\$ 39,087,354</u> | <u>\$ 40,185,463</u> | <u>\$ 44,620,852</u> | <u>\$ 45,348,534</u> | <u>\$ 50,612,247</u> | <u>\$ 51,023,046</u> | <u>\$ 50,261,945</u> | <u>\$ 49,290,244</u> | <u>\$ 47,795,864</u> |
| <b>All other governmental funds</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                        | \$ 1,604,425         | \$ 1,610,387         | \$ 1,652,765         | \$ 1,654,749         | \$ 1,665,601         | \$ 1,661,672         | \$ 1,680,417         | \$ 1,678,219         | \$ 1,681,170         | \$ 1,677,962         |
| Restricted                          | 27,107,030           | 37,311,546           | 29,485,301           | 28,494,530           | 27,200,344           | 31,096,850           | 37,783,517           | 39,515,897           | 36,764,757           | 22,958,279           |
| Committed                           | 2,506,028            | 3,731,631            | 2,432,001            | 1,045,814            | 2,239,903            | 2,974,354            | 2,729,635            | 2,601,224            | 4,026,532            | 7,763,801            |
| Unassigned                          | -                    | -                    | (19,676)             | (21,445)             | (671,365)            | (1,225,512)          | (7,435,192)          | (19,194,603)         | (50,480)             | (3,515,734)          |
| Total all other governmental funds  | <u>\$ 31,217,483</u> | <u>\$ 42,653,564</u> | <u>\$ 33,550,391</u> | <u>\$ 31,173,648</u> | <u>\$ 30,434,483</u> | <u>\$ 34,507,364</u> | <u>\$ 34,758,377</u> | <u>\$ 24,600,737</u> | <u>\$ 42,421,979</u> | <u>\$ 28,884,308</u> |

Notes:

<sup>(1)</sup> This nonspendable fund balance is for an advance to trustees of trusts for upgrades at Prescott Park.

## City of Portsmouth, New Hampshire

### Changes in Fund Balances, Governmental Funds

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                                                                    | Fiscal Year           |                      |                       |                     |                    |                     |                   |                        |                      |                        |
|------------------------------------------------------------------------------------|-----------------------|----------------------|-----------------------|---------------------|--------------------|---------------------|-------------------|------------------------|----------------------|------------------------|
|                                                                                    | 2011                  | 2012                 | 2013                  | 2014                | 2015               | 2016                | 2017              | 2018                   | 2019                 | 2020                   |
| <b>Revenues</b>                                                                    |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
| Real estate taxes                                                                  | \$ 65,792,501         | \$ 67,203,467        | \$ 69,355,426         | \$ 72,964,294       | \$ 73,635,672      | \$ 77,428,695       | \$ 78,902,463     | \$ 81,974,427          | \$ 84,798,383        | \$ 88,562,993          |
| Licenses and permits                                                               | 4,097,592             | 4,517,610            | 4,669,868             | 5,140,721           | 5,311,858          | 6,045,153           | 6,327,360         | 6,576,275              | 7,404,735            | 6,851,868              |
| Intergovernmental                                                                  | 15,327,968            | 15,612,801           | 13,457,324            | 16,682,012          | 17,205,342         | 14,929,762          | 15,670,972        | 17,581,956             | 15,713,798           | 16,075,492             |
| Charges for service                                                                | 7,493,643             | 7,967,652            | 8,364,817             | 9,189,608           | 9,929,357          | 11,148,661          | 11,931,836        | 12,731,491             | 13,578,037           | 12,103,306             |
| Investment income                                                                  | 1,520,906             | 478,213              | 861,856               | 1,143,153           | 252,291            | 473,465             | 1,219,261         | 1,548,840              | 1,834,400            | 1,565,136              |
| Interest on taxes                                                                  | 300,578               | 266,690              | 371,247               | 279,531             | 289,805            | 208,972             | 168,675           | 88,770                 | 104,157              | 164,713                |
| Fines and costs                                                                    | 853,011               | 848,243              | 809,832               | 747,940             | 836,479            | 804,327             | 890,796           | 905,279                | 753,042              | 807,423                |
| Contributions                                                                      | 871,594               | 217,658              | 2,526,208             | 569,549             | 602,041            | 287,408             | 1,141,640         | 734,318                | 280,465              | 702,314                |
| Special Assessment                                                                 | -                     | -                    | -                     | -                   | -                  | -                   | 187,084           | 187,084                | 187,084              | 179,357                |
| Other                                                                              | 954,176               | 456,282              | 715,816               | 1,850,862           | 1,424,041          | 1,696,903           | 411,561           | 617,788                | 655,473              | 1,151,909              |
| Total revenues                                                                     | 97,211,969            | 97,568,616           | 101,132,394           | 108,567,670         | 109,486,886        | 113,023,346         | 116,851,648       | 122,946,228            | 125,309,574          | 128,164,511            |
| <b>Expenditures</b>                                                                |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
| General government                                                                 | 6,167,661             | 5,925,769            | 6,669,587             | 6,929,207           | 7,449,378          | 7,556,377           | 10,450,462        | 8,945,562              | 10,545,576           | 10,174,548             |
| Public safety                                                                      | 15,791,806            | 16,145,072           | 16,246,164            | 17,162,643          | 17,415,808         | 17,892,961          | 18,730,211        | 19,845,067             | 20,940,213           | 22,730,785             |
| Education                                                                          | 42,223,687            | 43,426,320           | 43,274,802            | 45,679,948          | 47,346,209         | 48,242,046          | 49,875,849        | 51,966,015             | 54,058,715           | 53,337,106             |
| Public works                                                                       | 7,862,765             | 7,617,764            | 8,724,410             | 9,170,490           | 9,638,677          | 9,777,531           | 10,480,446        | 11,054,124             | 13,512,993           | 12,382,192             |
| Health and human services                                                          | 642,402               | 607,995              | 663,744               | 673,703             | 588,645            | 589,457             | 658,401           | 635,743                | 743,721              | 745,845                |
| Culture and recreation                                                             | 3,207,984             | 3,268,232            | 3,194,516             | 3,594,783           | 4,256,940          | 3,802,522           | 3,719,880         | 3,873,945              | 4,395,664            | 3,893,519              |
| Community development                                                              | 799,099               | 1,649,106            | 743,466               | 1,039,811           | 1,768,051          | 817,479             | 1,026,946         | 1,171,019              | 1,102,132            | 528,343                |
| Debt service                                                                       |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
| Principal                                                                          | 6,327,905             | 6,327,905            | 8,257,905             | 7,394,905           | 8,092,905          | 8,610,407           | 9,452,877         | 9,805,540              | 10,262,905           | 11,504,117             |
| Interest                                                                           | 2,754,978             | 3,264,915            | 3,091,322             | 3,045,212           | 3,170,237          | 2,983,390           | 3,190,755         | 3,874,129              | 4,049,128            | 4,375,337              |
| Capital outlay <sup>(1)</sup>                                                      | 9,703,505             | 21,714,928           | 16,796,251            | 17,434,367          | 9,928,572          | 13,524,700          | 17,922,741        | 30,405,286             | 21,336,460           | 18,361,212             |
| Intergovernmental                                                                  | 4,201,480             | 4,181,246            | 4,426,943             | 4,667,200           | 4,832,388          | 5,100,513           | 5,203,357         | 5,629,133              | 5,503,199            | 5,561,364              |
| Total expenditures                                                                 | 99,683,272            | 114,129,252          | 112,089,110           | 116,792,269         | 114,487,810        | 118,897,383         | 130,711,925       | 147,205,563            | 146,450,706          | 143,594,368            |
| <b>Excess of Revenues</b>                                                          |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
| Over(under) expenditures                                                           | (2,471,303)           | (16,560,636)         | (10,956,716)          | (8,224,599)         | (5,000,924)        | (5,874,037)         | (13,860,277)      | (24,259,335)           | (21,141,132)         | (15,429,857)           |
| <b>Other Financing Sources (Uses)</b>                                              |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
| Issuance of bonds/loans                                                            | -                     | 29,400,000           | 2,767,000             | 9,050,000           | 4,600,000          | 13,648,000          | 12,860,000        | 11,750,000             | 33,611,500           | -                      |
| Issuance of refunding bond                                                         | -                     | 17,325,000           | -                     | -                   | 3,335,000          | 3,040,500           | -                 | -                      | -                    | -                      |
| Bond/BAN premium                                                                   | -                     | 4,369,900            | 184,652               | 1,233,245           | 586,229            | 1,958,633           | 1,662,089         | 1,590,594              | 4,119,106            | -                      |
| Transfers in                                                                       | 3,058,431             | 2,905,868            | 1,919,914             | 1,911,538           | 3,706,034          | 2,716,667           | 4,218,271         | 2,231,502              | 2,785,784            | 4,622,413              |
| Payment to refunded bond escrow agent                                              | -                     | (19,622,983)         | -                     | -                   | (3,531,788)        | (3,436,502)         | -                 | -                      | -                    | -                      |
| Transfers out                                                                      | (3,058,431)           | (2,905,868)          | (1,919,914)           | (1,911,538)         | (3,706,034)        | (2,716,667)         | (4,218,271)       | (2,231,502)            | (2,525,717)          | (4,224,607)            |
| Total governmental activities                                                      | -                     | 31,471,917           | 2,951,652             | 10,283,245          | 4,989,441          | 15,210,631          | 14,522,089        | 13,340,594             | 37,990,673           | 397,806                |
| <b>Net Change in Fund Balances</b>                                                 | <b>\$ (2,471,303)</b> | <b>\$ 14,911,281</b> | <b>\$ (8,005,064)</b> | <b>\$ 2,058,646</b> | <b>\$ (11,483)</b> | <b>\$ 9,336,594</b> | <b>\$ 661,812</b> | <b>\$ (10,918,741)</b> | <b>\$ 16,849,541</b> | <b>\$ (15,032,051)</b> |
| <b>Debt Service as a percentage of non-capitalized expenditures <sup>(2)</sup></b> |                       |                      |                       |                     |                    |                     |                   |                        |                      |                        |
|                                                                                    | 10.14%                | 10.49%               | 12.00%                | 11.33%              | 10.99%             | 11.07%              | 11.48%            | 11.68%                 | 11.64%               | 12.62%                 |

<sup>(1)</sup> Certain Capital expenditures from various functions have been capitalized on the Statement of Net Assets/Position.

<sup>(2)</sup> Capital Outlay Purchases from the Reconciliation of the Statement of Revenues Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. are used to calculate this ratio.

## City of Portsmouth, New Hampshire

### Combined Enterprise Fund Revenue, Expenses, and Changes in Fund Net Position Last Ten Fiscal Years

| Fiscal Year | Revenue              |                      |              |              |               | Expenses                 |              |                  |                                 |               | Increase (Decrease) Total Net Position | Total Net Position <sup>(1)(2)</sup> |
|-------------|----------------------|----------------------|--------------|--------------|---------------|--------------------------|--------------|------------------|---------------------------------|---------------|----------------------------------------|--------------------------------------|
|             | Charges for Services | Licenses and Permits | Departmental | Other        | Total         | Operations & Maintenance | Depreciation | Interest Expense | Special Item - Loss on Disposal | Total         |                                        |                                      |
| 2020        | \$ 23,808,307        | \$ 1,285,215         | \$ 497,587   | \$ 9,226,020 | \$ 34,817,129 | \$ 13,434,198            | \$ 4,606,859 | \$ 3,635,914     | \$ 1,690,184                    | \$ 23,367,155 | \$ 11,449,974                          | \$ 127,757,193                       |
| 2019        | 23,452,563           | 1,025,517            | 545,437      | 4,552,580    | 29,576,097    | 13,104,187               | 4,190,167    | 3,296,426        | -                               | 20,590,780    | 8,985,317                              | 116,307,219                          |
| 2018        | 23,534,582           | 911,770              | 458,296      | 2,993,544    | 27,898,192    | 12,009,200               | 3,823,387    | 2,938,196        | -                               | 18,770,783    | 9,127,409                              | 107,321,902                          |
| 2017        | 22,335,872           | 811,540              | 484,675      | 1,998,749    | 25,630,836    | 12,191,374               | 3,790,683    | 2,687,548        | -                               | 18,669,605    | 6,961,231                              | 98,194,493                           |
| 2016        | 22,283,052           | 751,904              | 435,197      | 1,171,512    | 24,641,665    | 10,947,720               | 3,457,903    | 2,952,146        | -                               | 17,357,769    | 7,283,896                              | 91,233,262                           |
| 2015        | 21,362,069           | 726,695              | 484,826      | 872,763      | 23,446,353    | 13,280,245               | 3,347,761    | 2,531,819        | -                               | 19,159,825    | 4,286,528                              | 83,949,366                           |
| 2014        | 20,961,597           | 867,053              | 496,895      | 796,239      | 23,121,784    | 10,590,342               | 3,132,231    | 2,308,682        | -                               | 16,031,255    | 7,090,529                              | 79,662,838                           |
| 2013        | 19,622,020           | 631,727              | 548,222      | 872,200      | 21,674,169    | 9,810,340                | 2,950,004    | 2,317,552        | -                               | 15,077,896    | 6,596,273                              | 72,572,309                           |
| 2012        | 18,421,963           | 642,677              | 413,611      | 1,696,302    | 21,174,553    | 9,428,113                | 2,612,231    | 1,917,548        | -                               | 13,957,892    | 7,216,661                              | 65,976,036                           |
| 2011        | 15,267,463           | 624,333              | 272,521      | 2,573,309    | 18,737,626    | 8,586,943                | 2,073,581    | 1,786,857        | -                               | 12,447,381    | 6,290,245                              | 58,759,375                           |

Includes Water and Sewer Funds

### Water Fund Revenue, Expenses, and Changes in Fund Net Position Last Ten Fiscal Years

| Fiscal Year | Revenue              |                      |              |              |               | Expenses                 |              |                  |                                 |              | Increase (Decrease) Total Net Position | Total Net Position <sup>(1)(2)</sup> |
|-------------|----------------------|----------------------|--------------|--------------|---------------|--------------------------|--------------|------------------|---------------------------------|--------------|----------------------------------------|--------------------------------------|
|             | Charges for Services | Licenses and Permits | Departmental | Other        | Total         | Operations & Maintenance | Depreciation | Interest Expense | Special Item - Loss on Disposal | Total        |                                        |                                      |
| 2020        | \$ 8,284,662         | \$ 785,192           | \$ 279,682   | \$ 7,311,687 | \$ 16,661,223 | \$ 5,618,866             | \$ 2,056,796 | \$ 1,085,169     | -                               | \$ 8,760,831 | \$ 7,900,392                           | \$ 54,436,850                        |
| 2019        | 8,135,894            | 750,021              | 356,307      | 2,692,257    | 11,934,479    | 5,217,921                | 1,901,401    | 1,077,124        | -                               | 8,196,446    | 3,738,033                              | 46,536,458                           |
| 2018        | 8,470,217            | 717,598              | 281,970      | 1,626,217    | 11,096,002    | 5,264,987                | 1,701,629    | 1,039,677        | -                               | 8,006,293    | 3,089,709                              | 42,798,425                           |
| 2017        | 8,129,970            | 627,915              | 271,907      | 857,856      | 9,887,648     | 5,215,935                | 1,737,531    | 1,052,899        | -                               | 8,006,365    | 1,881,283                              | 39,708,716                           |
| 2016        | 8,409,115            | 538,471              | 277,771      | 584,481      | 9,809,838     | 4,728,684                | 1,577,929    | 1,394,727        | -                               | 7,701,340    | 2,108,498                              | 37,827,433                           |
| 2015        | 7,998,954            | 552,155              | 298,090      | 276,604      | 9,125,803     | 5,852,601                | 1,521,953    | 937,092          | -                               | 8,311,646    | 814,157                                | 35,718,935                           |
| 2014        | 8,191,372            | 618,554              | 304,652      | 142,381      | 9,256,959     | 4,712,670                | 1,419,960    | 879,823          | -                               | 7,012,453    | 2,244,506                              | 34,904,778                           |
| 2013        | 8,023,896            | 431,680              | 383,459      | 102,743      | 8,941,778     | 4,212,763                | 1,370,019    | 1,038,229        | -                               | 6,621,011    | 2,320,767                              | 32,660,272                           |
| 2012        | 8,321,997            | 465,232              | 268,109      | 78,336       | 9,133,674     | 3,859,673                | 1,198,958    | 847,244          | -                               | 5,905,875    | 3,227,799                              | 30,339,505                           |
| 2011        | 8,302,713            | 422,694              | 189,506      | 141,291      | 9,056,204     | 3,730,792                | 731,813      | 902,977          | -                               | 5,365,582    | 3,690,622                              | 27,111,706                           |

### Sewer Fund Revenue, Expenses, and Changes in Fund Net Position Last Ten Fiscal Years

| Fiscal Year | Revenue              |                      |              |              |               | Expenses                 |              |                  |                                 |            | Increase (Decrease) Total Net Position | Total Net Position <sup>(1)(2)</sup> |
|-------------|----------------------|----------------------|--------------|--------------|---------------|--------------------------|--------------|------------------|---------------------------------|------------|----------------------------------------|--------------------------------------|
|             | Charges for Services | Licenses and Permits | Departmental | Other        | Total         | Operations & Maintenance | Depreciation | Interest Expense | Special Item - Loss on Disposal | Total      |                                        |                                      |
| 2020        | \$ 15,523,645        | \$ 500,023           | \$ 217,905   | \$ 1,914,333 | \$ 18,155,906 | \$ 7,815,332             | \$ 2,550,063 | \$ 2,550,745     | \$ 1,690,184                    | 14,606,324 | \$ 3,549,582                           | \$ 73,320,343                        |
| 2019        | 15,316,669           | 275,496              | 189,130      | 1,860,323    | 17,641,618    | 7,886,266                | 2,288,766    | 2,219,302        | -                               | 12,394,334 | 5,247,284                              | 69,770,761                           |
| 2018        | 15,064,365           | 194,172              | 176,326      | 1,367,327    | 16,802,190    | 6,744,213                | 2,121,758    | 1,898,519        | -                               | 10,764,490 | 6,037,700                              | 64,523,477                           |
| 2017        | 14,205,902           | 183,625              | 212,768      | 1,140,893    | 15,743,188    | 6,975,439                | 2,053,152    | 1,634,649        | -                               | 10,663,240 | 5,079,948                              | 58,485,777                           |
| 2016        | 13,873,937           | 213,433              | 157,426      | 587,031      | 14,831,827    | 6,219,036                | 1,879,974    | 1,557,419        | -                               | 9,656,429  | 5,175,398                              | 53,405,829                           |
| 2015        | 13,363,115           | 174,540              | 186,736      | 596,159      | 14,320,550    | 7,427,644                | 1,825,808    | 1,594,727        | -                               | 10,848,179 | 3,472,371                              | 48,230,431                           |
| 2014        | 12,770,225           | 248,499              | 192,243      | 653,858      | 13,864,825    | 5,877,672                | 1,712,271    | 1,428,859        | -                               | 9,018,802  | 4,846,023                              | 44,758,060                           |
| 2013        | 11,598,124           | 200,047              | 164,763      | 769,457      | 12,732,391    | 5,597,577                | 1,579,985    | 1,279,323        | -                               | 8,456,885  | 4,275,506                              | 39,912,037                           |
| 2012        | 10,099,966           | 177,445              | 145,502      | 1,617,966    | 12,040,879    | 5,568,440                | 1,413,273    | 1,070,304        | -                               | 8,052,017  | 3,988,862                              | 35,636,531                           |
| 2011        | 6,964,750            | 201,639              | 83,015       | 2,432,018    | 9,681,422     | 4,856,151                | 1,341,768    | 883,880          | -                               | 7,081,799  | 2,599,623                              | 31,647,669                           |

Notes:

<sup>(1)</sup> Restated in 2015 in conformity with GASB Statement 68.

<sup>(2)</sup> Restated in 2017 in conformity with GASB Statement 75.

## City of Portsmouth, New Hampshire

### General Government Tax Revenues by Source

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

| Fiscal Year | Property Taxes | Payment in Lieu of Tax | Tax Interest & Penalties | Total         |
|-------------|----------------|------------------------|--------------------------|---------------|
| 2020        | \$ 88,359,248  | \$ 203,745             | \$ 164,713               | \$ 88,727,706 |
| 2019        | 84,620,658     | 177,725                | 104,157                  | 84,902,540    |
| 2018        | 81,800,573     | 173,854                | 88,770                   | 82,063,197    |
| 2017        | 80,717,918     | 168,577                | 168,675                  | 81,055,170    |
| 2016        | 77,191,614     | 119,625                | 208,972                  | 77,520,211    |
| 2015        | 73,492,844     | 142,828                | 289,805                  | 73,925,477    |
| 2014        | 72,721,967     | 143,413                | 279,531                  | 73,144,911    |
| 2013        | 69,241,043     | 114,383                | 371,247                  | 69,726,673    |
| 2012        | 67,008,930     | 194,537                | 266,690                  | 67,470,157    |
| 2011        | 65,639,699     | 152,802                | 300,578                  | 66,093,079    |

Data Source:

Finance Department Records

## City of Portsmouth, New Hampshire

### Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal Year | Property Tax Levied for Fiscal Year | Collected within the Fiscal Year of the Levy |           | Balance at Fiscal Year End of Levy Year | Collections in Subsequent Years | Balance at End of Current Fiscal year | Total Collections to Date |           | Number of Parcels |        |          |
|-------------|-------------------------------------|----------------------------------------------|-----------|-----------------------------------------|---------------------------------|---------------------------------------|---------------------------|-----------|-------------------|--------|----------|
|             |                                     | Amount                                       | % of Levy |                                         |                                 |                                       | Amount                    | % of Levy | in Levy           | Liened | % Liened |
| 2020        | \$ 90,571,793                       | \$ 89,137,643                                | 98.4%     | 1,434,150                               | \$ -                            | 1,434,150                             | \$ 89,137,643             | 98.4%     | 8,688             | 125    | 1.4%     |
| 2019        | 87,304,835                          | 85,503,865                                   | 97.9%     | 1,800,970                               | 1,583,024                       | 217,946                               | 87,086,889                | 99.8%     | 8,655             | 101    | 1.2%     |
| 2018        | 83,756,100                          | 82,251,487                                   | 98.2%     | 1,504,613                               | 1,394,147                       | 110,466                               | 83,645,634                | 99.9%     | 8,624             | 110    | 1.3%     |
| 2017        | 80,406,957                          | 78,768,028                                   | 98.0%     | 1,638,929                               | 1,638,929                       | -                                     | 80,406,957                | 100.0%    | 8,567             | 113    | 1.3%     |
| 2016        | 78,413,113                          | 76,816,032                                   | 98.0%     | 1,597,081                               | 1,597,081                       | -                                     | 78,413,113                | 100.0%    | 8,536             | 112    | 1.3%     |
| 2015        | 74,936,960                          | 73,219,903                                   | 97.7%     | 1,717,057                               | 1,675,454                       | 41,603                                | 74,895,357                | 99.9%     | 8,559             | 121    | 1.4%     |
| 2014        | 72,401,876                          | 70,320,311                                   | 97.1%     | 2,081,565                               | 2,040,457                       | 41,108                                | 72,360,768                | 99.9%     | 8,540             | 133    | 1.6%     |
| 2013        | 70,007,505                          | 67,688,563                                   | 96.7%     | 2,318,942                               | 2,318,942                       | -                                     | 70,007,505                | 100.0%    | 8,522             | 172    | 2.0%     |
| 2012        | 67,841,808                          | 65,297,485                                   | 96.2%     | 2,544,323                               | 2,544,323                       | -                                     | 67,841,808                | 100.0%    | 8,457             | 208    | 2.5%     |
| 2011        | 67,027,315                          | 64,531,067                                   | 96.3%     | 2,496,248                               | 2,496,248                       | -                                     | 67,027,315                | 100.0%    | 8,360             | 214    | 2.6%     |

Data Source:

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

Tax liens are placed within 60 days after the end of the fiscal year.

## City of Portsmouth, New Hampshire

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

| Fiscal<br>Year | Local Assessed Value <sup>(1)</sup> |                  |                           |                |                         | Less<br>Exemptions<br>to Assessed<br>Value <sup>(1)</sup> | Total Taxable<br>Assessed<br>Value <sup>(1)</sup> | Total Direct<br>Tax Rate per<br>\$1,000 of<br>Assessed Value | Total<br>Equalized<br>Valuation <sup>(2)</sup> | Ratio of Total<br>Assessed<br>Value to<br>Total Estimated<br>Full Value |
|----------------|-------------------------------------|------------------|---------------------------|----------------|-------------------------|-----------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------|
|                | Current Use/<br>Conservation        | Residential      | Commercial/<br>Industrial | Utilities      | Total Assessed<br>Value |                                                           |                                                   |                                                              |                                                |                                                                         |
| 2020           | \$ 59,114                           | \$ 3,563,876,900 | \$ 2,436,618,949          | \$ 171,160,012 | \$ 6,171,714,975        | \$ 19,874,499                                             | \$ 6,151,840,476                                  | \$ 13.96                                                     | \$ 6,784,387,454                               | 91.0%                                                                   |
| 2019           | 57,811                              | 3,184,983,200    | 2,213,485,956             | 189,760,510    | 5,588,287,477           | 20,613,200                                                | 5,567,674,277                                     | 14.85                                                        | 6,139,020,401                                  | 91.0%                                                                   |
| 2018           | 60,090                              | 3,111,438,500    | 2,152,216,919             | 250,037,813    | 5,513,753,322           | 45,409,300                                                | 5,468,344,022                                     | 14.35                                                        | 5,800,517,168                                  | 95.1%                                                                   |
| 2017           | 56,064                              | 2,579,500,900    | 2,026,331,316             | 212,424,771    | 4,818,313,051           | 46,608,500                                                | 4,771,704,551                                     | 15.95                                                        | 5,713,043,888                                  | 84.3%                                                                   |
| 2016           | 57,856                              | 2,538,551,208    | 2,016,983,163             | 219,583,616    | 4,775,175,843           | 47,333,200                                                | 4,727,842,643                                     | 15.71                                                        | 5,166,602,923                                  | 92.4%                                                                   |
| 2015           | 57,450                              | 2,362,869,900    | 1,670,440,660             | 198,604,095    | 4,231,972,105           | 49,603,300                                                | 4,182,368,805                                     | 16.94                                                        | 4,924,402,209                                  | 85.9%                                                                   |
| 2014           | 61,620                              | 2,327,198,200    | 1,612,709,460             | 206,444,495    | 4,146,413,775           | 49,810,200                                                | 4,096,603,575                                     | 16.77                                                        | 4,526,473,144                                  | 91.6%                                                                   |
| 2013           | 79,920                              | 2,303,569,472    | 1,588,643,960             | 200,685,995    | 4,092,979,347           | 49,212,300                                                | 4,043,767,047                                     | 16.46                                                        | 4,281,196,422                                  | 95.6%                                                                   |
| 2012           | 79,620                              | 2,272,393,300    | 1,552,957,800             | 194,836,478    | 4,020,267,198           | 48,822,500                                                | 3,971,444,698                                     | 16.22                                                        | 4,174,795,440                                  | 96.3%                                                                   |
| 2011           | 105,400                             | 2,258,277,800    | 1,514,466,100             | 181,789,500    | 3,954,638,800           | 51,607,000                                                | 3,903,031,800                                     | 16.33                                                        | 4,088,268,814                                  | 96.7%                                                                   |

Data Sources:

<sup>(1)</sup> State MS-1 Report of Assessed Values

<sup>(2)</sup> NH Department of Revenue Administration's annual Equalization Survey

## City of Portsmouth, New Hampshire

### Principal Taxpayers

#### Current Year and Nine Years Ago

| Taxpayer                                                     | Type of Business  | FY 2020<br>Assessed<br>Value | Rank | Percentage of<br>Total Taxable<br>Assessed Value | FY 2011<br>Assessed<br>Value | Rank | Percentage of<br>Total Taxable<br>Assessed Value |
|--------------------------------------------------------------|-------------------|------------------------------|------|--------------------------------------------------|------------------------------|------|--------------------------------------------------|
| Public Service Co of NH                                      | Utility           | \$ 106,028,886               | 1    | 1.72%                                            | \$ 162,129,600               | 1    | 4.15%                                            |
| HCA Health Services of NH Inc.                               | Hospital          | 86,858,000                   | 2    | 1.41%                                            | 73,935,300                   | 2    | 1.89%                                            |
| Arbor View & The Pines LLC (10 Years ago TGM Beechstone LLC) | Apartment Complex | 54,347,500                   | 3    | 0.88%                                            | 42,536,900                   | 3    | 1.09%                                            |
| Hanover Apartments LLC                                       | Apartments        | 43,097,200                   | 4    | 0.70%                                            |                              |      |                                                  |
| Northern Utilities                                           | Utility           | 42,534,439                   | 5    | 0.69%                                            | 18,411,800                   | 9    | 0.47%                                            |
| Vaughan Street Hotel LLC                                     | Hotel             | 42,488,300                   | 6    | 0.69%                                            |                              |      |                                                  |
| Port Owner Harbor LLC (formerly Harborside Assoc)            | Hotel             | 35,699,200                   | 7    | 0.58%                                            | 18,353,400                   | 10   | 0.47%                                            |
| Liberty Mutual Insurance                                     | Office Building   | 33,643,900                   | 8    | 0.55%                                            | 35,433,200                   | 4    | 0.91%                                            |
| Inishmaan Assoc LTD Partnership                              | Apartments        | 32,228,300                   | 9    | 0.52%                                            | 23,578,000                   | 5    | 0.60%                                            |
| Service Credit Union                                         | Bank              | 31,651,700                   | 10   | 0.51%                                            |                              |      |                                                  |
| DSQ Holding LLC                                              | Retail            |                              |      |                                                  | 21,996,900                   | 6    | 0.56%                                            |
| Bromley Portsmouth LLC                                       | Shopping Center   |                              |      |                                                  | 21,732,300                   | 7    | 0.56%                                            |
| Kenard Development LLC                                       | Industrial        |                              |      |                                                  | 20,496,100                   | 8    | 0.53%                                            |
| Total Principal Taxpayers                                    |                   | \$ 508,577,425               |      | 8.25%                                            | \$ 438,603,500               |      | 11.23%                                           |
| Total Net Assessed Taxable Value                             |                   | <u>\$ 6,151,840,476</u>      |      |                                                  | <u>\$ 3,903,031,800</u>      |      |                                                  |

Data Source:

City of Portsmouth Assessing Department

## City of Portsmouth, New Hampshire

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

| Fiscal<br>Year | City Direct Rates |                 |                                |                 |                 | Overlapping<br>Rate |          |    | Estimated<br>Full Value |
|----------------|-------------------|-----------------|--------------------------------|-----------------|-----------------|---------------------|----------|----|-------------------------|
|                | City              | Local<br>School | State<br>School <sup>(1)</sup> | Total<br>School | Total<br>Direct | County              | Total    |    | Rate                    |
| 2020           | \$ 7.22           | \$ 4.83         | \$ 1.91                        | \$ 6.74         | \$ 13.96        | \$ 0.90             | \$ 14.86 | \$ | 13.43                   |
| 2019           | 7.68              | 4.96            | 2.21                           | 7.17            | 14.85           | 0.99                | 15.84    |    | 14.30                   |
| 2018           | 7.27              | 4.95            | 2.13                           | 7.08            | 14.35           | 1.03                | 15.38    |    | 14.42                   |
| 2017           | 8.13              | 5.41            | 2.41                           | 7.82            | 15.95           | 1.09                | 17.04    |    | 14.15                   |
| 2016           | 8.07              | 5.33            | 2.31                           | 7.64            | 15.71           | 1.08                | 16.79    |    | 15.28                   |
| 2015           | 8.80              | 5.61            | 2.53                           | 8.14            | 16.94           | 1.16                | 18.10    |    | 15.28                   |
| 2014           | 8.72              | 5.56            | 2.49                           | 8.05            | 16.77           | 1.14                | 17.91    |    | 16.11                   |
| 2013           | 8.55              | 5.49            | 2.42                           | 7.91            | 16.46           | 1.09                | 17.55    |    | 16.48                   |
| 2012           | 8.42              | 5.34            | 2.46                           | 7.80            | 16.22           | 1.05                | 17.27    |    | 16.33                   |
| 2011           | 8.50              | 5.40            | 2.43                           | 7.83            | 16.33           | 1.08                | 17.41    |    | 16.51                   |

Data Source:  
NH State Department of Revenue Administration

Notes:

<sup>(1)</sup> The NH State Legislature revised Education funding in Fiscal Year 2000, establishing a State Education Property Tax. Although warranted by the state, the taxes are collected by the City and spent for local school purposes. This rate does not apply to utility assessments. Utilities are billed directly by the State of NH.

## City of Portsmouth, New Hampshire

### Utility Fund Net Budget, Billable Volumes and Rates Last Ten Fiscal Years

| Fiscal<br>Year | Amount to be Raised by Rates <sup>(1)</sup> |               | Billable Volume Used for Setting Rates <sup>(2)</sup> |                      | Rates per HCF <sup>(4) (5)</sup> |                |                |
|----------------|---------------------------------------------|---------------|-------------------------------------------------------|----------------------|----------------------------------|----------------|----------------|
|                | Water                                       | Sewer         | Water                                                 | Sewer <sup>(3)</sup> | Water                            | Sewer          | Combined       |
| 2020           | \$ 8,222,671                                | \$ 16,880,687 | 1,648,450                                             | 1,148,426            | \$ 4.32/5.20                     | \$ 13.77/15.14 | \$ 18.09/20.34 |
| 2019           | 8,069,988                                   | 16,633,110    | 1,656,322                                             | 1,176,180            | 4.23/5.10                        | 13.24/14.56    | 17.47/19.66    |
| 2018           | 8,022,640                                   | 15,630,407    | 1,669,361                                             | 1,152,772            | 4.15/5.00                        | 12.73/14.00    | 16.88/19.00    |
| 2017           | 8,021,380                                   | 14,710,029    | 1,688,000                                             | 1,125,000            | 4.15/5.00                        | 12.24/13.47    | 16.39/18.47    |
| 2016           | 7,805,987                                   | 14,126,590    | 1,642,974                                             | 1,123,800            | 4.15/5.00                        | 11.77/12.95    | 15.92/17.95    |
| 2015           | 7,433,983                                   | 13,899,608    | 1,565,239                                             | 1,160,278            | 4.15/5.00                        | 11.21/12.34    | 15.36/17.34    |
| 2014           | 7,300,831                                   | 13,100,514    | 1,538,972                                             | 1,151,863            | 4.15/5.00                        | 10.68/11.75    | 14.83/16.75    |
| 2013           | 7,549,916                                   | 10,389,358    | 1,577,620                                             | 1,020,971            | 4.15/5.00                        | 9.54/10.49     | 13.69/15.49    |
| 2012           | 7,369,573                                   | 8,907,408     | 1,577,620                                             | 1,020,971            | 4.15/5.00                        | 8.29/9.11      | 12.44/14.11    |
| 2011           | 7,914,865                                   | 6,702,250     | 1,687,128                                             | 1,157,405            | 4.15/5.00                        | 5.50/6.05      | 9.65/11.05     |

Data Source:

City of Portsmouth Budget and Budget Resolutions

#### Notes:

<sup>(1)</sup> Amount to be raised by rate equals the net cash requirement budget, i.e., appropriations less other revenue sources.

<sup>(2)</sup> Billable Volume is the estimated billable water consumption in hundred cubic feet units (HCF).

<sup>(3)</sup> Sewer charges are based on the amount of water consumed.

<sup>(4)</sup> One hundred cubic feet (HCF) equals 748 gallons.

<sup>(5)</sup> First rate is for consumption of 10 units or less. Second rate is for consumption over 10 units.

## City of Portsmouth, New Hampshire

### Portsmouth's Share of the Rockingham County Tax Apportionment

Last Ten Fiscal Years

(based on percentage of equalized value)

| Total Equalized Values |                                           |                                                                                    |                                      |                   |              | Apportionment of County Tax Levy |                 |                                 |                              |                             |
|------------------------|-------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------|-------------------|--------------|----------------------------------|-----------------|---------------------------------|------------------------------|-----------------------------|
| Tax Year               | Portsmouth Base Valuation for Debt Limits | Add: Equalization of PILOTS and RR Tax Less: Equalization of State Shared Revenues | Portsmouth Total Equalized Valuation | Rockingham County | Portsmouth % | Fiscal Year                      | County Tax Levy | Portsmouth Share <sup>(1)</sup> | Portsmouth's Share \$ Change | Portsmouth's Share % Change |
| 2019                   | \$ 6,714,405,427                          | \$ 69,982,027                                                                      | \$ 6,784,387,454                     | \$ 59,209,498,814 | 11.4582754%  | 2020                             | \$ 50,297,338   | \$ 5,561,365                    | \$ 58,166                    | 1.1%                        |
| 2018                   | 6,073,124,791                             | 65,895,610                                                                         | 6,139,020,401                        | 55,521,693,803    | 11.0569761%  | 2019                             | 49,130,196      | 5,503,199                       | (125,934)                    | -2.2%                       |
| 2017                   | 5,731,071,264                             | 69,445,904                                                                         | 5,800,517,168                        | 51,784,538,619    | 11.2012530%  | 2018                             | 48,369,198      | 5,629,133                       | 425,776                      | 8.2%                        |
| 2016                   | 5,651,979,770                             | 61,064,118                                                                         | 5,713,043,888                        | 49,090,222,780    | 11.6378447%  | 2017                             | 46,916,696      | 5,203,357                       | 102,846                      | 2.0%                        |
| 2015                   | 5,118,914,757                             | 47,688,166                                                                         | 5,166,602,923                        | 46,585,299,985    | 11.0906293%  | 2016                             | 46,013,873      | 5,100,511                       | 268,123                      | 5.5%                        |
| 2014                   | 4,871,579,273                             | 52,822,935                                                                         | 4,924,402,208                        | 44,425,117,020    | 11.0847253%  | 2015                             | 44,809,156      | 4,832,388                       | 165,188                      | 3.5%                        |
| 2013                   | 4,481,154,370                             | 45,318,774                                                                         | 4,526,473,144                        | 41,972,510,217    | 10.7843756%  | 2014                             | 43,873,563      | 4,667,200                       | 240,257                      | 5.4%                        |
| 2012                   | 4,238,460,159                             | 42,736,264                                                                         | 4,281,196,423                        | 40,244,948,862    | 10.6378478%  | 2013                             | 43,141,885      | 4,426,943                       | 245,697                      | 5.9%                        |
| 2011                   | 4,129,016,814                             | 45,778,625                                                                         | 4,174,795,439                        | 40,684,633,568    | 10.2613569%  | 2012                             | 41,991,666      | 4,181,246                       | (20,234)                     | -0.5%                       |
| 2010                   | 4,044,429,991                             | 43,838,823                                                                         | 4,088,268,814                        | 41,057,907,008    | 9.9573240%   | 2011                             | 42,232,608      | 4,201,480                       | 251,582                      | 6.4%                        |

#### Data Sources:

NH Department of Revenue Administration Equalization Surveys

County Tax Warrants

Adopted Rockingham County Budgets

<sup>(1)</sup> Rockingham County uses the previous year's proportion percentage to calculate City's tax obligation.

## City of Portsmouth, New Hampshire

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

|                                                  | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                  | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             |
| <b>Issued Debt at June 30</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | \$ 24,020,000    | \$ 27,555,001    | \$ 25,727,000    | \$ 27,511,103    | \$ 27,609,999    | \$ 31,358,500    | \$ 34,413,500    | \$ 35,683,500    | \$ 59,080,500    | \$ 52,648,499    |
| City-Unamortized Bond Premium                    | 141,161          | 847,236          | 954,977          | 1,741,039        | 2,162,776        | 3,527,421        | 4,171,793        | 4,641,543        | 7,707,108        | 6,977,488        |
| Landfill                                         | 1,735,855        | 1,522,951        | 1,310,048        | 1,097,144        | 884,238          | 671,332          | 458,427          | 245,522          | 32,617           | -                |
| School Dept.                                     | 37,850,000       | 55,925,000       | 52,475,000       | 51,915,000       | 49,055,000       | 50,397,607       | 50,962,635       | 51,850,000       | 52,014,500       | 46,975,000       |
| School-Unamortized Bond Premium                  | 941,592          | 4,526,586        | 4,186,573        | 4,198,367        | 3,865,809        | 3,926,897        | 3,773,863        | 3,750,262        | 3,848,033        | 3,348,330        |
| Total Governmental Funds                         | 64,688,608       | 90,376,774       | 84,653,598       | 86,462,654       | 83,577,822       | 89,881,757       | 93,780,218       | 96,170,827       | 122,682,758      | 109,949,317      |
| Water Fund                                       | 20,929,382       | 19,606,919       | 23,037,202       | 24,971,873       | 28,040,824       | 29,724,796       | 29,832,268       | 30,674,740       | 30,644,612       | 28,104,684       |
| Water-Unamortized Bond Premium                   | 565,192          | 533,796          | 502,396          | 883,158          | 993,224          | 2,288,399        | 2,236,248        | 2,305,220        | 2,394,747        | 2,204,744        |
| Sewer Fund                                       | 20,336,083       | 33,813,720       | 36,705,514       | 52,926,789       | 50,381,197       | 50,785,603       | 50,340,010       | 51,079,418       | 54,544,925       | 49,688,232       |
| Sewer-Unamortized Bond Premium                   | -                | 772,748          | 870,421          | 2,414,740        | 2,323,564        | 2,567,959        | 2,664,321        | 2,951,701        | 3,695,439        | 3,430,885        |
| Total Business-type Activities                   | 41,830,657       | 54,727,183       | 61,115,533       | 81,196,560       | 81,738,809       | 85,366,757       | 85,072,847       | 87,011,079       | 91,279,723       | 83,428,545       |
| Total Issued Debt at June 30                     | 106,519,264      | 145,103,957      | 145,769,131      | 167,659,214      | 165,316,631      | 175,248,514      | 178,853,065      | 183,181,906      | 213,962,480      | 193,377,862      |
| <b>Authorized Unissued Debt June 30</b>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | 6,900,000        | -                | 1,600,000        | 1,600,000        | 24,800,000       | 23,352,000       | 23,200,000       | 31,130,000       | 13,875,000       | 25,825,000       |
| Landfill                                         | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        | 4,641,897        |
| School Dept.                                     | 22,500,000       | -                | 3,300,000        | -                | 5,025,000        | 5,025,000        | 5,000,000        | 5,000,000        | 2,000,000        | 2,000,000        |
| Total Governmental Funds                         | 34,041,897       | 4,641,897        | 9,541,897        | 6,241,897        | 34,466,897       | 33,018,897       | 32,841,897       | 40,771,897       | 20,516,897       | 32,466,897       |
| Water Fund                                       | 18,162,303       | 18,162,303       | 13,162,303       | 13,162,303       | -                | -                | -                | -                | -                | 4,623,000        |
| Sewer Fund                                       | 19,996,531       | 16,206,299       | 8,706,299        | 3,110,425        | -                | 75,000,000       | 75,000,000       | 81,900,000       | 81,900,000       | 89,045,000       |
| Total Authorized Unissued Debt June 30           | 72,200,731       | 39,010,499       | 31,410,499       | 22,514,625       | 34,466,897       | 108,018,897      | 107,841,897      | 122,671,897      | 102,416,897      | 126,134,897      |
| <b>Gross Debt June 30</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | 31,061,161       | 28,402,237       | 28,281,977       | 30,852,142       | 54,572,775       | 58,237,921       | 61,785,293       | 71,455,043       | 80,662,608       | 85,450,987       |
| Coakley Landfill                                 | 6,377,752        | 6,164,848        | 5,951,945        | 5,739,041        | 5,526,135        | 5,313,229        | 5,100,324        | 4,887,419        | 4,674,514        | 4,641,897        |
| School Dept.                                     | 61,291,592       | 60,451,586       | 59,961,573       | 56,113,367       | 57,945,809       | 59,349,504       | 59,736,498       | 60,600,262       | 57,862,533       | 52,323,330       |
| Total Governmental Funds                         | 98,730,505       | 95,018,671       | 94,195,495       | 92,704,551       | 118,044,719      | 122,900,654      | 126,622,115      | 136,942,724      | 143,199,655      | 142,416,214      |
| Water Fund                                       | 39,656,877       | 38,303,018       | 36,701,901       | 39,017,334       | 29,034,048       | 32,013,195       | 32,068,516       | 32,979,960       | 33,039,359       | 34,932,428       |
| Sewer Fund                                       | 40,332,614       | 50,020,019       | 46,282,234       | 58,451,954       | 52,704,761       | 128,353,562      | 128,004,331      | 135,931,119      | 140,140,364      | 142,164,117      |
| Total Gross Debt June 30                         | \$ 178,719,995   | \$ 184,114,456   | \$ 177,179,630   | \$ 190,173,839   | \$ 199,783,528   | \$ 283,267,411   | \$ 286,694,962   | \$ 305,853,803   | \$ 316,379,377   | \$ 319,512,759   |
| <b>Base Value for Debt Limits <sup>(1)</sup></b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                                                  | \$ 4,044,429,991 | \$ 4,129,016,814 | \$ 4,238,460,159 | \$ 4,481,154,370 | \$ 4,871,579,273 | \$ 5,118,914,757 | \$ 5,651,979,770 | \$ 5,731,071,264 | \$ 6,073,124,791 | \$ 6,714,405,427 |
| <b>Legal Debt Limits (% of Base Value)</b>       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City - 3% <sup>(2)</sup>                         | \$ 121,332,900   | \$ 123,870,504   | \$ 127,153,805   | \$ 134,434,631   | \$ 146,147,378   | \$ 153,567,443   | \$ 169,559,393   | \$ 171,932,138   | \$ 182,193,744   | \$ 201,432,163   |
| School - 7% <sup>(2)</sup>                       | 283,110,099      | 289,031,177      | 296,692,211      | 313,680,806      | 341,010,549      | 358,324,033      | 395,638,584      | 401,174,988      | 425,118,735      | 470,008,380      |
| Water - 10% <sup>(2)</sup>                       | 404,442,999      | 412,901,681      | 423,846,016      | 448,115,437      | 487,157,927      | 511,891,476      | 565,197,977      | 573,107,126      | 607,312,479      | 671,440,543      |
| <b>Debt Against Legal Debt Limits</b>            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | \$ 31,061,161    | \$ 28,402,237    | \$ 28,281,977    | \$ 30,852,142    | \$ 54,572,775    | \$ 58,237,921    | \$ 61,785,293    | \$ 71,455,043    | \$ 80,662,608    | \$ 85,450,987    |
| School Dept.                                     | 61,291,592       | 60,451,586       | 59,961,573       | 56,113,367       | 57,945,809       | 59,349,504       | 59,736,498       | 60,600,262       | 57,862,533       | 52,323,330       |
| Water Fund                                       | 39,656,877       | 38,303,018       | 36,701,901       | 39,017,334       | 29,034,048       | 32,013,195       | 32,068,516       | 32,979,960       | 33,039,359       | 34,932,428       |
| Exempt from Legal Debt Limits <sup>(3)</sup>     | 46,710,366       | 56,957,615       | 52,234,179       | 64,190,995       | 58,230,896       | 133,666,791      | 133,104,655      | 140,818,538      | 144,814,878      | 146,806,014      |
| Total Debt at June 30                            | \$ 178,719,995   | \$ 184,114,456   | \$ 177,179,630   | \$ 190,173,839   | \$ 199,783,528   | \$ 283,267,411   | \$ 286,694,962   | \$ 305,853,803   | \$ 316,379,377   | \$ 319,512,759   |
| <b>Unused Capacity of Legal Debt Limits</b>      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | \$ 90,271,739    | \$ 95,468,267    | \$ 98,871,827    | \$ 103,582,489   | \$ 91,574,603    | \$ 95,329,522    | \$ 107,774,100   | \$ 100,477,095   | \$ 101,531,136   | \$ 115,981,176   |
| School Dept.                                     | 221,818,508      | 228,579,591      | 236,730,638      | 257,567,439      | 283,064,740      | 298,974,529      | 335,902,086      | 340,574,726      | 367,256,202      | 417,685,050      |
| Water Fund                                       | 364,786,122      | 374,598,663      | 387,144,115      | 409,098,103      | 458,123,879      | 479,878,281      | 533,129,461      | 540,127,166      | 574,273,120      | 636,508,115      |
| <b>% of Legal Debt Limits Used</b>               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| City Depts.                                      | 25.6%            | 22.9%            | 22.2%            | 22.9%            | 37.3%            | 37.9%            | 36.4%            | 41.6%            | 44.3%            | 42.4%            |
| School Dept.                                     | 21.6%            | 20.9%            | 20.2%            | 17.9%            | 17.0%            | 16.6%            | 15.1%            | 15.1%            | 13.6%            | 11.1%            |
| Water Fund                                       | 9.8%             | 9.3%             | 8.7%             | 8.7%             | 6.0%             | 6.3%             | 5.7%             | 5.8%             | 5.4%             | 5.2%             |

Data Source  
Audited Financial Statements

#### Notes:

<sup>(1)</sup> Base Value for Debt Limits computed by the NH Department of Revenue Administration.

<sup>(2)</sup> Legal debt limit percentage rates set by NH State statute.

<sup>(3)</sup> Debt exempt from Debt limits consists of Landfills and Sewer debt.

## City of Portsmouth, New Hampshire

### Ratios of Outstanding Debt by Debt Type

Last Ten Fiscal Years

| Governmental Activities - General Obligation Debt and State Revolving Loans |                  |                   |                |                 |                              |  |
|-----------------------------------------------------------------------------|------------------|-------------------|----------------|-----------------|------------------------------|--|
| Fiscal Year                                                                 | City Departments | School Department | Total Debt     | Debt per Capita | % of Debt to Personal Income |  |
| 2020                                                                        | \$ 59,625,987    | \$ 50,323,330     | \$ 109,949,317 | \$ 4,951        | 9.8%                         |  |
| 2019                                                                        | 66,820,225       | 55,862,533        | 122,682,758    | 5,535           | 11.6%                        |  |
| 2018                                                                        | 40,570,565       | 55,600,262        | 96,170,827     | 4,392           | 9.2%                         |  |
| 2017                                                                        | 39,043,720       | 54,736,498        | 93,780,218     | 4,357           | 9.5%                         |  |
| 2016                                                                        | 35,557,253       | 54,324,504        | 89,881,757     | 4,181           | 9.3%                         |  |
| 2015                                                                        | 30,657,013       | 52,920,809        | 83,577,822     | 3,894           | 9.1%                         |  |
| 2014                                                                        | 30,349,286       | 56,113,367        | 86,462,654     | 4,063           | 10.2%                        |  |
| 2013                                                                        | 27,992,025       | 56,661,573        | 84,653,598     | 3,979           | 10.1%                        |  |
| 2012                                                                        | 29,925,188       | 60,451,586        | 90,376,774     | 4,262           | 10.8%                        |  |
| 2011                                                                        | 25,897,016       | 38,791,592        | 64,688,608     | 3,047           | 8.5%                         |  |

| Business-Type Activities - General Obligation Debt and State Revolving Loans |               |               |               |                 |                              |  |
|------------------------------------------------------------------------------|---------------|---------------|---------------|-----------------|------------------------------|--|
| Fiscal Year                                                                  | Water Fund    | Sewer Fund    | Total Debt    | Debt per capita | % of Debt to Personal Income |  |
| 2020                                                                         | \$ 30,309,428 | \$ 53,119,117 | \$ 83,428,545 | \$ 3,757        | 7.5%                         |  |
| 2019                                                                         | 33,039,359    | 58,240,364    | 91,279,723    | 4,118           | 8.6%                         |  |
| 2018                                                                         | 32,979,960    | 54,031,119    | 87,011,079    | 3,973           | 8.3%                         |  |
| 2017                                                                         | 32,068,516    | 53,004,331    | 85,072,847    | 3,952           | 8.6%                         |  |
| 2016                                                                         | 32,013,195    | 53,353,562    | 85,366,757    | 3,971           | 8.8%                         |  |
| 2015                                                                         | 29,034,048    | 52,704,761    | 81,738,809    | 3,808           | 8.9%                         |  |
| 2014                                                                         | 25,855,031    | 55,341,529    | 81,196,560    | 3,816           | 9.6%                         |  |
| 2013                                                                         | 23,539,598    | 37,575,935    | 61,115,533    | 2,873           | 7.3%                         |  |
| 2012                                                                         | 20,140,715    | 34,586,468    | 54,727,183    | 2,581           | 6.6%                         |  |
| 2011                                                                         | 21,494,574    | 20,336,083    | 41,830,657    | 1,970           | 5.5%                         |  |

| Fiscal Year | Total Debt Primary Government | Debt per capita | % of Debt to Personal Income |
|-------------|-------------------------------|-----------------|------------------------------|
| 2020        | \$ 193,377,862                | \$ 8,708        | 17.3%                        |
| 2019        | 213,962,480                   | 9,653           | 20.2%                        |
| 2018        | 183,181,906                   | 8,365           | 17.5%                        |
| 2017        | 178,853,065                   | 8,309           | 18.2%                        |
| 2016        | 175,248,514                   | 8,153           | 18.1%                        |
| 2015        | 165,316,631                   | 7,702           | 18.0%                        |
| 2014        | 167,659,214                   | 7,879           | 19.8%                        |
| 2013        | 145,769,131                   | 6,852           | 17.4%                        |
| 2012        | 145,103,957                   | 6,843           | 17.4%                        |
| 2011        | 106,519,264                   | 5,017           | 14.0%                        |

Data Source:  
Finance Department Records

## City of Portsmouth, New Hampshire

### Direct and Overlapping Governmental Activities Debt As of June 30, 2019

|                                        | End of<br>Calendar Year | Net General<br>Obligation<br>Debt<br>Outstanding <sup>(1)</sup> | Percentage<br>Applicable to<br>Portsmouth <sup>(2)</sup> | Amount<br>Applicable to<br>Portsmouth |
|----------------------------------------|-------------------------|-----------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|
| Rockingham County                      | 2020                    | \$9,264,444                                                     | 11.4582754%                                              | \$ 1,061,546                          |
|                                        |                         |                                                                 | Subtotal, Overlapping Debt                               | <u>1,061,546</u>                      |
| City of Portsmouth Direct Debt         |                         |                                                                 |                                                          | <u>109,949,317</u>                    |
| Total Direct Debt and Overlapping Debt |                         |                                                                 |                                                          | <u><u>\$ 111,010,863</u></u>          |

Data Sources:

<sup>(1)</sup> NH Department of Revenue Administration. City of Portsmouth's equalized valuation as a percentage of the total equalized valuation of Rockingham County.

## City of Portsmouth, New Hampshire

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

| Governmental Activities |                          |                 |                                     | Business Type Activities |                          |                 |                                     | Primary Government |                          |                 |                                     |
|-------------------------|--------------------------|-----------------|-------------------------------------|--------------------------|--------------------------|-----------------|-------------------------------------|--------------------|--------------------------|-----------------|-------------------------------------|
| Fiscal Year             | General Obligation Bonds | Debt per Capita | % of Debt to Estimated Actual Value | Fiscal Year              | General Obligation Bonds | Debt per Capita | % of Debt to Estimated Actual Value | Fiscal Year        | General Obligation Bonds | Debt per Capita | % of Debt to Estimated Actual Value |
| 2020                    | \$ 109,949,317           | \$ 4,951        | 1.6%                                | 2020                     | \$ 83,428,545            | 3,757           | 1.2%                                | 2020               | \$ 193,377,862           | 8,708           | 2.9%                                |
| 2019                    | 122,650,141              | 5,533           | 2.0%                                | 2019                     | 70,650,185               | 3,187           | 1.2%                                | 2019               | 193,300,325              | 8,721           | 3.1%                                |
| 2018                    | 95,925,305               | 4,381           | 1.7%                                | 2018                     | 63,583,421               | 2,904           | 1.1%                                | 2018               | 159,508,726              | 7,284           | 2.7%                                |
| 2017                    | 93,321,791               | 4,336           | 1.6%                                | 2017                     | 58,847,067               | 2,734           | 1.0%                                | 2017               | 152,168,858              | 7,070           | 2.7%                                |
| 2016                    | 89,210,425               | 4,150           | 1.7%                                | 2016                     | 56,342,856               | 2,621           | 1.1%                                | 2016               | 145,553,281              | 6,771           | 2.8%                                |
| 2015                    | 82,693,584               | 3,853           | 1.7%                                | 2015                     | 49,916,787               | 2,326           | 1.0%                                | 2015               | 132,610,371              | 6,179           | 2.7%                                |
| 2014                    | 85,365,510               | 4,012           | 1.9%                                | 2014                     | 46,542,896               | 2,187           | 1.0%                                | 2014               | 131,908,406              | 6,199           | 2.9%                                |
| 2013                    | 83,343,550               | 3,918           | 1.9%                                | 2013                     | 29,216,820               | 1,373           | 0.7%                                | 2013               | 112,560,370              | 5,291           | 2.6%                                |
| 2012                    | 88,853,823               | 4,190           | 2.1%                                | 2012                     | 26,763,387               | 1,262           | 0.6%                                | 2012               | 115,617,210              | 5,452           | 2.8%                                |
| 2011                    | 62,952,753               | 2,965           | 1.5%                                | 2011                     | 16,988,874               | 800             | 0.4%                                | 2011               | 79,941,627               | 3,765           | 2.0%                                |

Data Source:  
Finance Department Records

## City of Portsmouth, New Hampshire

### Demographic Statistics

Last Ten Fiscal Years

| Fiscal Year | Population            | Personal Income  | Per Capita Income        | Unemployment Rates <sup>(2)</sup> |             |       |
|-------------|-----------------------|------------------|--------------------------|-----------------------------------|-------------|-------|
|             |                       |                  |                          | City of Portsmouth                | State of NH | US    |
| 2020        | 22,206 <sup>(1)</sup> | \$ 1,118,094,306 | \$ 50,351 <sup>(4)</sup> | 7.5%                              | 9.1%        | 11.2% |
| 2019        | 22,166 <sup>(1)</sup> | 1,060,332,776    | 47,836 <sup>(4)</sup>    | 2.0%                              | 2.5%        | 3.7%  |
| 2018        | 21,898 <sup>(1)</sup> | 1,047,512,728    | 47,836 <sup>(4)</sup>    | 2.2%                              | 2.7%        | 4.0%  |
| 2017        | 21,524 <sup>(1)</sup> | 984,615,380      | 45,745 <sup>(4)</sup>    | 2.0%                              | 2.9%        | 4.4%  |
| 2016        | 21,496 <sup>(1)</sup> | 968,652,752      | 45,062 <sup>(4)</sup>    | 1.9%                              | 2.8%        | 4.9%  |
| 2015        | 21,463 <sup>(1)</sup> | 916,985,212      | 42,724 <sup>(4)</sup>    | 2.7%                              | 3.8%        | 5.3%  |
| 2014        | 21,280 <sup>(1)</sup> | 847,752,640      | 39,838 <sup>(4)</sup>    | 3.2%                              | 4.3%        | 6.3%  |
| 2013        | 21,273 <sup>(1)</sup> | 836,964,912      | 39,344 <sup>(4)</sup>    | 4.2%                              | 5.2%        | 7.1%  |
| 2012        | 21,206 <sup>(1)</sup> | 834,328,864      | 39,344 <sup>(4)</sup>    | 4.2%                              | 5.4%        | 8.4%  |
| 2011        | 21,233 <sup>(4)</sup> | 761,372,914      | 35,858 <sup>(3)</sup>    | 4.5%                              | 5.2%        | 9.3%  |

Data Sources:

<sup>(1)</sup> NH Office of Energy and Planning population estimates.

<sup>(2)</sup> NH Employment Security ELMI Data as of June 30.

<sup>(3)</sup> 2010 Census.

<sup>(4)</sup> U.S. Census Bureau-American Community Survey 5-Year Estimates.

## City of Portsmouth, New Hampshire

### Principal Employers

#### Current Year and Nine Years Ago

| Employer                                                 | Type of Business       | 2020                |      |                                     | 2011                |      |                                     |
|----------------------------------------------------------|------------------------|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
|                                                          |                        | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment |
| US Dept of State Consular Center <sup>(2)</sup>          | Passport/Visa services | 1,300               | 1    | 3.94 %                              |                     |      |                                     |
| Lonza Biologics                                          | Biotechnology          | 1,100               | *    | 3.33                                | 660                 | 6    | 2.37 %                              |
| Liberty Mutual                                           | Insurance              | 1,000               | *    | 3.03                                | 1,013               | 2    | 3.64                                |
| HCA Hospital                                             | Hospital               | 1,000               | *    | 3.03                                | 1,079               | 1    | 3.88                                |
| City of Portsmouth (FT)                                  | Municipal services     | 817                 |      | 2.47                                | 672                 | 5    | 2.41                                |
| Bottomline technologies                                  | Software               | 638                 |      | 1.93                                | 400                 | 7    | 1.44                                |
| John Hancock                                             | Finance                | 400                 | *    | 1.21                                |                     |      |                                     |
| Service Credit Union                                     | Banking                | 378                 |      | 1.14                                |                     |      |                                     |
| Amadeus                                                  | Software               | 362                 | *    | 1.10                                |                     |      |                                     |
| Highliner Foods                                          | Food Processor         | 330                 | *    | 1.00                                |                     |      |                                     |
| Erie Scientific/Thermo Fisher                            | Laboratory equipment   |                     |      |                                     | 280                 | 8    | 1.01                                |
| US Dept of State National Passport Center <sup>(2)</sup> | Passport Services      |                     |      |                                     | 776                 | 3    | 2.79                                |
| Alpha Flying/Plane Sense                                 |                        |                     |      |                                     | 250                 | 9    | 0.90                                |
| US Dept of State National Visa Center <sup>(2)</sup>     | Visa services          |                     |      |                                     | 684                 | 4    | 2.46                                |
| Direct Capital                                           | Commercial Leasing     |                     |      |                                     | 186                 | 10   | 0.67                                |
| Total Principal Employers                                |                        | 7,325               |      | 22.18 %                             | 6,000               |      | 21.57 %                             |
| Total City Employment <sup>(1)</sup>                     |                        | 33,025              |      |                                     | 27,842              |      |                                     |

Data Source:

NH Employment Security-NH Community Profiles

#### Notes

\* 2019 Employment Figure

<sup>(1)</sup> NH Economic and Labor Market Information Bureau - Employment and Wages Covered (QCEW) calendar year annual average ending during fiscal year.

<sup>(2)</sup> US Dept of State National Visa and Passport Centers combined in FY2014 to US Dept of State Consular Center.

## City of Portsmouth, New Hampshire

### Operating Indicators by Function

Last Ten Fiscal Years

| Function <sup>(1)</sup>                                    | Fiscal Year  |               |              |              |              |               |               |               |               |                |
|------------------------------------------------------------|--------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|
|                                                            | 2011         | 2012          | 2013         | 2014         | 2015         | 2016          | 2017          | 2018          | 2019          | 2020           |
| General Government                                         |              |               |              |              |              |               |               |               |               |                |
| Taxable property parcels assessed                          | 8,360        | 8,457         | 8,522        | 8,540        | 8,559        | 8,536         | 8,601         | 8,625         | 8,815         | 8,857          |
| Registered Voters                                          | 18,463       | 13,858        | 17,047       | 15,894       | 18,807       | 17,069        | 17,939        | 18,127        | 19,416        | 21,563         |
| Votes Cast:                                                |              |               |              |              |              |               |               |               |               |                |
| Municipal Election                                         |              | 3,654         |              | 4,755        |              | 4,673         |               | 5,050         |               | 5,813          |
| State Primary                                              | 2,812        |               | 3,318        |              | 2,273        |               | 3,525         |               | 5,181         |                |
| State General Election                                     | 8,434        |               |              |              | 9,339        |               | 13,556        |               | 11,338        |                |
| Presidential Primary                                       |              | 4,832         |              |              |              | 9,842         |               |               |               | 9,168          |
| Presidential General                                       |              |               | 13,215       |              |              |               | 13,556        |               |               |                |
| Building Permits                                           | 2,146        | 2,184         | 2,265        | 2,433        | 2,502        | 3,086         | 3,259         | 3,123         | 2,873         | 2,634          |
| Estimated construction value                               | \$40,900,000 | \$105,094,218 | \$54,033,264 | \$73,323,755 | \$73,308,353 | \$126,249,200 | \$134,395,844 | \$211,585,486 | \$157,936,179 | \$ 134,866,113 |
| Public Safety                                              |              |               |              |              |              |               |               |               |               |                |
| Police <sup>(2)</sup>                                      |              |               |              |              |              |               |               |               |               |                |
| Service Calls                                              | 31,115       | 36,782        | 38,673       | 39,963       | 40,820       | 40,019        | 49,423        | 53,065        | 51,942        | 34,286         |
| Number of Arrests                                          | 1,189        | 1,137         | 1,113        | 1,144        | 1,033        | 1,063         | 1,103         | 1,428         | 1,075         | 822            |
| Traffic Activity:                                          |              |               |              |              |              |               |               |               |               |                |
| Number of MV Stops                                         |              |               |              |              |              |               |               |               |               |                |
| Summons/Citation                                           | 838          | 458           | 345          | 278          | 273          | 343           | 2,022         | 1,223         | 912           | 552            |
| Written Warning                                            | 3,072        | 1,784         | 1,683        | 2,003        | 2,532        | 3,339         | 4,662         | 3,708         | 3,590         | 1,526          |
| Verbal Warning or No Action                                | 3,166        | 2,994         | 2,403        | 2,381        | 3,627        | 4,414         | 4,833         | 5,165         | 5,964         | 4,236          |
| Total MV Stops                                             | 7,076        | 5,236         | 4,431        | 4,662        | 6,432        | 8,096         | 11,517        | 10,096        | 10,466        | 6,314          |
| Accidents                                                  | 1,057        | 1,112         | 1,121        | 692          | 734          | 678           | 663           | 684           | 609           | 510            |
| DWI arrests                                                | 68           | 51            | 57           | 49           | 68           | 55            | 100           | 76            | 80            | 46             |
| Fire and EMS                                               |              |               |              |              |              |               |               |               |               |                |
| Fire Rescue                                                | 2,472        | 2,473         | 2,553        | 2,418        | 2,776        | 2,670         | 2,845         | 2,851         | 2,755         | 2,201          |
| Ambulance                                                  | 2,970        | 3,026         | 3,134        | 3,124        | 3,211        | 3,452         | 3,576         | 3,654         | 3,448         | 3,235          |
| Education <sup>(3)</sup>                                   |              |               |              |              |              |               |               |               |               |                |
| High School Fall Enrollment                                | 1,120        | 1,100         | 1,129        | 1,075        | 1,077        | 1,110         | 1,117         | 1,076         | 1,131         | 1,129          |
| Public Works                                               |              |               |              |              |              |               |               |               |               |                |
| Parking Enforcement                                        |              |               |              |              |              |               |               |               |               |                |
| Parking violations (Tickets written)                       | 52,806       | 57,218        | 48,357       | 43,371       | 39,371       | 48,268        | 43,997        | 54,422        | 51,873        | 40,589         |
| Streets resurfaced (miles)                                 | 0.86         | 6.69          | 5.75         | 9.70         | 6.50         | 3.80          | 2.10          | 11.95         | 2.80          | 2.80           |
| Human Services - General Assistance                        |              |               |              |              |              |               |               |               |               |                |
| Number of applicants                                       | 628          | 597           | 684          | 616          | 423          | 348           | 303           | 353           | 526           | 469            |
| Culture and Recreation                                     |              |               |              |              |              |               |               |               |               |                |
| Public Library                                             |              |               |              |              |              |               |               |               |               |                |
| Circulation of materials                                   | 476,721      | 474,687       | 449,548      | 424,828      | 421,739      | 413,734       | 411,840       | 413,120       | 435,022       | 297,500        |
| Annual visits                                              | 295,682      | 275,698       | 295,485      | 329,771      | 321,131      | 352,962       | 378,351       | 346,121       | 325,580       | 238,937        |
| Water System:                                              |              |               |              |              |              |               |               |               |               |                |
| Water main breaks                                          | 10           | 27            | 29           | 37           | 31           | 29            | 21            | 25            | 19            | 24             |
| Daily average consumption (millions of gallons)            | 4.5          | 4.6           | 4.4          | 4.7          | 4.5          | 4.6           | 3.9           | 4.4           | 4.0           | 4.0            |
| Peak daily consumption (millions of gallons)               | 5.2          | 7.1           | 7.1          | 5.6          | 6.0          | 6.3           | 6.1           | 6.0           | 6.8           | 6.5            |
| Precipitation (inches)                                     |              |               |              |              |              |               |               | 36.2          | 47.8          | 39.82          |
| Sewage System:                                             |              |               |              |              |              |               |               |               |               |                |
| Daily average treatment (millions of gallons)              | 5.2          | 5.2           | 4.7          | 3.6          | 4.0          | 3.8           | 4.1           | 3.7           | 4.7           | 4.7            |
| Daily average treatment - Pease WWTF (millions of gallons) | 0.6          | 0.6           | 0.5          | 0.5          | 0.5          | 0.5           | 0.6           | 0.7           | 0.7           | 0.7            |

Data Source:

<sup>(1)</sup> Various City departments

<sup>(2)</sup> 2012 eliminated "traffic car"

<sup>(3)</sup> NH Department of Education

## City of Portsmouth, New Hampshire

### Capital Asset Statistics by Function

Last Ten Fiscal Years

| Function                                                  | Fiscal Year |       |       |       |       |       |       |       |       |       |
|-----------------------------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                                           | 2011        | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
| Public Safety                                             |             |       |       |       |       |       |       |       |       |       |
| Police                                                    |             |       |       |       |       |       |       |       |       |       |
| Number of stations                                        | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Number of vehicles                                        | 30          | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 31    | 30    |
| Fire and Rescue                                           |             |       |       |       |       |       |       |       |       |       |
| Number of stations                                        | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Number of vehicles                                        | 19          | 19    | 19    | 19    | 19    | 19    | 19    | 19    | 20    | 20    |
| Number of boats                                           | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 2     | 2     |
| Education                                                 |             |       |       |       |       |       |       |       |       |       |
| High School Buildings                                     | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Middle School Buildings                                   | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Elementary School Buildings                               | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 2     | 3     |
| Public Works                                              |             |       |       |       |       |       |       |       |       |       |
| Miles of streets                                          | 105         | 105   | 105   | 105   | 105   | 105   | 105   | 105   | 105   | 105   |
| Number of bridges                                         | 15          | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    |
| Culture and Recreation:                                   |             |       |       |       |       |       |       |       |       |       |
| Libraries                                                 | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Community centers                                         | 2           | 2     | 2     | 2     | 2     | 2     | 3     | 3     | 3     | 3     |
| Number of boat dock facilities                            | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Swimming pools                                            | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Tennis courts                                             | 10          | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    |
| Water system:                                             |             |       |       |       |       |       |       |       |       |       |
| Miles of water mains                                      | 175         | 175   | 176   | 174   | 174   | 174   | 174   | 190   | 189   | 190   |
| Number of service connections                             | 7,955       | 7,963 | 8,035 | 8,023 | 8,038 | 8,096 | 8,100 | 8,200 | 8,261 | 9,800 |
| Storage capacity in gallons (millions of gallons)         | 9.5         | 10.4  | 10    | 10    | 10    | 10    | 10    | 10    | 11    | 11    |
| Maximum daily capacity of plant (millions of gallons)     | 4.2         | 4.2   | 5.0   | 4.5   | 4.5   | 4.5   | 4.5   | 4.5   | 4.5   | 4.0   |
| Number of fire hydrants                                   | 1,087       | 970   | 970   | 1,013 | 1,017 | 1,034 | 1,036 | 1,040 | 1,028 | 1,040 |
| Sewage System:                                            |             |       |       |       |       |       |       |       |       |       |
| Miles of sanitary sewers                                  | 108         | 108   | 108   | 106   | 107   | 106   | 106   | 106   | 112   | 112   |
| Number of treatment plants                                | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Number of service connections                             | 6,310       | 6,342 | 6,244 | 6,392 | 6,404 | 6,427 | 6,475 | 6,459 | 6,495 | 6,495 |
| Maximum daily capacity of treatment (millions of gallons) | 24.0        | 24.0  | 24.0  | 25.3  | 25.3  | 25.3  | 25.3  | 25.3  | 25.3  | 25.3  |

Data Source:

Various city departments

## City of Portsmouth, New Hampshire

### City Government Employees by Function - Full Time Employees

Last Ten Fiscal Years

| Function                      | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                               | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
| <b>General Government</b>     |               |               |               |               |               |               |               |               |               |               |
| Executive                     | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 3.00          | 3.00          |
| Finance                       | 16.00         | 15.00         | 17.00         | 18.00         | 19.00         | 20.00         | 22.10         | 22.30         | 24.20         | 24.30         |
| Human Resources               | 2.00          | 2.00          | 2.00          | 4.00          | 4.00          | 3.00          | 3.00          | 3.00          | 2.00          | 4.00          |
| City Clerk                    | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| Legal                         | 6.00          | 5.00          | 4.00          | 5.00          | 5.00          | 5.40          | 5.40          | 5.40          | 5.60          | 6.60          |
| Information Technology        | -             | -             | -             | -             | -             | -             | -             | -             | 1.00          | 1.00          |
| Planning                      | 6.20          | 5.00          | 6.00          | 7.50          | 8.50          | 8.50          | 8.50          | 8.50          | 8.60          | 8.50          |
| Inspection                    | 4.00          | 4.00          | 4.10          | 4.10          | 5.10          | 5.10          | 5.10          | 5.10          | 5.10          | 5.10          |
| Health                        | 1.50          | 1.50          | 1.50          | 1.50          | 1.50          | 1.50          | 1.50          | 1.50          | 1.50          | 2.50          |
| Total General Government      | 40.70         | 37.50         | 39.60         | 45.10         | 48.10         | 48.50         | 50.60         | 50.80         | 54.00         | 58.00         |
| <b>Public Safety</b>          |               |               |               |               |               |               |               |               |               |               |
| Police - Sworn Officers:      |               |               |               |               |               |               |               |               |               |               |
| General Fund Funded           | 64.00         | 61.00         | 59.60         | 59.20         | 60.20         | 60.20         | 62.20         | 64.20         | 64.20         | 66.20         |
| Grant Funded                  | 1.00          | 1.00          | 2.40          | 1.80          | 1.80          | 1.80          | 1.80          | 1.80          | 1.80          | 1.80          |
| Dispatch                      | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | 11.00         | 11.00         | 11.00         | 11.00         | 11.00         |
| Police - Non-sworn employees: |               |               |               |               |               |               |               |               |               |               |
| General Fund Funded           | 11.00         | 11.00         | 11.00         | 9.00          | 9.00          | 9.00          | 11.00         | 12.00         | 12.00         | 14.00         |
| Total Police Department       | 86.00         | 83.00         | 83.00         | 80.00         | 81.00         | 82.00         | 86.00         | 89.00         | 89.00         | 93.00         |
| Fire and Rescue               | 60.00         | 59.00         | 60.00         | 60.00         | 60.00         | 61.00         | 61.00         | 61.00         | 61.00         | 65.00         |
| Fire Clerical                 | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Total Public Safety           | 147.00        | 143.00        | 144.00        | 141.00        | 142.00        | 144.00        | 148.00        | 151.00        | 151.00        | 159.00        |
| <b>Education</b>              |               |               |               |               |               |               |               |               |               |               |
| General Fund Funded           |               |               |               |               |               |               |               |               |               |               |
| Administrators                | 14.10         | 12.20         | 13.20         | 13.20         | 13.20         | 13.70         | 13.70         | 13.70         | 14.70         | 15.40         |
| Teachers                      | 241.90        | 233.90        | 241.80        | 241.00        | 242.60        | 243.50        | 245.40        | 249.00        | 254.40        | 257.50        |
| Clerical                      | 22.50         | 21.70         | 20.70         | 20.70         | 20.70         | 20.90         | 20.90         | 20.90         | 20.90         | 21.10         |
| Paraprofessional/Tutors       | 40.00         | 45.40         | 43.20         | 42.70         | 41.90         | 44.00         | 43.20         | 48.80         | 50.00         | 46.40         |
| School custodians             | 23.90         | 23.90         | 25.40         | 24.90         | 25.90         | 25.90         | 25.90         | 25.90         | 26.00         | 26.00         |
| Security                      | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Technicians                   | 7.80          | 7.00          | 7.00          | 7.00          | 7.00          | 7.00          | 7.00          | 8.00          | 8.00          | 8.00          |
| System maintenance            | 5.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 5.00          |
| Total General Fund Funded     | 356.20        | 349.10        | 356.30        | 354.50        | 356.30        | 360.00        | 361.10        | 371.30        | 379.00        | 380.40        |
| Grant and other Funding       | 93.20         | 95.80         | 91.30         | 85.60         | 94.20         | 88.00         | 87.90         | 88.90         | 83.70         | 85.90         |
| Total Education               | 449.40        | 444.90        | 447.60        | 440.10        | 450.50        | 448.00        | 449.00        | 460.20        | 462.70        | 466.30        |
| <b>Public Works</b>           |               |               |               |               |               |               |               |               |               |               |
| General Fund functions        | 60.70         | 58.00         | 58.00         | 59.30         | 58.10         | 54.20         | 55.90         | 56.80         | 54.00         | 52.90         |
| Parking Fund                  | 9.00          | 9.00          | 10.00         | 11.30         | 10.70         | 15.80         | 16.20         | 17.20         | 25.50         | 25.30         |
| Prescott Park                 | -             | -             | -             | -             | -             | -             | 1.20          | 1.40          | 2.20          | 2.20          |
| Stormwater                    | -             | -             | -             | -             | -             | -             | -             | -             | 5.00          | 5.00          |
| Water                         | 24.30         | 23.30         | 22.30         | 22.60         | 22.90         | 26.90         | 26.50         | 25.80         | 27.70         | 28.70         |
| Sewer                         | 22.80         | 22.80         | 25.00         | 27.40         | 27.40         | 28.70         | 30.00         | 32.70         | 32.30         | 34.60         |
| Total Public Works            | 116.80        | 113.10        | 115.30        | 120.60        | 119.10        | 125.60        | 129.80        | 133.90        | 146.70        | 148.70        |
| <b>Culture and Recreation</b> |               |               |               |               |               |               |               |               |               |               |
| Recreation                    | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Senior Services               | -             | -             | -             | -             | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Public Library                | 13.00         | 13.00         | 14.00         | 15.00         | 15.00         | 15.00         | 15.00         | 16.00         | 16.00         | 16.00         |
| Total Culture and Recreation  | 17.00         | 17.00         | 18.00         | 19.00         | 20.00         | 20.00         | 20.00         | 21.00         | 21.00         | 21.00         |
| <b>Human Services</b>         |               |               |               |               |               |               |               |               |               |               |
| Welfare                       | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Total Human Services          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| <b>Community Development</b>  |               |               |               |               |               |               |               |               |               |               |
| Community Development         | 1.10          | 1.10          | 1.50          | 1.30          | 1.60          | 2.30          | 1.60          | 1.20          | 1.10          | 1.00          |
| UDAG                          | 2.10          | 1.40          | 1.20          | 2.20          | 2.20          | 1.20          | 1.00          | 1.00          | 1.00          | 1.00          |
| Total Community Development   | 3.20          | 2.50          | 2.70          | 3.50          | 3.80          | 3.50          | 2.60          | 2.20          | 2.10          | 2.00          |
| <b>Total All Functions</b>    | <b>775.10</b> | <b>759.00</b> | <b>768.20</b> | <b>770.30</b> | <b>784.50</b> | <b>790.60</b> | <b>801.00</b> | <b>820.10</b> | <b>838.50</b> | <b>856.00</b> |
| <b>Percent of Total</b>       |               |               |               |               |               |               |               |               |               |               |
| General Government            | 5.3%          | 4.9%          | 5.2%          | 5.9%          | 6.1%          | 6.1%          | 6.3%          | 6.2%          | 6.4%          | 6.8%          |
| Public Safety                 | 19.0%         | 18.8%         | 18.7%         | 18.3%         | 18.1%         | 18.2%         | 18.5%         | 18.4%         | 18.0%         | 18.6%         |
| Education                     | 58.0%         | 58.6%         | 58.3%         | 57.1%         | 57.4%         | 56.7%         | 56.1%         | 56.1%         | 55.2%         | 54.5%         |
| Public Works                  | 15.1%         | 14.9%         | 15.0%         | 15.7%         | 15.2%         | 15.9%         | 16.2%         | 16.3%         | 17.5%         | 17.4%         |
| Culture and Recreation        | 2.2%          | 2.2%          | 2.3%          | 2.5%          | 2.5%          | 2.5%          | 2.5%          | 2.6%          | 2.5%          | 2.5%          |
| Human Services                | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          |
| Community Development         | 0.4%          | 0.3%          | 0.4%          | 0.5%          | 0.5%          | 0.4%          | 0.3%          | 0.3%          | 0.3%          | 0.2%          |
| Total                         | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        |

Data Source:

Funded Full Time Positions as of the close of the fiscal year.