

# CITY OF PORTSMOUTH NEW HAMPSHIRE



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR FISCAL YEAR ENDED  
JUNE 30, 2015





**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2015**



**Prepared by:**  
**The Finance Department**

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City of Portsmouth, New Hampshire  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015

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# CITY OF PORTSMOUTH

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

December 8, 2015

Mayor and City Council  
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 of the City of Portsmouth for the Fiscal Year ended June 30, 2015, 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.

City Charter, as well as State statutes, requires an annual audit by independent certified public accountants. The City's audit firm is Melanson Heath. The independent auditor's report is located at the front of the financial section of this report. In addition, the City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non Profit Organizations. 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, is not included in this year's CAFR but is 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.

## **PROFILE OF THE GOVERNMENT**

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.

### *The Organization of the Government*

The City of Portsmouth has operated under the Council-Manager form of government since 1947. The City Council comprises 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 operation 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 reported as Enterprise Funds, 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.

## FACTORS AFFECTING FINANCIAL CONDITIONS

### Local Economy

The City of Portsmouth continues to lead the region in low unemployment rates. As of June 2015, the unemployment rate was 2.7%, compared to 3.2% in June 2014. The respective rates for the state, New England, and the nation were 3.8%, 4.8%, and 5.3% in June 2015.

Portsmouth has maintained a stable economy, due in part to the diversity of businesses that make the City a major employment center. Almost half of working residents are employed locally, but the bulk of the workforce commutes into the city to work.

According to the NH Employment Security Office, Portsmouth's total public and private average quarterly employment at the beginning of the 2015 was 30,689 compared to 29,885 at the beginning of the 2014 indicating an increase of 804 jobs. The average weekly wage increased from \$1,108 to \$1,252 during the same time period.

Construction activity for the City of Portsmouth remained steady during FY15. The City issued a total of 2,632 permits with total construction value of \$74,036,172. This is an increase of 199 permits and \$712,417 more in construction value compared to FY14. Most construction permits issued in FY15 were for renovations, repairs and fit-ups versus new projects. As in the past, on the non-residential side, commercial projects far outpaced industrial projects permitted. On the residential side, most permits issued in FY 15 were for renovations versus new dwelling construction.

Commercial development continues citywide. Notable projects recently completed in the Central Business District includes the final phase of the Portwalk project; a 72,000 square foot, 120-room Hampton Inn and Suites and a second building with 113 luxury apartments, ground floor retail, and a surface parking deck. On Vaughan Street, 3S ArtSpace opened its 17,285 square foot facility, which consists of a farm-to-table restaurant and bar, performance space, art gallery, and artist work space.

Several other projects are under construction or in land use permitting. At 233 Vaughan Street construction continues on a new, 4-story, \$15 million mixed-use project which includes commercial use on the first floor and 6-8 residential units on the upper floors. On Daniel Street, the former city-owned Connie Bean Recreation Center is under construction for conversion into two connected buildings - one is a 3½-story, 14,000-square foot mixed-use property and the other is a 2½-story, 7,000-square foot residential building with 19 lower level parking spaces. Adjacent to this project, a mixed-use facility at 67-77 State Street will add to the development of the new Memorial Bridge gateway to the City.

Other proposed downtown activity seeking final land use permits includes:

- A project to develop a 12,000 square foot conference center, a 98-room hotel, a 40,000 square foot retail space and a multi-level 650 car parking garage with 150 spaces set aside for public parking is proposed adjacent to the Sheraton Harborside Hotel and Conference facility.
- A mixed-use development with first floor retail and residences on the upper levels is proposed at 173-174 Market Street.

Recent activity in the Islington Street corridor includes a mixed retail/residential condominium project at 275 Islington (formerly Olde Port Traders).

The \$24 million redevelopment of the Southgate Plaza on Lafayette Road continues. In addition to the newly completed Cinemagic Stadium movie theatre, 20,000 square feet of new retail and the renovation of 12,600 square feet of the old strip mall are proposed with new retail offerings that include Air Zone Family Playground, a cycling studio, frozen yogurt shop, and a refurbished diner. Also on Lafayette Road are the new offices of Atlantic Orthopedics and Sports Medicine, a two-phase project with a 2-story, 21,000-square foot medical office and a 20,000-square foot office building accessed by a new service road.

Pease International Tradeport continues to be an important regional economic driver with over 275 companies and 8,500 workers, many in well-paying technology and advanced manufacturing jobs. Highlights at Pease in the past year include the relocation of corporate headquarters of High Liner Foods to the Tradeport and a new 40,000-square foot, Class A corporate office for Sprague Energy. Teledyne DGO also relocated its facility from Seabrook, NH to Pease International Tradeport. The defense oil and gas company brought 120 jobs with the goal of increasing that to 140 within a year.

The companies at Pease are receiving media recognition. Inc. Magazine's list of the 5,000 fastest growing companies included 24 New Hampshire firms. Six of those firms are located at Pease Tradeport. In January 2015, the NH Business Review magazine listed the top ten companies to work for in 2014 with four out of ten located in Portsmouth while three of the four located at Pease International Tradeport.

The Great Bay Community College at Pease provides important workforce training for local employers and has announced plans for a new student center and recreation facility. Optima Bank opened a full-service branch bank at the Tradeport further adding to the amenities and services available to Tradeport workers and businesses.

The Pease International Airport expanded its offerings last year with new passenger service on Allegiant Airlines between Portsmouth and Orlando-Sanford, Florida. The popularity of the service has led to a seasonal expansion of flights to Punta Gorda and Fort Lauderdale, Florida, starting in October 2015. These services augment passenger flights already offered on several charter and private jets that operate out of the airport.

Last year, the Air National Guard 157th Air Refueling Wing located at Pease Tradeport announced that it was selected as the U.S. Air Force's top choice to receive twelve new KC 46A refueling tankers adding 100 new jobs with a payroll of \$7 million and indirect economic benefits of \$45 million in construction contracts. A September 2015 groundbreaking ceremony will kick-off the hangar expansion project for the new refuelers that are scheduled to begin refueling KC-46A Pegasus tankers starting in February 2018.

The Seacoast economy has outperformed the New Hampshire economy in both the short- and long-term, due in no small part to the success of Pease – the economy has added nearly 32,000 jobs since Pease Air Force Base closed in 1990 and its 2015 unemployment rate is under four percent. Driven by the activity at Pease, the pace of job growth in Portsmouth (71%) has been more than twice as fast as that of New Hampshire since Pease closed. There are now just under 10,000 jobs at the Tradeport, supporting a total regional job impact of over 14,000 jobs.

The Portsmouth real estate market continues to improve. For the fourth quarter of 2014, Colliers International real estate advisory firm reported a Portsmouth submarket vacancy rate of 9.6% for office properties over 10,000 square feet and 4.3% for industrial property over 10,000 square feet. This compares to respective office and industrial vacancy rates of 13% and 4.2% for the fourth quarter 2013. The current lease rate for Class A office space is \$16.75 per square foot (gross) which is slightly down from \$19.92 per square foot in the fourth quarter of 2013. Class B office lease rate is \$15.39, down from the \$17.62 per square foot in the fourth quarter of 2013. Portsmouth's industrial subsector average lease rate for space over 10,000 square feet is \$7.80 triple net slightly up from \$7.10 last year.

The Portsmouth Naval Shipyard (PNSY) located in Kittery, Maine is the U.S. government's oldest continuously operating naval shipyard and the largest regional employer. This submarine overhaul and refueling facility has a highly skilled technical workforce. The PNSY regional economic impact report for calendar year 2014 (most recent data available) showed a total of 5,911 employees paid with a payroll of \$432 million up from 5,831 and \$414 million in calendar year 2013. The shipyard purchased \$38 million of goods and services in 2014 making it a significant source of indirect expenditures in the region. In December 2014, the Shipyard reported a plan to hire 715 new employees through September 2015 in response to an appropriation of funds for two Virginia-class submarine overhauls.

Portsmouth's creative economy continues to drive its reputation as New Hampshire's premier cultural tourism and culinary destination. The concentration of theatres, historic homes, restaurants, museums, and galleries drives this sector of the economy and fuels 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 growing hospitality and leisure industry. As in the past, Portsmouth has been the fortunate beneficiary of several positive articles and received several recognitions and accolades in a variety of media. A list of representative examples of this recognition follows:

- Portsmouth among top ten Happiest Seaside Towns by Coastal Living Magazine, June 2015.
- Portsmouth cited in Matadornetwork.com on 12 reasons why Portsmouth is an underrated American city, April 2015.
- Google named Portsmouth the 2014 New Hampshire eCity of the year. Google's eCity Awards recognize the strongest online business community in each state.
- Portsmouth was selected by Hasbro to appear in next two versions of Monopoly board game based on votes received, March 2015.
- Portsmouth listed as top city to live in NH by Blue Water Mortgage, Feb 2015.
- Portsmouth's Ristorante Massimo was included as the only NH-based restaurant in the Diners' Choice Awards for the Top 100 Most Romantic Restaurants in America in January 2015.
- Portsmouth was named one of 10 Most Inspiring Cities for Artists in Northeast by Printaholic.com in January 2015.
- The Pittsburg Tribune named Portsmouth as a premier winter destination in January 2015.
- Portsmouth's Moxy Restaurant was named one of The 25 Best Restaurants in America 2014, GearPatrol.com.
- Portsmouth's Vintage Christmas event was featured in WhereTraveler.com.
- Portsmouth's Market Square was ranked one of top 15 prettiest in US by Travel and Leisure website, October 2014.
- Portsmouth was featured in July 5, 2014 Boston Sunday Globe as an established cultural hub.
- Portsmouth was listed as "one of twelve coolest US road trip destinations" on buzzfeed.com in July 2014.

### *Major Initiatives and Accomplishments*

In Fiscal Year 2015 (FY15), the City continued working on a number of major financial, economic and community development initiatives as well as citywide infrastructure upgrades and improvements funded through a variety of sources.

#### **Parks and Playgrounds** – Continued investment in the City's parks and playgrounds.

- Tony Rahn Memorial Park - Following the tragic loss of well-known community member Tony Rahn in July of 2013, the City of Portsmouth dedicated two fields located at the Pease International Tradeport to his memory. As a teacher, coach, umpire, referee, and lobsterman he touched the lives of many. In Tony's memory, Hayden Diemer, a Boy Scout from Portsmouth Troop 164, selected

the Tony Rahn Memorial Park for his Eagle Scout Project - installing dugouts in order to offer players protection from the elements. Mr. Diemer raised \$8,000 for the project and with the help of the Portsmouth Rotary, local companies based at the Tradeport, and 50 volunteers the dugouts were completed for the 2014 season.

- Harborwalk Park and Pier - In FY15, the first phase of the Harborwalk Park and Pier was completed. This waterfront park provides public access and views of the new Memorial Bridge, the Piscataqua River and neighboring Kittery, Maine. It features brick walkways, historic lighting, landscaping and benches. An interpretive panel featuring the history of the Memorial Bridge as well as two plaques from the original structure, recognizing the original bridge designer and local dignitaries, are located in the park. Phase two of the project is planned for FY16 and will consist of a pier built into the Piscataqua River for dramatic views of the swift currents, boating activity and the operation of the lift bridge.
- Bleacher Improvements - In FY15, a number of Portsmouth ballfields benefited from upgrades to the bleachers and spectator stands. The Leary Field grandstand was enhanced with the installation and painting of riser boards with the assistance of fifty volunteers from Liberty Mutual. At Central Little League Field off of Parrott Avenue and Clough Field off of South Street, new bleacher systems were installed, replacing the outdated wood slate and metal frame systems.

**Streets, Sidewalks and Facility Improvements** - The City continued its investment in the vital infrastructure of streets and sidewalks as follows:

- Completed construction of a Streetscape Improvement Project on Sagamore Avenue including new concrete sidewalks, granite curbing, paving, signage, and landscaping.
- Completed paving work on South Street.
- Completed paving work on Greenleaf Avenue.
- Completed paving on Peverly Hill Road.
- Completed upgrades of the Hanover Parking Facility public rest rooms.
- Continued the Citywide Sidewalk Reconstruction Program and the Pavement Management and Rehabilitation Long-Range Plan.
- Continued repair of the High/Hanover Parking Facility deck spalling, repainting of structural steel, and replacement of joint sealant.
- Continued the design of phase 3 improvements to the McDonough Street Neighborhood Area.
- Completed the construction of the Sagamore Bridge replacement project.
- Completed construction of new concession stand/bathrooms located at Prescott Park.



- Continued design of upgrades to the Andrew Jarvis Drive/Lafayette Road intersection. This improvement will allow the addition of a right-turn lane out of Andrew Jarvis Drive to reduce congestion before and after school. The staff worked to secure an easement to allow this upgrade to be done.

**State Bridges** – The Department of Public Works, in cooperation with the New Hampshire Department of Transportation (NHDOT), has been working on replacing seven State-owned bridges in the City. These bridges have been “Red Listed” by the NHDOT and require near term replacement funded 100% by the State of NH. To date, two of these bridges has been completed and one eliminated.

- Islington Bridge was completed in FY15.
- Middle Road Bridge over Route 1 was completed in FY14.

**Prescott Park South Docks** – In FY15, the City of Portsmouth completed the South Dock Replacement Project in Prescott Park. This replacement, initiated by the Trustees of the Trust Funds who oversee the operations and maintenance of the Park facility, ensured the over 30-year-old facility would continue to serve the community. The City’s Community Development and Public Works Departments coordinated efforts with the Trustees to replace the wooden float structure with a concrete floating dock structure, upgrade water and electrical utilities, and add some linear dock feet. Fees from the 10 seasonal rentals for Portsmouth residents, regular docking fees by Portsmouth residents along with other transitory boaters, and associated utility charges are deposited in the Marine Maintenance Trust, which is used to finance the facility upkeep.

**Public Outreach** – The City and Public Works Department (DPW) have expanded their public outreach efforts in order to educate the citizens on continuing projects as well as inform them of news and various alerts in real time. This objective has been achieved through different channels of communication including continuous press releases and updates sent to the media, website reorganization, and ongoing outreach and insights shared on the Public Works’ Twitter page.

**Adopt-A-Spot** – The Adopt-A-Spot program continues to gain new participants with over sixty spots maintained by individuals and groups throughout the City. This year, the City has partnered with local garden clubs to better support gardeners in the program and assist in developing spots that support sustainable initiatives such as Monarch Watch, a nonprofit program focused on the preservation and protection of Monarch Butterfly habitats throughout North America.

**African Burying Ground** – On May 23, 2015, the Portsmouth community completed the decade-long vision of returning the mostly forgotten African Burying Ground, located underneath Chestnut Street to sacred ground. This journey began in October 2003 when a series of coffins were discovered during infrastructure upgrades in the heart of the downtown. Through DNA analysis and archeological study, the City confirmed the site was at one time a segregated burying place for as many as 200 Africans and people of African descent, likely both enslaved and free.

It is estimated that the site was in use throughout the 1700s after which time it was paved over, built over, and forgotten.

Guided and led by the African Burying Ground Committee and a group of dedicated project volunteers, the City Council and community chose to close this public street to honor those buried there and transform this downtown City block into a public place of reverence, reflection, and learning. A total of \$1.2 million dollars was raised from a combination of individual, family, foundation, and governmental grants. Construction on the new memorial began in August 2014 and was completed in May 2015, when over five-hundred people attended a powerful and emotional reburial ceremony where the remains of those individuals exhumed in 2003 were reinterred in a vault within the African Burying Ground Memorial. This event was one in a series of public events marking the completion of the project including an event on site celebrating the contributions to the Memorial by students at Portsmouth Middle School, an overnight Ancestral Vigil at New Hope Baptist Church, and a public celebration at Stokel Commons in the newly completed Middle School.

**Historic Cemetery Improvements** – Following the 2013 assessment of the infrastructure of the City's 6 historic cemeteries, the Portsmouth City Council adopted an action plan to ensure ongoing improvements as well as created a historic Cemetery Trust to serve as a repository for funds donated to the Trust. In FY15, City staff oversaw the completion of a number of tomb restoration projects in the North and Union Cemeteries in addition to tree removal and trimming activities within North Cemetery and along its tree-lined border with Maplewood Avenue. Recent additional restoration projects include the reconfiguration and stabilization of the receiving tomb in Union Cemetery as well as the restoration of the Union Cemetery front enclosure fence and wall. These projects have attracted significant support from residents, local funders and nearby private development projects. Private donations have been made to the trust and several grant applications are being prepared for additional work. The completed works and various planned improvements were identified in a 2013 assessment and restoration plan for the various types of structures, fences, and walls in the 6 City-owned cemeteries.

**Portsmouth Middle School** – In FY15 the multi-year, multi-phase construction of the new Portsmouth Middle School was completed. This project included a new classroom wing, new gymnasium, and complete renovation of the original 1930s structure. It also included an additional gym to serve youth recreational needs through the Recreation Department. The final phase, consisting of a new student common area and courtyard, was recently completed. The total project cost of \$40.8 million is offset by an approximately 40% reimbursement from State of New Hampshire in Building Aid. The City also applied for a 3% reimbursement of the construction costs under the Northeast Collaborative for High Performance Schools (NECHPS) program; such reimbursement is available when energy efficiency and green building are met during design, construction and operation.

**Lincoln Area Sewer Separation Project** – As part of the Combined Sewer Overflow Long-Term Control Plan, the City completed the last phase of the required sewer separation projects in the Lincoln Avenue area. This phase included the replacement

of underground utilities including: water mains, sanitary sewer pipes, storm drainage pipes, and gas lines as well as streetscape improvements. In the coming fiscal year, the City will begin a Post Construction Monitoring Plan to measure the amount of combined sewer overflow reduction that resulted from the work. A total investment of over \$50 million has gone toward these projects since their inception.

**Wastewater Treatment Upgrades** – Throughout FY15, the Sewer Division continued an Environmental Protection Agency (EPA) Consent Decree-required design of wastewater system upgrades. The City is moving forward to design and construct a 6.13 million gallon per day (mgd) treatment facility capable of treating a total nitrogen level of 8 mg/L on a season rolling average basis at the Peirce Island location. The City procured the services of AECOM Engineers and work commenced in June 2013. The design was advanced to the 75% completion level this fiscal year and these drawings were forwarded to the EPA on July 1, 2015. The overall of total project cost is estimated to be \$80 million. The City chose to expedite a portion of the improvements and completed construction of the \$1.4 million Primary Clarifier and Gravity Thickener Improvements project at the Peirce Island Wastewater Treatment Facility. This work was completed in advance of the larger Peirce Island Wastewater Treatment Facility project. The City also explored sending the Peirce Island wastewater flow and accepting regional wastewater flow at the Pease Wastewater Treatment Facility. It was decided that the City would not redirect the Peirce Island Wastewater Treatment Facility flow to the Pease Wastewater Treatment Facility location in part due to the additional costs estimated. Regional treatment still remains a possibility at the Pease Wastewater Treatment Facility. The City selected a consultant for design of a headworks improvements project at the Pease Wastewater Treatment Facility. This project will work toward replacing and improving the outdated infrastructure.

**Stormwater System Initiatives** – City staff continued to track and assess the potential regulatory requirements related to the pending EPA Municipal Separate Storm Sewer System (MS4) stormwater requirements. One of the requirements of the current stormwater permit draft is an assessment of all City stormwater infrastructure. To accomplish this task, the Department of Public Works employed two University of New Hampshire students to intern in the GIS department. These interns used global positioning equipment, cameras and their own eyes to track down and inspect the City's stormwater infrastructure. To date, the interns have surveyed and assessed over 1,300 drainage structures (catchbasins, manholes, and outfalls) and over 150,000 feet of drainage pipe.

**Water Efficiency** – In May 2015, the City received the New Hampshire Department of Environmental Services (NHDES) "Source Water Sustainability" award for a variety of water conservation measures that have been implemented over the years. One such measure includes New Hampshire's first customer rebate program that provides incentives for customers to install more water-efficient appliances. This program was introduced in December 2014 and offers residents who utilize City water and sewer systems rebates of \$100 for the installation of low-flow toilets and \$150 per high-efficiency washing machine. The City also introduced a comprehensive monthly Water Supply Update which assesses the conditions of the City's surface and groundwater

sources of supply. This information, together with precipitation trends, is analyzed and compared with historic data to determine if any water restrictions are necessary.

**EPA Water Resiliency Study** – The City assessed potential climate change impacts and potential vulnerabilities of its utility infrastructure and operations using the U.S. Environmental Protection Agency’s (EPA) Climate Resilience Evaluation and Awareness Tool (CREAT). The assessment brought together City and EPA staff to think critically about potential climate impacts, priority assets and possible adaptation options. The City considered the potential consequences to their drinking water and wastewater utility infrastructure and operations from drought and extreme flooding events, respectively. To assess each of these potential threats, the City considered how potential adaptive measures would help lower consequences. The report derived from this effort will be used by City staff to further analyze future needs to make both the water and sewer system’s infrastructure more resilient.

**Water and Sewer Assistance Programs** – Effective January 1, 2015, the City implemented two (2) Water and Sewer Assistance Programs for residential home-owners or tenants serviced by the City’s Water and Sewer Divisions which allow qualifying customers assistance with the payment of their water and sewer bills.

- 1) Annual assistance of 25% off of water and sewer bills for income eligible home-owners or tenants.
- 2) Temporary assistance of up to a 50% credit towards an outstanding water and sewer balance to maximum of \$300 for a financial hardship.

These programs were funded with \$50,000 from both the water and sewer fund net position during the FY15 budget process for a total of \$100,000.

**Planning & Design Review Tools** – As part of an effort to address a variety of economic development issues relating to the scale, volume, massing, and the design of new infill buildings within the City’s downtown commercial area, the City began the process of adopting Character-Based Zoning Code for the North End and Islington Street Corridor similar to the downtown code adopted last year. Additionally, to improve the development review process, the City has developed a sophisticated electronic 3D Massing Model for over 600 buildings in the downtown area. The Model is used by developers, design professionals, the public, and the local land-use boards and commissions to evaluate the scale and massing of all new buildings within the greater downtown area. Currently, the City is completing a Design Guidelines Manual for buildings and structures within the Historic District. These guidelines will function like the Secretary of the Interior’s Standards but are locally-tailored for compatible infill development. The Guidelines are intended as a tool to help manage change and protect the City’s architectural and historical resources.

**Character-based Zoning** – The City continued working on expanding the areas of the City covered by Character-based zoning beyond the historic downtown area that was approved last year. Character-based zoning places a greater emphasis on site and building design than the City’s existing Zoning Ordinance. The City held two

multi-day “charrettes” in FY15 to gather public insight and input into the vision for both the North End and the Islington Street Corridor. The outcome of the charrettes included vision plans for future development in both areas as well as the draft ordinances designed to realize these visions. The purpose of implementing Character-based zoning for the North End and the Islington Street Corridor is to provide more certainty about how new buildings will relate to their surroundings. The Character-based ordinance for the North End was under review by the City Council at the end of the fiscal year and both the North End and Islington Street Character-based zoning are anticipated to be completed in the up-coming fiscal year.

**New Parking Garage** – At the May 14, 2015 meeting, the City Council voted to authorize the bonding for a new parking garage. That authorization came after a thorough review of all downtown properties by the Economic Development Commission (EDC). A preferred site, located in the North End, adjacent to the railroad tracks, was selected to support a 600-space garage. The project would involve a public/private partnership to secure the land and to re-develop this underutilized area. The City is continuing its due diligence on site with the intent to design in the upcoming fiscal year.

**Market Street Gateway Improvement Project** – Market Street is a major artery from Interstate 95 into the City’s Central Business District. The Market Street Gateway Improvement Project is one of several City initiatives to improve major corridors and gateways. Project goals include traffic calming, safe pedestrian and bicycle travel, landscaping improvements and clear signage to direct visitors from I-95 to the Central Business District as well as the creation of two passive recreation parks along the waterfront. In FY15, City consultant RSG Associates advanced the project by applying for necessary State permits, securing approvals from the City’s Conservation Commission and Trees and Greenery Committee, developing preliminary and final engineering designs, bid specifications, and cost estimates. The City anticipates bidding the project in winter 2015 with phased implementation of the gateway improvements with the first phase starting in late spring 2016.

**Wayfinding** – In 2014, the City began implementation of its city-wide Wayfinding Plan which identified appropriate wayfinding types, messaging, locations, and a uniform and recognizable design menu that is unique to the City. The Plan documents are available online at [www.planportsmouth.com/wayfinding.html](http://www.planportsmouth.com/wayfinding.html). The signs and improvements included in this phase were for the public parking locations in the downtown core. The next phase of fabrication and installation will focus on vehicular and pedestrian signage.

**Public Transportation** – The City of Portsmouth is a member community of the Cooperative Alliance for Seacoast Transportation (COAST) regional bus service. COAST operates both fixed-route bus service as well as on-demand service for ADA riders. As a member community, Portsmouth pays annual dues that support COAST’s operations. Three of COAST’s regional fixed-route buses provide service to Portsmouth: Route 2 connecting to Rochester, Somersworth, Dover, Newington; Route 7 connecting to Exeter, Newmarket, Stratham, Greenland, and Newington; and

the Clipper Connection providing express commuter service between Portsmouth Naval Shipyard, Portsmouth Market Square, Pease Tradeport, and Rochester.

In addition, COAST operates two fixed-route buses within Portsmouth's city-limits – Lafayette Rd Trolley and Pease Tradeport Trolley. Region-wide COAST services continue to see an increase in ridership. City staff represent the City on the COAST Board of Directors and continue to work closely with COAST to evaluate the routes in Portsmouth in order to improve efficiencies, overall ridership, and consider potential expansions of service. During the month of December, the City collaborates with COAST to provide free weekend service around the Downtown on the Vintage Christmas Trolley. This service is provided to support Portsmouth's annual Vintage Christmas event.

**Downtown Parking Shuttle** – The Blue Ribbon Committee on Transportation recommended to the City Council to maximize existing available public parking infrastructure and increase access to public parking. In response to the recommendations, the City contracted with TransAction Corporate Shuttles to operate a free Downtown Parking Shuttle. This shuttle runs between the Connect Community Church (CCC) parking lot on Market Street to the Hanover Parking Garage and operates from May through December on Fridays, Saturdays and Sundays and Thursday service is provided from June through August.

**Senior Services** – In July 2016, the Senior Activity Center celebrated its one-year anniversary since opening its doors and offering a centralized gathering space for seniors including a drop-in lounge as well as fitness, wellness, enriching, and social activities. Open Monday through Friday 9:00 a.m. to 3:00 p.m., the 2,400-square foot space at Community Campus will continue to operate as a temporary gathering location for seniors until a more permanent location is established. Additionally, a senior services newsletter is distributed throughout the community each month to share activities and resources available to seniors in the greater Portsmouth area.

### Long-Term Financial Planning

The City continues to address and monitor legislative issues while still maintaining strong and stable financial operations.

**Statewide Education Property Tax** – The Statewide Education Property Tax assessment process remain essentially the same for FY15 and FY16. 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. Municipalities send the revenue raised by the Statewide Education Property Tax directly to their school district. 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 communities. The City is mindful of the fact that as long as SWEPT exists, the Legislature could change the education funding formula and

return to “Donor” communities. The New Hampshire Legislature failed to adopt a constitutional amendment to abolish the Statewide Education Property Tax (SWEPT) in FY15. There will be an increase on the cap for adequacy aid and a reduction in stabilization grants in FY17 but these changes will not have an impact on the City of Portsmouth. The City will continue to monitor the Legislature’s future education funding discussions through the City Council’s Legislative Subcommittee comprised of the Mayor and three City Councilors. The Legislative Subcommittee works with City Staff and the Portsmouth Delegates to monitor legislation on education funding. The City will also keep a close watch on the City of Dover’s lawsuit against the State which challenges the cap on adequacy aid as unconstitutional. In addition, City Staff also monitors the Legislature’s activity on education funding on behalf of the Coalition Communities, a coalition of former “Donor” communities, through funding by the City and contributions from Coalition-member communities.

**Bond Rating** - In June 2015, 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 conditions with strong policies, strong budgetary performance, very strong budgetary flexibility, and strong debt and contingent liabilities position as positive factors. S&P also notes that the City’s strong reserves and policies will support long-term stability.

#### *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 15 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 \$6,961,037, a net decrease \$511,809 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, 2015, the Unassigned Fund Balance is 12.69% of appropriations.

**Debt Service Planning** – 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 FY15, the amount of net annual debt remains within the policy limits at 8.03%.

## **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 for the Fiscal Years ending June 30, 1988, 1989, and for twenty consecutive years from 1995 to 2014.

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.

A Certificate of Achievement is valid for a period of one year only. 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.

This report reflects the City's commitment to improve and maintain financial statements in conformity with the highest standards of accountability. The strong financial position and excellent financial results reflected in this report would not have been possible without the leadership, support, and fiscal policies established by the City Council and City Manager John P. Bohenko.

In addition, the City of Portsmouth also received the GFOA's Distinguished Budget Presentation Award for ten consecutive years; fiscal year beginning July 1, 2006, to 2015. 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. For long-term planning, the City will continue to work to enhance the information provided in



this document for its citizens, as well as continue to meet the national standard requirements established by GFOA.

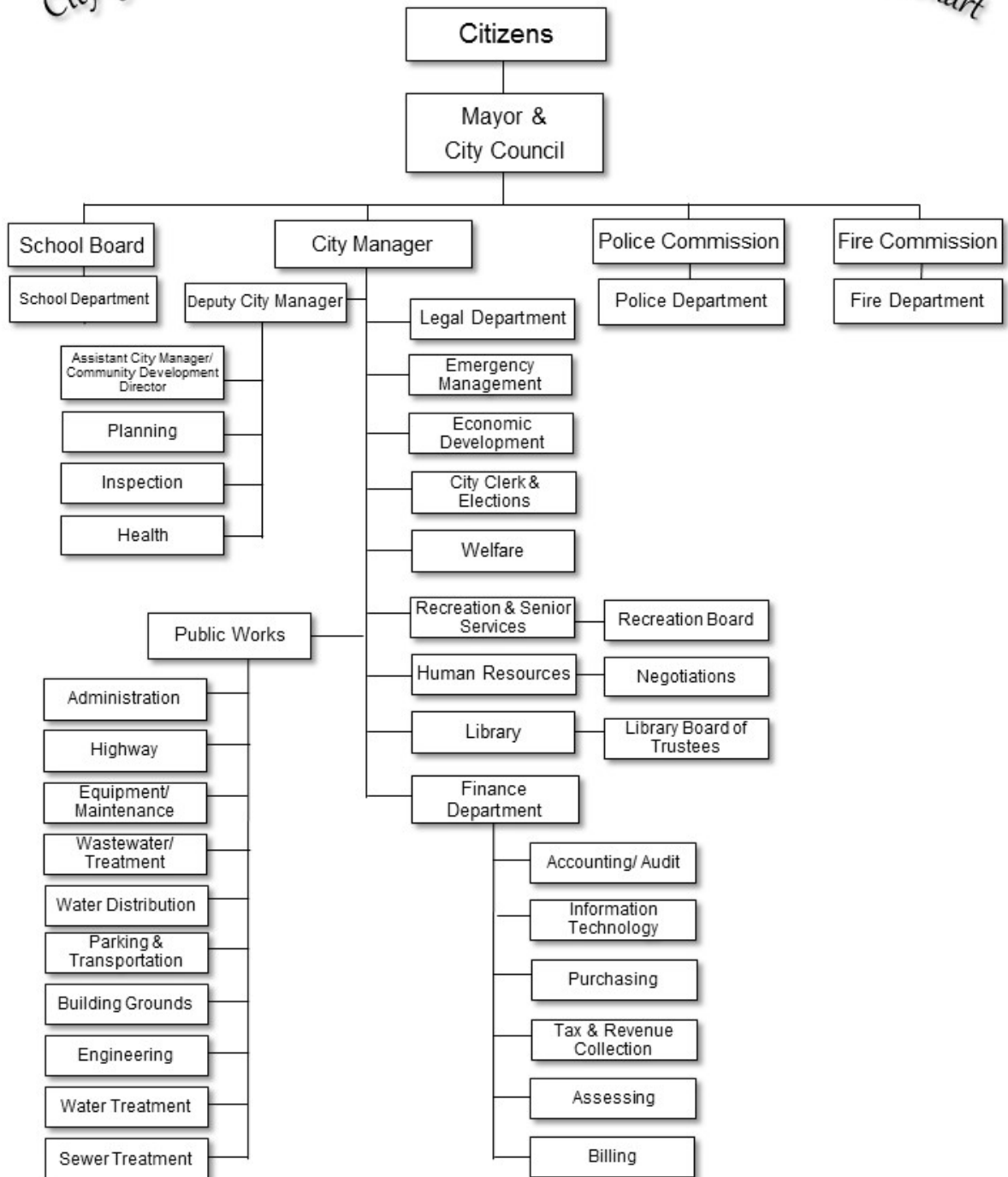
The preparation of the Comprehensive Annual Financial Report on a timely basis was would not have been possible without the dedication and professional efforts of the staff in the Finance Department and diligent efforts of department heads and other City staff. In particular, I would like to express my sincere appreciation to Deputy Finance Director, Andrew Purgiel, who assisted and contributed to the preparation of this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Judith A. Belanger". The signature is written in a cursive, flowing style.

Judith A. Belanger  
Finance Director

# City of Portsmouth, New Hampshire City-wide Organizational Chart



## **DIRECTORY OF OFFICIALS**

### **CITY COUNCIL**

Robert J. Lister, Mayor  
James Splaine, Assistant Mayor

Stefany Shaheen	M.Chris Dwyer
Esther E. Kennedy	Zelita Morganr
Brad Lown	Eric Spear
	Jack D. Thorsen

### **BOARD OF EDUCATION**

Edward McDonough, Superintendent

Leslie Stevens, Chairman  
Dexter Legg, Vice Chairman

Ann M. Walker	Jeff Landry
Tom Martin	Nancy Novelline-Clayburgh
Patrick Ellis	Helene "Lennine" Mullaney
	Gary Epler

### **FIRE COMMISSION**

Fire Chief Steven Achilles

Richard Gamester, Chairman

Michael K. Hughes  
Jennifer Mosher-Matthes

### **POLICE COMMISSION**

Police Chief Stephen DuBois

John F. Golumb, Chairman

Brenna Cavanaugh  
Gerald W. Howe

### **PRINCIPAL EXECUTIVE OFFICERS**

City Manager, John P. Bohenko  
Deputy City Manager, David Allen

City Attorney	Robert Sullivan
Finance Director	Judith Belanger
Deputy Finance Director	Andrew Purgiel
Assistant City Manager/Community Development Director	David Moore
City Clerk	Kelli Barnaby
Tax Collector	Becky Benvenuti
City Assessor	Rosann Maurice-Lentz
Director of Public Works	Peter Rice
Recreation Director	Melvin Wilson, Jr.
Library Director	Steven Butzel
Human Resource Director	Dianna Fogarty
Chief Building Inspector	Robert Marsilia
Public Health Director	Kimberly McNamara
Planning Director	Frederick Taintor
Welfare Administrator	Ellen Tully



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Presented to

**City of Portsmouth  
New Hampshire**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire (the City), as of and for the year ended June 30, 2015, 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, 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, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Contributions 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 8, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Melanson Heath*

December 8, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Portsmouth'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, 2015. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

### **FINANCIAL HIGHLIGHTS**

- 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 \$183,101,874. This is a decrease of \$54,860,088 in comparison to the prior year primarily due to the recognition of long-term liabilities based on the new accounting standard. In accordance with Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68), beginning net position was reduced by \$72,067,196 to reflect net pension liability at the beginning of the fiscal year. The remaining amount of \$17,207,108 is reported as change in net position on the Statement of Activities. Prior periods have not been restated for the GASB 68 accounting change.
- The recognition of the pension liability has impacted the government-wide unrestricted net position which now is reported as a deficit of \$534,916. Governmental activities are reporting a negative unrestricted net position of \$27,370,090, while Business-Type activities are reporting a positive unrestricted net position of \$26,835,174. Total net position for both Governmental activities and Business-Type activities are reporting positive net position of \$99,152,508 and \$83,949,366, respectively.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$75,783,017, a decrease of \$11,483 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,509,746, an increase of \$718,878 in comparison with the prior year.
- Total bonds and state revolving loans payable, including unamortized premiums, at the close of the current fiscal year was \$165,316,630, a decrease of \$2,986,482 in comparison to the prior year.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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 of 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 government's governmental activities separately from its business-type activities are designed to provide readers with a broad overview of the City of Portsmouth'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 between the two 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 government'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 41-43 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 inter-governmental revenues. The governmental activities of the City of Portsmouth 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 government's near-term financing requirements.

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

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

The basic governmental fund financial statements can be found on pages 44-48 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 49-51 of this report.

- **Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those

funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 52-53 of this report.

***Notes to the Financial Statements.*** The notes provide additional information that are 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 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.

	<b>Summary of Net Position (000s)</b>					
	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 86,598	\$ 85,739	\$ 53,301	\$ 53,231	\$ 139,899	\$ 138,970
Capital assets	<u>183,510</u>	<u>178,119</u>	<u>120,308</u>	<u>112,261</u>	<u>303,818</u>	<u>290,380</u>
Total assets	<u>270,108</u>	<u>263,858</u>	<u>173,609</u>	<u>165,492</u>	<u>443,717</u>	<u>429,350</u>
Deferred outflows	<u>6,777</u>	<u>-</u>	<u>287</u>	<u>-</u>	<u>7,064</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 276,885</u>	<u>\$ 263,858</u>	<u>\$ 173,896</u>	<u>\$ 165,492</u>	<u>\$ 450,781</u>	<u>\$ 429,350</u>
Long-term liabilities	\$ 161,831	\$ 98,987	\$ 85,641	\$ 82,047	\$ 247,472	\$ 181,034
Other liabilities	<u>7,400</u>	<u>6,572</u>	<u>3,924</u>	<u>3,782</u>	<u>11,324</u>	<u>10,354</u>
Total liabilities	<u>169,231</u>	<u>105,559</u>	<u>89,565</u>	<u>85,829</u>	<u>258,796</u>	<u>191,388</u>
Deferred inflows	<u>8,501</u>	<u>-</u>	<u>382</u>	<u>-</u>	<u>8,883</u>	<u>-</u>
Net position:						
Net investment in capital assets	109,918	100,313	56,301	50,988	166,219	151,301
Restricted	16,605	17,108	813	975	17,418	18,083
Unrestricted	<u>(27,370)</u>	<u>40,878</u> *	<u>26,835</u>	<u>27,700</u> *	<u>(535)</u>	<u>68,578</u>
Total net position	<u>99,153</u>	<u>158,299</u>	<u>83,949</u>	<u>79,663</u>	<u>183,102</u>	<u>237,962</u>
Total liabilities, deferred inflows and net position	<u>\$ 276,885</u>	<u>\$ 263,858</u>	<u>\$ 173,896</u>	<u>\$ 165,492</u>	<u>\$ 450,781</u>	<u>\$ 429,350</u>

\*Unrestricted net position as of June 30, 2014 was not restated due to GASB 68. See Beginning Net Position Restatement note for more information.

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 \$166,219,240, an increase of \$14,918,010 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.

Restricted net position of \$17,417,550 represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position recorded a negative balance of \$534,916 as of year-end. The primary factor was the recognition of the City's share of the New Hampshire Retirement System's net pension liability totaling \$68,991,223 due to the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement established standards for the measurement, recognition, and presentation of net pension liability in the City's financial Statement. The net position at beginning of year was restated to include the net pension liability at July 1, 2014 on page 87.

The \$4,763,552 net OPEB obligation represents Governmental Accounting Standards Board (GASB) Statement No. 45. The purpose of the statement is to reflect the liability of health care or other post-employment benefits provided to separated or retired employees. The City of Portsmouth does not pay a direct subsidy towards their retiree's health insurance premiums. In accordance with RSA 100-A:50, retired employees shall be deemed to be part of the same group as active employees for health insurance premium purposes, thereby resulting in a so called blended rate. The blended rate decreases the cost of insurance premiums for retirees and increases the cost for active employees, thereby resulting in the City paying an implicit subsidy.

Please refer to the Financial Statement Note 20 for additional information on the OPEB liability.

**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.

**Summary of Changes in Net Position (000s)**

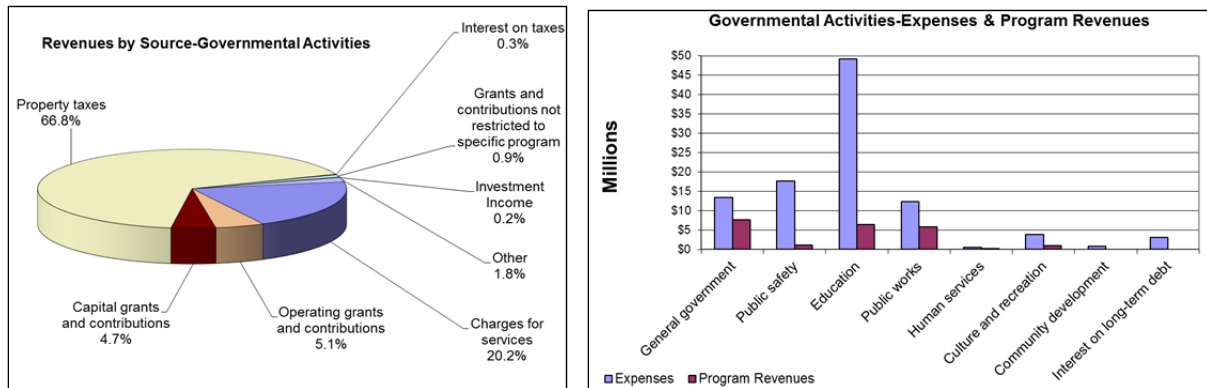
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 22,183	\$ 20,650	\$ 22,574	\$ 22,326	\$ 44,757	\$ 42,976
Operating grants and contributions	5,631	5,115	-	-	5,631	5,115
Capital grants and contributions	5,107	12,138	638	719	5,745	12,857
General revenues:						
Property taxes	73,416	72,594	-	-	73,416	72,594
Interest on taxes	290	280	-	-	290	280
Grants and contributions not restricted to specific programs	1,026	957	-	-	1,026	957
Investment income	252	1,143	58	-	310	1,143
Other	1,969	2,322	175	77	2,144	2,399
Total revenues	<u>109,874</u>	<u>115,199</u>	<u>23,445</u>	<u>23,122</u>	<u>133,319</u>	<u>138,321</u>
Expenses:						
General government	13,371	12,674	-	-	13,371	12,674
Public safety	17,698	18,480	-	-	17,698	18,480
Education	49,213	47,493	-	-	49,213	47,493
Public works	12,367	11,338	-	-	12,367	11,338
Health and human services	583	675	-	-	583	675
Culture and recreation	3,888	3,895	-	-	3,888	3,895
Community development	889	1,126	-	-	889	1,126
Interest on long-term debt	3,124	3,014	-	-	3,124	3,014
Water operations	-	-	6,346	6,502	6,346	6,502
Sewer operations	-	-	8,667	8,508	8,667	8,508
Total expenses	<u>101,133</u>	<u>98,695</u>	<u>15,013</u>	<u>15,010</u>	<u>116,146</u>	<u>113,705</u>
Change in net position before permanent fund contributions and transfers	8,741	16,504	8,432	8,112	17,173	24,616
Contributions to permanent fund principal	34	18	-	-	34	18
Transfers in (out)	1,040	1,021	(1,040)	(1,021)	-	-
Change in net position	<u>9,815</u>	<u>17,543</u>	<u>7,392</u>	<u>7,091</u>	<u>17,207</u>	<u>24,634</u>
Net position - beginning of year, as restated	<u>89,338</u>	<u>140,756</u>	<u>76,557</u>	<u>72,572</u>	<u>165,895</u>	<u>213,328</u>
Net position - end of year	<u>\$ 99,153</u>	<u>\$ 158,299</u>	<u>\$ 83,949</u>	<u>\$ 79,663</u>	<u>\$ 183,102</u>	<u>\$ 237,962</u>

**Governmental Activities.** Governmental activities for the year resulted in an increase in net position of \$9,814,540 (excluding restatement), which is a decrease of \$7,728,837 from the prior year change. Governmental activities realized the following significant transactions:

- Property tax increased by \$821,944 or 1.1% from the prior year.

- All other revenues combined resulted in a net decrease of \$6,148,467 from the prior year primarily due to the completion of the Scott Avenue Bridge project in FY14, therefore, capital grants and contributions decreased substantially in FY15.
- Overall governmental expenses experienced a net increase of \$2,438,327 or 2.5% from prior year primarily due to cost of living adjustments (COLA) of 2% and other personnel expenses such as retirement and health insurance premiums.

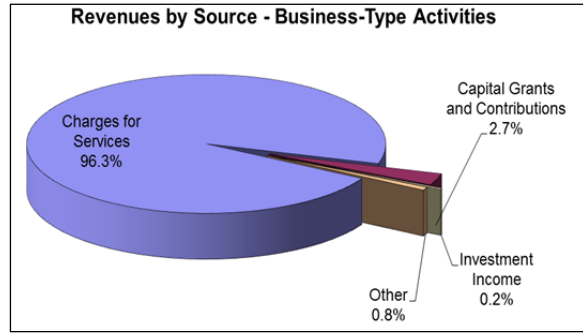
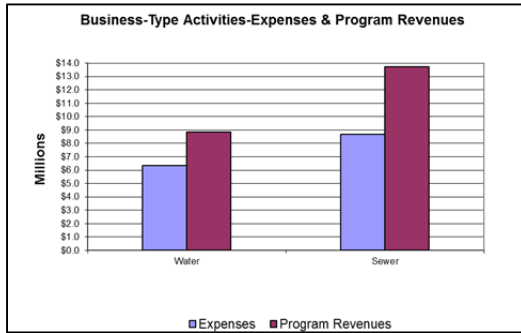
The charts below identify revenues and expenses by source for Governmental activities.



**Business-Type activities.** Business-type activities for the year resulted in an increase in net position of \$7,392,568 which is an increase of \$302,039 or 8.4% from the prior year. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$10,092,106 represent an increase of \$468,066 from the prior year. Charges for services in the business-type activities experienced an increase of \$248,045. The water fund experienced a decrease in operating revenues of \$265,379 or 2.91% as a result of a decrease of 1.7% in the billable units. The sewer fund experienced an increase of \$513,424 or 3.9% as a result of a rate increase.
- Non-operating revenues of \$234,504 represent an increase of \$157,413 due to an increase in bond premium amortization.
- Non-operating expenses of \$2,531,819 represent an increase of \$223,137 from interest expense.
- Capital grants and contributions of \$638,259 represents a decrease of \$80,889 due to a reduction in state aid grant reimbursement as outstanding debt decreases.

The charts below identifies revenues and expenses by source for Business-type activities



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$75,783,017, a slight decrease of \$11,483 in comparison with the prior year.

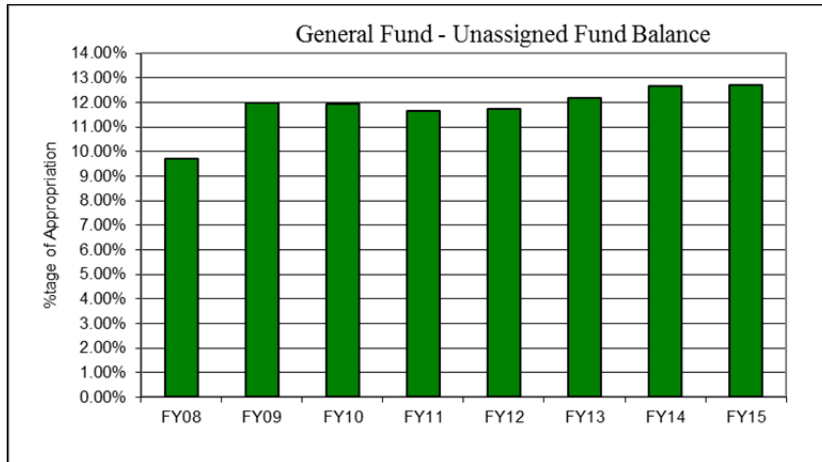
### General Fund

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 \$12,509,746 or 12.69% of the final general fund budget. This is an increase of \$718,878 from prior year.

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



Total fund balance for the general fund at the end of the current fiscal year, was \$45,348,534 or 46% of the final general fund budget. This is an increase of \$727,682 or 1.63% from prior year. The key factors in this change are as follows

- A decrease of fund balance of \$3,746,897 from budgetary use of fund balance.
- A net increase to fund balance of \$3,450,369 from revenues and other financing sources exceeding final budget estimates net of budgeted use of Fund Balance. This amount includes the tax adjustment.
- A net increase of \$639,197 from remaining departmental appropriations.
- A decrease of fund balance of \$628,126 due to an increase in abatement liabilities from FY14.
- A decrease of fund balance of \$180,547 from expenditures exceeding appropriations in the Leave at Termination Account.
- An increase of fund balance of \$219,288 from excess funding to the Health Insurance Stabilization Account.
- A net increase of \$974,395 to fund balance from the excess of year end carry forwards over expenditures of prior year carry forwards.

At the end of the current fiscal year, total fund balance of other governmental funds was \$30,434,483, which is a net decrease of \$739,165 or 2.4% from prior year. Key factors in this change are as follows:

- Net decrease of \$1,172,926 in restricted fund balance due to \$500,000 from the City Trusts for the African Burying Ground and \$672,926 for upgrades to the Prescott Park docks.



- A net increase of \$1,417,897 in committed fund balance from unused capital project funds for the Municipal Complex.
- A decrease of \$641,453 from unassigned fund balance reflecting expending for elementary school upgrades from a bonding authorization which had not been issued at years end.

**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 \$7,392,568 to a total of \$83,949,366. The water fund increased by \$2,259,314 and the sewer fund increased \$5,133,254.

Unrestricted net position of the water and sewer funds at the end of the year decreased by \$827,664 to a total of \$26,835,174. The water fund unrestricted net position is \$7,452,272, while the sewer fund unrestricted net position is \$19,382,902.

Restricted for debt service of \$812,740 is related to the Pease Wastewater Treatment Plant debt which is contributed from the Pease Development Authority.

Net investment in capital assets increased by \$5,313,636, of which the water fund capital assets increased by \$2,192,283 and the sewer fund capital assets increased by \$3,121,353.

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. For water consumption for FY15, the first ten units (one unit equals 100 cubic feet or 748 gallons) water consumed per month was billed at \$4.15 per unit; all units over ten units per month was billed at a rate of \$5.00 per unit. For sewer, which is measured by water consumption, which the first ten units was billed at \$11.21 per unit; all units over ten units per month was billed at a rate of \$12.34 per unit.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was one supplemental appropriation during FY15 of \$555,500 to fund collective bargaining agreements that were settled during the fiscal year. The final budget also includes use of committed fund balance of \$1,417,897.

The difference between the final amended budget and actual results is a positive variance of \$3,235,834 with revenues exceeding estimated budgets by \$2,596,637

and expenditures were less than the estimated budget by \$639,197. Significant variances include:

- Positive variance in Licenses and Permits of \$772,908 is mainly attributed an excess of \$441,665 as a result of an increase number of motor vehicle registrations \$262,201 in building, electrical and plumbing permits resulting from renovations and new construction citywide.
- Positive variance in Intergovernmental of \$483,785 mainly attributed to school tuition.
- Positive variance in Charges for Services of \$783,433 primarily consists of an excess of \$440,487 from in increases of meter revenue as a result of an increase in the hourly rate during the second half of the fiscal year, \$185,642 from ambulance fees, \$88,749 in police outside detail, \$99,071
- Current operating expenditures resulting in a positive variance of \$420,590 is mainly due to, \$66,386 surplus from the Public Library, \$81,294 from welfare direct assistance, \$160,915 surplus from other General Government departments, and \$92,815 surplus in the Police Department all primarily as a result of vacancies.
- Non-operating expenditures resulting in a net positive variance of \$218,607 is mainly attributed to \$274,331 surplus in debt related expenditures and a negative variance of \$68,214 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 \$303,818,657 (net of accumulated depreciation), an increase \$13,439,481 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment.

	Capital Assets (000s) (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2015	2014	2015	2014	2015	2014		
Land	\$ 15,650	\$ 15,650	\$ 2,526	\$ 2,526	\$ 18,176	\$ 18,176	\$ -	0.00%
Building and improvement	103,180	69,779	22,592	23,412	125,772	93,191	32,581	34.96%
Machinery and equipment	7,323	7,143	14,370	15,284	21,693	22,427	(734)	-3.27%
Infrastructure	45,658	44,425	64,053	59,644	109,711	104,069	5,642	5.42%
Construction in Progress	11,699	41,122	16,767	11,395	28,466	52,517	(24,051)	-45.80%
<b>Total Assets</b>	<b>\$ 183,510</b>	<b>\$ 178,119</b>	<b>\$ 120,308</b>	<b>\$ 112,261</b>	<b>\$ 303,818</b>	<b>\$ 290,380</b>	<b>\$ 13,438</b>	<b>4.63%</b>

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

- Construction in progress for governmental activities totaled \$11,698,152 at year end which \$7,773,555 is attributed to the Sagamore bridge replacement

project, \$704,091 for construction of the Prescott Park docks, \$641,254 for Little Harbour School renovations, and \$2,579,252 to various streets, sidewalks, parks and playground projects.

- The Middle School renovation project was capitalized at \$35,101,723.
- The African Burial Grounds project was capitalized at \$1,117,802.
- A variety of facility improvements were capitalized at \$1,548,373.
- A variety of sidewalk and street construction contributed to capital assets of \$2,198,964
- General government vehicles capitalized during the current year which included Public Works vehicles of \$599,014, Police vehicles of \$103,197, Fire vehicles of \$230,168, and School vehicles of \$25,000.
- Construction in progress in the water fund totaled \$3,465,856 at year end primarily due to \$1,015,662 for the construction on the Hobb's Hill water, \$1,056,618 for the Lincoln Area 3c project, \$170,422 for Greenland Well and Madbury Water Treatment plant improvements, and \$1,223,154 for water source augmentation and various other street improvement projects throughout the city.
- The water fund had improvements to infrastructure capital assets of \$2,250,113 during the year which primarily consisted of \$975,324 for NHDOT road projects, \$141,362 for vehicles, and \$1,113,427 for various other water system and quality improvements.
- Construction in progress in the sewer fund totaled \$13,301,092 at year end primarily due to \$7,228,930 for the preliminary design of the Peirce Island wastewater treatment plant, \$4,336,336 for the Lincoln Area 3C project, and \$906,154 for the Sagamore Avenue Sewer Extension project
- The sewer fund had improvements to infrastructure capital assets of \$3,773,958 during the year which primarily consisted of \$2,723,659 for Cass St Sewer separation project, \$664,542 for Adrich Rd sewer upgrades, and \$385,757 for various other sewer system upgrades.

Additional information on the City of Portsmouth's capital assets can be found in Note 9 on pages 70-71 of this report.

**Long-term debt.** At the end of the current fiscal year, total bonded debt and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$165,316,630 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 rating group and an Aa1 rating from Moody's Investors Service.

**Outstanding Debt (000s)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 76,665	\$ 80,070	\$ 46,600	\$ 43,245	\$ 123,265	\$ 123,315
State revolving fund loans	884	1,097	31,822	34,654	32,706	35,751
Unamortized premium	6,029	5,940	3,317	3,298	9,346	9,238
<b>Total Debt</b>	<b>\$ 83,578</b>	<b>\$ 87,107</b>	<b>\$ 81,739</b>	<b>\$ 81,197</b>	<b>\$ 165,317</b>	<b>\$ 168,304</b>

The City of Portsmouth's total debt decreased by \$2,986,481 or 1.77% during the current fiscal year. The key factors in this net increase are:

- Reductions of outstanding debt principal in the amount of \$16,829,548.
- The issuance of General Obligation bonds and loans of \$13,735,000 for the following projects:
  - \$3,475,000 for Facility. Streets and Sidewalk Improvements.
  - \$750,000 for School Field Light replacements.
  - \$375,000 for School Energy Efficiency Improvements.
  - \$3,335,000 for refunding a callable bond issue from 2005 for the construction of the Public Library.
  - \$4,800,000 for Greenland Well Upgrades, Maplewood Avenue Waterline Replacement and Water system Pressure-Storage Improvements.
  - \$1,000,000 for Pease Island Waste Water Treatment Plant upgrades.

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, 2015, 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 \$4,471,579,273. The debt limit and outstanding debt is as follows:

<b>Debt Limit Calculation</b>						
<b>Purpose</b>	<b>Percent of Allowable Debt Limit</b>	<b>Maximum Debt Limit</b>	<b>Bonds Outstanding including Unamortized Bond Premiums as of June 30, 2015</b>	<b>Authorized Unissued as of June 30, 2015</b>	<b>Total Gross Debt as of June 30, 2015</b>	<b>% of Legal Debt Service Used</b>
Municipal	3.00%	\$ 146,147,378	\$ 29,772,776	\$ 24,800,000	\$ 54,572,776	37%
Landfill closure <sup>(1)</sup>	N/A	-	884,237	4,641,897	5,526,134	N/A
School	7.00%	341,010,549	52,920,809	5,025,000	57,945,809	17%
Water	10.00%	487,157,927	29,034,048	-	29,034,048	6%
Sewer <sup>(1)</sup>	N/A	-	52,704,761	-	52,704,761	N/A
<b>Total</b>		<b>\$ 974,315,854</b>	<b>\$ 165,316,631</b>	<b>\$ 34,466,897</b>	<b>\$ 199,783,528</b>	

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

Additional information on long-term debt can be found in Note 15 on pages 72-76 of this report.

### **ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGETS AND RATES**

As of June 30, 2015, the unemployment rate was 2.7% down from 3.2% in FY14. The state's unemployment average for the same period was 3.8%, the average rate for New England was 4.8% and the nation's average rate was 5.3%.

The budget and tax rate for the General Fund for FY16 has been approved by the Department of Revenue Administration. The total budget is \$101,046,202, an increase of \$2,431,043 or 2.5% from the prior year final budget. The tax rate has been set at \$16.79 per \$1,000 of assessed value. This is an decrease of \$1.31 or 7.2% from prior year.

The City of Portsmouth has appropriated a total of \$1,573,500 from committed fund balance of which \$1,500,000 for debt service payments and \$73,500 for abatements in the fiscal year 2015 budget to maintain a moderate tax rate.

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.

- The water rate did not increase in FY16 from FY15 and has not increased since FY11 remaining at \$4.15 for the first 10 units of water consumed per month and \$5.00 per unit for consumption over 10 units per month. The meter charge rate also remained the same as FY14 and is based on the service meter size.

- Sewer charges are based on water consumption. The sewer rate increased from \$11.21 to \$11.77 per unit for the first 10 units of water consumed per month. The rate for consumption over 10 units per month increased from \$12.34 to \$12.95 per unit.

## **REQUESTS FOR INFORMATION**

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 government'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 Finance Director**  
City of Portsmouth  
1 Junkins Avenue  
Portsmouth, New Hampshire 03801

## **Basic Financial Statements**

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 70,375,775	\$ 46,766,147	\$ 117,141,922
Investments	9,272,788	-	9,272,788
Receivables, net of allowance for uncollectibles:			
Property taxes	1,717,057	-	1,717,057
User fees	-	3,719,083	3,719,083
Departmental and other	1,101,975	566,173	1,668,148
Intergovernmental	1,298,844	226,922	1,525,766
Loans and interest	40,488	-	40,488
Inventory	<u>32,539</u>	<u>212,124</u>	<u>244,663</u>
Total current assets	83,839,466	51,490,449	135,329,915
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	540,033	-	540,033
Departmental and other	-	1,811,013	1,811,013
Loans	2,218,971	-	2,218,971
Capital assets:			
Land and construction in progress	27,348,558	19,293,014	46,641,572
Other capital assets, net of accumulated depreciation	<u>156,161,654</u>	<u>101,015,431</u>	<u>257,177,085</u>
Total non-current assets	186,269,216	122,119,458	308,388,674
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>6,777,109</u>	<u>287,431</u>	<u>7,064,540</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	276,885,791	173,897,338	450,783,129
<b>LIABILITIES</b>			
Current:			
Accounts payable	2,133,986	2,373,873	4,507,859
Accrued liabilities	1,452,469	790,917	2,243,386
Deposits held in custody	-	29,410	29,410
Retainage payable	528,934	544,163	1,073,097
Unearned revenue	79,018	15,000	94,018
Tax refunds payable	2,429,107	-	2,429,107
Other current liabilities	777,633	171,569	949,202
Current portion of long-term liabilities:			
Bonds and loans payable	9,143,198	5,719,863	14,863,061
Other liabilities	<u>752,745</u>	<u>55,054</u>	<u>807,799</u>
Total current liabilities	17,297,090	9,699,849	26,996,939
Noncurrent:			
Bonds and loans payable, net of current portion	74,434,624	76,018,945	150,453,569
Net OPEB obligation	4,500,721	262,831	4,763,552
Net pension liability	66,039,850	2,951,373	68,991,223
Other liabilities, net of current portion	<u>6,959,521</u>	<u>633,112</u>	<u>7,592,633</u>
Total noncurrent liabilities	151,934,716	79,866,261	231,800,977
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>8,501,477</u>	<u>381,862</u>	<u>8,883,339</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	177,733,283	89,947,972	267,681,255
<b>NET POSITION</b>			
Net investment in capital assets	109,917,788	56,301,452	166,219,240
Restricted externally or constitutionally for:			
Grants	5,675,653	-	5,675,653
Debt	-	812,740	812,740
Permanent funds:			
Nonspendable	1,633,062	-	1,633,062
Spendable	5,337,385	-	5,337,385
Restricted by enabling legislation	3,958,710	-	3,958,710
Unrestricted	<u>(27,370,090)</u>	<u>26,835,174</u>	<u>(534,916)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 99,152,508</u>	<u>\$ 83,949,366</u>	<u>\$ 183,101,874</u>

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, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 13,370,950	\$ 7,620,989	\$ 5,300	\$ 22,116
Public safety	17,697,750	1,161,585	544,325	-
Education	49,212,516	6,462,707	4,140,503	1,781,263
Public works	12,367,464	5,878,880	416,400	2,973,177
Health and human services	582,910	89,398	-	-
Culture and recreation	3,888,467	969,031	363,822	19,505
Community development	888,705	-	160,715	310,559
Interest on long-term debt	3,123,714	-	-	-
Total Governmental Activities	<u>101,132,476</u>	<u>22,182,590</u>	<u>5,631,065</u>	<u>5,106,620</u>
<b>Business-Type Activities:</b>				
Water services	6,346,248	8,849,199	-	209,547
Sewer services	8,667,055	13,724,391	-	428,712
Total Business-Type Activities	<u>15,013,303</u>	<u>22,573,590</u>	<u>-</u>	<u>638,259</u>
Total	<u>\$ 116,145,779</u>	<u>\$ 44,756,180</u>	<u>\$ 5,631,065</u>	<u>\$ 5,744,879</u>

General Revenues:

Property taxes  
 Interest on taxes  
 Grants and contributions not restricted to specific programs  
 Investment income  
 Other revenues  
 Contributions to permanent fund principal  
 Transfers, net

Total general revenues, contributions to permanent fund principal, and transfers

Change in Net Position

**Net Position:**

Beginning of year, as restated  
 End of year

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

Net (Expenses) Revenues  
and Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$ (5,722,545)	\$ -	\$ (5,722,545)
(15,991,840)	-	(15,991,840)
(36,828,043)	-	(36,828,043)
(3,099,007)	-	(3,099,007)
(493,512)	-	(493,512)
(2,536,109)	-	(2,536,109)
(417,431)	-	(417,431)
<u>(3,123,714)</u>	<u>-</u>	<u>(3,123,714)</u>
<u>(68,212,201)</u>	<u>-</u>	<u>(68,212,201)</u>
-	2,712,498	2,712,498
<u>-</u>	<u>5,486,048</u>	<u>5,486,048</u>
<u>-</u>	<u>8,198,546</u>	<u>8,198,546</u>
(68,212,201)	8,198,546	(60,013,655)
73,416,098	-	73,416,098
289,805	-	289,805
1,025,926	-	1,025,926
252,292	57,554	309,846
1,967,808	176,950	2,144,758
34,330	-	34,330
<u>1,040,482</u>	<u>(1,040,482)</u>	<u>-</u>
<u>78,026,741</u>	<u>(805,978)</u>	<u>77,220,763</u>
9,814,540	7,392,568	17,207,108
<u>89,337,968</u>	<u>76,556,798</u>	<u>165,894,766</u>
<u>\$ 99,152,508</u>	<u>\$ 83,949,366</u>	<u>\$ 183,101,874</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 47,927,303	\$ 22,448,472	\$ 70,375,775
Investments	-	9,272,788	9,272,788
Receivables:			
Property taxes	2,182,210	74,880	2,257,090
Departmental and other	914,225	187,752	1,101,977
Intergovernmental	-	1,298,844	1,298,844
Loans and interest	-	2,259,458	2,259,458
Due from other funds	196,908	-	196,908
Advances to other funds	672,490	-	672,490
Inventory	-	32,539	32,539
<b>TOTAL ASSETS</b>	<b><u>\$ 51,893,136</u></b>	<b><u>\$ 35,574,733</u></b>	<b><u>\$ 87,467,869</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 781,760	\$ 1,352,228	\$ 2,133,988
Accrued liabilities	1,029,670	27,720	1,057,390
Retainage payable	-	528,933	528,933
Unearned revenue	79,018	-	79,018
Tax refunds liability	2,429,107	-	2,429,107
Due to other funds	-	196,908	196,908
Advances from other funds	-	672,490	672,490
Other liabilities	777,633	-	777,633
<b>TOTAL LIABILITIES</b>	<b>5,097,188</b>	<b>2,778,279</b>	<b>7,875,467</b>
Deferred Inflows of Resources	1,447,414	2,361,971	3,809,385
Fund Balances:			
Nonspendable	672,927	1,665,601	2,338,528
Restricted	-	27,200,344	27,200,344
Committed	24,544,530	2,239,903	26,784,433
Assigned	7,621,331	-	7,621,331
Unassigned	12,509,746	(671,365)	11,838,381
<b>TOTAL FUND BALANCES</b>	<b><u>45,348,534</u></b>	<b><u>30,434,483</u></b>	<b><u>75,783,017</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 51,893,136</u></b>	<b><u>\$ 35,574,733</u></b>	<b><u>\$ 87,467,869</u></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, 2015

<b>Total governmental fund balances</b>	\$ 75,783,017
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li> </ul>	183,510,212
<ul style="list-style-type: none"> <li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li> </ul>	3,809,385
<ul style="list-style-type: none"> <li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li> </ul>	(395,079)
<ul style="list-style-type: none"> <li>• Long-term liabilities, net of related deferred outflows and inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li> </ul>	
Net pension liability, net of related deferred outflows & inflows	(67,764,218)
General obligation bonds & loans payable, net of unamortized premiums	(83,577,822)
Other post-employment benefits payable	(4,500,721)
Compensated absences payable	(6,272,870)
Estimated liability for landfill postclosure care costs	<u>(1,439,396)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 99,152,508</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, 2015

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 73,635,672	\$ -	\$ 73,635,672
Licenses and permits	5,311,858	-	5,311,858
Intergovernmental	3,212,632	7,983,269	11,195,901
Charges for services	11,750,430	4,188,368	15,938,798
Investment income	111,198	141,093	252,291
Interest on taxes	289,805	-	289,805
Fines and costs	783,243	53,236	836,479
Contributions	-	602,041	602,041
Other	<u>1,289,282</u>	<u>134,759</u>	<u>1,424,041</u>
Total Revenues	96,384,120	13,102,766	109,486,886
<b>Expenditures:</b>			
Current:			
General government	8,137,281	352,579	8,489,860
Public safety	16,961,151	454,657	17,415,808
Education	42,175,724	5,170,485	47,346,209
Public works	6,470,836	3,167,841	9,638,677
Health and human services	588,645	-	588,645
Culture and recreation	2,467,078	1,789,862	4,256,940
Community development	-	1,768,051	1,768,051
Debt service:			
Principal	8,092,905	-	8,092,905
Interest	3,170,237	-	3,170,237
Capital outlay	484,082	9,444,490	9,928,572
Intergovernmental	<u>4,832,388</u>	<u>-</u>	<u>4,832,388</u>
Total Expenditures	<u>93,380,327</u>	<u>22,147,965</u>	<u>115,528,292</u>
Excess (deficiency) of revenues over (under) expenditures	3,003,793	(9,045,199)	(6,041,406)
<b>Other Financing Sources (Uses):</b>			
Bond premium	586,229	-	586,229
Issuance of bonds	-	4,600,000	4,600,000
Issuance of refunding bonds	3,335,000	-	3,335,000
Transfers in	1,040,482	3,706,034	4,746,516
Payment to refunded bonds escrow agent	(3,531,788)	-	(3,531,788)
Transfers out	<u>(3,706,034)</u>	<u>-</u>	<u>(3,706,034)</u>
Total Other Financing Sources (Uses)	<u>(2,276,111)</u>	<u>8,306,034</u>	<u>6,029,923</u>
Net change in fund balances	727,682	(739,165)	(11,483)
Fund Balances, at Beginning of Year	<u>44,620,852</u>	<u>31,173,648</u>	<u>75,794,500</u>
Fund Balances, at End of Year	<u>\$ 45,348,534</u>	<u>\$ 30,434,483</u>	<u>\$ 75,783,017</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, 2015

<b>Net changes in fund balances - Total governmental funds</b>	<b>\$ (11,483)</b>																						
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases</td> <td style="text-align: right;">12,024,500</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(6,632,958)</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(77,402)</td> </tr> </table> </li> <li>• 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: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of long-term debt, including premium</td> <td style="text-align: right;">(8,521,229)</td> </tr> <tr> <td>Repayments of debt, including loans</td> <td style="text-align: right;">8,092,905</td> </tr> <tr> <td>Defeasance of debt refunding</td> <td style="text-align: right;">3,460,000</td> </tr> <tr> <td>Bond premium amortization</td> <td style="text-align: right;">497,051</td> </tr> </table> </li> <li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">118,310</td> </tr> </table> </li> <li>• Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Compensated absences</td> <td style="text-align: right;">590,128</td> </tr> <tr> <td>Net OPEB obligation</td> <td style="text-align: right;">(922,220)</td> </tr> <tr> <td>Net pension liability, net of related deferred outflows &amp; inflows</td> <td style="text-align: right;"><u>1,196,938</u></td> </tr> </table> </li> </ul>		Capital outlay purchases	12,024,500	Depreciation	(6,632,958)		(77,402)	Issuance of long-term debt, including premium	(8,521,229)	Repayments of debt, including loans	8,092,905	Defeasance of debt refunding	3,460,000	Bond premium amortization	497,051		118,310	Compensated absences	590,128	Net OPEB obligation	(922,220)	Net pension liability, net of related deferred outflows & inflows	<u>1,196,938</u>
Capital outlay purchases	12,024,500																						
Depreciation	(6,632,958)																						
	(77,402)																						
Issuance of long-term debt, including premium	(8,521,229)																						
Repayments of debt, including loans	8,092,905																						
Defeasance of debt refunding	3,460,000																						
Bond premium amortization	497,051																						
	118,310																						
Compensated absences	590,128																						
Net OPEB obligation	(922,220)																						
Net pension liability, net of related deferred outflows & inflows	<u>1,196,938</u>																						
<b>Change in net position of governmental activities</b>	<b>\$ <u><u>9,814,540</u></u></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 AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
<b>Revenues and other sources:</b>				
Taxes	\$ 74,355,738	\$ 74,355,738	\$ 74,410,066	\$ 54,328
Licenses and permits	4,538,950	4,538,950	5,311,858	772,908
Intergovernmental	8,738,288	8,738,288	9,222,073	483,785
Charges for services	4,957,555	4,957,555	5,740,988	783,433
Investment income	35,000	35,000	111,198	76,198
Interest and penalties	230,000	230,000	289,805	59,805
Fines and costs	797,000	797,000	783,243	(13,757)
Other revenues	175,249	175,249	196,694	21,445
Other financing sources:				
Bond premiums	-	-	358,492	358,492
Transfers in	1,040,482	1,040,482	1,040,482	-
Use of fund balance	1,773,500	3,746,897	3,746,897	-
Total Revenues and Other Sources	96,641,762	98,615,159	101,211,796	2,596,637
<b>Expenditures and other uses:</b>				
Current:				
General government	5,557,662	5,632,285	5,560,472	71,813
Other general government	1,667,318	1,247,375	1,193,908	53,467
Public works	6,104,151	6,124,370	6,115,332	9,038
Community services	3,050,463	3,065,110	2,902,989	162,121
Regulatory services	1,269,597	1,288,359	1,284,235	4,124
Emergency management	11,751	11,751	3,718	8,033
Police department	9,343,994	9,354,354	9,261,539	92,815
Fire department	7,757,108	7,762,440	7,743,480	18,960
School department	40,975,396	41,806,896	41,806,676	220
Non-operating	20,904,322	22,322,219	22,103,613	218,606
Total Expenditures and Other Uses	96,641,762	98,615,159	97,975,962	639,197
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 3,235,834	\$ 3,235,834

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



CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>ASSETS AND DEFERRED</u></b>			
<b><u>OUTFLOWS OF RESOURCES</u></b>			
Current:			
Cash and short-term investments	\$ 15,551,966	\$ 31,214,181	\$ 46,766,147
Receivables, net of allowance for uncollectibles:			
User fees	1,564,830	2,154,253	3,719,083
Departmental and other	197,271	368,902	566,173
Intergovernmental	203,172	23,750	226,922
Inventory	184,783	27,341	212,124
Total current assets	17,702,022	33,788,427	51,490,449
Noncurrent:			
Departmental and other receivables, net of current portion	412,387	1,398,626	1,811,013
Capital assets:			
Land and construction in progress	4,045,456	15,247,558	19,293,014
Capital assets, net of accumulated depreciation	46,028,490	54,986,941	101,015,431
Total noncurrent assets	50,486,333	71,633,125	122,119,458
<b>TOTAL ASSETS</b>	68,188,355	105,421,552	173,609,907
<b>DEFERRED OUTFLOW OF RESOURCES</b>	134,603	152,828	287,431
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	68,322,958	105,574,380	173,897,338
<b><u>LIABILITIES AND DEFERRED</u></b>			
<b><u>INFLOWS OF RESOURCES</u></b>			
Current:			
Accounts payable	799,206	1,574,667	2,373,873
Accrued liabilities	399,576	391,341	790,917
Deposits held in custody	13,679	15,731	29,410
Retainage payable	84,017	460,146	544,163
Unearned revenue	15,000	-	15,000
Other current liabilities	171,328	241	171,569
Current portion of long-term liabilities:			
Bonds and loans payable	1,997,640	3,722,223	5,719,863
Other liabilities	29,617	25,437	55,054
Total current liabilities	3,510,063	6,189,786	9,699,849
Noncurrent:			
Bonds and loans payable, net of current portion	27,036,408	48,982,537	76,018,945
Net OPEB obligation	156,012	106,819	262,831
Net pension liability	1,382,119	1,569,254	2,951,373
Other liabilities	340,596	292,516	633,112
Total noncurrent liabilities	28,915,135	50,951,126	79,866,261
<b>DEFERRED INFLOWS OF RESOURCES</b>	178,825	203,037	381,862
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	32,604,023	57,343,949	89,947,972
<b><u>NET POSITION</u></b>			
Net investment in capital assets	28,266,663	28,034,789	56,301,452
Restricted for debt service	-	812,740	812,740
Unrestricted	7,452,272	19,382,902	26,835,174
<b>TOTAL NET POSITION</b>	\$ 35,718,935	\$ 48,230,431	\$ 83,949,366

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, 2015

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 7,998,954	\$ 13,363,115	\$ 21,362,069
Licenses and permits	552,155	174,540	726,695
Departmental revenue	298,090	186,736	484,826
Total Operating Revenues	8,849,199	13,724,391	22,573,590
<b>Operating Expenses:</b>			
Personnel services	2,041,128	2,233,973	4,275,101
Non-personnel services	1,846,075	3,012,547	4,858,622
Depreciation	1,521,953	1,825,808	3,347,761
Total Operating Expenses	5,409,156	7,072,328	12,481,484
Operating Income	3,440,043	6,652,063	10,092,106
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	15,049	42,505	57,554
Bond amortization	52,008	124,942	176,950
Interest expense	(937,092)	(1,594,727)	(2,531,819)
Total Nonoperating Revenues (Expenses)	(870,035)	(1,427,280)	(2,297,315)
Income Before Contributions and Transfers	2,570,008	5,224,783	7,794,791
Capital contributions	209,547	428,712	638,259
Transfers to other funds	(520,241)	(520,241)	(1,040,482)
Change in Net Position	2,259,314	5,133,254	7,392,568
Net Position at Beginning of Year, as restated	33,459,621	43,097,177	76,556,798
Net Position at End of Year	\$ 35,718,935	\$ 48,230,431	\$ 83,949,366

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, 2015

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 8,954,219	\$ 13,675,446	\$ 22,629,665
Payments to employees for salaries and related benefits	(1,988,347)	(2,228,101)	(4,216,448)
Payments to suppliers for goods and services	<u>(1,637,420)</u>	<u>(2,987,888)</u>	<u>(4,625,308)</u>
Net Cash Provided By Operating Activities	5,328,452	8,459,457	13,787,909
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Transfers to other funds	<u>(520,241)</u>	<u>(520,241)</u>	<u>(1,040,482)</u>
Net Cash (Used For) Noncapital Financing Activities	(520,241)	(520,241)	(1,040,482)
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(3,258,923)	(8,136,779)	(11,395,702)
Proceeds from debt	4,800,000	1,000,000	5,800,000
Principal payments on bonds	(1,731,049)	(3,545,593)	(5,276,642)
Proceeds from premium	162,075	33,766	195,841
Capital contributions	69,741	771,938	841,679
Interest expense	<u>(960,773)</u>	<u>(1,684,905)</u>	<u>(2,645,678)</u>
Net Cash (Used For) Capital and Related Financing Activities	(918,929)	(11,561,573)	(12,480,502)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	<u>15,049</u>	<u>42,505</u>	<u>57,554</u>
Net Cash Provided by Investing Activities	<u>15,049</u>	<u>42,505</u>	<u>57,554</u>
Net Change in Cash and Short-Term Investments	3,904,331	(3,579,852)	324,479
Cash and Short-Term Investments, Beginning of Year	<u>11,647,635</u>	<u>34,794,033</u>	<u>46,441,668</u>
Cash and Short-Term Investments, End of Year	<u>\$ 15,551,966</u>	<u>\$ 31,214,181</u>	<u>\$ 46,766,147</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>			
Operating income	\$ 3,440,043	\$ 6,652,063	\$ 10,092,106
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,521,953	1,825,808	3,347,761
Changes in assets and liabilities:			
User fees	87,789	(48,487)	39,302
Inventory	14,570	(7,849)	6,721
Other current assets	2,398	2,398	4,796
Accounts payable	142,180	37,457	179,637
Accrued liabilities	11,175	7,136	18,311
Retainage payable	49,507	(7,347)	42,160
Net OPEB obligation	11,053	11,207	22,260
Compensated absences	49,370	28,949	78,319
Net pension liability	(18,817)	(41,420)	(60,237)
Other liabilities	<u>17,231</u>	<u>(458)</u>	<u>16,773</u>
Net Cash Provided By Operating Activities	<u>\$ 5,328,452</u>	<u>\$ 8,459,457</u>	<u>\$ 13,787,909</u>

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, 2015

	Private Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ 538,726	\$ 307,410
Investments	5,933,170	-
Interest receivable	<u>80</u>	<u>-</u>
Total Assets	6,471,976	307,410
<b><u>LIABILITIES AND NET POSITION</u></b>		
Accounts payable	-	-
Other liabilities	<u>-</u>	<u>307,410</u>
Total Liabilities	<u>-</u>	<u>307,410</u>
<b><u>NET POSITION</u></b>		
Total net position held in trust	\$ <u><u>6,471,976</u></u>	\$ <u><u>-</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, 2015

	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Investment income	\$ 106,913
Contributions	<u>252,757</u>
Total additions	359,670
<b>Deductions:</b>	
Payments to beneficiaries	<u>367,662</u>
Total deductions	<u>367,662</u>
Net decrease	(7,992)
<b>Net position:</b>	
Beginning of year	<u>6,479,968</u>
End of year	<u><u>\$ 6,471,976</u></u>

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

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# 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 government 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 government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2015, 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 government 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

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



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

The government 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. Agency Funds, however, only report assets and liabilities, and thus have no measurement focus. The government 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 Claremont Coalition Fund, Art Speak Fund, and School Fund.

#### 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 and board of aldermen 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.

Investments are considered holdings of greater than three months and are carried at fair value.

#### *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.

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

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 Cafeteria fund, a nonmajor governmental fund, which used the FIFO method.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Improvements	20
Machinery and equipment	5 - 10
Infrastructure	20 - 50

**H. Compensated Absences**

It is the government'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, proprietary, and fiduciary fund financial statements.

**I. Long-Term Obligations**

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

**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 and current liabilities. 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.

The City's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory) or can never be spent (i.e., nonspendable balances of permanent funds) because they are legally or contractually required to be maintained intact.
- 2) Restricted funds are used solely for the purpose in which the fund was established. They represent amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In case of capital project funds, these funds are financed by issuance of bonds or transfers from General Fund authorized by City Council for specific projects. In the case of permanent funds, these funds represent the income portion of permanent trust funds.
- 3) Committed funds are reported and expended as a result of annual resolutions passed by the City Council, the highest decision making authority in the government. Subsequent City Council meeting is necessary to modify or rescind a fund balance commitment.
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include general fund encumbrances, have been assigned for specific goods and services ordered but not yet paid for. The funds have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. The City's Charter authorizes the City Manager to approve assignments established by departments.
- 5) Unassigned funds are available to be spent 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>	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>	Excess ( <u>Deficiency</u> )
Revenues/Expenditures (GAAP Basis)	\$ 96,384,120	\$ 93,380,327	\$ 3,003,793
Other financing sources/uses (GAAP Basis)	<u>4,961,711</u>	<u>7,237,822</u>	<u>(2,276,111)</u>
Subtotal (GAAP Basis)	101,345,831	100,618,149	727,682
Recognize tax revenue on an accrual basis	(853,731)	-	(853,731)
Reverse expenditures of prior year appropriation carryforwards	-	(1,835,206)	1,835,206
Reclassify use of overlay	1,628,125	1,628,125	-
Use of fund balance	3,746,897	-	3,746,897
Add end-of-year appropriation carryforwards	-	2,809,601	(2,809,601)
Remove effect of refunding	(3,562,737)	(3,562,737)	-
Other reconciling items	<u>(1,092,589)</u>	<u>(1,681,970)</u>	<u>589,381</u>
Budgetary Basis	<u>\$ 101,211,796</u>	<u>\$ 97,975,962</u>	<u>\$ 3,235,834</u>

**C. Deficits**

School Lunch fund had an unassigned fund balance deficit of \$29,912 at June 30, 2015, which will be funded through future user charges or General Fund subsidy. The City also had Building and Infrastructure Fund deficits of \$641,254 and \$199 in Little Harbour School upgrades and Deer Street parking facility, respectively, which will be funded through future issuance of debt.

**3. Cash and Investments**

**A. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e. g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's 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, 2015, \$1,085,322 of the City's cash bank balance of \$118,197,491 was exposed to custodial credit risk as uninsured or uncollateralized. The uninsured amount includes \$787,931 invested in state pool, and \$89,916 covered under a custodian's errors and omissions policy.

The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>	<u>Average Credit Quality</u>
Debt Securities:			
Bond Mutual Funds	\$ 3,091,076	3.13	A3
Other Investments:			
Certificates of Deposits	1,765,018	N/A	N/A
Equity Mutual Funds	<u>10,349,864</u>	N/A	N/A
Total	<u>\$ 15,205,958</u>		

The City's investments are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is also the counterparty to these securities. This risk is managed by the custodian's errors and omissions policy and securities are held in a separately identifiable trust accounts.

**B. 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.



Under New Hampshire RSA 31:27, the city trustees of trust funds may establish, maintain and operate one or more common trust funds, in which may be combined money and property belonging to the various trusts in their care, for the purpose of facilitating investments, providing diversification and obtaining reasonable income; provided however, that said common trust funds shall be limited to the investments authorized in RSA 31:25; provided further, that not more than \$10,000, or more than 10 percent of the fund whichever is greater of any City or city common trust funds shall be invested under RSA 31:25 in the obligations of any one corporation or organization, excepting deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, in credit unions in this state, or in obligations of the United States and of the State of New Hampshire and its subdivisions; or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in shares of open-ended mutual funds selected by the trustees for investment under RSA 31:25.

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

*C. 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.

The City has no investments in a single issuer which are greater than 5% of total investments.

*D. Interest Rate Risk*

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

*E. Foreign Currency Risk*

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

**4. Property Taxes Receivable**

Property taxes were committed in October and were due in two installments, on December 12, 2014 and June 3, 2015. Taxes unpaid by December 13, 2014 and June 4, 2015 accrued interest at 12% until September 10, 2015. A tax lien was recorded on all properties with taxes unpaid as of September 10, 2015, at which time interest began accruing at 18%. The City may foreclose on properties two years after the lien date.

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.

Taxes receivable at June 30, 2015 are comprised of (amounts expressed in thousands):

Property Taxes:		
2014		\$ 1,642
Unredeemed Taxes:		
2013		324
2012		172
2011		4
Other		35
Elderly Liens and Deferred Taxes, net of allowances		5
Current use tax		<u>75</u>
Total		<u>\$ 2,257</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 estimated at up to 30% of accounts receivable depending on the aging of the receivables. Water and sewer delinquent receivables are liened in a similar manner as property taxes, described in Note 4.

User fees receivable and related allowance for doubtful accounts at June 30, 2015 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Gross	\$ 1,685,503	\$ 2,202,389	\$ 3,887,892
Less: Allowance for doubtful accounts	<u>(120,673)</u>	<u>(48,136)</u>	<u>(168,809)</u>
Total	<u>\$ 1,564,830</u>	<u>\$ 2,154,253</u>	<u>\$ 3,719,083</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 Detail</u>	<u>Other</u>	<u>Total</u>
Gross	\$ 1,380,939	\$ 144,347	\$ 516,644	\$ 2,041,930
Less: Allowance for doubtful accounts	<u>(926,787)</u>	<u>(13,166)</u>	<u>-</u>	<u>(939,953)</u>
Total	<u>\$ 454,152</u>	<u>\$ 131,181</u>	<u>\$ 516,644</u>	<u>\$ 1,101,977</u>

Departmental and other receivables in business-type funds represent contribution receivables per agreements between the City and the contributors, for which the City has met its purpose restrictions requirements. Receivables at June 30, 2015 include the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Unrestricted contributions receivable	\$ 609,658	\$ 954,788	\$ 1,564,446
Contributions restricted for bonds payable	<u>-</u>	<u>812,740</u>	<u>812,740</u>
Total	<u>\$ 609,658</u>	<u>\$ 1,767,528</u>	<u>\$ 2,377,186</u>

Contributions receivable at June 30, 2015 are due as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Less than one year	\$ 197,271	\$ 368,902	\$ 566,173
One to five years	223,387	1,344,507	1,567,894
More than five years	<u>189,000</u>	<u>54,119</u>	<u>243,119</u>
Total	<u>\$ 609,658</u>	<u>\$ 1,767,528</u>	<u>\$ 2,377,186</u>

**7. Intergovernmental Receivables**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

**8. 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, 2015 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
General fund	\$ 196,908	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
School lunch	-	91,343
School categorical revenues	-	52,903
Police grants	-	41,396
Swimming pool	-	11,266
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 196,908</u>	<u>\$ 196,908</u>

The balance due to general fund from police grants and school lunch 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, 2015 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
General fund	\$ 672,490	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
City trust funds	-	672,490
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 672,490</u>	<u>\$ 672,490</u>

This government 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 2015:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,040,482	\$ 3,706,034
Nonmajor Funds:		
Special Revenue Funds:		
School lunch	80,349	-
School categorical revenues	400,000	-
Miscellaneous grants and contributions	1,459,424	20,178
Conservation	-	-
Swimming pool	150,000	-
Library	9,680	-
City trust funds	-	1,326,648
Capital Project Funds:		
Building and infrastructure	1,417,897	-
Transportation management	255,625	-
Vehicle/equipment replacement	886,300	-
Technology equipment	393,585	-
Subtotal Nonmajor Funds	5,052,860	1,346,826
<u>Business-Type Funds:</u>		
Water Fund	-	520,241
Sewer Fund	-	520,241
Total	-	1,040,482
Grand Total	\$ <u>6,093,342</u>	\$ <u>6,093,342</u>

The transfers from the water and sewer fund to the general fund are made to cover indirect costs of water and sewer funds incurred by general fund. A significant portion of the fiscal year 2015 transfer from city trust funds to the miscellaneous grants and contributions fund was made to fund the construction of the Prescott Parks docks per the agreement made between Prescott Parks Trustees of Trust Funds and the City. The miscellaneous grants and contributions fund is used to account for community development expenditures. 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.

## 9. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings	\$ 104,442	\$ 36,472	-	\$ 140,914
Improvements	4,134	-	-	4,134
Machinery and equipment	21,124	1,442	(769)	21,797
Infrastructure	<u>67,174</u>	<u>3,534</u>	<u>-</u>	<u>70,708</u>
Total capital assets, being depreciated	196,874	41,448	(769)	237,553
Less accumulated depreciation for:				
Buildings	(35,416)	(2,946)	-	(38,362)
Improvements	(3,381)	(125)	-	(3,506)
Machinery and equipment	(13,981)	(1,262)	769	(14,474)
Infrastructure	<u>(22,750)</u>	<u>(2,300)</u>	<u>-</u>	<u>(25,050)</u>
Total accumulated depreciation	<u>(75,528)</u>	<u>(6,633)</u>	<u>769</u>	<u>(81,392)</u>
Total capital assets, being depreciated, net	121,346	34,815	-	156,161
Capital assets, not being depreciated:				
Land	15,650	-	-	15,650
Construction in progress	<u>41,122</u>	<u>6,715</u>	<u>(36,138)</u>	<u>11,699</u>
Total capital assets, not being depreciated	<u>56,772</u>	<u>6,715</u>	<u>(36,138)</u>	<u>27,349</u>
Governmental activities capital assets, net	<u>\$ 178,118</u>	<u>\$ 41,530</u>	<u>\$ (36,138)</u>	<u>\$ 183,510</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings	\$ 37,141	\$ -	\$ -	\$ 37,141
Machinery and equipment	30,561	256	(284)	30,533
Infrastructure	<u>74,583</u>	<u>5,768</u>	<u>-</u>	<u>80,351</u>
Total capital assets, being depreciated	142,285	6,024	(284)	148,025
Less accumulated depreciation for:				
Buildings	(13,730)	(819)	-	(14,549)
Machinery and equipment	(15,278)	(1,169)	284	(16,163)
Infrastructure	<u>(14,938)</u>	<u>(1,360)</u>	<u>-</u>	<u>(16,298)</u>
Total accumulated depreciation	<u>(43,946)</u>	<u>(3,348)</u>	<u>284</u>	<u>(47,010)</u>
Total capital assets, being depreciated, net	98,339	2,676	-	101,015
Capital assets, not being depreciated:				
Land	2,526	-	-	2,526
Construction in progress	<u>11,395</u>	<u>10,559</u>	<u>(5,187)</u>	<u>16,767</u>
Total capital assets, not being depreciated	<u>13,921</u>	<u>10,559</u>	<u>(5,187)</u>	<u>19,293</u>
Business-type activities capital assets, net	<u>\$ 112,260</u>	<u>\$ 13,235</u>	<u>\$ (5,187)</u>	<u>\$ 120,308</u>

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

Governmental Activities:	
General government	\$ 355
Public safety	515
Education	2,239
Public works	2,839
Culture and recreation	503
Community development	<u>182</u>
Total depreciation expense - governmental activities	<u>\$ 6,633</u>
Business-Type Activities:	
Water	\$ 1,522
Sewer	<u>1,826</u>
Total depreciation expense - business-type activities	<u>\$ 3,348</u>

## 10. Deferred Outflows of Resources

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

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

	<u>Entity-wide Basis</u>		<u>Fund Basis</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Proprietary Funds</u>	
			<u>Water</u>	<u>Sewer</u>
Fiscal year 2015 pension contributions paid subsequent to measurement date	\$ 5,889,095	\$ 287,431	\$ 134,603	\$ 152,828
Changes in proportion and differences between employer pension contributions and share of contributions	888,014	-	-	-
Total deferred outflows	<u>\$ 6,777,109</u>	<u>\$ 287,431</u>	<u>\$ 134,603</u>	<u>\$ 152,828</u>

**11. Accounts Payable**

Accounts payable represent additional 2015 expenditures paid after June 30, 2015.

**12. Accrued Liabilities**

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

**13. 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.

**14. Other Liabilities**

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

**15. Long-Term Debt**

*A. Long-Term Debt Supporting Governmental Activities*

General obligation bonds, issued by the City for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the General Fund. 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 and the City's Net OPEB Obligation are repaid from the funds that the costs relate to, mostly general, water, and sewer funds.

*B. General Obligation Bonds and State Revolving Loans*

General obligation bonds and state revolving loans have been issued for both governmental and business-type activities. General obligation bonds and state revolving loans currently outstanding are as follows:



<u>Governmental Activities:</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/15</u>
Coakley Landfill	\$ 3,605,774	08/01/18	0.85	\$ 721,155
Coakley Landfill OU2	652,330	07/01/19	1.02	163,082
Library	6,960,000	08/01/25	4.00	350,000
Capital Improvements 2005	2,945,000	08/01/15	4.00	290,000
Capital Improvements 2006	950,000	06/15/17	4.00	190,000
Capital Improvements Streets Sidewalks 2007	3,450,000	06/15/17	4.00	690,000
Capital Improvements to Facilities 2007	1,000,000	06/15/17	4.00	200,000
New Castle Ave. Seawall	600,000	06/15/17	4.00	120,000
FY08 Streets, Sidewalks, Bridges	2,500,000	06/15/18	3.71	750,000
FY08 School Improvements	500,000	06/15/18	3.71	150,000
Fire Station 2	3,650,000	06/15/28	3.98	2,355,000
Purchase of Land for Fire Station 2	1,300,000	06/15/28	3.98	845,000
Capital Improvements 2009 Fire Station 2	1,500,000	01/15/29	3.76	1,050,000
Capital Improvements 2009	3,500,000	01/15/19	3.76	1,400,000
Capital Improvements 2010	1,800,000	05/15/20	3.27	900,000
School Improvements 2010	500,000	05/15/20	3.27	250,000
Middle School Construction	15,000,000	05/15/30	3.27	11,250,000
Middle School Construction	22,500,000	12/01/31	2.68	19,125,000
Capital Improvements 2011	6,400,000	12/01/21	2.68	4,480,000
Fire Apparatus	500,000	12/01/16	2.68	200,000
Refunding High School	17,325,000	09/15/22	1.40	13,620,000
School Improvements 2013	500,000	06/15/23	2.38	1,805,000
Streets Sidewalks, Bridge 2013	2,267,000	06/15/23	2.38	400,000
Facilities, Streets and Sidewalks 2014	5,750,000	06/01/24	1.78	5,175,000
Middle School Construction	3,300,000	06/01/34	2.87	3,135,000
School Energy Efficiency Improvements	345,000	10/21/17	2.09	375,000
Capital Improvements 2015	3,475,000	06/30/25	2.10	3,475,000
School Facility Improvements 2015	750,000	06/30/25	2.10	750,000
Refunding Library	3,335,000	08/01/25	2.09	<u>3,335,000</u>
Total Governmental Activities				<u>\$ 77,549,237</u>

<u>Business-Type Activities:</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/15</u>
<u>Water:</u>				
Upgrade to Motor Control	\$ 300,000	01/01/22	3.98	\$ 105,000
Corrosion Control Program	288,000	01/01/22	3.80	100,800
Constitution Avenue	4,800,000	01/01/22	3.70	1,920,000
Spinney Tank	1,162,560	12/01/22	3.73	465,024
Madbury WTP Design	2,000,000	06/01/28	2.49	1,300,000
Water Treatment Plant	16,000,000	01/15/29	3.94	11,775,000
Madbury WWTP	5,000,000	06/01/32	2.72	4,250,000
Hobb's Hill Water Tank	3,500,000	06/01/34	2.87	3,325,000
Greenland Well & Water Line	4,800,000	06/15/35	2.99	4,800,000
<u>Sewer:</u>				
Waste Water Treatment Plant Pease	6,586,836	03/01/20	1.02	1,607,252
Sewer Projects Phase I	4,931,361	08/01/21	1.36	1,725,976
Sewer Projects Phase II	8,898,110	12/01/24	1.87	4,449,054
Lower Court Utilities Upgrade	688,563	07/01/27	2.38	447,565
Phase III Sewer	5,508,137	12/01/27	2.38	3,580,288
Sewer-Rye Line Pump Station	1,069,714	11/01/29	2.58	802,285
Sewer-201 Facility Study	1,000,000	01/01/30	2.58	750,000
Bartlett Street	5,290,233	01/01/31	2.62	4,232,186
Sewer PIWWTP	3,000,000	01/01/31	2.68	2,550,000
Sewer LLTP - Plant	8,000,000	09/15/12	2.31	6,800,000
State St Utilities Upgrade	1,500,433	09/01/21	1.36	1,050,304
Lincoln 3C	3,929,000	06/15/33	2.38	3,525,000
Lincoln Separation	5,595,874	06/01/33	3.35	5,036,286
Perice Island WWTP	10,000,000	06/01/34	2.87	9,500,000
Pease WWTP 2014	3,500,000	06/01/34	2.87	3,325,000
Pease WWTP 2015	1,000,000	06/15/35	2.99	1,000,000
Total Business-Type Activities				<u>\$ 78,422,020</u>

### C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

	<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2016	\$	8,610,298	\$	2,879,292	\$ 11,489,590
2017		8,292,877		2,572,183	10,865,060
2018		7,570,540		2,243,180	9,813,720
2019		7,112,905		1,962,585	9,075,490
2020		6,567,617		1,711,683	8,279,300
2021 - 2025		24,935,000		4,972,115	29,907,115
2026 - 2030		11,550,000		1,703,557	13,253,557
2031 - 2034		2,910,000		156,000	3,066,000
Total	\$	<u>77,549,237</u>	\$	<u>18,200,595</u>	<u>\$ 95,749,832</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,533,121	\$ 2,631,326	\$ 8,164,447
2017	5,533,121	2,444,155	7,977,276
2018	5,533,121	2,253,972	7,787,093
2019	5,523,121	2,066,040	7,589,161
2020	5,523,121	1,903,258	7,426,379
2021 - 2025	24,134,064	6,940,759	31,074,823
2026 - 2030	18,503,460	3,186,611	21,690,071
2031 - 2035	8,138,891	646,025	8,784,916
Total	<u>\$ 78,422,020</u>	<u>\$ 22,072,146</u>	<u>\$ 100,494,166</u>

*D. Bond Authorizations/Unissued*

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2015 are as follows:

<u>Purpose</u>	<u>Amount</u>
Coakley Landfill	\$ 4,641,897
Commerce Way	1,600,000
School Upgrades	5,000,000
Deer St. Parking Facility	23,200,000
New Franklin School Energy Efficiency	25,000
Total Bond Authorizations/unissued	<u>\$ 34,466,897</u>

*E. Changes in General Long-Term Liabilities*

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

	<u>Total</u>				<u>Total</u>	<u>Less</u>	<u>Equals</u>
	<u>Balance</u>	<u>Additions</u>	<u>Refunding</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>	<u>Long-Term</u>
	<u>7/1/14</u>				<u>6/30/15</u>	<u>Portion</u>	<u>Portion</u>
							<u>6/30/15</u>
<u>Governmental Activities</u>							
General obligation bonds	\$ 80,070	\$ 7,935	\$ (3,460)	\$ (7,880)	\$ 76,665	\$ (8,394)	\$ 68,271
Unamortized premium	5,940	586	-	(497)	6,029	(533)	5,496
Subtotal	86,010	8,521	(3,460)	(8,377)	82,694	(8,927)	73,767
State revolving loans	1,097	-	-	(213)	884	(216)	668
Net OPEB obligation	3,579	922	-	-	4,501	-	4,501
Net pension liability	74,702	-	-	(8,662)	66,040	-	66,040
Other:							
Landfill closure	1,440	-	-	-	1,440	-	1,440
Accrued employee benefits	6,863	516	-	(1,106)	6,273	(753)	5,520
Subtotal	8,303	516	-	(1,106)	7,713	(753)	6,960
Totals	<u>\$ 173,691</u>	<u>\$ 9,959</u>	<u>\$ (3,460)</u>	<u>\$ (18,358)</u>	<u>\$ 161,832</u>	<u>\$ (9,896)</u>	<u>\$ 151,936</u>

	Balance 7/1/14	Additions	Refunding	Reductions	Total Balance 6/30/15	Less Current Portion	Equals Long-Term Portion 6/30/15
<u>Business-Type Activities</u>							
General obligation bonds	\$ 43,245	\$ 5,800	\$ -	\$ (2,445)	\$ 46,600	\$ (2,835)	\$ 43,765
Unamortized premium	3,298	196	-	(177)	3,317	(187)	3,130
Subtotal	46,543	5,996	-	(2,622)	49,917	(3,022)	46,895
State revolving loans	34,654	-	-	(2,832)	31,822	(2,698)	29,124
Net OPEB obligation	241	22	-	-	263	-	263
Net pension liability	3,389	-	-	(438)	2,951	-	2,951
Other:							
Accrued employee benefits	610	260	-	(182)	688	(55)	633
Totals	\$ 85,437	\$ 6,278	\$ -	\$ (6,074)	\$ 85,641	\$ (5,775)	\$ 79,866

#### F. Advance and Current Refunding

On June 10, 2015, the City issued general obligation bonds in the aggregate amount of \$13,360,000 with an interest rates ranging from 2.0% to 4.0% throughout the life of the bonds. \$10,025,000 of the aggregate \$13,360,000 was issued to fund new projects.

The \$3,335,000 in refunding bonds with a variable interest rate ranging from 2.0% to 4.0% were issued to advance refund \$3,460,000 its August 1, 2005 bonds with an interest rate of 4.0%. The term bonds mature on August 1, 2016 through August 1, 2025 and are callable on August 1, 2015. After paying issuance costs of \$29,642, the net proceeds were \$3,579,503. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on August 1, 2015. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements.

As a result of the refunding, the City reduced is total debt service cash flow requirements by \$365,416 which resulted in an economic gain (net present value benefit, which is the difference between the present value of debt service payments on the old and new debt) of \$330,941.

## 16. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets 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 following is a summary of deferred inflow of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis			
	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Nonmajor	Proprietary Funds Water	Sewer
Unavailable revenues	\$ -	\$ -	\$ 1,447,414	\$ 42,097	\$ -	\$ -
Long-term portion of loans receivable	-	-	-	2,319,874	-	-
Net difference between projected and actual investment earnings	8,449,853	377,631	-	-	176,844	200,787
Changes in proportion and differences between employer contributions and share of contributions	<u>51,624</u>	<u>4,231</u>	<u>-</u>	<u>-</u>	<u>1,981</u>	<u>2,250</u>
Total deferred inflows	<u>\$ 8,501,477</u>	<u>\$ 381,862</u>	<u>\$ 1,447,414</u>	<u>\$ 2,361,971</u>	<u>\$ 178,825</u>	<u>\$ 203,037</u>

## 17. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

## 18. 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, 2015:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>			
Advance to other funds	\$ 672,927	\$ -	\$ 672,927
Inventory	-	32,539	32,539
Nonexpendable permanent funds	-	1,633,062	1,633,062
Total Nonspendable	672,927	1,665,601	2,338,528
<b>Restricted</b>			
Bonded projects and capital contributions	-	9,767,712	9,767,712
Community development	-	2,338,071	2,338,071
Education	-	495,737	495,737
Public safety	-	117,676	117,676
Public works	-	4,915,999	4,915,999
Conservation	-	918,654	918,654
Police	-	3,704	3,704
Fire	-	144,580	144,580
Recreation	-	623,178	623,178
Finance	-	427,602	427,602
Human resources	-	8,963	8,963
Legal	-	113,385	113,385
Planning	-	49,871	49,871
Library	-	33,739	33,739
Trusts for education and recreation	-	1,904,088	1,904,088
Expendable permanent funds	-	5,337,385	5,337,385
Total Restricted	-	27,200,344	27,200,344
<b>Committed</b>			
Debt service	11,971,206	-	11,971,206
Health insurance	7,295,310	-	7,295,310
Tax appraisal	2,600,514	-	2,600,514
Compensated absences	1,376,542	-	1,376,542
Claremont Coalition	668,180	-	668,180
Coakley landfill	619,645	-	619,645
Prescott Park dock	13,133	-	13,133
To supplement next year's budget	-	-	-
Capital	-	2,239,903	2,239,903
Total Committed	24,544,530	2,239,903	26,784,433
<b>Assigned</b>			
Encumbered for:			
Finance	86,563	-	86,563
Human Resources	81,600	-	81,600
City Clerk	1,567	-	1,567
Elections	3,460	-	3,460
Planning	122,326	-	122,326
Legal	52,472	-	52,472
Police	154,832	-	154,832
Fire	49,296	-	49,296
Education	98,250	-	98,250
Public works	653,815	-	653,815
Recreation	14,120	-	14,120
Capital	4,585,627	-	4,585,627
Contingency	938,263	-	938,263
General administration	173,568	-	173,568
Landfill monitoring	300,793	-	300,793
Revaluation	138,713	-	138,713
IT upgrades and replacements	166,066	-	166,066
Total Assigned	7,621,331	-	7,621,331
Unassigned	12,509,746	(671,365)	11,838,381
Total Fund Balance	\$ 45,348,534	\$ 30,434,483	\$ 75,783,017

## 19. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the City is involved. The City's management is of the opinion that the potential future settlement of such claims in excess of available insurance coverage would not materially affect its financial statements taken as a whole.

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 - The Coakley Landfill (site) is located in North Hampton, New Hampshire, and for the period of 1972 through 1982, served as the municipal refuse disposal site for the City of Portsmouth and for the Cities of North Hampton, Newington, 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 a Consent Decree (Decree) with the United States Environmental Protection Agency (EPA). The Decree commits 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 Decree estimated the total cost of 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 Decree. Should one of the responsible parties default on its obligations, the remaining parties will assume the liability for the defaulting party. The City's contributions are anticipated to be steady over the next several years.

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 is receiving state aid payments in connection with the project in the total amount of \$943,644 payable over the life of the loan. The City awaits a final determination of the City's remaining liability, if any. Estimated liability may change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws and regulations.

Consent Decree - The City of Portsmouth is obligated, under an amended Consent Decree with the Environmental Protection Agency (EPA) and New Department of Environmental Services (DES), to complete construction of sewer separation projects to minimize combined sewer overflows, complete a pilot program of wastewater treatment technology selection and complete design and construction for an upgrade to its Peirce Island Wastewater Treatment Facility that will comply with secondary treatment standards. The Consent Decree was originally approved by the U. S. District Court in the District of New Hampshire on September 24, 2009 and subsequently amended in July of 2012. The amended consent decree incorporated the results of a comprehensive wastewater facilities planning study that was performed from 2008 through 2010 and includes a schedule for completion of all required project milestones. The City selected an engineering consultant for the wastewater treatment facility upgrade in 2013 and is scheduled to complete the design phase by December 31, 2015. Construction of the sewer separation projects required by the Consent Decree has been completed and the City is performing the required post construction monitoring. This City is engaged in a dispute resolution process with the EPA relative to the schedule for completion of the upgrade of the Pierce Island Wastewater Treatment Facility; the City is seeking a longer schedule than is currently incorporated in the Consent Decree.

## **20. Post-Employment Healthcare and Life Insurance Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

### **A. Plan Description**

In addition to providing the pension benefits described, the City provides post-employment healthcare and life insurance benefits for retired employees through the City's single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2015, the actuarial valuation date, approximately 78 retirees and 739 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

### **B. Benefits Provided**

The City provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All



active employees who retire from the City and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the City. The City contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2015.

Annual Required Contribution (ARC)	\$ 1,538,585
Interest on net OPEB obligation	171,858
Adjustment to ARC	<u>(162,781)</u>
Annual OPEB cost	1,547,662
Contributions made	<u>(603,182)</u>
Increase in net OPEB obligation	944,480
Net OPEB obligation - beginning of year	<u>3,819,072</u>
Net OPEB obligation - end of year	<u><u>\$ 4,763,552</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,547,662	39.0%	\$ 4,763,552
2014	\$ 1,702,453	52.2%	\$ 3,819,072
2013	\$ 1,702,453	52.2%	\$ 3,005,989
2012	\$ 1,493,990	58.4%	\$ 2,192,906
2011	\$ 1,493,990	58.4%	\$ 1,571,921
2010	\$ 1,483,391	67.9%	\$ 950,936

*E. Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2015, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 14,833,362
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,833,362</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 42,543,250</u>
UAAL as a percentage of covered payroll	<u>34.9%</u>

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

*F. Actuarial Methods and Assumptions*

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

In the June 30, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 9% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an opened group basis. This has been calculated assuming the amortization payment increases at an inflation rate of 3.0%.

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service

up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by  $\frac{1}{4}$  of 1% or age 60.

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

*C. Contributions*

Plan members are required to contribute a percentage of their gross earnings to the pension plan, 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 10.77% to 27.74% of covered compensation. The City's contributions to NHRS for the year ended June 30, 2015 was \$6,176,526, 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, 2015, the City reported a liability of \$68,991,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2013, the City's proportion was 1.81 percent. At June 30, 2014, the City's proportion was 1.84 percent, which was an increase of 0.03 percent from its previous year proportion.

For the year ended June 30, 2015, the City recognized pension expense of \$6,023,961. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Fiscal year 2015 pension contributions	\$ 6,176,526	\$ -
Changes in proportion and differences between employer contributions and share of contributions	888,014	55,855
Net difference between projected and actual investment earnings	-	8,827,484
Total	<u>\$ 7,064,540</u>	<u>\$ 8,883,339</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 6,398,530	\$ 2,220,835
2017	222,004	2,220,835
2018	222,003	2,220,835
2019	<u>222,003</u>	<u>2,220,834</u>
Total	<u>\$ 7,064,540</u>	<u>\$ 8,883,339</u>

**Actuarial assumptions:** The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent per year
Salary increases	3.75 - 5.8 percent average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for woman for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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

Asset Class	Target Allocation Percentage	Weighted Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.25%
Small/Mid Cap Equities	7.50	3.25%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.25%
Emerging Int'l Equities	7.00	6.50%
Total international equities	20.00	
Core Bonds	18.00	-0.47%
High-Yield Bonds	1.50	1.50%
Global Bonds (unhedged)	5.00	-1.75%
Emerging Market Debt (external)	0.50	2.00%
Total fixed income	25.00	
Private equity	5.00	5.75%
Private debt	5.00	5.00%
Real estate	10.00	3.25%
Opportunistic	5.00	2.50%
Total alternative investments	25.00	
Total	100.00 %	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member

contributions and employer 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.

*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 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
June 30, 2014	\$ 90,872,665	\$ 68,991,223	\$ 50,530,948

*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. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

## **23. Change in Accounting Principle/Beginning Net Position Restatement**

The City's beginning net position for fiscal year 2015 has been restated from the previous fiscal year to conform to GASB Statement 68. Fiscal year 2014 and prior periods have not been restated due to impractical nature of allocating annual activity and lack of information for measurement dates June 30, 2012 and prior; as this is a new standard and beginning net position restatement does not recognize beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions

per GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the following reconciliation is provided:

Government-Wide Financial Statements:

	Governmental Activities	Business-Type Activities		
		Water Funds	Sewer Fund	Business- Type Total
As previously reported, June 30, 2015	\$ 158,299,124	\$ 34,904,778	\$ 44,758,060	\$ 79,662,838
Net position restatement:				
GASB 68 implementation for net pension liability	(74,702,023)	(1,587,121)	(1,802,012)	(3,389,133)
Contributions made during fiscal year 2014	5,740,867	141,964	141,129	283,093
Total net position restatement:	<u>(68,961,156)</u>	<u>(1,445,157)</u>	<u>(1,660,883)</u>	<u>(3,106,040)</u>
As restated, July 1, 2014	<u>\$ 89,337,968</u>	<u>\$ 33,459,621</u>	<u>\$ 43,097,177</u>	<u>\$ 76,556,798</u>



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**SCHEDULE OF FUNDING PROGRESS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**  
**(Unaudited)**

**Other Post-Employment Benefits**

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Projected Unit Credit <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percent- age of Covered Payroll <u>[(b-a)/c]</u>
06/30/15	\$ -	\$ 14,833,362	\$ 14,833,362	0.0%	\$ 42,543,250	34.9%
06/30/13	\$ -	\$ 16,485,101	\$ 16,485,101	0.0%	\$ 35,783,000	46.1%
06/30/11	\$ -	\$ 14,476,591	\$ 14,476,591	0.0%	\$ 37,748,418	38.4%
06/30/09	\$ -	\$ 15,064,283	\$ 15,064,283	0.0%	\$ 35,619,012	42.3%

See Independent Auditors' Report.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**  
**(Unaudited)**

<u>New Hampshire Retirement System</u>	<u>2015</u>
Proportion of the net pension liability for the most recent measurement date	1.84%
Proportionate share of the net pension liability for the most recent measurement date	\$ 68,991,223
Covered-employee payroll for the most recent measurement date	\$ 43,883,269
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.22%
Plan fiduciary net position as a percentage of the total pension liability	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 CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015  
(Unaudited)

<u>New Hampshire Retirement System</u>	<u>2015</u>
Contractually required contribution for the current fiscal year	\$ 5,962,925
Contributions in relation to the contractually required contribution	<u>5,962,925</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll for the current fiscal year	\$ 43,883,269
Contributions as a percentage of covered-employee payroll	14%

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

See Independent Auditors' Report.

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## **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.
- 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.
- 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.
- Unmet Parking Needs: to account for fees collected for unmet parking needs to be used within the Central Business District for transportation related improvements.
- 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 Funds: to account for expendable gifts received by the Library.
- City Trust Funds: 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:

- Building and Infrastructure: to fund building and infrastructure improvements.
- 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.

## **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 City Permanent Funds:

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Community Development</u>	<u>School Lunch</u>	<u>School Categorical Revenues</u>	<u>Miscellaneous Grants and Contributions</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 2,073,256	\$ -	\$ -	\$ 2,762,890
Investments	-	-	-	-
Property tax receivable	-	-	-	-
Departmental and other receivables	-	103,528	2,185	82,039
Intergovernmental receivables	-	-	555,156	193,411
Loans and interest receivable	1,115,753	-	-	23,412
Inventory	-	32,539	-	-
	<u>-</u>	<u>32,539</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,189,009</u>	<u>\$ 136,067</u>	<u>\$ 557,341</u>	<u>\$ 3,061,752</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 206	\$ -	\$ -	\$ 95,209
Accrued liabilities	1,044	-	8,701	1,064
Retainage payable	-	-	-	108,771
Due to other funds	-	91,343	52,903	-
Advances from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	1,250	91,343	61,604	205,044
Deferred Inflows of Resources	1,101,287	42,097	-	23,412
Fund Balances:				
Nonspendable	-	32,539	-	-
Restricted	2,086,472	-	495,737	2,833,296
Committed	-	-	-	-
Unassigned	-	(29,912)	-	-
	<u>-</u>	<u>(29,912)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,086,472</u>	<u>2,627</u>	<u>495,737</u>	<u>2,833,296</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,189,009</u>	<u>\$ 136,067</u>	<u>\$ 557,341</u>	<u>\$ 3,061,752</u>



Special Revenue Funds					
<u>Police Grants</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Unmet Parking Needs</u>
\$ -	\$ 62,621	\$ 3,025,453	\$ 165,108	\$ 918,654	\$ 42,042
-	-	-	-	-	-
-	-	-	-	74,880	-
-	-	-	-	-	-
98,510	6,729	-	-	-	-
-	-	-	1,120,293	-	-
-	-	-	-	-	-
<u>\$ 98,510</u>	<u>\$ 69,350</u>	<u>\$ 3,025,453</u>	<u>\$ 1,285,401</u>	<u>\$ 993,534</u>	<u>\$ 42,042</u>
\$ 8,061	\$ -	\$ 87,008	\$ -	\$ -	\$ 266
727	-	11,901	-	-	-
-	-	-	-	-	3,144
41,396	-	-	-	-	-
-	-	-	-	-	-
50,184	-	98,909	-	-	3,410
-	-	-	1,120,295	74,880	-
-	-	-	-	-	-
48,326	69,350	2,926,544	165,106	918,654	38,632
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,326</u>	<u>69,350</u>	<u>2,926,544</u>	<u>165,106</u>	<u>918,654</u>	<u>38,632</u>
<u>\$ 98,510</u>	<u>\$ 69,350</u>	<u>\$ 3,025,453</u>	<u>\$ 1,285,401</u>	<u>\$ 993,534</u>	<u>\$ 42,042</u>

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust Funds</u>	<u>City Trust Funds</u>	<u>Subtotals</u>
<b>ASSETS</b>						
Cash and short-term investments	\$ 141,278	\$ 161,102	\$ 249,054	\$ 163,283	\$ 275,498	\$ 10,040,239
Investments	-	-	-	26,040	2,301,080	2,327,120
Property tax receivable	-	-	-	-	-	74,880
Departmental and other receivables	-	-	-	-	-	187,752
Intergovernmental receivables	-	-	-	-	-	853,806
Loans and interest receivable	-	-	-	-	-	2,259,458
Inventory	-	-	-	-	-	32,539
Total Assets	<u>\$ 141,278</u>	<u>\$ 161,102</u>	<u>\$ 249,054</u>	<u>\$ 189,323</u>	<u>\$ 2,576,578</u>	<u>\$ 15,775,794</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 8,004	\$ 88,072	\$ 20,090	\$ -	\$ -	\$ 306,916
Accrued liabilities	-	4,283	-	-	-	27,720
Retainage payable	-	-	-	-	-	111,915
Due to other funds	-	11,266	-	-	-	196,908
Advances from other funds	-	-	-	-	672,490	672,490
Total Liabilities	8,004	103,621	20,090	-	672,490	1,315,949
Deferred Inflows of Resources	-	-	-	-	-	2,361,971
Fund Balances:						
Nonspendable	-	-	-	-	-	32,539
Restricted	133,274	57,481	228,964	189,323	1,904,088	12,095,247
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(29,912)
Total Fund Balances	<u>133,274</u>	<u>57,481</u>	<u>228,964</u>	<u>189,323</u>	<u>1,904,088</u>	<u>12,097,874</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 141,278</u>	<u>\$ 161,102</u>	<u>\$ 249,054</u>	<u>\$ 189,323</u>	<u>\$ 2,576,578</u>	<u>\$ 15,775,794</u>

Capital Project Funds

<u>Building and Infrastructure</u>	<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ 5,184,695	\$ 542,247	\$ 6,065,658	\$ 299,034	\$ 211,391	\$ 79,473	\$ 12,382,498
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	445,038	-	-	445,038
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,184,695</u>	<u>\$ 542,247</u>	<u>\$ 6,065,658</u>	<u>\$ 744,072</u>	<u>\$ 211,391</u>	<u>\$ 79,473</u>	<u>\$ 12,827,536</u>
\$ 451,858	\$ 56,571	\$ 247,135	\$ 250,223	\$ 151	\$ 38,418	\$ 1,044,356
-	-	-	-	-	-	-
44,994	175,391	196,633	-	-	-	417,018
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
496,852	231,962	443,768	250,223	151	38,418	1,461,374
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,835,537	310,285	5,621,890	-	-	-	9,767,712
1,493,759	-	-	493,849	211,240	41,055	2,239,903
<u>(641,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(641,453)</u>
<u>4,687,843</u>	<u>310,285</u>	<u>5,621,890</u>	<u>493,849</u>	<u>211,240</u>	<u>41,055</u>	<u>11,366,162</u>
<u>\$ 5,184,695</u>	<u>\$ 542,247</u>	<u>\$ 6,065,658</u>	<u>\$ 744,072</u>	<u>\$ 211,391</u>	<u>\$ 79,473</u>	<u>\$ 12,827,536</u>

(continued)

(continued)

	<u>Permanent Funds</u>			Total Nonmajor Governmental Funds
	<u>City Trust Funds</u>	<u>Library Trust Funds</u>	<u>Subtotals</u>	
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 25,735	\$ -	\$ 25,735	\$ 22,448,472
Investments	6,941,252	4,416	6,945,668	9,272,788
Property tax receivable	-	-	-	74,880
Departmental and other receivables	-	-	-	187,752
Intergovernmental receivables	-	-	-	1,298,844
Loans and interest receivable	-	-	-	2,259,458
Inventory	-	-	-	32,539
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>6,966,987</u>	\$ <u>4,416</u>	\$ <u>6,971,403</u>	\$ <u>35,574,733</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 956	\$ -	\$ 956	\$ 1,352,228
Accrued liabilities	-	-	-	27,720
Retainage payable	-	-	-	528,933
Due to other funds	-	-	-	196,908
Advances from other funds	-	-	-	672,490
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	956	-	956	2,778,279
Deferred Inflows of Resources	-	-	-	2,361,971
Fund Balances:				
Nonspendable	1,629,062	4,000	1,633,062	1,665,601
Restricted	5,336,969	416	5,337,385	27,200,344
Committed	-	-	-	2,239,903
Unassigned	-	-	-	(671,365)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,966,031</u>	<u>4,416</u>	<u>6,970,447</u>	<u>30,434,483</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>6,966,987</u>	\$ <u>4,416</u>	\$ <u>6,971,403</u>	\$ <u>35,574,733</u>

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue Funds			
	Community <u>Development</u>	School <u>Lunch</u>	School Categorical <u>Revenues</u>	Miscellaneous Grants and <u>Contributions</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	287,876	331,905	3,808,598	448,010
Charges for services	-	420,839	-	-
Investment income	11,724	-	-	493
Fines and costs	-	-	-	10,006
Contributions	15,980	-	-	187,032
Other	<u>68,301</u>	<u>-</u>	<u>-</u>	<u>3,274</u>
Total Revenues	383,881	752,744	3,808,598	648,815
Expenditures:				
Current:				
General government	-	-	-	339,174
Public safety	-	-	-	89,579
Education	-	830,708	4,220,966	10,958
Public works	-	-	-	279,106
Culture and recreation	-	-	-	704,369
Community development	706,940	-	-	1,061,094
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>706,940</u>	<u>830,708</u>	<u>4,220,966</u>	<u>2,484,280</u>
Excess (deficiency) of revenues over (under) expenditures	(323,059)	(77,964)	(412,368)	(1,835,465)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	-	80,349	400,000	1,459,424
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,178)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>80,349</u>	<u>400,000</u>	<u>1,439,246</u>
Net change in fund balances	(323,059)	2,385	(12,368)	(396,219)
Fund Balances, beginning of year	<u>2,409,531</u>	<u>242</u>	<u>508,105</u>	<u>3,229,515</u>
Fund Balances, end of year	<u>\$ 2,086,472</u>	<u>\$ 2,627</u>	<u>\$ 495,737</u>	<u>\$ 2,833,296</u>

Special Revenue Funds					
Police Grants	Seizure	Parking and Transportation	Housing Subsidy	Conservation	Unmet Parking Needs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
346,996	-	-	-	-	-
-	-	3,068,619	-	-	-
-	-	-	132	-	-
-	43,230	-	-	-	-
2,933	-	-	-	-	-
-	19,370	-	43,814	-	-
349,929	62,600	3,068,619	43,946	-	-
-	-	13,405	-	-	-
328,439	36,639	-	-	-	-
-	-	-	-	-	-
-	-	2,741,868	-	-	146,867
-	-	-	17	-	-
-	-	-	-	-	-
328,439	36,639	2,755,273	17	-	146,867
21,490	25,961	313,346	43,929	-	(146,867)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,490	25,961	313,346	43,929	-	(146,867)
26,836	43,389	2,613,198	121,177	918,654	185,499
\$ 48,326	\$ 69,350	\$ 2,926,544	\$ 165,106	\$ 918,654	\$ 38,632

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust Funds</u>	<u>City Trust Funds</u>	<u>Subtotals</u>
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	5,223,385
Charges for services	147,763	421,634	77,396	-	52,117	4,188,368
Investment income	-	-	-	1,600	17,645	31,594
Fines and costs	-	-	-	-	-	53,236
Contributions	-	-	3,421	-	340,401	549,767
Other	-	-	-	-	-	134,759
Total Revenues	<u>147,763</u>	<u>421,634</u>	<u>80,817</u>	<u>1,600</u>	<u>410,163</u>	<u>10,181,109</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	352,579
Public safety	-	-	-	-	-	454,657
Education	-	-	-	-	86,792	5,149,424
Public works	-	-	-	-	-	3,167,841
Culture and recreation	146,077	631,064	109,638	2,075	3,813	1,597,036
Community development	-	-	-	-	-	1,768,051
Capital outlay	-	-	-	-	-	-
Total Expenditures	<u>146,077</u>	<u>631,064</u>	<u>109,638</u>	<u>2,075</u>	<u>90,605</u>	<u>12,489,588</u>
Excess (deficiency) of revenues over (under) expenditures	1,686	(209,430)	(28,821)	(475)	319,558	(2,308,479)
Other Financing Sources (Uses):						
Issuance of bonds	-	-	-	-	-	-
Transfers in	-	150,000	9,680	-	-	2,099,453
Transfers out	-	-	-	-	(1,326,648)	(1,346,826)
Total Other Financing Sources (Uses)	<u>-</u>	<u>150,000</u>	<u>9,680</u>	<u>-</u>	<u>(1,326,648)</u>	<u>752,627</u>
Net change in fund balances	1,686	(59,430)	(19,141)	(475)	(1,007,090)	(1,555,852)
Fund Balances, beginning of year	<u>131,588</u>	<u>116,911</u>	<u>248,105</u>	<u>189,798</u>	<u>2,911,178</u>	<u>13,653,726</u>
Fund Balances, end of year	<u>\$ 133,274</u>	<u>\$ 57,481</u>	<u>\$ 228,964</u>	<u>\$ 189,323</u>	<u>\$ 1,904,088</u>	<u>\$ 12,097,874</u>



Capital Project Funds

<u>Building and Infrastructure</u>	<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,759,884	-	-	2,759,884
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,944	-	-	-	-	-	17,944
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,944	-	-	2,759,884	-	-	2,777,828
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,432,433</u>	<u>589,231</u>	<u>2,272,132</u>	<u>3,763,547</u>	<u>980,654</u>	<u>406,493</u>	<u>9,444,490</u>
<u>1,432,433</u>	<u>589,231</u>	<u>2,272,132</u>	<u>3,763,547</u>	<u>980,654</u>	<u>406,493</u>	<u>9,444,490</u>
(1,414,489)	(589,231)	(2,272,132)	(1,003,663)	(980,654)	(406,493)	(6,666,662)
2,400,000	-	2,200,000	-	-	-	4,600,000
1,417,897	-	-	255,625	886,300	393,585	2,953,407
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,817,897</u>	<u>-</u>	<u>2,200,000</u>	<u>255,625</u>	<u>886,300</u>	<u>393,585</u>	<u>7,553,407</u>
2,403,408	(589,231)	(72,132)	(748,038)	(94,354)	(12,908)	886,745
<u>2,284,435</u>	<u>899,516</u>	<u>5,694,022</u>	<u>1,241,887</u>	<u>305,594</u>	<u>53,963</u>	<u>10,479,417</u>
<u>\$ 4,687,843</u>	<u>\$ 310,285</u>	<u>\$ 5,621,890</u>	<u>\$ 493,849</u>	<u>\$ 211,240</u>	<u>\$ 41,055</u>	<u>\$ 11,366,162</u>

(continued)

(continued)

	Permanent Funds			Total Nonmajor Governmental Funds
	City Trust Funds	Library Trust Funds	Subtotals	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	7,983,269
Charges for services	-	-	-	4,188,368
Investment income	109,462	37	109,499	141,093
Fines and costs	-	-	-	53,236
Contributions	34,330	-	34,330	602,041
Other	-	-	-	134,759
Total Revenues	<u>143,792</u>	<u>37</u>	<u>143,829</u>	<u>13,102,766</u>
Expenditures:				
Current:				
General government	-	-	-	352,579
Public safety	-	-	-	454,657
Education	21,061	-	21,061	5,170,485
Public works	-	-	-	3,167,841
Culture and recreation	192,826	-	192,826	1,789,862
Community development	-	-	-	1,768,051
Capital Outlay	-	-	-	9,444,490
Total Expenditures	<u>213,887</u>	<u>-</u>	<u>213,887</u>	<u>22,147,965</u>
Excess (deficiency) of revenues over (under) expenditures	(70,095)	37	(70,058)	(9,045,199)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	4,600,000
Transfers in	-	-	-	5,052,860 (1)
Transfers out	-	-	-	(1,346,826) (1)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,306,034</u>
Net change in fund balances	(70,095)	37	(70,058)	(739,165)
Fund Balances, beginning of year	<u>7,036,126</u>	<u>4,379</u>	<u>7,040,505</u>	<u>31,173,648</u>
Fund Balances, end of year	<u>\$ 6,966,031</u>	<u>\$ 4,416</u>	<u>\$ 6,970,447</u>	<u>\$ 30,434,483</u>

(1) Transfers in and out were netted on page 46 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 Fund 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 Fund represents contributions used to subsidize education costs for eligible students.
- Worthy Poor Fund represents contributions to help eligible residents with living costs.
- Memorial Fund 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 Fund represents contributions for celebration on Emancipation Day, tri-centennial celebration in 2076, 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.

- Claremont Coalition Fund represents contributions from various local governments in the State of New Hampshire, which are used to pay legal costs related to state-wide property tax issue.
- Art Speak Fund represents contributions from various sources used to fully or partially support artistic and/or cultural activities within the City of Portsmouth.
- School Fund represent 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, 2015

	<u>Park Fund</u>	<u>Scholarship Fund</u>	<u>Worthy Poor Fund</u>	<u>Memorial Fund</u>	<u>Commemoration Fund</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and short-term investments	\$ 76,301	\$ 20,902	\$ 55,206	\$ 382,215	\$ 4,102	\$ 538,726
Investments	-	5,933,170	-	-	-	5,933,170
Other assets	<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>
Total Assets	<u>\$ 76,381</u>	<u>\$ 5,954,072</u>	<u>\$ 55,206</u>	<u>\$ 382,215</u>	<u>\$ 4,102</u>	<u>\$ 6,471,976</u>
Net position held in trust	<u>\$ 76,381</u>	<u>\$ 5,954,072</u>	<u>\$ 55,206</u>	<u>\$ 382,215</u>	<u>\$ 4,102</u>	<u>\$ 6,471,976</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
For the Year Ended June 30, 2015

	<u>Park Fund</u>	<u>Scholarship Fund</u>	<u>Worthy Poor Fund</u>	<u>Memorial Fund</u>	<u>Commemoration Fund</u>	<u>Total</u>
<u>ADDITIONS</u>						
Investment income	\$ 1,067	\$ 98,458	\$ 777	\$ 6,611	\$ -	\$ 106,913
Contributions	<u>246,060</u>	<u>6,475</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>252,757</u>
Total Additions	247,127	104,933	999	6,611	-	359,670
<u>DEDUCTIONS</u>						
Payments to beneficiaries	<u>226,010</u>	<u>140,146</u>	<u>166</u>	<u>1,146</u>	<u>194</u>	<u>367,662</u>
Net increase	21,117	(35,213)	833	5,465	(194)	(7,992)
<u>NET POSITION</u>						
Beginning of year	<u>55,264</u>	<u>5,989,285</u>	<u>54,373</u>	<u>376,750</u>	<u>4,296</u>	<u>6,479,968</u>
End of year	<u>\$ 76,381</u>	<u>\$ 5,954,072</u>	<u>\$ 55,206</u>	<u>\$ 382,215</u>	<u>\$ 4,102</u>	<u>\$ 6,471,976</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2015</u>
<u>Claremont Coalition:</u>				
Assets - cash and short-term investments	\$ <u>10,258</u>	\$ <u>14,001</u>	\$ <u>(19,975)</u>	\$ <u>4,284</u>
Liabilities - other liabilities	\$ <u>10,258</u>	\$ <u>14,001</u>	\$ <u>(19,975)</u>	\$ <u>4,284</u>
 <u>Art Speak:</u>				
Assets - cash and short-term investments	\$ <u>31,944</u>	\$ <u>18,350</u>	\$ <u>(30,604)</u>	\$ <u>19,690</u>
Liabilities - other liabilities	\$ <u>31,944</u>	\$ <u>18,350</u>	\$ <u>(30,604)</u>	\$ <u>19,690</u>
 <u>School Fund:</u>				
Assets - cash and short-term investments	\$ <u>314,630</u>	\$ <u>847,378</u>	\$ <u>(878,572)</u>	\$ <u>283,436</u>
Liabilities - other liabilities	\$ <u>314,630</u>	\$ <u>847,378</u>	\$ <u>(878,572)</u>	\$ <u>283,436</u>
 <u>Totals:</u>				
Assets - cash and short-term investments	\$ <u>356,832</u>	\$ <u>879,729</u>	\$ <u>(929,151)</u>	\$ <u>307,410</u>
Liabilities - other liabilities	\$ <u>356,832</u>	\$ <u>879,729</u>	\$ <u>(929,151)</u>	\$ <u>307,410</u>

# 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 government's overall financial health.

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	112 - 116
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	117 - 123
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	124 - 126
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	127 - 128
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	129 - 131

## City of Portsmouth, New Hampshire

### Net Assets/Position by Component

#### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(1)(2)</sup>	2014	2015
<b>Governmental Activities</b>										
Net invested in capital assets	\$ 49,153,962	\$ 54,020,817	\$ 59,571,267	\$ 64,657,970	\$ 71,574,714	\$ 75,937,883	\$ 78,587,672	\$ 85,565,006	\$ 100,313,414	\$ 109,917,788
Restricted	13,270,157	14,389,205	14,514,810	14,103,944	14,696,926	15,701,688	17,147,890	17,238,560	17,107,717	16,604,810
Unrestricted	12,448,295	18,269,352	19,928,592	26,730,894	29,747,020	33,595,065	36,242,831	37,952,181	40,877,993	(27,370,090)
Total governmental activities net position	\$ 74,872,414	\$ 86,679,374	\$ 94,014,669	\$ 105,492,808	\$ 116,018,660	\$ 125,234,636	\$ 131,978,393	\$ 140,755,747	\$ 158,299,124	\$ 99,152,508
<b>Business-type activities</b>										
Net invested in capital assets	\$ 25,349,267	\$ 27,065,756	\$ 29,978,192	\$ 35,326,336	\$ 38,650,422	\$ 43,749,770	\$ 42,709,386	\$ 47,882,518	\$ 50,987,816	\$ 56,301,452
Restricted	275,000	2,443,121	1,950,574	1,788,026	1,625,478	1,462,931	1,300,383	1,137,835	975,288	812,740
Unrestricted	17,098,572	15,034,184	15,314,959	11,027,529	12,193,230	13,546,674	21,966,267	23,551,956	27,699,734	26,835,174
Total business-type activities net position	\$ 42,722,839	\$ 44,543,061	\$ 47,243,725	\$ 48,141,891	\$ 52,469,130	\$ 58,759,375	\$ 65,976,036	\$ 72,572,309	\$ 79,662,838	\$ 83,949,366
<b>Primary government</b>										
Net invested in capital assets	\$ 74,503,229	\$ 81,086,573	\$ 89,549,459	\$ 99,984,306	\$ 110,225,136	\$ 119,687,653	\$ 121,297,058	\$ 133,447,524	\$ 151,301,230	\$ 166,219,240
Restricted	13,545,157	16,832,326	16,465,384	15,891,970	16,322,404	17,164,619	18,448,273	18,376,395	18,083,005	17,417,550
Unrestricted	29,546,867	33,303,536	35,243,551	37,758,423	41,940,250	47,141,739	58,209,098	61,504,137	68,577,727	(534,916)
Total primary government net position	\$ 117,595,253	\$ 131,222,435	\$ 141,258,394	\$ 153,634,699	\$ 168,487,790	\$ 183,994,011	\$ 197,954,429	\$ 213,328,056	\$ 237,961,962	\$ 183,101,874

#### Notes:

<sup>(1)</sup> Beginning in 2013, the City began reporting net position rather than net assets, in conformity with GASB Statement 63. Prior to that time, net investment in capital assets was labeled invested in capital assets, net of related debt.

<sup>(2)</sup> As Restated



**City of Portsmouth, New Hampshire**

**Changes in Net Assets/Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(1)(2)</sup>	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,377,824	\$ 10,104,480	\$ 10,788,002	\$ 11,181,159	\$ 11,617,046	\$ 11,847,592	\$ 11,812,067	\$ 12,883,285	\$ 12,673,802	\$ 13,370,950
Public safety	14,751,451	15,380,058	15,834,025	16,041,765	16,915,999	16,579,407	16,854,982	17,576,460	18,479,571	17,697,750
Education	36,299,931	37,077,191	38,923,454	39,306,880	41,474,811	43,416,528	44,280,725	44,546,643	47,492,836	49,212,516
Public works	7,937,471	8,606,872	8,780,132	9,363,174	9,303,285	9,659,576	9,834,737	10,303,800	11,337,941	12,367,464
Health and human Services	661,720	536,928	651,557	680,790	693,053	644,424	601,503	689,895	675,256	582,910
Culture and recreation	2,952,284	3,196,571	3,616,584	3,535,606	3,620,162	3,694,425	3,804,755	3,634,914	3,895,264	3,888,467
Community development	1,031,186	908,111	1,240,509	1,150,573	1,330,221	764,771	981,022	863,416	1,125,562	888,705
Interest	2,286,755	2,124,035	2,251,976	2,367,351	2,527,611	2,702,329	3,781,050	3,095,996	3,013,917	3,123,714
Total governmental activities expenses	75,298,622	77,934,246	82,086,239	83,627,298	87,482,188	89,309,052	91,950,841	93,594,409	98,694,149	101,132,476
Business-type activities:										
Water services	3,880,181	4,025,343	3,921,249	4,292,268	4,753,189	4,894,978	5,419,089	6,125,103	6,501,919	6,346,248
Sewer services	6,749,910	5,832,194	6,258,372	6,778,486	6,175,724	6,624,706	7,579,739	7,975,215	8,508,268	8,667,055
Total business-type activities expenses	10,630,091	9,857,537	10,179,621	11,070,754	10,928,913	11,519,684	12,998,828	14,100,318	15,010,187	15,013,303
Total primary government expenses	\$ 85,928,713	\$ 87,791,783	\$ 92,265,860	\$ 94,698,052	\$ 98,411,101	\$ 100,828,736	\$ 104,949,669	\$ 107,694,727	\$ 113,704,336	\$ 116,145,779
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 6,506,377	\$ 6,562,748	\$ 6,988,685	\$ 6,926,238	\$ 6,186,248	\$ 6,259,000	\$ 6,702,933	\$ 6,800,409	\$ 7,421,658	\$ 7,620,989
Public safety	213,344	613,796	737,216	714,666	834,164	1,235,321	1,248,411	1,127,299	1,196,161	1,161,585
Education	4,627,368	5,395,451	5,432,171	5,358,926	5,895,619	5,882,803	5,817,036	5,958,503	5,884,555	6,462,707
Public Works	3,929,021	3,855,901	3,778,437	3,813,473	3,818,291	3,918,395	4,396,016	4,654,656	5,092,527	5,878,880
Health and Human Services	24,406	32,745	34,970	25,711	13,008	48,054	22,152	85,079	100,002	89,398
Culture and Recreation	409,315	398,780	640,476	651,610	600,894	543,575	506,975	874,509	955,544	969,031
Total charges for services	15,709,831	16,859,421	17,611,955	17,490,624	17,348,224	17,887,148	18,693,523	19,500,455	20,650,447	22,182,590
Operating grants and contributions	6,863,657	6,114,428	4,885,064	5,070,581	6,172,231	7,168,204	6,876,190	4,929,483	5,114,762	5,631,065
Capital grants and contributions	2,247,517	4,200,222	2,763,722	5,312,633	6,966,317	2,619,401	2,561,524	3,032,801	12,137,864	5,106,620
Total governmental activities program revenues	24,821,005	27,174,071	25,260,741	27,873,838	30,486,772	27,674,753	28,131,237	27,462,739	37,903,073	32,920,275
Business-type activities:										
Charges for services										
Water services	4,143,467	4,284,231	5,087,122	5,379,413	6,727,586	8,914,913	9,057,948	8,839,035	9,114,578	8,849,199
Sewer services	6,005,918	5,880,176	6,450,632	5,691,064	6,010,072	7,249,404	10,422,913	11,962,934	13,210,967	13,724,391
Total charges for services	10,149,385	10,164,407	11,537,754	11,070,477	12,737,658	16,164,317	19,480,861	20,801,969	22,325,545	22,573,590
Capital grants and contributions	2,292,234	1,825,343	1,883,304	1,694,101	3,378,786	2,487,884	1,642,521	784,754	719,148	638,259
Total business-type activities program revenues	12,441,619	11,989,750	13,421,058	12,764,578	16,116,444	18,652,201	21,123,382	21,586,723	23,044,693	23,211,849
Total primary government program revenues	\$ 37,262,624	\$ 39,163,821	\$ 38,681,799	\$ 40,638,416	\$ 46,603,216	\$ 46,326,954	\$ 49,254,619	\$ 49,049,462	\$ 60,947,766	\$ 56,132,124
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$(50,477,617)	\$(50,760,175)	\$(56,825,498)	\$(55,753,460)	\$(56,995,416)	\$(61,634,299)	\$(63,819,604)	\$(66,131,670)	\$(60,791,076)	\$(68,212,201)
Business-type activities	1,811,528	2,132,213	3,241,437	1,693,824	5,187,531	7,132,517	8,124,554	7,486,405	8,034,506	8,198,546
Total primary government net expense	\$ (48,666,089)	\$ (48,627,962)	\$ (53,584,061)	\$ (54,059,636)	\$ (51,807,885)	\$ (54,501,782)	\$ (55,695,050)	\$ (58,645,265)	\$ (52,756,570)	\$ (60,013,655)
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Property taxes	\$ 52,585,511	\$ 55,593,628	\$ 59,057,518	\$ 63,041,949	\$ 63,648,465	\$ 65,993,838	\$ 67,341,676	\$ 69,226,282	\$ 72,594,154	\$ 73,416,098
Interest on taxes	161,637	53,211	131,228	136,306	270,299	300,578	266,690	371,247	279,531	289,805
Grants and contributions not restricted to specific programs	1,416,374	1,469,728	1,535,543	1,985,289	1,110,062	1,143,748	1,238,571	989,067	957,070	1,025,926
Investment income (loss)	1,641,714	2,091,576	972,640	(193,672)	1,084,222	1,520,906	478,214	861,855	1,143,154	252,292
Other revenues	195,370	2,200,704	1,557,015	1,347,592	476,898	960,388	267,608	1,045,112	2,321,745	1,967,808
Gain on sale of capital asset	-	-	-	-	-	-	-	1,426,433	-	-
Permanent fund contributions	-	266,937	2,281	-	3,625	3,120	11,538	11,450	17,731	34,330
Transfers, net	760,861	891,351	904,568	914,135	927,697	927,697	959,064	977,578	1,021,068	1,040,482
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Total governmental activities	56,761,467	62,567,135	64,160,793	67,231,599	67,521,268	70,850,275	70,563,361	74,909,024	78,334,453	78,026,741
Business-type activities:										
Investment income	400,787	579,360	363,795	118,477	65,045	50,705	42,733	17,408	239	57,554
Other revenues	-	-	-	-	2,360	34,720	8,438	70,038	76,852	176,950
Transfers, net	(760,861)	(891,351)	(904,568)	(914,135)	(927,697)	(927,697)	(959,064)	(977,578)	(1,021,068)	(1,040,482)
Total business-type activities	(360,074)	(311,991)	(540,773)	(795,658)	(860,292)	(842,272)	(907,893)	(890,132)	(943,977)	(805,978)
Total primary government	\$ 56,401,393	\$ 62,255,144	\$ 63,620,020	\$ 66,435,941	\$ 66,660,976	\$ 70,008,003	\$ 69,655,468	\$ 74,018,892	\$ 77,390,476	\$ 77,220,763
<b>Change in Net Assets/Position</b>										
Governmental activities	\$ 6,283,850	\$ 11,806,960	\$ 7,335,295	\$ 11,478,139	\$ 10,525,852	\$ 9,215,976	\$ 6,743,757	\$ 8,777,354	\$ 17,543,377	\$ 9,814,540
Business-type activities	1,451,454	1,820,222	2,700,664	898,166	4,327,239	6,290,245	7,216,661	6,596,273	7,090,529	7,392,568
Total primary government	\$ 7,735,304	\$ 13,627,182	\$ 10,035,959	\$ 12,376,305	\$ 14,853,091	\$ 15,506,221	\$ 13,960,418	\$ 15,373,627	\$ 24,633,906	\$ 17,207,108

Notes:

(1) Beginning in 2013, the City began reporting net position rather than net assets, in conformity with GASB Statement 63.

(2) As restated

City of Portsmouth, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(3)</sup>	2014	2015
<b>All governmental funds<sup>(1)</sup></b>										
Reserved for encumbrances	\$ 4,195,684	\$ 4,547,358	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for Inventory	-	-	-	21,142	21,287	-	-	-	-	-
Reserved for advances	65,300	157,500	156,000	95,000	43,500	-	-	-	-	-
Reserve for perpetual permanent funds	1,319,555	1,588,492	1,588,492	1,588,492	1,588,492	-	-	-	-	-
<b>Total Reserved</b>	<b>5,580,539</b>	<b>6,293,350</b>	<b>6,696,650</b>	<b>7,414,993</b>	<b>8,121,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Designated Unreserved	13,124,996	13,366,904	16,070,029	16,509,100	18,289,507	-	-	-	-	-
Undesignated	24,309,266	26,950,676	31,555,100	33,020,510	42,890,153	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,632,425	1,616,387	1,652,765	1,654,749	2,338,528
Restricted	-	-	-	-	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344
Committed	-	-	-	-	-	22,466,249	26,363,315	25,056,206	27,219,500	26,784,433
Assigned	-	-	-	-	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331
Unassigned	-	-	-	-	-	10,329,071	10,470,953	11,007,797	11,769,423	11,838,381
<b>Total all governmental funds</b>	<b>\$ 43,014,801</b>	<b>\$ 46,610,930</b>	<b>\$ 54,321,779</b>	<b>\$ 56,944,603</b>	<b>\$ 69,300,940</b>	<b>\$ 66,829,637</b>	<b>\$ 81,740,918</b>	<b>\$ 73,735,854</b>	<b>\$ 75,794,500</b>	<b>\$ 75,783,017</b>
<b>General Fund</b>										
Reserved for encumbrances	\$ 4,195,684	\$ 4,547,358	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for advances	65,300	157,500	156,000	95,000	43,500	-	-	-	-	-
<b>Total Reserved</b>	<b>4,260,984</b>	<b>4,704,858</b>	<b>5,108,158</b>	<b>5,805,359</b>	<b>6,511,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Designated Unreserved	13,124,996	13,366,904	16,070,029	16,509,100	18,289,507	-	-	-	-	-
Undesignated	6,953,751	7,330,854	7,756,054	9,875,900	10,069,956	-	-	-	-	-
Nonspendable <sup>(2)</sup>	-	-	-	-	-	28,000	6,000	-	-	672,927
Committed	-	-	-	-	-	19,960,221	22,631,684	22,624,205	26,173,686	24,544,530
Assigned	-	-	-	-	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331
Unassigned	-	-	-	-	-	10,329,071	10,470,953	11,027,473	11,790,868	12,509,746
<b>Total General Fund</b>	<b>\$ 24,339,731</b>	<b>\$ 25,402,616</b>	<b>\$ 28,934,241</b>	<b>\$ 32,190,359</b>	<b>\$ 34,870,964</b>	<b>\$ 35,612,154</b>	<b>\$ 39,087,354</b>	<b>\$ 40,185,463</b>	<b>\$ 44,620,852</b>	<b>\$ 45,348,534</b>
<b>All other governmental funds</b>										
Inventory	\$ -	\$ -	\$ -	\$ 21,142	\$ 21,287	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for perpetual permanent funds	1,319,555	1,588,492	1,588,492	1,588,492	1,588,492	-	-	-	-	-
<b>Total Reserved</b>	<b>\$ 1,319,555</b>	<b>\$ 1,588,492</b>	<b>\$ 1,588,492</b>	<b>\$ 1,609,634</b>	<b>\$ 1,609,779</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Undesignated, reported in:										
Special revenue funds	6,893,059	7,816,687	8,440,924	9,301,673	9,347,520	-	-	-	-	-
Capital projects funds	5,706,133	6,608,544	11,164,120	10,853,843	20,179,357	-	-	-	-	-
Permanent funds	4,756,323	5,194,591	4,194,002	2,989,094	3,293,320	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,604,425	1,610,387	1,652,765	1,654,749	1,665,601
Restricted	-	-	-	-	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344
Committed	-	-	-	-	-	2,506,028	3,731,631	2,432,001	1,045,814	2,239,903
Unassigned	-	-	-	-	-	-	-	(19,676)	(21,445)	(671,365)
<b>Total all other governmental funds</b>	<b>\$ 18,675,070</b>	<b>\$ 21,208,314</b>	<b>\$ 25,387,538</b>	<b>\$ 24,754,244</b>	<b>\$ 34,429,976</b>	<b>\$ 31,217,483</b>	<b>\$ 42,653,564</b>	<b>\$ 33,550,391</b>	<b>\$ 31,173,648</b>	<b>\$ 30,434,483</b>

Notes:

<sup>(1)</sup> FY 2011 fund balances reflect implementation of GASB Statement 54.

<sup>(2)</sup> This nonspendable fund balance is for an advance to trustees of trusts for upgrades at Prescott Park.

<sup>(3)</sup> As restated

**City of Portsmouth, New Hampshire**

**Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(3)</sup>	2014	2015
<b>Revenues</b>										
Real estate taxes	\$ 52,650,269	\$ 55,227,095	\$ 59,149,241	\$ 62,507,154	\$ 63,840,741	\$ 65,792,501	\$ 67,203,467	\$ 69,355,426	\$ 72,964,294	\$ 73,635,672
Licenses and permits	4,568,619	4,710,975	4,729,604	4,736,101	4,111,438	4,097,592	4,517,610	4,669,868	5,140,721	5,311,858
Intergovernmental	9,535,360	11,321,336	8,958,668	12,406,095	13,942,037	9,933,900	10,270,965	7,936,593	11,214,081	11,195,901
Charges for service	10,036,818	11,073,122	11,999,676	11,770,319	12,326,877	12,887,711	13,309,488	13,885,548	14,657,539	15,938,798
Investment income	1,457,220	2,091,575	972,642	(193,673)	1,084,222	1,520,906	478,213	861,856	1,143,153	252,291
Interest on taxes	161,637	53,211	131,228	136,306	270,299	300,578	266,690	371,247	279,531	289,805
Fines and costs	1,160,661	1,080,900	924,357	970,280	892,889	853,011	848,243	809,832	747,940	836,479
Contributions	927,429	729,980	139,248	50,283	306,795	871,594	217,658	2,526,208	569,549	602,041
Other	626,357	576,909	568,229	594,945	441,635	954,176	456,282	715,816	1,850,862	1,424,041
<b>Total revenues</b>	<b>81,124,370</b>	<b>86,865,103</b>	<b>87,572,893</b>	<b>92,977,810</b>	<b>97,216,933</b>	<b>97,211,969</b>	<b>97,568,616</b>	<b>101,132,394</b>	<b>108,567,670</b>	<b>109,486,886</b>
<b>Expenditures</b>										
General government	5,913,667	6,337,794	6,729,085	6,989,766	7,227,725	7,095,358	6,884,833	7,647,165	7,950,275	8,489,860
Public safety	14,230,126	14,799,315	15,260,082	15,368,533	15,980,896	15,791,806	16,145,072	16,246,164	17,162,643	17,415,808
Education	35,555,097	36,095,015	37,735,944	39,733,580	40,600,275	42,223,687	43,426,320	43,274,802	45,679,948	47,346,209
Public works	7,700,862	7,523,511	7,669,166	7,838,831	8,027,090	7,862,765	7,617,764	8,724,410	9,170,490	9,638,677
Health and human services	649,923	604,410	646,877	705,227	692,997	642,402	607,995	663,744	673,703	588,645
Culture and recreation	2,699,189	3,336,256	3,072,046	3,007,027	3,064,439	3,207,984	3,268,232	3,194,516	3,594,783	4,256,940
Community development	1,570,750	1,600,476	1,231,984	1,158,173	2,569,207	799,099	1,649,106	743,466	1,039,811	1,768,051
Debt service										
Principal	4,259,905	4,897,905	5,127,905	5,682,906	6,107,905	6,327,905	6,327,905	8,257,905	7,394,905	8,092,905
Interest	2,157,922	2,162,752	2,284,850	2,420,957	2,397,714	2,754,978	3,264,915	3,091,322	3,045,212	3,170,237
Capital outlay <sup>(1)</sup>	10,006,285	9,528,922	6,172,464	9,943,934	12,982,848	9,703,505	21,714,928	16,796,251	17,434,367	9,928,572
Intergovernmental	3,221,027	3,273,969	3,578,292	3,628,417	3,949,898	4,201,480	4,181,246	4,426,943	4,667,200	4,832,388
<b>Total expenditures</b>	<b>87,964,753</b>	<b>90,160,325</b>	<b>89,508,695</b>	<b>96,477,351</b>	<b>103,600,994</b>	<b>100,610,969</b>	<b>115,088,316</b>	<b>113,066,688</b>	<b>117,813,337</b>	<b>115,528,292</b>
<b>Excess of revenues</b>										
Over(under) expenditures	(6,840,383)	(3,295,222)	(1,935,802)	(3,499,541)	(6,384,061)	(3,399,000)	(17,519,700)	(11,934,294)	(9,245,667)	(6,041,406)
<b>Other Financing Sources (Uses)</b>										
Bond premium	95,000	-	42,083	208,230	512,701	-	4,369,900	184,652	1,233,245	586,229
Issuance of bonds/loans	9,905,000	6,000,000	8,700,000	5,000,000	17,300,000	-	29,400,000	2,767,000	9,050,000	4,600,000
Issuance of refunding bond	-	-	-	-	-	-	17,325,000	-	-	3,335,000
Transfers in	2,040,876	2,272,652	1,729,071	2,149,817	2,357,357	3,986,128	3,864,932	2,897,492	2,932,606	4,746,516
Payment to refunded bond escrow agent	-	-	-	-	-	-	(19,622,983)	-	-	(3,531,788)
Transfers out	(1,280,015)	(1,381,301)	(824,503)	(1,235,682)	(1,429,660)	(3,058,431)	(2,905,868)	(1,919,914)	(1,911,538)	(3,706,034)
<b>Total governmental activities</b>	<b>10,760,861</b>	<b>6,891,351</b>	<b>9,646,651</b>	<b>6,122,365</b>	<b>18,740,398</b>	<b>927,697</b>	<b>32,430,981</b>	<b>3,929,230</b>	<b>11,304,313</b>	<b>6,029,923</b>
<b>Net Change in fund balances</b>	<b>\$ 3,920,478</b>	<b>\$ 3,596,129</b>	<b>\$ 7,710,849</b>	<b>\$ 2,622,824</b>	<b>\$ 12,356,337</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>
Debt Service as a percentage of non-capitalized expenditures <sup>(2)</sup>	8.23%	8.91%	8.97%	9.40%	9.59%	10.04%	10.38%	11.88%	11.20%	10.88%

<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.

<sup>(3)</sup> As restated

**City of Portsmouth, New Hampshire**

**Combined Enterprise Fund Revenue, Expenses, and Changes in Fund Net Assets/Position  
Last Ten Fiscal Years**

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position (1)	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2015	\$ 21,362,069	\$ 726,695	\$ 484,826	\$ 872,763	\$ -	\$ 23,446,353	\$ 9,133,723	\$ 3,347,761	\$ 2,531,819	\$ 1,040,482	\$ 16,053,785	\$ 7,392,568	\$ 83,949,366
2014	20,961,597	867,053	496,895	796,239	-	23,121,784	9,569,274	3,132,231	2,308,682	1,021,068	16,031,255	7,090,529	79,662,838
2013	19,622,020	631,727	548,222	872,200	-	21,674,169	8,832,762	2,950,004	2,317,552	977,578	15,077,896	6,596,273	72,572,309
2012	18,421,963	642,677	413,611	1,696,302	-	21,174,553	8,469,049	2,612,231	1,917,548	959,064	13,957,892	7,216,661	65,976,036
2011	15,267,463	624,333	272,521	2,573,309	-	18,737,626	7,659,246	2,073,581	1,786,857	927,697	12,447,381	6,290,245	58,759,375
2010	11,909,267	568,783	259,608	3,446,191	-	16,183,849	7,098,493	1,995,862	1,834,558	927,697	11,856,610	4,327,239	52,469,130
2009	10,227,288	585,696	230,464	1,839,607	-	12,883,055	7,621,610	1,873,959	1,575,185	914,135	11,984,889	898,166	48,141,891
2008	10,695,209	596,662	280,468	2,247,099	-	13,819,438	7,318,994	1,764,697	1,130,515	904,568	11,118,774	2,700,664	47,243,725
2007	9,364,205	614,669	185,533	2,404,703	-	12,569,110	7,061,767	1,582,347	1,213,423	891,351	10,748,888	1,820,222	44,543,061
2006	9,360,367	560,220	228,798	2,693,021	82,644	12,925,050	7,175,517	1,726,034	1,728,540	843,505	11,473,596	1,451,454	42,722,839

Includes Water and Sewer Funds

**Water Fund Revenue, Expenses, and Changes in Fund Net Assets/Position  
Last Ten Fiscal Years**

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position (1)	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2015	\$ 7,998,954	\$ 552,155	\$ 298,090	\$ 276,604	-	\$ 9,125,803	\$ 3,887,203	\$ 1,521,953	\$ 937,092	\$ 520,241	\$ 6,866,489	\$ 2,259,314	\$ 35,718,935
2014	8,191,372	618,554	304,652	142,381	-	9,256,959	4,202,136	1,419,960	879,823	510,534	7,012,453	\$ 2,244,506	\$ 34,904,778
2013	8,023,896	431,680	383,459	102,743	-	8,941,778	3,716,855	1,370,019	1,038,229	495,908	6,621,011	2,320,767	32,660,272
2012	8,321,997	465,232	268,109	78,336	-	9,133,674	3,372,887	1,198,958	847,244	486,786	5,905,875	3,227,799	30,339,505
2011	8,302,713	422,694	189,506	141,291	-	9,056,204	3,260,188	731,813	902,977	470,604	5,365,582	3,690,622	27,111,706
2010	6,115,419	430,914	181,253	123,570	-	6,851,156	3,127,917	686,804	938,468	470,604	5,223,793	1,627,363	23,421,084
2009	4,759,495	448,697	158,447	98,454	-	5,465,093	3,299,188	666,409	326,671	463,691	4,755,959	709,134	21,793,721
2008	4,422,348	472,406	192,368	87,433	-	5,174,555	3,149,284	585,529	186,436	458,922	4,380,171	794,384	21,084,587
2007	3,707,528	496,764	79,939	171,834	-	4,456,065	3,096,340	730,366	198,637	451,756	4,477,099	(21,034)	20,290,203
2006	3,566,117	426,546	150,804	487,863	82,644	4,713,974	3,074,610	567,636	237,935	427,660	4,307,841	406,133	20,311,237

**Sewer Fund Revenue, Expenses, and Changes in Fund Net Assets/Position  
Last Ten Fiscal Years**

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position (1)	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2015	\$ 13,363,115	\$ 174,540	\$ 186,736	\$ 596,159	\$ -	\$ 14,320,550	\$ 5,246,520	\$ 1,825,808	\$ 1,594,727	\$ 520,241	\$ 9,187,296	\$ 5,133,254	\$ 48,230,431
2014	12,770,225	248,499	192,243	653,858	-	13,864,825	5,367,138	1,712,271	1,428,859	510,534	9,018,802	4,846,023	44,758,060
2013	11,598,124	200,047	164,763	769,457	-	12,732,391	5,115,907	1,579,985	1,279,323	481,670	8,456,885	4,275,506	39,912,037
2012	10,099,966	177,445	145,502	1,617,966	-	12,040,879	5,096,162	1,413,273	1,070,304	472,278	8,052,017	3,988,862	35,636,531
2011	6,964,750	201,639	83,015	2,432,018	-	9,681,422	4,399,058	1,341,768	883,880	457,093	7,081,799	2,599,623	31,647,669
2010	5,793,848	137,869	78,355	3,322,621	-	9,332,693	3,970,576	1,309,058	896,090	457,093	6,632,817	2,699,876	29,048,046
2009	5,467,793	136,999	72,017	1,741,153	-	7,417,962	4,322,422	1,207,550	1,248,514	450,444	7,228,930	189,032	26,348,170
2008	6,272,861	124,256	88,100	2,159,666	-	8,644,883	4,169,710	1,179,168	944,079	445,646	6,738,603	1,906,280	26,159,138
2007	5,656,677	117,905	105,594	2,232,869	-	8,113,045	3,965,427	851,981	1,014,786	439,595	6,271,789	1,841,256	24,252,858
2006	5,794,250	133,674	77,994	2,205,158	-	8,211,076	4,100,907	1,158,398	1,490,605	415,845	7,165,755	1,045,321	22,411,602

Notes:

(1) Beginning in 2013, the City began reporting net position rather than net assets, in conformity with GASB Statement 63.

# City of Portsmouth, New Hampshire

## General Government Tax Revenues by Source

### Last Ten Fiscal Years

(modified accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Payment in Lieu of Tax</b>	<b>Tax Interest &amp; Penalties</b>	<b>Total</b>
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
2010	63,633,412	207,329	270,299	64,111,040
2009	62,387,310	119,844	136,306	62,643,460
2008	59,000,841	148,400	131,228	59,280,469
2007	54,779,457	125,638	53,211	54,958,306
2006	52,650,269	170,640	161,637	52,982,546

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	Subsequent Tax Collections	Balance at end of Current Fiscal year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	in Levy	Liened	% Liened
2015	\$ 74,936,960	\$ 73,219,903	97.7%	\$ 1,717,057	\$ -	\$ 1,717,057	\$ 73,219,903	97.7%	8,559	121	1.4%
2014	72,401,876	70,320,311	97.1%	2,081,565	1,757,982	323,583	72,078,293	99.6%	8,540	133	1.6%
2013	70,007,505	67,688,563	96.7%	2,318,942	2,147,184	171,757	69,835,747	99.8%	8,522	172	2.0%
2012	67,841,808	65,297,485	96.2%	2,544,323	2,540,200	4,122	67,837,685	100.0%	8,457	208	2.5%
2011	67,027,315	64,531,067	96.3%	2,496,248	2,495,881	368	67,026,948	100.0%	8,360	214	2.6%
2010	64,141,858	61,788,074	96.3%	2,353,785	2,319,910	33,875	64,107,984	99.9%	8,321	204	2.5%
2009	63,263,633	61,011,224	96.4%	2,252,409	2,251,865	544	63,263,089	100.0%	8,299	235	2.8%
2008	60,035,344	57,924,795	96.5%	2,110,549	2,110,301	248	60,035,097	100.0%	8,268	151	1.8%
2007	57,092,233	55,280,205	96.8%	1,812,027	1,811,785	241	57,091,991	100.0%	8,197	152	1.9%
2006	53,977,417	52,373,485	97.0%	1,603,932	1,603,686	247	53,977,171	100.0%	8,045	142	1.8%

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 Year	Local Assessed Value <sup>(1)</sup>					Total Assessed Value	Less Exemptions to Assessed Value <sup>(1)</sup>	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate per \$1,000 of Assessed Value	Total Equalized Valuation <sup>(2)</sup>	Ratio of Total Assessed Value to Total Equalized Valuation
	Current Use/ Conservation	Residential	Commercial/ Industrial	Utilities							
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%	
2010	76,300	2,192,502,720	1,495,856,932	173,122,669	3,861,558,621	54,022,100	3,807,536,521	16.05	4,161,741,642	92.8%	
2009	76,300	2,107,371,800	1,552,244,510	173,183,053	3,832,875,663	51,835,700	3,781,039,963	16.03	4,249,484,787	90.2%	
2008	81,900	2,045,544,400	1,564,037,390	173,251,525	3,782,915,215	51,929,800	3,730,985,415	15.39	4,086,528,948	92.6%	
2007	85,100	2,010,192,200	1,583,554,480	133,068,802	3,726,900,582	46,428,001	3,680,472,581	14.84	4,180,745,006	89.1%	
2006	94,000	1,744,275,200	1,283,814,060	121,374,938	3,149,558,198	43,147,001	3,106,411,197	16.58	3,827,448,894	82.3%	

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2015 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>FY 2006 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Public Service Co of NH	Utility	\$ 172,686,517	1	4.13%	\$ 107,931,800	1	3.47%
HCA Health Services of NH Inc.	Hospital	78,778,900	2	1.88%	40,000,000	2	1.29%
TGM Beechstone LLC	Apartments	42,596,400	3	1.02%			
Service Credit Union	Bank	40,082,660	4	0.96%			
Liberty Mutual Insurance	Office Building	35,595,200	5	0.85%	35,810,200	3	1.15%
Inishmaan Assoc LTD Partnership	Apartments	23,578,000	6	0.55%	11,151,500	10	0.36%
Northern Utilities	Utility	22,946,117	7	0.56%			
Bromley Portsmouth LLC	Retail	21,731,700	8	0.52%	18,259,000	7	0.59%
DPF 1600 Woodbury Ave LLC (Durgin Sq&DSP&Endicott)	Retail	21,434,700	9	0.51%	18,760,600	6	0.60%
Harborside Assoc.	Hotel	20,620,300	10	0.47%	20,257,100	4	0.65%
Harbor Place Group	Office Building				19,768,400	5	0.64%
US Property Investment	Office Park						
325 Corporate Drive II LLC	Office Building				13,910,600	8	0.45%
273 Corporate Dr LLC	Office Building				13,168,400	9	0.42%
<b>Total Principal Taxpayers</b>		<b>\$ 499,536,094</b>		<b>11.94%</b>	<b>\$ 299,017,600</b>		<b>9.63%</b>
<b>Total Net Assessed Taxable Value</b>		<b><u>\$ 4,182,368,805</u></b>			<b><u>\$ 3,106,411,197</u></b>		

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 Year	City Direct Rates					Overlapping Rate		Estimated Full Value Rate
	City	Local School	State School <sup>(1)</sup>	Total School	Total Direct	County	Total	
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
2010	8.01	5.72	2.32	8.04	16.05	1.04	17.09	15.54
2009	8.14	5.49	2.40	7.89	16.03	0.95	16.98	15.01
2008	7.55	5.50	2.34	7.84	15.39	0.95	16.34	14.82
2007	7.27	5.16	2.41	7.57	14.84	0.88	15.72	13.76
2006	8.13	5.48	2.97	8.45	16.58	1.02	17.60	14.19

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 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
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
2010	6,242,731	6,116,404	1,691,523	1,121,714	3.30/3.90	5.00/5.50	8.30/8.90
2009	4,709,071	6,313,698	1,741,523	1,171,714	2.40/2.85	5.00/5.50	7.40/8.35
2008	3,627,389	6,119,175	1,724,280	1,171,714	1.90/2.20	4.89/5.33	6.79/7.53
2007	3,476,251	5,751,538	1,879,103	1,198,237	1.85	4.80	6.65
2006	3,046,701	5,467,684	1,824,372	1,163,337	1.67	4.70	6.37

Data Source:  
City of Portsmouth Budget and Budget Resolutions

Notes:

- <sup>(1)</sup> Amount to be raised by rate equals the net 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> FY08 implementation of a 2 tier-inclining rate structure for both water and sewer.  
First rate is for water 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's %	Fiscal Year	County Tax Levy	Portsmouth's Share <sup>(1)</sup>	Portsmouth's Share \$ Change	Portsmouth's Share % Change
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%
2009	4,112,257,420	49,484,222	4,161,741,642	41,833,160,979	9.9484274%	2010	41,779,570	3,949,898	321,481	8.9%
2008	4,244,939,572	4,545,215	4,249,484,787	44,948,403,778	9.4541395%	2009	40,037,695	3,628,417	50,125	1.4%
2007	4,083,981,593	2,547,355	4,086,528,948	45,092,725,896	9.0625015%	2008	38,778,613	3,578,292	304,323	9.3%
2006	4,168,377,073	12,367,933	4,180,745,006	45,307,514,659	9.2274870%	2007	37,666,947	3,273,969	52,942	1.6%
2005	3,825,166,327	2,282,567	3,827,448,894	44,034,708,049	8.6918912%	2006	36,505,736	3,221,027	(4,879)	-0.2%

Data Sources:

NH Department of Revenue Administration Equalization Surveys

County Tax Warrants

Adopted Rockingham County Budgets

\*Revised due to court settlement

<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**

	2006	2007	2008	2009	Fiscal Year 2010	2011	2012	2013	2014	2015
<b>Issued Debt at June 30</b>										
City Depts.	\$ 19,650,000	\$ 22,865,000	\$ 28,049,999	\$ 29,529,999	\$ 27,385,000	\$ 24,020,000	\$ 27,555,001	\$ 25,727,000	\$ 27,511,103	\$ 27,609,999
City-Unamortized Bond Premium	-	-	39,979	37,875	148,923	141,161	847,236	954,977	1,741,039	2,162,776
Landfill	2,800,384	2,587,476	2,374,572	2,161,666	1,948,760	1,735,855	1,522,951	1,310,048	1,097,144	884,238
School Dept.	32,300,000	30,400,000	29,000,000	27,050,000	40,600,000	37,850,000	55,925,000	52,475,000	51,915,000	49,055,000
School-Unamortized Bond Premium	817,485	766,393	715,300	664,207	1,012,662	941,592	4,526,586	4,186,573	4,198,367	3,865,809
Total Governmental Funds	55,567,869	56,618,869	60,179,850	59,443,747	71,095,345	64,688,608	90,376,774	84,653,598	86,462,654	83,577,822
Water Fund	5,538,576	5,211,048	4,883,520	22,455,992	22,028,464	20,929,382	19,606,919	23,037,202	24,971,873	28,040,824
Water-Unamortized Bond Premium	-	-	-	627,995	596,597	565,192	533,796	502,396	883,158	993,224
Sewer Fund	22,868,597	20,850,673	18,832,750	23,289,050	20,814,451	20,336,083	33,813,720	36,705,514	52,926,789	50,381,197
Sewer-Unamortized Bond Premium	-	-	-	-	-	-	772,748	870,421	2,414,740	2,323,564
Total Issued Debt at June 30	\$ 83,975,042	\$ 82,680,590	\$ 83,896,120	\$ 105,816,783	\$ 114,534,857	\$ 106,519,264	\$ 145,103,957	\$ 145,769,131	\$ 167,659,214	\$ 165,316,631
<b>Authorized Unissued Debt June 30</b>										
City Depts.	\$ 17,038,000	\$ 17,500,000	\$ 27,500,000	\$ 12,500,000	-	\$ 6,900,000	-	\$ 1,600,000	\$ 1,600,000	\$ 24,800,000
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.	-	500,000	-	-	22,500,000	22,500,000	-	3,300,000	-	5,025,000
Total Governmental Funds	21,679,897	22,641,897	32,141,897	17,141,897	27,141,897	34,041,897	4,641,897	9,541,897	6,241,897	34,466,897
Water Fund	\$ 12,087,440	\$ 11,420,000	\$ 11,420,000	\$ 18,420,000	\$ 18,475,000	\$ 18,162,303	\$ 18,162,303	\$ 13,162,303	\$ 13,162,303	\$ -
Sewer Fund	23,215,054	23,201,890	23,201,890	19,970,992	19,066,245	19,996,531	16,206,299	8,706,299	3,110,425	-
Total Authorized Unissued Debt June 30	\$ 56,982,391	\$ 57,263,787	\$ 66,763,787	\$ 55,532,889	\$ 64,683,142	\$ 72,200,731	\$ 39,010,499	\$ 31,410,499	\$ 22,514,625	\$ 34,466,897
<b>Gross Debt June 30</b>										
City Depts.	\$ 36,688,000	\$ 40,365,000	\$ 55,589,978	\$ 42,067,874	\$ 27,533,923	\$ 31,061,161	\$ 28,402,237	\$ 28,281,977	\$ 30,852,142	\$ 54,572,775
Coakley Landfill	7,442,281	7,229,373	7,016,469	6,803,563	6,590,657	6,377,752	6,164,848	5,951,945	5,739,041	5,526,135
School Dept.	33,117,485	31,666,393	29,715,300	27,714,207	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809
Total Governmental Funds	77,247,766	79,260,766	92,321,747	76,585,644	98,237,242	98,730,505	95,018,671	94,195,495	92,704,551	118,044,719
Water Fund	17,626,016	16,631,048	16,303,520	41,503,987	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048
Sewer Fund	46,083,651	44,052,563	42,034,640	43,260,042	39,880,696	40,332,614	50,020,019	46,282,234	58,451,954	52,704,761
Total Gross Debt June 30	\$ 140,957,433	\$ 139,944,377	\$ 150,659,907	\$ 161,349,672	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528
<b>Base Value for Debt Limits (1)</b>										
	\$ 3,825,166,327	\$ 4,168,377,073	\$ 4,083,981,593	\$ 4,244,939,572	\$ 4,112,257,420	\$ 4,044,429,991	\$ 4,129,016,814	\$ 4,238,460,159	\$ 4,481,154,370	\$ 4,871,579,273
<b>Legal Debt Limits (% of Base Value)</b>										
City - 3% (2)	\$ 114,754,990	\$ 125,051,312	\$ 122,519,448	\$ 127,348,187	\$ 123,367,723	\$ 121,332,900	\$ 123,870,504	\$ 127,153,805	\$ 134,434,631	\$ 146,147,378
School - 7% (2)	267,761,643	291,786,395	285,878,712	297,145,770	287,858,019	283,110,099	289,031,177	296,692,211	313,680,806	341,010,549
Water - 10% (2)	382,516,633	416,837,707	408,398,159	424,493,957	411,225,742	404,442,999	412,901,681	423,846,016	448,115,437	487,157,927
<b>Debt Against Legal Debt Limits</b>										
City Depts.	36,688,000	40,365,000	55,589,978	42,067,874	27,533,923	31,061,161	28,402,237	28,281,977	30,852,142	54,572,775
School Dept.	33,117,485	31,666,393	29,715,300	27,714,207	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809
Water Fund	17,626,016	16,631,048	16,303,520	41,503,987	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048
Exempt from Legal Debt Limits (3)	53,525,932	51,281,936	49,051,109	50,063,605	46,471,353	46,710,366	56,957,615	52,234,179	64,190,995	58,230,896
Total Debt at June 30	\$ 140,957,433	\$ 139,944,377	\$ 150,659,907	\$ 161,349,672	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528
<b>Unused Capacity of Legal Debt Limits</b>										
City Depts.	\$ 78,066,990	\$ 84,686,312	\$ 66,929,470	\$ 85,280,313	\$ 95,833,800	\$ 90,271,739	\$ 95,468,267	\$ 98,871,827	\$ 103,582,489	\$ 91,574,603
School Dept.	234,644,158	260,120,003	256,163,412	269,431,563	223,745,357	221,818,508	228,579,591	236,730,638	257,567,439	283,064,740
Water Fund	364,890,617	400,206,659	392,094,639	382,989,970	370,125,681	364,786,122	374,598,663	387,144,115	409,098,103	458,123,879
<b>% of Legal Debt Limits Used</b>										
City Depts.	32.0%	32.3%	45.4%	33.0%	22.3%	25.6%	22.9%	22.2%	22.9%	37.3%
School Dept.	12.4%	10.9%	10.4%	9.3%	22.3%	21.6%	20.9%	20.2%	17.9%	17.0%
Water Fund	4.6%	4.0%	4.0%	9.8%	10.0%	9.8%	9.3%	8.7%	8.7%	6.0%

Data Source  
Audited Financial Statements

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

**City of Portsmouth, New Hampshire**

**Ratios of Outstanding Debt by Debt Type**

Last Ten Fiscal Years

<b>Governmental Activities - General Obligation Debt and State Revolving Loans</b>						
<b>Fiscal Year</b>	<b>City Depts.</b>	<b>School Dept.</b>	<b>Total</b>	<b>% of Debt to Taxable Assessed Value</b>	<b>Debt per Capita</b>	<b>% of Debt to Personal Income</b>
2015	\$ 29,772,775	\$ 49,939,238	\$ 79,712,013	1.91%	\$ 3,714	9.2%
2014	30,349,286	56,113,367	86,462,654	2.11%	4,063	10.1%
2013	27,992,025	56,661,573	84,653,598	2.09%	3,979	10.1%
2012	29,925,188	60,451,586	90,376,774	2.28%	4,262	10.8%
2011	25,897,016	38,791,592	64,688,608	1.66%	3,047	8.5%
2010	29,482,683	41,612,662	71,095,345	1.87%	3,440	9.0%
2009	31,729,540	27,050,000	58,779,540	1.55%	2,864	7.7%
2008	30,424,571	29,000,000	59,424,571	1.59%	2,883	8.0%
2007	25,452,476	30,400,000	55,852,476	1.52%	2,684	7.7%
2006	22,450,384	32,300,000	54,750,384	1.76%	2,608	7.8%

<b>Business-Type Activities - General Obligation Debt and State Revolving Loans</b>						
<b>Fiscal Year</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Debt per capita</b>	<b>% of Debt to Personal Income</b>	
2015	\$ 28,040,824	\$ 51,374,421	\$ 79,415,245	\$ 3,700	9.2%	
2014	25,855,031	55,341,529	81,196,560	3,816	9.5%	
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%	
2010	22,625,061	20,814,451	43,439,512	2,102	5.5%	
2009	22,455,992	23,289,050	45,745,042	2,229	6.0%	
2008	4,883,520	18,832,750	23,716,270	1,151	3.2%	
2007	5,211,048	20,850,673	26,061,721	1,252	3.6%	
2006	5,538,576	22,868,597	28,407,173	1,353	4.0%	

<b>Fiscal Year</b>	<b>Total Debt Primary Government</b>	<b>to Assessed Value</b>	<b>Debt per capita</b>	<b>% of Debt to Personal Income</b>
2015	\$ 159,127,258	3.8%	\$ 7,414	18.3%
2014	\$ 167,659,214	4.1%	\$ 7,879	19.6%
2013	145,769,131	3.6%	6,852	17.4%
2012	145,103,957	3.7%	6,843	17.4%
2011	106,519,264	2.7%	5,017	14.0%
2010	114,534,857	3.0%	5,542	14.5%
2009	104,524,582	2.8%	5,094	13.7%
2008	83,140,841	2.2%	4,034	11.2%
2007	81,914,197	2.2%	3,936	11.3%
2006	83,157,557	2.7%	3,961	11.8%

## City of Portsmouth, New Hampshire

### Direct and Overlapping Governmental Activities Debt As of June 30, 2015.

	<u>End of Calendar Year</u>	<u>Net General Obligation Debt Outstanding <sup>(1)</sup></u>	<u>Percentage Applicable to Portsmouth <sup>(2)</sup></u>	<u>Amount Applicable to Portsmouth</u>
Rockingham County	2014	\$8,612,834	11.0847253%	\$ 954,709
			Subtotal, Overlapping Debt	<u>954,709</u>
City of Portsmouth Direct Debt				<u>83,577,822</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 84,532,531</u></u>

Data Sources:

<sup>(1)</sup> Rockingham County Audited Financial Statements are for calendar year-end, therefore, this amount is as of December 31, 2014.

<sup>(2)</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

## Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rates <sup>(3)</sup>		
				City of Portsmouth	State of NH	US
2015	21,463 <sup>(1)</sup>	\$ 867,899,331	\$ 40,437 <sup>(5)</sup>	2.7%	3.8%	5.3%
2014	21,280 <sup>(1)</sup>	853,562,080	40,111 <sup>(5)</sup>	3.2%	4.3%	6.3%
2013	21,273 <sup>(1)</sup>	836,964,912	39,344 <sup>(5)</sup>	4.2%	5.2%	7.1%
2012	21,206 <sup>(1)</sup>	834,328,864	39,344 <sup>(5)</sup>	4.2%	5.4%	8.4%
2011	21,233 <sup>(4)</sup>	761,372,914	35,858 <sup>(4)</sup>	4.5%	5.2%	9.3%
2010	20,668 <sup>(1)</sup>	792,039,096	38,322 <sup>(2)</sup>	4.7%	5.9%	9.6%
2009	20,520 <sup>(1)</sup>	761,784,480	37,124 <sup>(2)</sup>	5.7%	5.2%	7.6%
2008	20,610 <sup>(1)</sup>	740,434,860	35,926 <sup>(2)</sup>	3.3%	3.6%	4.9%
2007	20,811 <sup>(1)</sup>	722,724,408	34,728 <sup>(2)</sup>	3.1%	3.7%	4.6%
2006	20,995 <sup>(1)</sup>	703,962,350	33,530 <sup>(2)</sup>	2.8%	3.4%	4.6%

### Data Sources:

- <sup>(1)</sup> NH Office of Energy and Planning population estimates.
- <sup>(2)</sup> Trended amounts based on 2002-2005 US Dept. of Commerce, Bureau of Economic Analysis information for Rockingham County.
- <sup>(3)</sup> NH Employment Security ELMI Data as of June 30.
- <sup>(4)</sup> 2010 Census.
- <sup>(5)</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	2015			2006		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
US Dept of State Consular Center (2)	Passport/Visa services	1,509	1	4.93 %			
Liberty Mutual	Insurance	1,015	2	3.32	1,800	1	6.55 %
HCA Hospital	Hospital	1,000	3	3.27	1,040	2	3.78
Lonza Biologics	Biotechnology	803	4	2.62	390	5	1.42
City of Portsmouth (FTEs)	Municipal services	707	5	2.31	745	3	2.71
Bottomline technologies	Software	425	6	1.39			
John Hancock	Finance	400	7	1.31			
Highliner Foods	Food Processor	330	8	1.08			
Newmarket International	Software	283	9	0.92			
Erie Scientific/Thermo Fisher	Laboratory equipment	280	10	0.91	310	6	1.13
Demoulas Market Basket	Supermarkets				425	4	1.55
Pan Am Airlines/Boston Maine	Airline				300	7	1.09
US Dept of State National Passport Center (2)	Passport Services				259	8	0.94
Shaws Supermarkets	Supermarkets				226	9	0.82
US Dept of State National Visa Center (2)	Visa services				215	10	0.78
<b>Total Principal Employers</b>		<b>6,752</b>		<b>22.06 %</b>	<b>5,710</b>		<b>20.76</b>
<b>Total City Employment (1)</b>		<b>30,605</b>			<b>27,500</b>		

Data Source:  
NH Employment Security-NH Community Profiles

#### Notes

- (1) NH Economic and Labor Market Information Bureau - Employment and Wages Covered (QCEW) calendar year annual average ending during fiscal year.
- (2) 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Taxable property parcels assessed	8,045	8,197	8,268	8,299	8,321	8,360	8,457	8,522	8,540	8,559
Registered Voters	16,269	16,618	17,461	19,188	17,945	18,463	13,858	17,047	15,894	18,807
Votes Cast:										
Municipal Election	4,078		4,142		3,904		3,654		4,755	
State Primary				2,009		2,812		3,318		2,273
State General Election		7,665				8,434				9,339
Presidential Primary			9,586				4,832			
Presidential General				13,135				13,215		
Building Permits	2,079	2,080	2,137	1,974	1,981	2,146	2,184	2,265	2,433	2,502
Estimated construction value	\$89,403,049	\$64,100,000	\$89,800,000	\$69,142,992	\$51,243,703	\$40,900,000	\$105,094,218	\$54,033,264	\$73,323,755	\$73,308,353
Public Safety										
Police <sup>(2)</sup>										
Service Calls	41,843	40,335	38,248	35,931	33,742	31,115	36,782	38,673	39,963	40,820
Number of Arrests	1,435	1,607	1,553	1,361	1,266	1,189	1,137	1,113	1,144	1,033
Traffic Activity:										
Number of MV Stops	10,320									
Summons/Citation	2,045	1,424	1,444	1,133	798	838	458	345	278	273
Written Warning	5,224	4,421	5,645	4,683	2,560	3,072	1,784	1,683	2,003	2,532
Verbal Warning or No Action	3,051	3,630	3,484	2,807	2,325	3,166	2,994	2,403	2,381	3,627
Total MV Stops	10,320	9,475	10,573	8,623	5,683	7,076	5,236	4,431	4,662	6,432
Accidents	796	731	763	773	703	1,057	1,112	1,121	692	734
DWI arrests	129	166	117	131	89	68	51	57	49	68
Fire and EMS										
Fire Rescue	2,309	2,595	2,287	2,535	2,570	2,472	2,473	2,553	2,418	2,776
Ambulance	2,295	2,332	2,338	2,447	2,562	2,970	3,026	3,134	3,124	3,211
Education <sup>(3)</sup>										
High School Fall Enrollment	1,078	1,091	1,073	1,052	1,072	1,120	1,100	1,129	1,075	1,077
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	70,616	72,674	64,901	62,803	58,291	52,806	57,218	48,357	43,371	39,371
Streets resurfaced (miles)	3.58	5.45	3.77	4.20	2.80	0.86	6.69	5.75	9.70	6.50
Human Services - General Assistance										
Number of applicants	819	700	586	845	681	628	597	684	616	423
Culture and Recreation										
Public Library										
Circulation of materials	349,290	375,196	443,371	484,735	488,630	476,721	474,687	449,548	424,828	421,739
Annual visits	262,980	271,774	285,495	293,772	455,834	295,682	275,698	295,485	329,771	321,131
Water System:										
Water main breaks	29	38	26	32	41	10	27	29	37	31
Daily average consumption (millions of gallons)	4.9	4.6	4.7	4.4	4.4	4.5	4.6	4.4	4.7	4.5
Peak daily consumption (millions of gallons)	6.6	7.3	5.7	5.3	5.0	5.2	7.1	7.1	5.6	6.0
Sewage System:										
Daily average treatment (millions of gallons)	6.6	6.2	5.6	6.8	6.7	5.9	5.8	5.4	4.2	5.0

Data Source:

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

<sup>(3)</sup> 2012 eliminated "traffic car"

<sup>(2)</sup> NH Department of Education

# City of Portsmouth, New Hampshire

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	31	31	30	30	30	30	30	30	30	30
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	17	17	18	18	18	19	19	19	19	19
Number of boats	1	1	1	1	1	1	1	1	1	1
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	3	3
Public Works										
Miles of streets	104	104	104	104	105	105	105	105	105	105
Number of bridges	16	16	16	16	15	15	15	15	15	15
Culture and Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	2	2	2	2	2
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	175	175	175	175	175	176	186	188
Number of service connections	7,891	7,856	7,887	7,888	7,915	7,955	7,963	8,035	8,023	8,038
Storage capacity in gallons (millions of gallons)	9.6	9.6	9.5	9.5	9.5	9.5	10.4	10	10	10
Maximum daily capacity of plant (millions of gallons)	4.2	4.2	4.2	4.2	4.2	4.2	4.2	5.0	4.5	4.5
Number of fire hydrants	1,015	1,022	1,072	1,081	1,081	1,087	970	970	1,013	1,017
Sewage System:										
Miles of sanitary sewers	100	107	107	107	107	108	108	108	106	107
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,204	6,247	6,252	6,284	6,293	6,310	6,342	6,244	6,392	6,404
Maximum daily capacity of treatment (millions of gallons)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.3	25.3

Data Source:  
Various city departments

# City of Portsmouth, New Hampshire

## City Government Employees by Function - Full Time Equivalents

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Executive	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	19.0	18.5	18.0	17.8	17.8	17.0	17.6	17.6	18.8	20.3
Human Resources	3.0	3.0	3.0	3.0	3.0	3.4	3.4	4.0	5.0	5.0
City Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	5.5	5.5	5.5	6.0	6.0	5.0	5.0	5.5	5.5	6.0
Planning	5.9	6.1	6.2	6.2	6.2	6.2	5.0	6.0	7.5	7.5
Inspection	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.1	5.1
Health	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total General Government</b>	<b>44.3</b>	<b>44.0</b>	<b>43.6</b>	<b>44.0</b>	<b>44.0</b>	<b>42.6</b>	<b>42.0</b>	<b>44.1</b>	<b>48.3</b>	<b>50.4</b>
<b>Public Safety</b>										
Police - Sworn Officers:										
General Fund Funded	64.6	64.6	63.6	65.1	64.1	64.0	61.0	59.6	59.2	60.2
Grant Funded	4.4	4.4	4.4	2.9	2.9	1.0	1.0	2.4	1.8	1.8
Dispatch	11.0	10.0	10.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Parking Enforcement	-	-	-	-	-	-	-	-	-	-
Police - Non-sworn employees:										
General Fund Funded	9.8	11.2	12.2	12.4	10.4	9.0	9.0	8.9	9.0	9.0
Grant Funded	0.8	0.9	0.9	0.6	0.6	2.0	2.0	2.1	0.5	0.5
<b>Total Police Department</b>	<b>90.6</b>	<b>91.0</b>	<b>91.0</b>	<b>92.0</b>	<b>88.0</b>	<b>86.0</b>	<b>83.0</b>	<b>83.0</b>	<b>80.5</b>	<b>81.5</b>
Fire and Rescue	59.0	59.0	60.0	61.0	61.0	59.0	59.0	60.0	60.0	60.0
Fire Clerical	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total Public Safety</b>	<b>149.6</b>	<b>151.5</b>	<b>152.5</b>	<b>154.5</b>	<b>150.5</b>	<b>146.5</b>	<b>143.5</b>	<b>144.5</b>	<b>142.0</b>	<b>143.0</b>
<b>Education</b>										
Administrators	13.1	14.0	14.0	14.1	14.1	14.1	12.2	13.2	13.2	13.2
Teachers	253.5	253.4	253.9	254.7	253.2	241.9	233.9	241.8	240.96	243.00
Clerical	25.3	25.0	23.8	23.3	22.8	22.5	21.7	20.7	20.7	20.7
Paraprofessional	46.5	41.4	41.4	49.1	46.5	40.0	45.4	43.2	42.7	41.0
School custodians	24.3	24.3	24.3	24.3	24.3	23.9	23.9	25.4	24.9	26.0
Security	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technicians	8.5	7.0	7.0	6.9	6.9	7.8	7.0	7.0	7.0	7.0
System maintenance	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
<b>Total Education</b>	<b>378.2</b>	<b>371.0</b>	<b>370.3</b>	<b>378.4</b>	<b>373.8</b>	<b>356.2</b>	<b>349.0</b>	<b>356.3</b>	<b>354.4</b>	<b>355.9</b>
<b>Public Works</b>										
General Fund functions	57.0	60.0	60.0	60.7	60.7	60.7	58.5	58.5	59.3	58.1
Parking Fund	13.2	14.2	14.5	14.5	16.9	16.9	16.9	17.5	18.7	18.2
Water	24.8	24.8	24.8	24.8	24.8	24.3	23.3	22.3	22.6	22.9
Sewer	22.4	23.4	23.4	23.4	23.4	22.8	22.8	24.0	27.4	27.4
<b>Total Public Works</b>	<b>117.3</b>	<b>122.3</b>	<b>122.6</b>	<b>123.3</b>	<b>125.8</b>	<b>124.7</b>	<b>121.5</b>	<b>122.3</b>	<b>128.0</b>	<b>126.6</b>
<b>Culture and Recreation</b>										
Recreation	8.5	8.5	8.5	8.5	7.5	4.5	4.5	5.2	5.3	5.8
Public Library	15.0	15.0	15.0	16.0	15.0	20.2	20.2	21.7	20.9	20.9
<b>Total Culture and Recreation</b>	<b>23.5</b>	<b>23.5</b>	<b>23.5</b>	<b>24.5</b>	<b>22.5</b>	<b>24.7</b>	<b>24.7</b>	<b>26.9</b>	<b>26.2</b>	<b>26.7</b>
<b>Human Services</b>										
Welfare	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total Human Services</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>Community Development</b>										
Community Development	4.1	4.0	3.9	3.2	2.1	2.1	1.4	1.3	1.3	1.6
UDAG	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.2	2.2
<b>Total Community Development</b>	<b>5.1</b>	<b>5.0</b>	<b>4.9</b>	<b>4.2</b>	<b>3.1</b>	<b>3.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	<b>3.8</b>
<b>Total All Functions</b>	<b>719.9</b>	<b>719.3</b>	<b>719.4</b>	<b>730.8</b>	<b>721.1</b>	<b>699.3</b>	<b>684.6</b>	<b>698.1</b>	<b>702.8</b>	<b>707.8</b>

<b>Percent of Total</b>										
General Government	6.2%	6.1%	6.1%	6.0%	6.1%	6.1%	6.1%	6.3%	6.9%	7.1%
Public Safety	20.8%	21.1%	21.2%	21.1%	20.9%	21.0%	21.0%	20.7%	20.2%	20.2%
Education	52.5%	51.6%	51.5%	51.8%	51.8%	50.9%	51.0%	51.0%	50.4%	50.3%
Public Works	16.3%	17.0%	17.0%	16.9%	17.4%	17.8%	17.7%	17.5%	18.2%	17.9%
Culture and Recreation	3.3%	3.3%	3.3%	3.4%	3.1%	3.5%	3.6%	3.9%	3.7%	3.8%
Human Services	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Community Development	0.7%	0.7%	0.7%	0.6%	0.4%	0.5%	0.4%	0.4%	0.3%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Data Source:  
Budgeted Positions per City of Portsmouth Budget.

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