



City of Portsmouth,  
New Hampshire



# Comprehensive Annual Financial Report

for Fiscal Year Ended  
June 30, 2017

## On the Cover

This year's cover denotes the diversity of attributes that the City of Portsmouth has to offer its residents and its guests. These Citywide characteristics include a strong sense of community, heritage, culture, passion, tradition and honor. The City staff work hard to preserve the culture and community values of Portsmouth while creating a vibrant, distinguished, and relevant community.

### **Photos Utilized on this Cover**

*(Top)* – Portsmouth is the home of the State's only deep-water port offering an appeal that is unique to the City. Photo taken by Abby Mills

*(Middle, Left)* – A moment of Community from the African Burying Ground Reburial Ceremony. Photo captured by David J. Murray, <http://www.ClearEyePhoto.com>

*(Bottom, Left)* – Honoring of our Troops, past and present, who protect and serve our City and our Country. Troops marching at the 2015 Memorial Day Parade, taken by Rebecca Skane, Portsmouth, NH

*(Top, Right)* – A salute to the altruistic men, women and children of the Pease Greeters who ensure the reverent welcoming home of our troops as well as the continued expression of gratitude to our veterans. Photo taken by [www.aflyer.com/1306\\_c\\_thebigsky.html](http://www.aflyer.com/1306_c_thebigsky.html)

*(Middle Right)* – A City Landmark, The Memorial Bridge, reopened in 2013. Photo by Abby Mills

*(Bottom, Right)* – Inspiring generations with a love of learning about heritage, architecture, agriculture, and Portsmouth's extensive history, a scene from Strawberry Banke, photo by the Strawberry Banke Museum, [strawberrybanke.org](http://strawberrybanke.org)

*Thank you to the photographers who captured these distinctive and idyllic Portsmouth Moments, helping us to capture the heart of Portsmouth.*

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



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City of Portsmouth, New Hampshire  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>INTRODUCTORY SECTION:</u></b>	
Transmittal Letter	1
Organizational Chart	23
Directory of Officials	24
GFOA Certificate of Achievement	25
<b><u>FINANCIAL SECTION:</u></b>	
Independent Auditors' Report	27
Management's Discussion and Analysis	30
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	47
Statement of Activities	48
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	50
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	51
Statement of Revenues, Expenditures, and Changes in Fund Balances	52
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	53
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	54

	<u>Page</u>
<b>Proprietary Funds:</b>	
Statement of Net Position	55
Statement of Revenues, Expenses, and Changes in Fund Net Position	56
Statement of Cash Flows	57
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position	58
Statement of Changes in Fiduciary Net Position	59
<b>Notes to Financial Statements</b>	61
<b>Required Supplementary Information:</b>	
<b>Pension:</b>	
Schedule of Proportionate Share of the Net Pension Liability	96
Schedule of Pension Contributions	97
<b>OPEB:</b>	
Schedule of OPEB Funding Progress	98
<b>Supplementary Statements and Schedules:</b>	
<b>Governmental Funds:</b>	
<b>Combining Financial Statements:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Equity - Nonmajor Governmental Funds	108
<b>Fiduciary Funds:</b>	
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds	114
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds	115
Combining Statement of Changes in Assets and Liabilities - Agency Funds	116

**STATISTICAL SECTION:*****Financial Trends***

Net Position by Component	118
Changes in Net Position	119
Fund Balances, Governmental Funds	120
Changes in Fund Balances, Governmental Funds	121
Combined Enterprise Fund Revenue, Expenses, and Changes in Fund Net Position	122

***Revenue Capacity***

General Government Tax Revenues by Source	123
Property Tax Levies and Collections	124
Assessed and Estimated Full Value of Real Property	125
Principal Taxpayers	126
Property Tax Rates per \$1,000 of Assessed Value - Direct and Overlapping Governments	127
Utility Fund Net Budget, Billable Volumes and Rates	128
Portsmouth's Share of the Rockingham County Tax Apportionment	129

***Debt Capacity***

Ratios of Long Term Debt Outstanding and Legal Debt Limits	130
Ratios of Outstanding Debt by Debt Type	131
Direct and Overlapping Governmental Activities Debt	132
Ratios of General Bonded Debt Outstanding	133

	<u>Page</u>
<b><i>Demographic and Economic Information</i></b>	
Demographic Statistics	134
Principal Employers	135
<b><i>Operating Information</i></b>	
Operating Indicators by Function	136
Capital Asset Statistics by Function	137
City Government Employees by Function - Full Time Equivalents	138





# CITY OF PORTSMOUTH

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Portsmouth, New Hampshire 03801  
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December 12, 2017

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, 2017, 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 require an annual audit by independent certified public accountants. The City's audit firm is Melanson Heath and Company, PC. 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 Uniform Guidance. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are not included in this year's CAFR but are available in a separate report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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 provided under an Enterprise Fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt.

### Budget Process

The City's fiscal year begins on July 1 of each year and ends the following June 30. 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) 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. If the City Council takes no action on or prior to June 30, 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

In Fiscal Year 2017, Portsmouth realized gains in employment, new building activity, existing property renovations, infrastructure improvements and tax base. The real estate market saw positive absorption with stable lease rates and the regional economic drivers of Pease International Tradeport and the Portsmouth Naval Shipyard experienced continued growth.

**Employment** - Portsmouth businesses provide employment for much of the New Hampshire Seacoast workforce. According to the NH Employment Security Office, Portsmouth's total average quarterly employment at the end of the 2016 was 32,611

compared to 31,735 at the end of 2015 indicating an increase of 876 jobs. The average weekly wage increased from \$1,186 to \$1,283 during the same time period.

As of June 30, 2017, the unemployment rate in Portsmouth remained low at 2%, the same rate as June 30, 2016. The following chart depicts the respective rates for the state of New Hampshire, New England and the nation in June 2017 at 2.9%, 4.1%, and 4.4% and the comparison from 2011- June 30, 2017.

Annual Average Unemployment Rate (%) (Source NH Economic & Labor Market Information Bureau)							
	2011	2012	2013	2014	2015	2016	2017 (as of 6/30)
U.S.	8.9	8.6	8.1	5.4	5.0	4.9	4.4
New England	8.0	6.9	6.5	5.4	5.0	3.5	4.1
State of NH	5.4	5.5	5.0	4.3	3.4	2.8	2.9
Portsmouth	4.7	4.1	4.1	3.2	2.5	2.0	2.0

**Building Permits** - Construction activity in FY17 increased slightly with a 5% increase in building permits issued over FY16. The following table illustrates that 3,259 permits were issued for projects with a construction value of over \$134 million. Accordingly, construction costs were up by 6% although permit fees decreased slightly from the previous year. As expected, the total number of inspections performed was also up from the previous year by 11%. As in the previous years, commercial projects outpaced industrial projects. And for residential construction, most of the permits issued in FY17 were for renovations versus new dwelling construction.

2017 Permit Data:		2016 Permit Data:	
Residential	2,013	Residential	1,929
Commercial	1,246	Commercial	1,157
<b>Total Permits Issued:</b>	<b>3,259</b>	<b>Total Permits Issued:</b>	<b>3,086</b>
Total Fees Collected:	\$1,014,996	Total Fees Collected:	\$1,020,583
Total Construction Value:	\$134,395,844	Total Construction Value:	\$126,249,200
Inspections Performed	4,930 est.	Inspections Performed	4,408 est.

Year to Year Change	Chg. In # of Permits	Chg. In Construction Cost
FY16 - FY17	↑ 5%	↑ 6%

**Unique Economic Drivers** - Along with its skilled workforce and superior quality of life, the City benefits from two major economic assets that attract diverse businesses and are important economic drivers that contribute significantly to the regional workforce. These economic assets are the Pease International Tradeport and the Portsmouth Naval Shipyard. Their economic contributions are highlighted below.

#### Pease International Tradeport:

- The Tradeport is home to over 275 companies and over 9,500 workers, many in well-paying technology and advance manufacturing jobs.
- Estimated annual wage base at the Tradeport is \$700 million (direct and indirect).
- Businesses at the Tradeport contribute an estimated \$16 million in Business Profit Taxes and Rooms and Meals Taxes to the State and \$7 million to the City of Portsmouth for municipal services.
- Driven by activity at Pease, the pace of job growth in Portsmouth (71%) has been more than twice that of New Hampshire since the Pease Airforce Base closure in 1990 (AER, Inc.).

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 with noteworthy direct and indirect economic impacts:

- The Seacoast Shipyard Association's regional economic impact report of the PNSY for calendar year 2016 shows an economic impact of \$756,068,941.
- The Shipyard employs a total of 6,329 employees with a payroll of \$496 million up from 6,099 employees with a payroll of \$482 million in calendar year 2015.
- Projected new hires will accommodate an increased workload consistent with the Navy's scheduled maintenance plan for Los Angeles Class and Virginia Class nuclear submarines.
- The shipyard purchased \$77 million of goods and services in 2016; an increase of \$17 million over calendar year 2015.
- Total contracted facility services purchased in 2016 was \$140 million making it a significant source of direct and indirect expenditures in the region.

**Real Estate Market Activity** - The Seacoast office and industrial real estate market experienced positive absorption and strong demand in FY17. The CBRE/New England 2017 Market Outlook Report states that Portsmouth and Pease Tradeport comprise 48% of the total Seacoast office market and 2016 was the seventh consecutive year of decreasing vacancy rates within the Seacoast market. In addition, the reports states that, "High demand and shrinking amount of available land for new construction has resulted in historically high sale prices."

Colliers International real estate advisory firm reported that average office vacancy rate for the Portsmouth submarket for properties over 10,000 square feet was 5.4% for the quarter ending June 30, 2017. Vacancies rates for industrial property over 10,000 square feet was 2.1%. This compares to respective office and industrial vacancy rates of 7.3% and 2.2% for the second quarter 2016. The current average asking lease rate for Class A office space is \$31.00 per square foot (gross) which is on par with the \$31.50 per square foot in the first quarter. The average asking lease

rate for Class B office space remained the same as the first quarter of 2017 at \$23.00 per square foot. The average asking lease rate for industrial space over 10,000 square feet is \$8.00 triple net compared to \$9.31 in the first quarter of 2017.

**Development Activity** - In the City's Central Business District (CBD), construction on the 24,000 square foot, mixed-use development at 173 - 174 Market Street continues. When complete, the complex will add first floor retail and residences on the two upper levels. Another significant downtown project that was permitted is a new 143-room AC Hotel on Vaughan Street.

In the Islington Street corridor, the historic Frank Jones Brewery redevelopment is ongoing. When complete, this renovation project will add mixed retail and 54 residential apartments to the long-vacant, historic brick structures and new vitality to this part of Portsmouth's West End.

Other notable development activity includes:

- Biopharmaceutical manufacturer Lonza Biologics at Pease International Tradeport is implementing its expansion cell therapy and mono 1 products with a phased \$200 million capital improvement investment including more than 1 million square feet in office/manufacturing/warehousing plus two 4-story parking facilities. Initially 150 new skilled jobs will be created with the potential for another 250 future hires.
- Wheelabrator Technologies recently relocated from Hampton, New Hampshire, to 100 Arboretum Drive at Pease Tradeport bringing 100 new jobs in the clean energy from waste sector.
- Insurcomm, a fire and disaster restoration company has completed its 40,000 square foot office and storage facility at the Heritage/Constitution Industrial Park and brought new jobs to the community.
- Wentworth Douglas Hospital has expanded its operation to Pease offering medical office care and associated health care jobs.
- The Air National Guard is ramping up for the new KC 46A refueling tankers slated to bring 100 new jobs and a \$7 million payroll when the Pegasus tankers begin arriving in February 2018.
- 215 - 235 Commerce Way is approved for a new office building at the Portsmouth Business Park.

**Creative Economy** - Portsmouth is a destination location known for its arts, culture, historic architecture, and culinary and craft brewing offerings. The concentration of theatres, historic homes, restaurants, museums, and galleries drive this sector of the economy and fuel a creative workforce of actors, writers, historians, musicians, and graphic design and architectural firms. Through a series of music, arts, seafood, beer, and film festivals, these businesses attract visitors year-round which, in turn, support the growing hospitality and leisure industry. This creative sector is a significant contributor to the local economy and continues to expand as is evidenced by the recent

Americans for the Arts Economic Prosperity Report. This report on the impact of local non-profit cultural institutions in the greater Portsmouth area is done every five years. In 2016 this sector contributed \$58 million to the local economy, up from \$41 million in 2011.

Portsmouth is often the subject of numerous articles and accolades in a variety of media. A list of representative examples of this recognition follows:

- Livability.com includes Portsmouth in the 2017 Top 100 Best Places to Live and The Best Cities for Entrepreneurs, May 2017.
- Portsmouth Ranked Second Most - Tax Friendly NH City for Retirement in Smart Asset.com, May 2017.
- US New and World Report – USNews.com travel website lists Portsmouth as the Most Scenic Getaway in New Hampshire, April 3, 2017.
- Millennial Personal Finance ranks Portsmouth in the top 500 Cities for Pet Friendliness, April 2017.
- Boston.com featured where to eat, play and stay in Portsmouth in April 2017.
- Portsmouth was the only NH city featured in *USA Today* article listing “Most Picturesque Small Towns in Each State,” January 13, 2017.
- Strawberry Banke Museum featured in The 50 Top Educational Attractions in the Northeast, Oct. 2016.
- Blue Water Mortgage website includes Portsmouth in article, 10 Best Towns in New Hampshire to Hang Your Hat in 2016, Fall 2016.
- Portsmouth listed in ranking of “Top Ten Prettiest Towns to Retire,” by marketwatch.com, September 2016.
- Thrillist.com includes Portsmouth in article entitled “Top-20-small-towns-according-to-the-dude-who-visited-every-country 2016.
- Portsmouth listed as a “Top 7 Destination Road Trips under \$500 in US News online travel site, Sept. 2016.
- Portsmouth included in Collections Etcetera blog as “One of the Best 39 Small Towns Worth Visiting,” August 11,2016.
- Portsmouth ranked as a “Top Small City by National Geographic Traveler Digital Nomad series, July 2016.

#### *Major Initiatives and Accomplishments*

In Fiscal Year 2017, the City continued working on a number of major financial, economic, and community development initiatives as well as city-wide infrastructure upgrades and improvements funded through a variety of sources.

## **Parks, Playgrounds and Historic Cemeteries**

- Prescott Park Master Plan – In 2017 the City Council adopted the Prescott Park Master Plan. The ten-acre waterfront park is a major public green space and primary waterfront resource, which is in need of significant investment in order to ensure its vitality into the future. The park itself lies within the City’s Historic District and is home to historic structures as well as a variety of waterfront infrastructure including docks and piers as well as gardens, fountains, mature trees, and lawn areas. In addition to the work of planning for the future of the physical infrastructure, a mayoral-Appointed Advisory Committee was created to assist City staff in the governance of the park as well as the creation of policies in line with the Master Plan vision of “Park First”.
- Sagamore Creek - The City is in the process of implementing the Sagamore Creek Master Plan including moving forward with key regulatory approvals for design work. The opening of the Sagamore Creek Land for greater public access and enjoyment was a recommendation of the Mayoral-appointed Blue Ribbon Committee on the Sagamore Creek Land. The plan, adopted by the City Council in December 2015, included a series of modest improvements that will enhance public access, protect sensitive habitat, preserve existing trails, and ensure the site is inviting and usable to all members of the Portsmouth community. The funding for these improvements has been set aside through the City’s Capital Improvement Plan.
- Historic Cemetery Improvements - Building on restoration, stabilization, and other improvement projects in recent years, the City, in collaboration with volunteers and other partners, continued to focus on maintaining its seven historic cemeteries. Recent improvements have included the North Cemetery front enclosure wall and the Union Cemetery gate and wrought iron fence. In addition, a receiving tomb was upgraded and reworked to eliminate a hazardous condition by preserving the structure’s facade and reusing its original materials to create inviting landscape features. These efforts are part of a phased program identified in the Historic Cemetery Master Plan. Planning work continues for improvements to the remaining “edges” of the North and Union cemeteries as well as the stabilization and preservation of the Wendell Tomb in the Pleasant Street Cemetery.

## **Recreation**

- Paul A. Doble Senior Center - The creation of a long-awaited home for the senior programming continues to be a major priority. The year’s long process to acquire the surplus military property known as the Paul A. Doble Army Reserve Center advanced to the final stages of real estate transfer through the completion of the Section 106 process and advancement of other environmental work by the U.S. Army Reserve. Meanwhile, the City’s Recreation Board, its Senior Subcommittee, and City staff have worked with engineers and architects on the adaptive reuse of the Doble building at 125 Cottage



Street. Public outreach for the design and engineering process will take place in September 2017.

- Recreation Fields – In 2017, the City completed the purchase of approximately 50 acres of land for long-awaited multi-use recreation fields. The newly acquired acre parcel known as the “Foundation Land” has the potential for addressing a number of high priority needs in the areas of wetland protection, expanding the City’s recycling program operations, as well as the creation of a regulation-sized outdoor rectangular fields. In addition, the City moved forward with the design and bidding for the Route 33/Greenland Road Recreation Field. Construction is scheduled to take place in 2018 on one regulation-sized outdoor field with associated amenities including athletic lighting, a gravel parking area, a utility/storage building and future connection to the Rail Trail corridor.
- Dog Parks - In 2017, the City established a new Off-Leash Dog Area at Route 33 Park and Ride. This land, which is about 5 acres and includes walking trails, was developed for the community following the closure of the Peirce Island off-leash dog area. The Peirce Island area will remain closed during the entirety of the Peirce Island Wastewater Treatment facility upgrade project, which is expected to last four years. In addition to walking trails, the Route 33 location provides ample space and parking for pet owners. The land’s proximity to the Hampton Rail Trail and the Great Bog area also has further potential to serve as a walkable and bikeable connector between these public spaces. For more information on off-leash dog areas in Portsmouth, please visit <http://files.cityofportsmouth.com/maps/OffLeashArea.pdf>

### **City’s Cultural Commission**

- City Cultural Plan - Art-Speak, d/b/a the City’s Cultural Commission continued efforts related to the City’s Cultural Plan including:
  - Completed 800 audience intercept surveys for the Economic Prosperity Study surveys and submitted them to Americans for the Arts (AFTA) for analysis and reporting. In June, the President presented the initial results to the City Council.
  - Managed the public art process for the new municipal parking garage including:
    1. Participation in City’s joint building committee for the project.
    2. Held two public input sessions to gather concepts for the Request for Proposals (RFP) for the artwork.
    3. Developed a project webpage and drafted RFP for public review.
  - Refined the branding campaign for A Tiny Bit Huge.
  - Laid the groundwork to update the City’s Cultural Plan.
  - Initiated the Street Canvas Public Art Project for private buildings.
  - Laid the groundwork for the Arts Reinvestment Funding.

## Public Outreach

- City Website - In FY17 and continuing into FY18, the City began to roll out a new Citywide Website design. The goal was to redesign the current City Website, with a new look and feel that is more user friendly on mobile devices. To achieve this, the City converted the existing static website to a content management system using Drupal 8 and will host in the cloud. The new site features a more prolific use of visuals as well as more user-friendly menus. The City will also be creating a better cross department news and information system to keep citizens better informed no matter what their website destination.
- Popular Annual Financial Report (PAFR) – In FY17 the City of Portsmouth published its first Popular Annual Financial Report (PAFR), a financial document designed to present a condensed overview of the City’s financial position in an easy to read format. The PAFR highlights pertinent financial information including expenditures, revenues, fund balance, debt-service, and capital asset investment for the General Fund, as well as the Water and Sewer Funds (not all component units) for the fiscal year ended June 30, 2016. All the information in the PAFR is extracted from the City’s audited 2016 Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with Generally Accepted Accounting Principles (GAAP). The PAFR also features information on Citywide accomplishments, statistical data, brief departmental highlights and more.
- City Projects Page – The City’s Public Works Department upgraded the annual construction project map to make it interactive. The single map allows a resident to focus in on an area of the City that they are interested in or have questions about and link to information specific to the construction project in that area.
- Code Red – This last winter the City’s the Department Public Works added Snow Emergency and Parking ban notification messaging to improve communications with impacted residents. In cooperation with the City’s Police Department the Public Works Department implemented “Code Red” a voluntary notification application which allows residents to be contacted via SMS message or via email when a snow emergency parking ban has been declared.
- Water Sewer Outreach
  - Water Quality Report - In FY17 City staff completely updated the format of the water system’s annual water quality report. The water quality report is a regulatory required document that is prepared and made available to all customers of the water system both by mailing and on the City’s website. The previous format was a four-page template which included brief summaries of the required water quality information and combined data from the two water systems that the City’s Water Division manages – the Portsmouth water system and the Pease Tradeport water system. The newly formatted document was expanded to eight pages. Additionally, separate documents were prepared for the two water systems with specific water quality data presented related to each water system. Finally, an

entire page was prepared that focused on the emerging contaminants defined as PFAS compounds. These contaminants were discovered in the Pease Tradeport water system's Haven Well in 2014 and found to be above the EPA's health advisory level. This well was taken out of service but additional sampling and data has been ongoing with all other Portsmouth and Pease Tradeport water supply sources.

- Water Supply Update - The Water Division continued to provide monthly water supply updates which tracked and assessed water supply conditions, especially with respect to recovery from the historic drought of 2016. Additional graphics and information about precipitation, water streamflow, reservoir and groundwater well levels and capacity were reported. Water demand was tracked and compared with average system demands to better inform water users of any potential water restrictions. Fortunately, the weather in 2017 provided much needed precipitation and water supplies recovered noticeably from their 2016 levels.
- Click N' Fix - In a continued effort to improve service, the Public Works Department is using "Portsmouth Click N' Fix" to improve public outreach and resource allocation. This program is a convenient way for residents to communicate with the Department of Public Works. It allows residents to report issues and request Department services through online and mobile applications and serves as a direct link to our work order management system. In addition, the application provides added metrics for the Department to measure levels of service per various Public Works' activities and provides immediate acknowledgement that a service request has been received and communicates when requests are resolved.
- Public Works Twitter Account - In addition to this new expanded public outreach tool, the City continues its efforts 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 an additional thirty spots for a total of over ninety spots maintained by individuals and groups throughout the City. The City continues to partner with local garden clubs to better support gardeners in the program and assist in developing spots that support sustainable initiatives.

## **City Infrastructure**

- State Bridges - The Department of Public Works, in cooperation with the New Hampshire Department of Transportation (NH DOT), has been working on replacing 7 State-owned bridges in the City. These bridges have been "Red Listed" by the NH DOT and require near-term replacement funded 100% by the State of New Hampshire. To date, 4 of these bridges have been completed and one eliminated.

- South Mill Pond Tennis Courts – In late spring 2017, the City completed the reconstruction of the South Mill Pond recreation courts. After only minor updates over several decades, the site received an in-depth assessment to make the proper upgrades to both the basketball and tennis courts. The project included the complete removal of the 50+ year old courts, fencing and the installation of six new tennis courts and two basketball courts.
- Street and Sidewalk Improvements - The City continued its investment in the vital infrastructure of streets and sidewalks as follows:
  - Completed paving of a new bus access to the New Franklin School to improve traffic management at the school.
  - Completed paving of Colombia Street.
  - Completed paving of Summer Street.
  - Continued repair of the High/Hanover Parking Facility deck spalling, repainting of structural steel, and replacement of joint sealant.
  - Completed paving of the City Hall lower parking lot.
  - Completed Hanover Street sidewalk and utility project.
  - Completed the design and bid of phase 3B improvements to the McDonough Street Neighborhood Area.
  - Began construction of the first phase of the Market Street Gateway improvements project.
  - Completed paving of Woodlawn Circle.
  - Completed paving of Austin Street from Summer to Middle Street.
  - Completed paving of approximately 3,900 feet of FW Hartford Avenue.
  - Completed paving of Arthur Brady Drive.
  - Completed paving of Durgin Lane.
  - Completed paving of Greenleaf Avenue from Lafayette Road to the Route 1 Bypass.
  - Continued the Citywide Sidewalk Reconstruction Program and the Pavement Management and Rehabilitation Long-Range Plan.
- Solar Arrays – The City of Portsmouth completed two large solar energy arrays located at the Portsmouth High School and Portsmouth's Madbury Water Treatment Plant. The combined total size of the arrays is 578 kilowatts DC and will produce more than 700,000 kilowatt hours of renewable electricity annually. The array at the Portsmouth High School is located on the roof of the school and is estimated to generate about 11% of the school's energy needs, while the array at the Water Treatment Plant is ground-mounted and generating about 25% of the plant's energy needs. The environmental benefit of the generation from the two arrays is equivalent to a reduction in 525,000 pounds of coal burned or 55,000 gallons of gasoline consumed each year.

- Street Light Replacement Project - This project converts all the City's high-pressure sodium cobra-head streetlights located on utility poles to LED cobra-head streetlights. The conversion results in energy savings of 494,000 kwh per year equaling 350 tons of CO<sub>2</sub> emissions equivalent reduction and improvements to nighttime visibility on roadways.
- Market Street Gateway Improvement Project – Project goals for this corridor improvement project include traffic calming, safe pedestrian and bicycle travel ways, landscaping improvements, historic lighting, and clear signage to direct visitors along this one mile section of the road from Interstate 95 to the Central Business District. Additional project elements include the creation of two passive recreation parks along the waterfront. In FY17, the City's design consultant RSG Associates completed the final project construction plans, bid specifications, and cost estimates. Following a successful RFP process, SUR Contractors began the work in the spring for Phase 1 of the project from Kearsarge Way to Albacore Way.

## **Parking and Transformation**

- Wayfinding - The City continued implementation of its citywide 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 <https://www.cityofportsmouth.com/planportsmouth/wayfinding-plan>. The signs and improvements included in this phase were for vehicular and pedestrian signage in and around the downtown core. In addition, the City developed a comprehensive identity system and logo for the City's Parking Division (ParkPortsmouth) and began to develop an interior wayfinding and signage system for the downtown Hanover Parking Garage. The next phase of the Wayfinding Plan implementation will focus on pedestrian signs in and around the downtown as well as providing more pre-arrival information on the City's web page to help visitors navigate to and within the City.
- Downtown Parking Shuttle - The City continued to operate a free downtown parking shuttle between the Market Street Church Parking Lot on Market Street to the Hanover Parking Garage. From the first weekend in July to Labor Day weekend, the shuttle operated Friday, Saturday, and Sunday from mid-day to late evening. The shuttle also provided service for special events including Market Square Day, the Halloween Parade, the Holiday Parade, and First Night. Over 35 days of service, the shuttle transported 5,932 passengers. The average daily ridership was 169 riders, ranging from a low of 50 on the first Sunday in August to a high of 621 for the Holiday Parade in December.
- Public Transit - The City's local and regional public transit providers are the Cooperative Alliance for Seacoast Transportation (COAST) and UNH Wild Cat Transit. 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. Two of COAST's regional fixed-route buses provide

service to Portsmouth – Route 2 (connecting to Rochester, Somersworth, Dover, 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 city-limits – Lafayette Rd Trolley (Route 41) and Pease Tradeport Trolley (Route 40). City staff represent the City on the COAST Board of Directors and continue to work closely with COAST to evaluate the routes in Portsmouth to improve efficiencies, overall ridership, and consider potential expansions of service. Wildcat Transit is operated and managed by the University of New Hampshire (UNH) and provides bus service between downtown Portsmouth and UNH. 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.

- New Foundry Place Parking Garage - In FY16, the City Council reaffirmed the vote 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 involves a public/private partnership to secure the land and to re-develop this underutilized area. The project design was completed and a construction management firm was selected to begin construction. Completion is anticipated in September 2018.
- Zagster - The City’s new public bike-share program, managed and operated by Zagster, began in May 2017. Zagster offers a complete bike-share package that is tailored for each community, provides turnkey service that requires minimal involvement from the City to manage and operate, is scalable and adaptive to changing needs and demand, and includes locally based regular service and maintenance for all equipment. The City has entered into a 3-year agreement with Zagster for 30 bikes and 6 stations. The agreement provides that additional bikes may be added to the system within this 3-year period if the City decides there is sufficient demand (and funds). During the first two months of operation, the system users logged 548 rides.
- Bicycle Network - The City continues to implement the recommendations of the citywide Bicycle Pedestrian Plan, which was adopted in 2014. The plan lays out a complete citywide bicycle network, provides guidelines and standards for bicycle facilities, and includes a prioritized list of infrastructure improvements to improve connectivity and safety for bicyclists. Staff continues to work to incorporate accommodations for bicyclists in all road improvement projects to the extent possible. Some examples of projects completed or started in FY17 include: the Market Street Gateway Project which includes an multi-use path parallel to the road as well as on-road bicycle lanes; the Maplewood Avenue road reconstruction project which will improve the road for all travelers using Complete Street principles; the design of sidewalks, bike lanes and drainage improvements along Peverly Hill Road; and design of an on-road bicycle route along Middle Street/Lafayette Road between the High School and Downtown.

## Planning, Design and Inspection

- Master Plan 2025 - The City's Master Plan is a planning document designed to guide land use and development within Portsmouth and is updated every 10 years. In FY17, the City completed a comprehensive and adopted the 2025 Master Plan, which is the result of a three-year planning effort that included extensive public input, researched and documented existing conditions, identified community assets and anticipated challenges, and ultimately developed a comprehensive vision for the future along with recommendations for achieving that vision over the next decade. The plan's structure is designed to be accessible to a variety of users, who can read it at different levels of specificity.

With that goal in mind, the Plan is organized in three major sections. Part I presents five conceptual Themes that frame the Master Plan — Vibrant, Authentic, Diverse, Connected, and Resilient. Each of these Themes is supported by several Goals that describe broadly how Portsmouth can hope to fulfill that Theme. For each of the Goals, specific Actions are listed that City agencies and other partner organizations can implement to realize the Goals. Part II of the Plan describes five geographic Focus Areas representing different types of land use and development in the City – the Urban Core, Corridors, Urban and Suburban Neighborhoods, and Parks & Open Space – and illustrates how the various goals and specific actions might apply in each of these varied landscapes. Part III is framed to assist the City's various departments in Implementation listing all action items by topics such as land use, transportation, and recreation.

- Housing Committee Recommendations - In 2016, the Mayor established a Blue Ribbon Housing Committee charged with taking initial actions to implement the Master Plan housing goals. The Committee's initial tasks included surveying the entirety of Portsmouth to identify the proper areas for zoning changes that would support housing creation. The zoning changes are intended to enable market forces to create the kind of Portsmouth the residents have chosen to live in. The Committee issued a final report in November 2016, which the City Council adopted, recommending zoning amendments to increase the supply and diversity of housing stock in the City. In December 2016, the City Council adopted a policy supporting the Housing Committee's recommendations and identifying key principles to guide future initiatives in support of housing. The report's recommendations identified three initial areas of focus: 1) along the Lafayette Road commercial corridor and sites along Route 1 Bypass and Outer Market Street; 2) both sides of Mirona Road; 3) the I-95 Exit 7 Area.

The Housing Committee's report also identified a number of general recommendations for each of these areas, including allowing an appropriate mix of residential uses, encouraging a mix of uses, and providing incentives for workforce housing. In addition to accommodating more residential uses, the Committee also recommended zoning amendments include standards for the design and scale of new development. Working with independent planning

consultant, Ted Brovitz, the Planning Board has started work on these zoning amendments.

- Vaughn Worth Bridge Strategic Revitalization Committee - In spring 2017, the Mayor appointed the Vaughan-Worth-Bridge Strategic Revitalization Committee. The Blue Ribbon Committee's charge is to develop options for future use of City-owned property in this downtown area and report back to the City Council with strategic recommendations as to how the City can best use its property in service to the community. Topics to be covered include land use, urban design, public infrastructure, and timing. The Committee began its work with a general information session as well as one for direct abutters and business owners. To assist in this work, the City will be contracting with an urban design firm to advance concepts for the future of this area and make recommendations to the City Council.
- North Mill Pond Multi-Use Path - The Planning Department continues to work on design and acquisition of right-of-way for the creation of the North Mill Pond Multi-Use Path, which would be a paved path for use by bicycles and pedestrians extending from Market Street to Bartlett Street, with a brief on-road connection on Maplewood Avenue. As proposed, the path would be a minimum of 10' wide with 2' of clear space on either side. In 2017, through the land use permitting and approval process for a new development along Vaughan Street, the City successfully secured rights to develop a portion of the trail and linear community park between the Market Street and Maplewood Avenue.
- Hampton Branch Rail Trail - The former Hampton Branch abandoned rail corridor that extends from Portsmouth to Hampton includes 3.6 miles in Portsmouth. This corridor has been designated as the future off-road route of the NH Seacoast Greenway. The NH Department of Transportation has funding to acquire the rail corridor, as well as partial funding to convert it to a multi-use trail. NHDOT is continuing to negotiate the acquisition of the right-of-way from PanAm. The City continues to participate in a regional collaboration of communities along the corridor to plan and prepare for the construction and management of the trail once acquisition is complete. The Portsmouth portion will be constructed in phases, beginning with the 0.8-mile segment between Barberry Lane and Route 33.
- McIntyre Building - The Thomas J. McIntyre Federal Building has been home to several offices of the Federal government for over 50 years. Located on Daniel Street, the building has supported offices of the Internal Revenue Service, the Social Security administration, the Federal Bureau of Investigation, and the U.S. Postal Service. Since 2004, the General Services Administration (GSA) has been planning to relocate the functions from this property to another location in Portsmouth. In fall 2016, the GSA officially began its disposal process, declaring the building to be surplus to its needs.

The City of Portsmouth has been invited to submit an application pursuant to the Historic Monument Program in order to request that the Thomas J. McIntyre



Federal building be transferred to City ownership under the General Services Administration's Surplus Property disposal regulations.

Constructed in 1967, the Thomas J. McIntyre Building is a contributing structure to the proposed Portsmouth National Register Historic District.

The City will seek out private partners to preserve the historic elements of the property while returning it to an active, integrated part of the downtown. It will do so by requesting development teams submit their qualifications for the City's review, and then invite selected teams to submit more specific proposals outlining how they intend to marry the City's goals for the site with their team's proposed reuse. The City Council will seek public input and participation as it chooses a partner to assist in a successful application to the Historic Surplus Property (a.k.a. Historic Monument) Program.

Through acquiring the site and subsequently leasing it to a preferred developer, the City hopes to:

- Capitalize on the rare opportunity to shape redevelopment of a downtown block in the City's best interests by promoting public/non-profit/commercial use of its ground floor.
  - Re-connect the site with Daniel, Penhallow, and Bow Streets via new pedestrian ways, introduction of open space and public parking uses, and revitalizing the area with new uses.
  - Ensure redevelopment/reuse of the site that meets the City's economic development goals.
  - Accomplish the above in a fiscally prudent manner, through a public-private partnership.
- View Permit Software - The City recently introduced ViewPoint Cloud, a new software system that offers an online permitting center to the community. Through ViewPoint, users can apply for a variety of City Inspection permits online from anywhere 24 hours a day, seven days a week, monitor the status of the application online, and receive notifications via email as their applications are reviewed and processed.

### **Water, Wastewater and Stormwater**

- Pease Tradeport Water Quality - Through an agreement with the United States Air Force, the City installed two 20,000 lb. granular activated carbon vessels (GACs) to filter and remove PFCs from the Harrison and Smith Wells at the existing Grafton Road water facility. This installation will ensure effective technology is in place to properly treat the PFCs and enhance the overall performance of the Pease Tradeport water system. This work followed an initial pilot study that was completed in June 2016. Pilot testing results indicated that the GAC filter media will remove PFCs without significant

pressure, build-up, or fouling in the media. General chemistry results also indicated acceptable levels for pH and alkalinity with no anticipated disruption to the existing water distribution system. Frequent sampling, filter monitoring, and operational requirements from the Harrison and Smith Wells' demonstration project will be evaluated for the first six months of operation. Information from both the pilot and the demonstration study will then be used by the City's consultant to revise the final design parameters for treatment of the Haven Well.

- Wastewater Treatment Upgrades
  - Peirce Island - In FY17, the City of Portsmouth awarded the Peirce Island Treatment Facility Upgrade to Methuen Construction, of Salem, New Hampshire in August 2016. Construction began September 1, 2016, and kicked off the largest construction project in the City's history. The first three months of work focused on roadway preparation to the treatment facility and mobilizing equipment and materials. Significant upgrades to the entire facility are taking place over the four-year construction time period and the major change will be the construction of a secondary level treatment system called a Biological Aerated Filter (BAF). In the BAF process, wastewater flows upwards through tanks (called cells) that are filled with media. The cells provide treatment of the wastewater and filtration as it flows through the system. This system will also provide nitrogen removal through a second stage of BAF treatment. During the course of the treatment upgrade the existing treatment facility will continue to operate. Construction continues successfully on the project and was approximately 25% complete through the end of FY17.
  - Pease - The Pease Wastewater Treatment Facility will undergo upgrades in FY18. Portions of the Pease facility have not been upgraded since its original construction in the 1950s. Upgrades are planned to be completed in phases utilizing the recommendations of previous engineering evaluations. During FY17, the design of the first phase to upgrade the headworks (screening, grit removal, and raw sewage pumping) was completed and the project will be under construction in FY18.
- Sewer Separation Projects - Work on the collection system continued with the implementation of the City's Long-term Control Plan to reduce Combined Sewer Overflows (CSO). The primary focus of these projects is to separate the sanitary sewer system from the stormwater drainage system. This effort reduces the volume of CSO and localized flooding as well as provides improved water quality discharged to receiving waters during precipitation events. The City is continuing to follow the process required in its Consent Decree with the Environmental Protection Agency for CSO reduction. Already completed are a number of stipulated sewer separation projects (Bartlett Street area, Lincoln Avenue area, and Cass Street area) and an evaluation called a Post Construction Monitoring Plan to determine the effectiveness of these sewer separation projects. The Post Construction Monitoring Plan submitted to EPA this year demonstrated that significant reduction in CSO has occurred as a result of separation work. Further reduction in CSO is ongoing and is now required

through the City's Supplemental Compliance Plan (SCP). The SCP is a requirement of the Consent Decree and once finalized will stipulate the City's CSO mitigation efforts for the next eight years. The work will include the construction of seven planned projects that include sewer separation by October 2023 and an update to the Long-Term Control Plan beginning in 2023. This will allow the City to evaluate the success of those projects when developing the next Long-Term Control Plan Update. In this fiscal year, the first of the seven projects began with the McDonough Street Phase 3B construction.

The second phase of a City-wide evaluation of the condition of the sewers was performed in FY17 and the work continues. The City has an old sewer collection system with many pipes being over 100 years old. The second phase included field inspection of the pipes in the areas where excessive amounts of extraneous groundwater and stormwater were measured in the sewer collection system during the first phase of work. The next phase of the work to be completed in FY18 includes an evaluation of potential direct connections that contribute to excessive flows in the system. Based on these studies, a prioritized list of projects will be developed for sewer replacement and rehabilitation and brought forward as part of the City's capital improvement program budgeting process. This list and the implementation schedule will be used for years to come as a roadmap for future sewer improvements. This project also includes a pilot study to identify and determine the best means to implement a sump pump removal program in the City.

The Sewer Division continues to pursue initiatives to improve collection system operations which include the restaurant grease removal program and cleaning and inspections. The City will continue with its annual cleaning and inspection with the goal of the entire system (~115 miles) being cleaned and inspected every five years. Focused inspections will be performed as planned and the studies being performed this fiscal year will focus on historic problem areas and make recommendations for improvements. The City will continue its annual replacement of sewer pipes as needed in advance of annual paving areas and in locations of planned capital projects such as the Maplewood Avenue (North Mill Pond to Woodbury Avenue) Reconstruction project and the Islington Street Corridor Improvements project.

- 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 continued to employ two University of New Hampshire students to intern in the GIS department (for the fourth year). These interns use global positioning equipment, cameras, and their own eyes to track down and inspect the City's stormwater infrastructure. The City also continued its participation in the Seacoast Stormwater Coalition, working with adjacent New Hampshire Communities to plan for and address future permit requirements. This included work with the DES's Pollution Tracking Assessment Tool (PTAP) which will

create unified way for participating communities to track stormwater Best Management Practices (BMP).

### 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 FY17 and FY18. 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 FY17. The Legislature created a committee to study education funding and the cost of an opportunity for an adequate education. The committee will render its report, which will include proposed legislation, in November 2018. The City will monitor the committee’s meetings and report on any proposed legislative that would recommend a change to the education funding formula in 2018. The City will also track the progress of the school voucher bill under consideration next session and will continue to monitor the Legislature’s future education funding bills, including any bills that may make changes to KENO funding for kindergarten. 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. 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 2017, Standard & Poor’s Rating Group (S&P) affirmed the City's bond rating to AAA citing its City’s very strong economy, very strong management with strong policies and practices, strong budgetary performance, very strong budgetary flexibility, strong liquidity, and strong debt and contingent liabilities position as positive factors.

### Relevant Financial Policies

The following are financial policies and long-term financial guidelines which the City follows in managing its financial and budgetary affairs. The goal of these policies and

guidelines is to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Portsmouth.

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

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

As of the close of the current fiscal year, City-wide liability for accrued employee benefits was \$6,827,621, a net increase \$119,512 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, 2017, the Unassigned Fund Balance is 13.5% 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 FY16, the amount of net annual debt remains within the policy limits at 8.39%.

## **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-one consecutive years from 1995 to 2016.

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 twelve consecutive years; fiscal year beginning July 1, 2006, to 2017. 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.

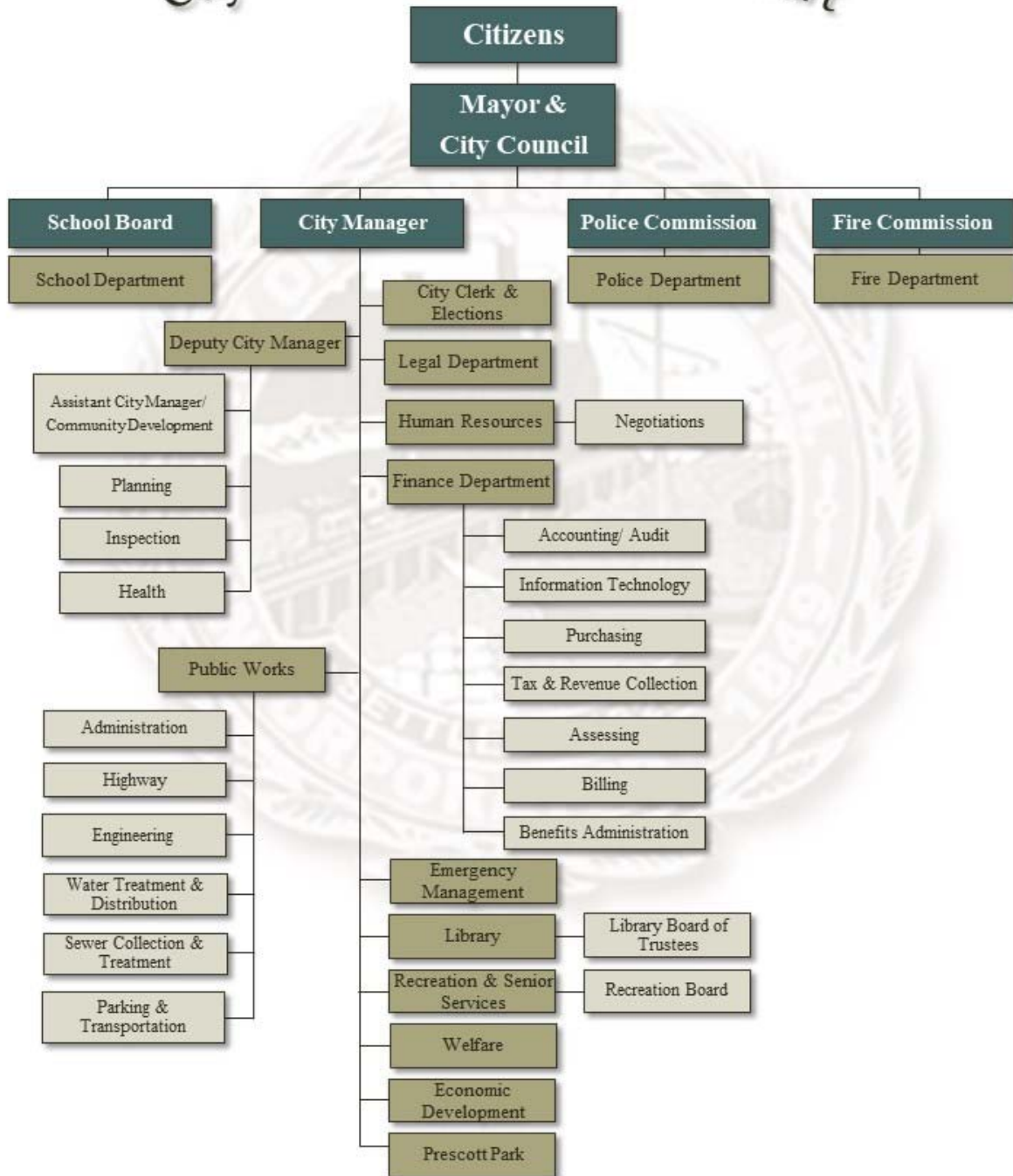
The preparation of the Comprehensive Annual Financial Report on a timely basis was would not have been possible without the dedication and professional efforts of the staff in the Finance Department and diligent efforts of department heads and other City staff. In particular, I would like to express 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 fluid and cursive, with the first name "Judith" being the most prominent part.

Judith A. Belanger  
Finance Director

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



# City of Portsmouth, New Hampshire Directory of Officials

## City Council

Jack Blalock, Mayor

James Splaine, Assistant Mayor

Rebecca Perkins

M. Chris Dwyer

Bradley Lown

Nancy Pearson

Eric Spear

Joshua Cyr

Josh Denton

## Board of Education

Stephen Zdravec, Superintendent

Leslie Stevens, Chairperson

Thomas Martin, Vice Chairperson

Ann Walker

Gary Epler

Patrick Ellis

Nancy Novelline-Clayburgh

Kristin Jeffrey

Roseann Vozella Clark

Jeffrey Landry

## Police Commission

Chief David Mara

Brenna Cavanaugh, Chair

Joseph Onosko

Joseph Plaia

## Fire Commission

Chief Steven Achilles

Jennifer Mosher-Matthes, Chair

Richard Gamester, Vice Chair

Michael Hughes, Clerk

## Principal Executive Officers

John P. Bohenko, City Manager

Nancy Colbert Puff, Deputy City Manager

David Moore, Assistant City Manager

Robert Sullivan, City Attorney

Judith Belanger, Director of Finance and Administration

Andrew Purgiel, Deputy Finance Director

Peter Rice, Director of Public Works and Facilities

Brian Goetz, Deputy Public Works Director

Kelli Barnaby, City Clerk

Dianna Fogarty, Human Resources Director

Becky Benvenuti, Revenue Administrator

Rosann Maurice-Lentz, City Assessor

Melvin Wilson Jr., Recreation Director

Steven Butzel, Library Director

Robert Marsilia, Chief Building Inspector

Kimberly McNamara, Public Health Director

Juliet Walker, Planning Director

Ellen Tully, Welfare Administrator





Government Finance Officers Association

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

Presented to

**City of Portsmouth  
New Hampshire**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

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## 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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

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

### **Auditors' Responsibility**

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

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 96 to 98 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 12, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Melanson Heath*

December 12, 2017

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

The City of Portsmouth's (the City's) management offers readers this narrative overview and analysis of the financial activities of the City of Portsmouth for the fiscal year ended June 30, 2017. 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 \$215,689,974. This is an increase of \$14,686,266 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$85,781,423, an increase of \$661,812 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,505,641, an increase of \$1,347,463 in comparison with 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 three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

- ***The Statement of Net Position***- presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference reported as "net position" instead of fund balances as shown on the Fund Statements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements include two different types of City Activities and can be found on pages 47-49 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 include general government, public safety, education, public works, health and human services, culture and recreation, and community development. Other governmental activities include special revenue and capital projects funds.
- **Business-Type Activities**: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges. These business-type activities of the City include the water and sewer activities.

### **Fund Financial Statements**

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

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

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

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

The basic governmental fund financial statements can be found on pages 50-54 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 55-57 of this report.

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

The basic fiduciary fund financial statements can be found on pages 58-59 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 61 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		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 121,360	\$ 103,816	\$ 67,243	\$ 57,103	\$ 188,603	\$ 160,919
Capital assets	<u>203,982</u>	<u>190,814</u>	<u>146,351</u>	<u>125,457</u>	<u>350,333</u>	<u>316,271</u>
Total assets	<u>325,342</u>	<u>294,630</u>	<u>213,594</u>	<u>182,560</u>	<u>538,936</u>	<u>477,190</u>
Deferred outflows	<u>26,497</u>	<u>7,760</u>	<u>1,207</u>	<u>360</u>	<u>27,704</u>	<u>8,120</u>
Total assets and deferred outflows	<u>\$ 351,839</u>	<u>\$ 302,390</u>	<u>\$ 214,801</u>	<u>\$ 182,920</u>	<u>\$ 566,640</u>	<u>\$ 485,310</u>
Long-term liabilities	\$ 202,258	\$ 173,298	\$ 90,398	\$ 89,533	\$ 292,656	\$ 262,831
Other liabilities	<u>30,999</u>	<u>15,851</u>	<u>25,914</u>	<u>1,992</u>	<u>56,913</u>	<u>17,843</u>
Total liabilities	<u>233,257</u>	<u>189,149</u>	<u>116,312</u>	<u>91,525</u>	<u>349,569</u>	<u>280,674</u>
Deferred inflows	1,315	3,471	66	162	1,381	3,633
Net position:						
Net investment in capital assets	120,182	113,266	64,499	60,256	184,681	173,522
Restricted	23,682	17,380	488	650	24,170	18,030
Unrestricted	<u>(26,597)</u>	<u>(20,876)</u>	<u>33,436</u>	<u>30,327</u>	<u>6,839</u>	<u>9,451</u>
Total net position	<u>117,267</u>	<u>109,770</u>	<u>98,423</u>	<u>91,233</u>	<u>215,690</u>	<u>201,003</u>
Total liabilities, deferred inflows and net position	<u>\$ 351,839</u>	<u>\$ 302,390</u>	<u>\$ 214,801</u>	<u>\$ 182,920</u>	<u>\$ 566,640</u>	<u>\$ 485,310</u>

The largest portion of net position reflects our investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. As of year-end, net investment in capital assets is \$184,681,339, an increase of \$11,159,574 as compared to prior year. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$24,169,660 or 11% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$6,838,975 represents amounts without constraints established by enabling legislation, external agreements or other legal requirements. The unrestricted net position was reduced by a deficit in governmental activities resulting from the recognition of the net pension liability representing the City's share of the New Hampshire Retirement System liability in accordance with Governmental Accounting Standards Board Statement No. 68. The City's governmental activities will continue to report a deficit until the funding mechanisms and asset returns improve at the state system.

Please refer to the Financial Statement Note 21 for additional information on the OPEB liability.

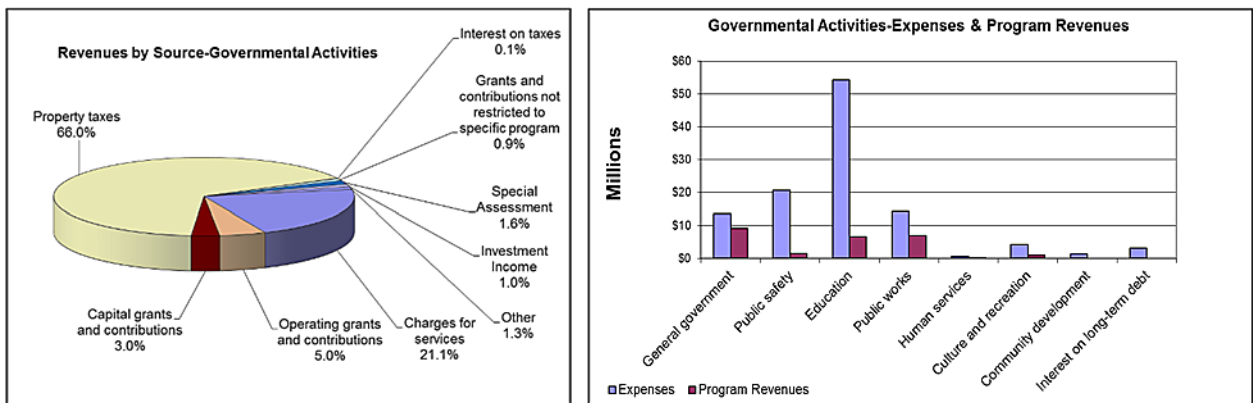
**Financial Results** - The following is a summary of condensed government-wide financial data of changes in net position for the current fiscal and prior fiscal year.

	Summary of Changes in Net Position (000s)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 25,301	\$ 23,992	\$ 23,632	\$ 23,470	\$ 48,933	\$ 47,462
Operating grants and contributions	5,959	4,932	-	-	5,959	4,932
Capital grants and contributions	3,630	3,113	1,397	877	5,027	3,990
General revenues:						
Property taxes	78,956	77,273	-	-	78,956	77,273
Interest on taxes	169	209	-	-	169	209
Grants and contributions not restricted to specific programs	1,112	1,032	-	-	1,112	1,032
Special assessment	1,871	-	-	-	1,871	-
Investment income	1,219	473	270	98	1,489	571
Other	1,493	2,061	332	197	1,825	2,258
Total revenues	119,710	113,085	25,631	24,642	145,341	137,727
Expenses:						
General government	13,504	12,673	-	-	13,504	12,673
Public safety	20,725	18,094	-	-	20,725	18,094
Education	54,272	50,084	-	-	54,272	50,084
Public works	14,284	12,654	-	-	14,284	12,654
Health and human services	675	564	-	-	675	564
Culture and recreation	4,331	4,096	-	-	4,331	4,096
Community development	1,278	1,116	-	-	1,278	1,116
Interest on long-term debt	3,157	3,213	-	-	3,157	3,213
Water operations	-	-	7,907	7,701	7,907	7,701
Sewer operations	-	-	10,534	9,657	10,534	9,657
Total expenses	112,226	102,494	18,441	17,358	130,667	119,852
Change in net position before permanent fund contributions	7,484	10,591	7,190	7,284	14,674	17,875
Contributions to permanent fund principal	13	27	-	-	13	27
Change in net position	7,497	10,618	7,190	7,284	14,687	17,902
Net position - beginning of year	109,770	99,152	91,233	83,949	201,003	183,101
Net position - end of year	\$ 117,267	\$ 109,770	\$ 98,423	\$ 91,233	\$ 215,690	\$ 201,003

**Governmental Activities.** Governmental activities for the year resulted in an increase in net position of \$7,496,612 which is a decrease of \$3,121,326 from the prior year change. Governmental activities realized the following significant transactions:

- Property tax increased by \$1,473,768 or 2% from the prior year.
- All other revenues combined resulted in a net increase of \$3,821,739 from the prior year primarily due to an increase of interest on investments of \$745,796, special betterment assessment of \$1,870,839, and in increase in operating grants and contributions of \$1,026,987.
- Overall governmental expenses experienced a net increase of \$8,625,774 or 8.3% from prior year primarily due a reduction in the discount rate used to measure the total pension by the state retirement system, cost of living adjustments and other personnel expenses such as retirement and health insurance premiums.

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

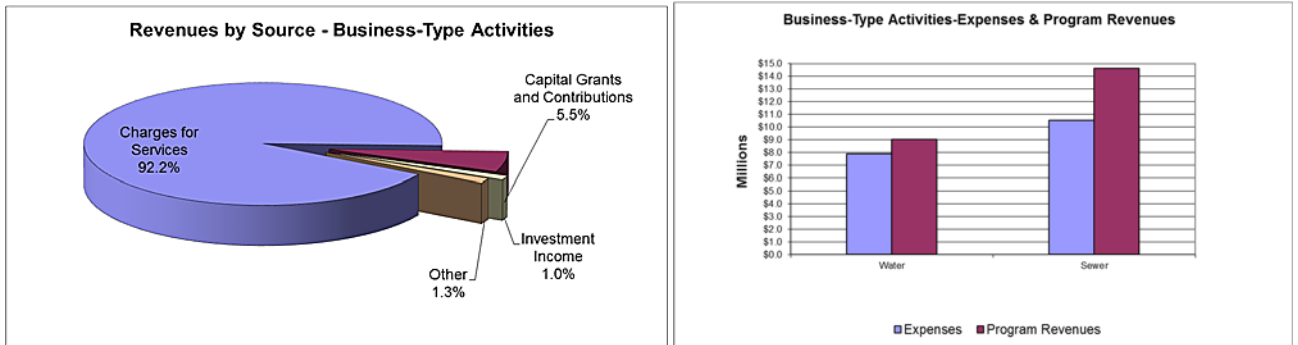


**Business-Type activities.** Business-type activities for the year resulted in an increase in net position of \$7,189,654 which is a decrease of \$94,242 or 1.3% from the prior year. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$7,878,453 is mainly attributed to \$4,145,326 raised for capital projects that did not begin before the close of the fiscal year and \$1,405,000 raised for rate stabilization for the State Revolving Loan payments for the upgrades of the Peirce Island Wastewater Facility which will begin in Fiscal Year 2021. Remaining surplus is attributed to revenues raised for operating expenses that did not occur during the fiscal year.
- Non-operating revenues of \$601,631 represent an increase of \$306,918 due to an increase in investment income and bond premium amortization.
- Non-operating expenses of \$2,687,548 represent a decrease of \$264,598 from interest expense.

- Capital grants and contributions of \$1,397,118 represents an increase of \$520,319 due to contributions made from the Air Force for well and water source projects at Pease and State force agreements on Middle Road.

The charts below identify revenues and expenses by source for business-type activities



## FINANCIAL ANALYSIS OF THE CITY'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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$85,781,423, an increase of \$661,812 in comparison with the prior year.

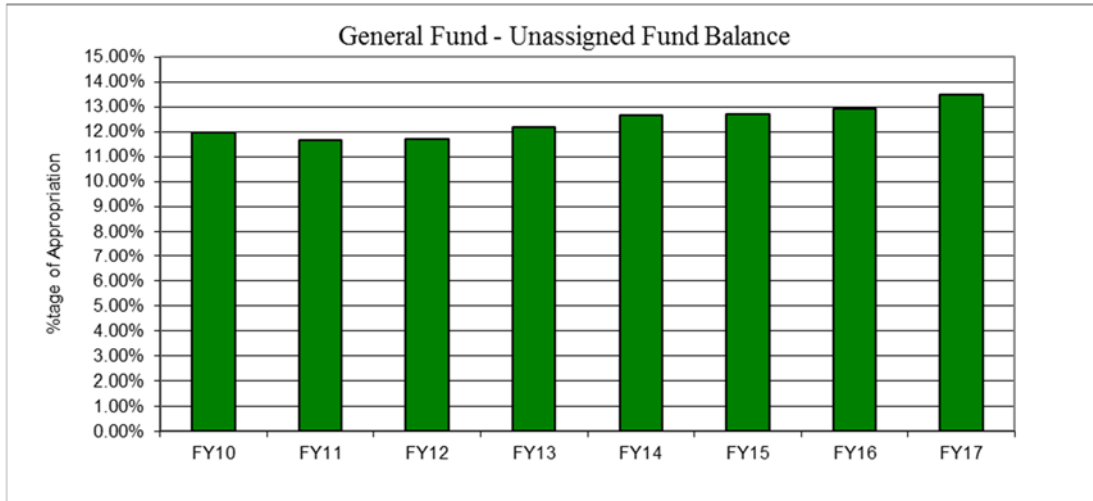
### General Fund

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 \$14,505,641 or 13.5% of the final general fund budget. This is an increase of \$1,347,463 from prior year.

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



Total fund balance for the general fund at the end of the current fiscal year, was \$51,023,046 or 47.5% of the final general fund budget. This is an increase of \$410,799 or 1% from prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$665,800 from budgetary use of fund balance.
- A net increase to fund balance of \$4,285,972 from revenues and other financing sources exceeding final budget estimates net of budgeted use of Fund Balance. This amount does not include the tax adjustment.
- A net increase of \$1,131,499 from remaining departmental appropriations.
- A decrease of fund balance of \$669,977 due to an increase in abatement liabilities from FY16.
- An increase of fund balance of \$425,199 from excess funding to the Leave at Termination Account.
- A decrease of fund balance of \$63,620 from expenditures exceeding appropriations in the Health Insurance Stabilization Account.
- A decrease of fund balance of \$30,000 from reserves for support of the Statewide Property Tax Coalition.
- A net decrease of \$128,972 to fund balance from the decrease of year end carry forwards.

### **Building and Infrastructure Fund**

Our Building and Infrastructure Fund qualifies as a major fund again in fiscal 2017. Fund balance decreased by \$3,875,873 from the on-going construction of the Foundry Place Parking facility partially funded with short-term notes.

## **Debt Service Fund**

In fiscal year 2017, we designated our Debt Service Fund as a major fund. Assessments made on Commerce Way will be received in future years to pay principal and interest costs associated with area improvements.

## **Non-major Funds**

At the end of the current fiscal year, total fund balance of non-major governmental funds was \$34,252,528, which is a net increase of \$4,130,191 from prior year. Key factors in this change are as follows:

- A decrease of \$828,071 in Community Development Special Revenue funds.
- A net increase of \$1,332,902 in the Miscellaneous Grants and Donations Special Revenue fund mainly from a bequest to both the Police and Fire Departments totaling \$376,260 and the Woodbury Turning Lane project where \$713,322 in funding has yet to be expended.
- An increase of \$1,216,964 from surplus of parking related revenue reported in the Parking & Transportation Special Revenue Fund.
- An increase of \$1,653,412 in Non-Major Funds-Capital Project Funds due to unexpended bond proceeds.
- An increase of \$607,167 in Permanent Funds due to increased investment income.

**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.

The net position for the water and sewer funds at the end of the year increased \$7,189,654 to a total of \$98,422,916. The water fund increased by \$1,981,027 and the sewer fund increased by \$5,208,627 mainly attributed to revenue raised for future rate stabilization and capital projects.

Unrestricted net position of the water and sewer funds at the end of the year increased by \$3,109,417 to a total of \$33,436,307. The water fund unrestricted net position is \$8,751,652, while the sewer fund unrestricted net position is \$24,684,655.

Restricted for debt service of \$487,644 is related to the Pease Wastewater Treatment Plant debt which is contributed from the Pease Development Authority.

Net investment in capital assets increased by \$4,242,785, of which the water fund capital assets increased by \$1,624,280 and the sewer fund capital assets increased by \$2,618,505.

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 FY17, 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 \$12.24 per unit; all units over ten units per month was billed at a rate of \$13.47 per unit.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were four supplemental appropriations during FY17:

- \$1,850,000 to buy land for future recreation fields
- \$400,000 to buy land at 850 Banfield Road
- \$201,000 for Public Safety Officers contracts
- \$64,800 for two union contracts

The difference between the final amended budget and actual results is a positive variance of \$5,550,104 with revenues exceeding estimated budgets by \$4,418,605 and expenditures were less than the estimated budget by \$1,131,499. Significant variances include:

- Positive variance in Licenses and Permits of \$1,231,660 is mainly attributed to an excess of \$652,812 as a result of an increase number of motor vehicle registrations and \$501,194 in building, electrical and plumbing permits resulting from renovations and new construction citywide.
- Positive variance in Intergovernmental of \$186,805 mainly attributed to school tuition.
- Positive variance in Charges for Services of \$638,063 primarily consists of an excess of \$225,472 from the Pease Development Authority (PDA) and \$347,868 from ambulance fees.
- Positive variance in Investment Income of \$246,973.
- Positive variance in Other Financing Sources of \$2,044,889 is attributed to unbudgeted bond premiums \$1,219,889 and a transfer in from a Capital project of \$650,000 and a transfer in from a special revenue fund of \$175,000. Both transfers were to reimburse the general fund for fiscal year 2016 supplemental appropriations.
- Current operating expenditures resulting in a positive variance of \$509,930 is attributed to \$237,295 in the Police Department and, \$147,194 in other General Government departments mainly due to vacancies; \$37,504 surplus in street light electricity and, \$20,808 from welfare direct assistance.

Non-operating expenditures resulting in a net positive variance of \$621,569 is mainly attributed to \$507,567 surplus in debt related expenditures and a positive variance of \$74,157 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 \$350,333,401 (net of accumulated depreciation), an increase \$34,062,385 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment.

	<b>Capital Assets (000s)</b> (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2017	2016	2017	2016	2017	2016		
Land	\$ 18,221	\$ 15,782	\$ 2,871	\$ 2,526	\$ 21,092	\$ 18,308	\$ 2,784	15.21%
Building and improvement	108,558	100,170	20,971	21,789	129,529	121,959	7,570	6.21%
Machinery and equipment	7,403	7,522	12,812	13,818	20,215	21,340	(1,125)	-5.27%
Infrastructure	56,865	57,083	70,259	70,505	127,124	127,588	(464)	-0.36%
Construction in Progress	12,936	10,257	39,438	16,819	52,374	27,076	25,298	93.43%
<b>Total Assets</b>	<b>\$ 203,983</b>	<b>\$ 190,814</b>	<b>\$ 146,351</b>	<b>\$ 125,457</b>	<b>\$ 350,334</b>	<b>\$ 316,271</b>	<b>\$ 34,063</b>	<b>10.77%</b>

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

- Construction in progress for governmental activities totaled \$12,935,428 at year end which \$6,416,844 is attributed to the Foundry Place Parking Facility construction, \$1,112,033 upgrades to School and recreation field lighting, and \$3,897,215 to various streets, sidewalks.
- Governmental funds capitalization of assets totaled \$17,925,600 summarized as follows:
  - Land purchase for future recreation fields \$1,886,122.
  - Land Purchase at 850 Banfield Road \$552,474.
  - A variety of other sidewalk and street construction contributed to capital assets of \$1,445,539.
  - Little Harbour School renovations \$10,981,257.
  - General government vehicles capitalized during the current year which included Public Works vehicles of \$235,372, Police vehicles of \$132,539, Fire vehicles of \$263,168, and School vehicles of \$14,717.
- Construction in progress in the water fund totaled \$5,953,378 at year end primarily due to \$2,897,172 for the construction on the Hobb's Hill water tower, \$312,245 for Greenland Well, \$442,908 for the Maplewood waterline projects, \$949,264 for water source, water pressure and Stage Two



Disinfection By-Product Rule Implementation, and \$776,921 for a carbon filtration system.

- The water fund had increases to capital assets of \$835,256 during the year which primarily consisted of \$49,765 for vehicles and equipment, \$502,686 for various other waterline upgrades and \$252,870 for well improvements.
- Construction in progress in the sewer fund totaled \$33,484,139 at year end primarily due to \$31,170,664 for the design of the Peirce Island wastewater treatment plant, \$878,004 for upgrades to the Pease wastewater treatment plant, \$699,494 for upgrades to the Lafayette Pump Station, and \$735,977 for various other sewer system improvements.
- The sewer fund had increases to capital assets of \$1,230,830 during the year which primarily consisted of \$637,269 for various other sewer system upgrades, \$345,000 to purchase land on Greenleaf Ave, and \$248,561 in equipment and vehicle investments.

Additional information on the City of Portsmouth’s capital assets can be found in Note 10 on pages 77-78 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 \$178,853,065 as shown in the table below, all of which was backed by the full faith and credit of the government.

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

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

**Outstanding Debt (000s)**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 85,375	\$ 81,756	\$ 53,947	\$ 51,487	\$ 139,322	\$ 133,243
State revolving fund loans	458	671	26,226	29,024	26,684	29,695
Unamortized premium	7,947	7,455	4,900	4,856	12,847	12,311
<b>Total Debt</b>	<b>\$ 93,780</b>	<b>\$ 89,882</b>	<b>\$ 85,073</b>	<b>\$ 85,367</b>	<b>\$ 178,853</b>	<b>\$ 175,249</b>

The City of Portsmouth’s total debt increased by \$3,604,552 or 2% during the current fiscal year. The key factors in this net increase are:

- Reductions of outstanding debt principal in the amount of \$15,440,999.

- The issuance of General Obligation bonds and loans of \$18,510,000 for the following projects:
  - \$400,000 for a Fire Apparatus.
  - \$610,000 for Fire Station 3 Improvements.
  - \$5,000,000 for improvements to Elementary School Facilities.
  - \$6,850,000 for Streets and Sidewalk Improvements.
  - \$900,000 for Sewer Line Improvements.
  - \$2,500,000 for Wastewater Pumping Station Improvements.
  - \$2,250,000 for Water line replacement and Storage Improvements.

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, 2017, 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 \$5,651,979,770. The debt limit and outstanding debt is as follows:

<b>Debt Limit Calculation</b>						
<b>Purpose</b>	Percent of Allowable Debt <u>Limit</u>	Maximum Debt Limit	Bonds Outstanding including Unamortized Bond Premiums as of June 30, 2017	Authorized Unissued as of June 30, 2017	Total Gross Debt as of June 30, 2017	% of Legal Debt Service Used
Municipal	3.00%	\$ 169,559,393	\$ 38,585,293	\$ 23,200,000	\$ 61,785,293	36%
Landfill closure <sup>(1)</sup>	N/A	-	458,427	4,641,897	5,100,324	N/A
School	7.00%	395,638,584	54,736,498	5,000,000	59,736,498	15%
Water	10.00%	565,197,977	32,068,516	-	32,068,516	6%
Sewer <sup>(1)</sup>	N/A	-	53,004,331	75,000,000	128,004,331	N/A
Total		<u>\$ 1,130,395,954</u>	<u>\$ 178,853,065</u>	<u>\$ 107,841,897</u>	<u>\$ 286,694,962</u>	

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

Additional information on long-term debt can be found in Note 17 on pages 79-83 of this report.

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

As of June 30, 2017, the City of Portsmouth's unemployment rate was 2%, unchanged from FY16. The State's unemployment average for the same period was 2.9%, the average rate for New England was 4.1% and the nation's average rate was 4.4%.

The budget and tax rate for the General Fund for FY18 has been approved by the Department of Revenue Administration. The total budget is \$109,448,605, an increase of \$1,985,762 or 1.85% from the prior year final budget. The tax rate has been set at \$15.38 per \$1,000 of assessed value. This is a decrease of \$1.66 or 9.75% from prior year.

The City of Portsmouth has appropriated a total of \$2,550,000 from committed fund balance of which \$2,400,000 for debt service payments, \$150,000 for abatements and \$231,000 from unassigned fund balance to offset two capital outlay projects in the fiscal year 2018 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 FY18 from FY17 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 and is based on the service meter size.
- Sewer charges are based on water consumption. The sewer rate increased from \$12.24 to \$12.73 per unit for the first 10 units of water consumed per month. The rate for consumption over 10 units per month increased from \$13.47 to \$14.00 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be found on the city's web page at [www.cityofportsmouth.com](http://www.cityofportsmouth.com) or should be addressed to:

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

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## **Basic Financial Statements**

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CITY OF PORTSMOUTH, NEW HAMPSHIRE  
STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 58,310,157	\$ 59,139,990	\$ 117,450,147
Investments	55,445,595	-	55,445,595
Receivables, net of allowance for uncollectibles:			
Property taxes	1,638,929	-	1,638,929
User fees	-	3,682,212	3,682,212
Departmental and other	834,390	-	834,390
Contributions	-	790,877	790,877
Intergovernmental	857,842	2,345,659	3,203,501
Special assessment	187,069	-	187,069
Loans and interest	19,912	-	19,912
Inventory	47,355	223,018	270,373
Other assets	93,901	-	93,901
Total current assets	<u>117,435,150</u>	<u>66,181,756</u>	<u>183,616,906</u>
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	432,971	-	432,971
Contributions	-	1,060,445	1,060,445
Special assessment	1,496,701	-	1,496,701
Loans	1,994,990	-	1,994,990
Capital assets:			
Land and construction in progress	31,156,731	42,308,583	73,465,314
Other capital assets, net of accumulated depreciation	<u>172,825,508</u>	<u>104,042,579</u>	<u>276,868,087</u>
Total non-current assets	<u>207,906,901</u>	<u>147,411,607</u>	<u>355,318,508</u>
<b>TOTAL ASSETS</b>	<u>325,342,051</u>	<u>213,593,363</u>	<u>538,935,414</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	<u>26,497,290</u>	<u>1,207,358</u>	<u>27,704,648</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 351,839,341</u>	<u>\$ 214,800,721</u>	<u>\$ 566,640,062</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	\$ 3,366,778	\$ 3,074,838	\$ 6,441,616
Accrued liabilities	1,309,356	797,715	2,107,071
Notes payable	22,000,000	19,673,837	41,673,837
Deposits held in custody	-	39,667	39,667
Retainage payable	500,956	2,086,359	2,587,315
Unearned revenue	134,048	15,000	149,048
Tax refunds payable	3,257,070	-	3,257,070
Other current liabilities	431,403	226,400	657,803
Current portion of long-term liabilities:			
Bonds and loans payable	10,645,506	6,673,970	17,319,476
Other liabilities	<u>745,089</u>	<u>49,483</u>	<u>794,572</u>
Total current liabilities	<u>42,390,206</u>	<u>32,637,269</u>	<u>75,027,475</u>
Noncurrent:			
Bonds and loans payable, net of current portion	83,134,712	78,398,877	161,533,589
Net pension liability	94,579,959	4,357,065	98,937,024
Net OPEB obligation	6,249,508	349,917	6,599,425
Other liabilities, net of current portion	<u>6,903,383</u>	<u>569,059</u>	<u>7,472,442</u>
Total noncurrent liabilities	<u>190,867,562</u>	<u>83,674,918</u>	<u>274,542,480</u>
<b>TOTAL LIABILITIES</b>	<u>233,257,768</u>	<u>116,312,187</u>	<u>349,569,955</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	1,314,515	65,618	1,380,133
<b>NET POSITION</b>			
Net investment in capital assets	120,182,374	64,498,965	184,681,339
Restricted externally or constitutionally for:			
Grants	6,025,954	-	6,025,954
Debt	1,680,450	487,644	2,168,094
Permanent funds:			
Nonexpendable	1,633,062	-	1,633,062
Expendable	6,039,106	-	6,039,106
Restricted by enabling legislation	8,303,444	-	8,303,444
Unrestricted	<u>(26,597,332)</u>	<u>33,436,307</u>	<u>6,838,975</u>
<b>TOTAL NET POSITION</b>	<u>117,267,058</u>	<u>98,422,916</u>	<u>215,689,974</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 351,839,341</u>	<u>\$ 214,800,721</u>	<u>\$ 566,640,062</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, 2017

	<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	\$ 13,503,790	\$ 9,118,467	\$ 222,578	\$ 6,924
Public safety	20,724,528	1,447,285	555,126	-
Education	54,271,573	6,620,461	4,120,317	2,357,693
Public works	14,283,986	6,978,104	464,524	424,769
Health and human services	674,704	90,178	-	-
Culture and recreation	4,331,428	1,046,097	346,005	229,080
Community development	1,278,188	-	250,365	611,940
Interest on long-term debt	3,157,534	-	-	-
Total Governmental Activities	112,225,731	25,300,592	5,958,915	3,630,406
<b>Business-Type Activities:</b>				
Water services	7,906,621	9,029,792	-	583,845
Sewer services	10,534,561	14,602,295	-	813,273
Total Business-Type Activities	18,441,182	23,632,087	-	1,397,118
Total	\$ 130,666,913	\$ 48,932,679	\$ 5,958,915	\$ 5,027,524

General Revenues:  
 Property taxes  
 Interest on taxes  
 Grants and contributions not restricted to specific programs  
 Special assessment  
 Investment income  
 Other revenues  
 Contributions to permanent fund principal  
 Total general revenues and contributions to permanent fund principal  
 Change in net position

**Net Position:**  
 Beginning of year  
 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
\$ (4,155,821)	\$ -	\$ (4,155,821)
(18,722,117)	-	(18,722,117)
(41,173,102)	-	(41,173,102)
(6,416,589)	-	(6,416,589)
(584,526)	-	(584,526)
(2,710,246)	-	(2,710,246)
(415,883)	-	(415,883)
(3,157,534)	-	(3,157,534)
(77,335,818)	-	(77,335,818)
-	1,707,016	1,707,016
-	4,881,007	4,881,007
-	6,588,023	6,588,023
(77,335,818)	6,588,023	(70,747,795)
78,955,625	-	78,955,625
168,675	-	168,675
1,111,547	-	1,111,547
1,870,839	-	1,870,839
1,219,261	270,077	1,489,338
1,493,503	331,554	1,825,057
12,980	-	12,980
84,832,430	601,631	85,434,061
7,496,612	7,189,654	14,686,266
109,770,446	91,233,262	201,003,708
\$ 117,267,058	\$ 98,422,916	\$ 215,689,974

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	<u>Building and Infrastructure</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ 8,867,720	\$ 23,906,980	\$ -	\$ 25,535,456	\$ 58,310,156
Investments	45,285,447	-	-	10,160,147	55,445,594
Receivables:					
Property taxes	2,071,900	-	-	-	2,071,900
Departmental and other	720,671	-	-	113,719	834,390
Intergovernmental	-	-	-	857,843	857,843
Special assessment	-	-	1,683,770	-	1,683,770
Loans and interest	-	-	-	2,014,901	2,014,901
Due from other funds	229,778	-	-	-	229,778
Advances to other funds	567,160	-	-	-	567,160
Inventory	-	-	-	47,355	47,355
Other assets	93,901	-	-	-	93,901
<b>TOTAL ASSETS</b>	<b><u>\$ 57,836,577</u></b>	<b><u>\$ 23,906,980</u></b>	<b><u>\$ 1,683,770</u></b>	<b><u>\$ 38,729,421</u></b>	<b><u>\$ 122,156,748</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 981,711	\$ 1,134,783	\$ -	\$ 1,250,281	\$ 3,366,775
Accrued liabilities	880,669	-	-	73,437	954,106
Unearned revenue	-	-	-	134,049	134,049
Notes payable	-	22,000,000	-	-	22,000,000
Retainage payable	-	263,043	-	237,913	500,956
Tax refunds liability	3,257,070	-	-	-	3,257,070
Due to other funds	-	-	3,320	226,458	229,778
Advances from other funds	-	-	-	567,160	567,160
Other liabilities	431,403	-	-	-	431,403
<b>TOTAL LIABILITIES</b>	<b>5,550,853</b>	<b>23,397,826</b>	<b>3,320</b>	<b>2,489,298</b>	<b>31,441,297</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - taxes	884,622	-	-	-	884,622
Unavailable revenues - other	378,056	-	1,683,755	1,987,595	4,049,406
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,262,678</b>	<b>-</b>	<b>1,683,755</b>	<b>1,987,595</b>	<b>4,934,028</b>
<b>FUND BALANCES</b>					
Nonspendable	567,160	-	-	1,680,417	2,247,577
Restricted	-	6,624,068	-	31,159,449	37,783,517
Committed	26,964,585	1,301,220	-	1,428,415	29,694,220
Assigned	8,985,660	-	-	-	8,985,660
Unassigned	14,505,641	(7,416,134)	(3,305)	(15,753)	7,070,449
<b>TOTAL FUND BALANCES</b>	<b><u>51,023,046</u></b>	<b><u>509,154</u></b>	<b><u>(3,305)</u></b>	<b><u>34,252,528</u></b>	<b><u>85,781,423</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 57,836,577</u></b>	<b><u>\$ 23,906,980</u></b>	<b><u>\$ 1,683,770</u></b>	<b><u>\$ 38,729,421</u></b>	<b><u>\$ 122,156,748</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, 2017

<b>Total governmental fund balances</b>	\$ 85,781,423
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	203,982,239
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	4,934,028
• Deferred inflows and outflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related inflows and outflows consist of:	
Deferred inflows	26,497,290
Deferred outflows	(1,314,515)
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(355,250)
• Long-term liabilities, net of related deferred outflows and inflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	(94,579,959)
General obligation bonds & loans payable, including unamortized premiums	(93,780,218)
Other post-employment benefits payable	(6,249,508)
Compensated absences payable	(6,209,076)
Estimated liability for landfill postclosure care costs	<u>(1,439,396)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 117,267,058</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, 2017

	<u>General</u>	<u>Building and Infrastructure</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 78,902,463	\$ -	\$ -	\$ -	\$ 78,902,463
Licenses and permits	6,327,360	-	-	-	6,327,360
Intergovernmental	3,388,764	-	-	6,183,445	9,572,209
Charges for services	12,302,381	-	-	5,728,218	18,030,599
Investment income	331,973	-	-	887,288	1,219,261
Interest on taxes	168,675	-	-	-	168,675
Fines and costs	816,111	-	-	74,685	890,796
Contributions	-	-	-	1,141,640	1,141,640
Special assessment	-	-	187,084	-	187,084
Other	222,861	-	-	188,700	411,561
	<u>102,460,588</u>	<u>-</u>	<u>187,084</u>	<u>14,203,976</u>	<u>116,851,648</u>
<b>Total Revenues</b>					
<b>Expenditures:</b>					
Current:					
General government	10,010,428	1,350	-	438,684	10,450,462
Public safety	18,156,829	-	-	573,382	18,730,211
Education	43,588,034	85,990	-	6,201,825	49,875,849
Public works	7,270,220	31,947	-	3,178,279	10,480,446
Health and human services	658,401	-	-	-	658,401
Culture and recreation	2,734,246	-	-	985,634	3,719,880
Community development	-	-	-	1,026,946	1,026,946
Debt service:					
Principal	9,318,167	-	134,710	-	9,452,877
Interest	3,045,076	-	55,679	90,000	3,190,755
Capital outlay	716,649	12,616,586	-	4,589,506	17,922,741
Intergovernmental	5,203,357	-	-	-	5,203,357
	<u>100,701,407</u>	<u>12,735,873</u>	<u>190,389</u>	<u>17,084,256</u>	<u>130,711,925</u>
<b>Total Expenditures</b>					
Excess (deficiency) of revenues over (under) expenditures	1,759,181	(12,735,873)	(3,305)	(2,880,280)	(13,860,277)
<b>Other Financing Sources (Uses):</b>					
Issuance of bonds	-	8,860,000	-	4,000,000	12,860,000
Bond/BAN premium	1,219,889	-	-	442,200	1,662,089
Transfers in	825,000	-	-	3,393,271	4,218,271
Transfers out	(3,393,271)	-	-	(825,000)	(4,218,271)
	<u>(1,348,382)</u>	<u>8,860,000</u>	<u>-</u>	<u>7,010,471</u>	<u>14,522,089</u>
<b>Total Other Financing Sources (Uses)</b>					
Net change in fund balances	410,799	(3,875,873)	(3,305)	4,130,191	661,812
Fund Balances, at Beginning of Year	50,612,247	4,385,027	-	30,122,337	85,119,611
Fund Balances, at End of Year	<u>\$ 51,023,046</u>	<u>\$ 509,154</u>	<u>\$ (3,305)</u>	<u>\$ 34,252,528</u>	<u>\$ 85,781,423</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, 2017

<b>Net changes in fund balances - Total governmental funds</b>	\$	661,812																																							
<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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay purchases</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">20,604,932</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(7,436,392)</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. property taxes and other receivables) differ between the two statements. This amount represents the net change in deferred revenue. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">1,699,946</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Issuance of long-term debt</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(12,860,000)</td> </tr> <tr> <td>Premium received on issuance of long-term debt</td> <td></td> <td style="text-align: right;">(1,219,889)</td> </tr> <tr> <td>Repayments of debt</td> <td></td> <td style="text-align: right;">9,452,877</td> </tr> <tr> <td>Bond premium amortization</td> <td></td> <td style="text-align: right;">728,600</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">33,176</td> </tr> </table> </li> <li>• Pension and OPEB liabilities, including related outflows and inflows are reported in the statement of net position and the statement of activities, but are not reported in governmental funds. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Net pension liability</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(24,112,181)</td> </tr> <tr> <td>Pension related deferred outflows of resources</td> <td></td> <td style="text-align: right;">18,737,406</td> </tr> <tr> <td>Pension related deferred inflows of resources</td> <td></td> <td style="text-align: right;">2,156,129</td> </tr> <tr> <td>Other post-employment benefits</td> <td></td> <td style="text-align: right;">(856,418)</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Compensated absences</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(93,386)</td> </tr> </table> </li> </ul>			Capital outlay purchases		20,604,932	Depreciation		(7,436,392)			1,699,946	Issuance of long-term debt		(12,860,000)	Premium received on issuance of long-term debt		(1,219,889)	Repayments of debt		9,452,877	Bond premium amortization		728,600			33,176	Net pension liability		(24,112,181)	Pension related deferred outflows of resources		18,737,406	Pension related deferred inflows of resources		2,156,129	Other post-employment benefits		(856,418)	Compensated absences		(93,386)
Capital outlay purchases		20,604,932																																							
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		33,176																																							
Net pension liability		(24,112,181)																																							
Pension related deferred outflows of resources		18,737,406																																							
Pension related deferred inflows of resources		2,156,129																																							
Other post-employment benefits		(856,418)																																							
Compensated absences		(93,386)																																							
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>7,496,612</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, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
<b>Revenues and other sources:</b>				
Taxes	\$ 80,886,495	\$ 80,586,495	\$ 80,655,072	\$ 68,577
Licenses and permits	5,045,700	5,095,700	6,327,360	1,231,660
Intergovernmental	9,300,723	9,300,723	9,487,528	186,805
Charges for services	5,315,555	5,565,555	6,203,618	638,063
Investment income	85,000	85,000	331,973	246,973
Interest and penalties	230,000	230,000	168,675	(61,325)
Fines and costs	733,000	733,000	816,111	83,111
Other revenues	184,616	184,616	164,468	(20,148)
Other financing sources:				
Bond premiums	-	-	1,219,889	1,219,889
Transfers in	1,142,454	1,142,454	1,967,454	825,000
Use of fund balance:				
To reduce taxes	1,700,000	1,700,000	1,700,000	-
For property appraisal	73,500	73,500	73,500	-
For land for recreational fields and other municipal uses	-	1,850,000	1,850,000	-
For non-recurring capital outlay projects	250,000	250,000	250,000	-
For contractual obligations	-	265,800	265,800	-
For purchase of 850 Banfield Road	-	400,000	400,000	-
<b>Total Revenues and Other Sources</b>	<b>104,947,043</b>	<b>107,462,843</b>	<b>111,881,448</b>	<b>4,418,605</b>
<b>Expenditures and other uses:</b>				
Current:				
General administrative	5,988,611	6,094,963	6,047,403	47,560
Other general administrative	1,637,380	1,129,878	1,044,977	84,901
Public works	6,376,183	6,427,261	6,390,249	37,012
Community services	3,240,444	3,262,228	3,204,838	57,390
Regulatory services	1,396,717	1,434,078	1,415,622	18,456
Emergency management	11,837	11,837	4,252	7,585
Police department	9,936,918	10,382,847	10,145,552	237,295
Fire department	8,230,100	8,340,898	8,321,469	19,429
School department	44,684,084	44,684,084	44,683,782	302
Non-operating	23,444,769	25,694,769	25,073,200	621,569
<b>Total Expenditures and Other Uses</b>	<b>104,947,043</b>	<b>107,462,843</b>	<b>106,331,344</b>	<b>1,131,499</b>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,550,104</u>	\$ <u>5,550,104</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current:			
Cash and short-term investments	\$ 20,307,596	\$ 38,832,394	\$ 59,139,990
Receivables, net of allowance for uncollectibles:			
User fees	1,451,028	2,231,184	3,682,212
Contributions	423,270	367,607	790,877
Intergovernmental	-	2,345,659	2,345,659
Inventory	158,722	64,296	223,018
Total current assets	22,340,616	43,841,140	66,181,756
Noncurrent:			
Contribution receivables, net of current portion	324,100	736,345	1,060,445
Capital assets:			
Land and construction in progress	6,532,978	35,775,605	42,308,583
Capital assets, net of accumulated depreciation	45,707,614	58,334,965	104,042,579
Total noncurrent assets	52,564,692	94,846,915	147,411,607
<b>TOTAL ASSETS</b>	74,905,308	138,688,055	213,593,363
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to pensions	582,502	624,856	1,207,358
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 75,487,810	\$ 139,312,911	\$ 214,800,721
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current:			
Accounts payable	\$ 290,579	\$ 2,784,259	\$ 3,074,838
Accrued liabilities	354,701	443,014	797,715
Deposits held in custody	15,429	24,238	39,667
Retainage payable	52,402	2,033,957	2,086,359
Unearned revenue	15,000	-	15,000
Notes payable	-	19,673,837	19,673,837
Other current liabilities	226,400	-	226,400
Current portion of long-term liabilities:			
Bonds and loans payable	2,443,652	4,230,318	6,673,970
Other liabilities	23,391	26,092	49,483
Total current liabilities	3,421,554	29,215,715	32,637,269
Noncurrent:			
Bonds and loans payable, net of current portion	29,624,864	48,774,013	78,398,877
Net pension liability	2,132,971	2,224,094	4,357,065
Net OPEB obligation	198,837	151,080	349,917
Other liabilities, net of current portion	269,001	300,058	569,059
Total noncurrent liabilities	32,225,673	51,449,245	83,674,918
<b>TOTAL LIABILITIES</b>	35,647,227	80,664,960	116,312,187
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	32,123	33,495	65,618
<b>NET POSITION</b>			
Net investment in capital assets	31,056,808	33,442,157	64,498,965
Restricted for debt service	-	487,644	487,644
Unrestricted	8,751,652	24,684,655	33,436,307
<b>TOTAL NET POSITION</b>	39,808,460	58,614,456	98,422,916
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	\$ 75,487,810	\$ 139,312,911	\$ 214,800,721

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, 2017

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 8,129,970	\$ 14,205,902	\$ 22,335,872
Licenses and permits	627,915	183,625	811,540
Departmental revenue	<u>271,907</u>	<u>212,768</u>	<u>484,675</u>
Total Operating Revenues	9,029,792	14,602,295	23,632,087
<b>Operating Expenses:</b>			
Personnel services	3,059,049	3,347,636	6,406,685
Non-personnel services	2,057,142	3,499,124	5,556,266
Depreciation	<u>1,737,531</u>	<u>2,053,152</u>	<u>3,790,683</u>
Total Operating Expenses	<u>6,853,722</u>	<u>8,899,912</u>	<u>15,753,634</u>
Operating Income	2,176,070	5,702,383	7,878,453
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	94,267	175,810	270,077
Bond premium amortization	179,744	151,810	331,554
Interest expense	<u>(1,052,899)</u>	<u>(1,634,649)</u>	<u>(2,687,548)</u>
Total Nonoperating Revenues (Expenses)	<u>(778,888)</u>	<u>(1,307,029)</u>	<u>(2,085,917)</u>
Income Before Contributions and Transfers	1,397,182	4,395,354	5,792,536
Capital contributions	<u>583,845</u>	<u>813,273</u>	<u>1,397,118</u>
Change in Net Position	1,981,027	5,208,627	7,189,654
Net Position at Beginning of Year	<u>37,827,433</u>	<u>53,405,829</u>	<u>91,233,262</u>
Net Position at End of Year	<u>\$ 39,808,460</u>	<u>\$ 58,614,456</u>	<u>\$ 98,422,916</u>

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



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

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 9,101,448	\$ 14,618,466	\$ 23,719,914
Payments to employees for salaries and related benefits	(2,922,913)	(3,240,779)	(6,163,692)
Payments to suppliers for goods and services	(2,224,474)	(3,425,023)	(5,649,497)
Net Cash Provided By Operating Activities	3,954,061	7,952,664	11,906,725
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(1,862,719)	(18,664,798)	(20,527,517)
Proceeds from general obligation bonds	2,250,000	3,400,000	5,650,000
Principal payments on bonds and loans	(2,142,528)	(3,845,593)	(5,988,121)
Proceeds from revolving loan	-	17,328,178	17,328,178
Proceeds from premium	127,593	248,172	375,765
Capital contributions	744,403	1,220,268	1,964,671
Interest expense	(947,005)	(1,604,202)	(2,551,207)
Net Cash Used For Capital and Related Financing Activities	(1,830,256)	(1,917,975)	(3,748,231)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	94,267	175,810	270,077
Net Cash Provided by Investing Activities	94,267	175,810	270,077
Net Change in Cash and Short-Term Investments	2,218,072	6,210,499	8,428,571
Cash and Short-Term Investments, Beginning of Year	18,089,524	32,621,895	50,711,419
Cash and Short-Term Investments, End of Year	\$ 20,307,596	\$ 38,832,394	\$ 59,139,990
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>			
Operating income	\$ 2,176,070	\$ 5,702,383	\$ 7,878,453
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,737,531	2,053,152	3,790,683
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	45,717	14,990	60,707
Inventory	58,021	(42,939)	15,082
Deferred outflows - related to pensions	(406,185)	(441,007)	(847,192)
Accounts payable	(37,896)	117,040	79,144
Accrued liabilities	10,937	15,938	26,875
Retainage payable	(187,457)	-	(187,457)
Net OPEB obligation	11,892	23,082	34,974
Compensated absences	27,398	(4,273)	23,125
Net pension liability	539,225	562,261	1,101,486
Deferred inflows - related to pensions	(47,131)	(49,144)	(96,275)
Other liabilities	25,939	1,181	27,120
Net Cash Provided By Operating Activities	\$ 3,954,061	\$ 7,952,664	\$ 11,906,725
<b><u>Noncash Investing and Financing Activities</u></b>			
Capital contributions not yet received	\$ 379,105	\$ 513,406	\$ 892,511

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, 2017

	Private Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 661,552	\$ 384,036
Investments	6,714,860	-
Other assets	<u>80</u>	<u>-</u>
Total Assets	<u>\$ 7,376,492</u>	<u>\$ 384,036</u>
<b>LIABILITIES AND NET POSITION</b>		
Other liabilities	\$ <u>-</u>	\$ <u>384,036</u>
Total Liabilities	<u>-</u>	<u>384,036</u>
<b>NET POSITION</b>		
Total net position held in trust	<u>\$ 7,376,492</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, 2017

	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Investment income	\$ 762,012
Contributions	<u>179,586</u>
Total additions	941,598
<b>Deductions:</b>	
Payments to beneficiaries	<u>319,864</u>
Total deductions	<u>319,864</u>
Net increase	621,734
<b>Net position:</b>	
Beginning of year	<u>6,754,758</u>
End of year	<u><u>\$ 7,376,492</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 City is a municipal corporation governed by an elected City Council, including a Mayor, eight members, and an appointed City Manager. As required by generally accepted accounting principles, these financial statements present the City and applicable component units for which the City is considered to be financially accountable. In fiscal year 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

##### Government-wide Financial Statements

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

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

### Fund Financial Statements

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

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

The City reports the following major governmental funds:

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

- *The Building and Infrastructure Fund* is used to account for building and infrastructure improvements.
- *The Debt Service Fund* is used to account for the betterment improvement on Commerce Way.

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

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

The City reports the following major proprietary funds:

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

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

The City also reports the following fiduciary funds:

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

#### D. Cash and Investments

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

Under New Hampshire RSA 48:16, whenever the City treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the City treasurer shall invest the same in accordance with the investment policy adopted by the mayor 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.



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

*F. Inventories*

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

*G. Capital Assets*

Capital assets, which include buildings, improvements, machinery and equipment, land, construction in progress, 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 City 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 acquisition value at the date of donation.

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

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

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

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

*H. Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits depending on their date of hire. All vested sick and vacation pay is accrued when incurred in the government-wide, 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/deferred outflows and current liabilities/deferred inflows. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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 and advances to other funds) 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. 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 City. 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 represent the residual classification for the general fund and include all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

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

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

#### K. Use of Estimates

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

#### L. Mandated Fund Balance

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

Specific City Council ordinances are as follows:

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

*The General Fund Balance of the City, at the end of any fiscal year as recorded in accordance with generally accepted accounting principles (GAAP) and excluding any and all reserves, and any dedicated fund*

*balances of the General Fund (otherwise referred to as Unassigned Fund balance of the General Fund) shall be maintained at the prescribed amount of not less than 10% of the actual Total General Fund appropriations for that fiscal year.*

Section 1:1402 - Operational Objective

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

**2. Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

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

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

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

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

**B. Budget/GAAP Reconciliation**

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Excess (Deficiency)</u>
Revenues/Expenditures (GAAP Basis)	\$ 102,460,588	\$ 100,701,407	\$ 1,759,181
Other financing sources/uses (GAAP Basis)	<u>2,044,889</u>	<u>3,393,271</u>	<u>(1,348,382)</u>
Subtotal (GAAP Basis)	104,505,477	104,094,678	410,799
Recognize tax revenue on an accrual basis	132,632	-	132,632
Reverse expenditures of prior year appropriation carryforwards	-	(3,189,474)	3,189,474
Reclassify use of overlay	1,619,977	1,619,977	-
Use of fund balance	4,539,300	-	4,539,300
Indirect costs from enterprise funds	1,142,454	1,142,454	-
Add end-of-year appropriation carryforwards	-	3,060,501	(3,060,501)
Other reconciling items	<u>(58,392)</u>	<u>(396,792)</u>	<u>338,400</u>
Budgetary Basis	<u>\$ 111,881,448</u>	<u>\$ 106,331,344</u>	<u>\$ 5,550,104</u>

**C. Deficits**

Other than the General Fund, the City's major funds (Building and Infrastructure and Debt Service) had unassigned fund balance deficits of \$7,416,134 and \$3,305, respectively at June 30, 2017. These deficits will be funded through future issuance of debt and special assessments not yet due. The School Lunch nonmajor special revenue fund had an unassigned fund balance deficit of \$15,753 at June 30, 2017, which will be funded through future user charges, intergovernmental reimbursements, and a General Fund subsidy.

### 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, 2017, \$1,168,757 of the City's cash bank balance of \$117,855,493 was exposed to custodial credit risk as uninsured or uncollateralized. The uninsured amount includes \$795,736 invested in state pool, and \$373,021 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, 2017, 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	\$ 3,660,208	4.2	A1
Other Investments:			
Equity Mutual Funds	11,435,852	N/A	N/A
Certificates of Deposits	<u>47,064,395</u>	N/A	N/A
Total	\$ <u>62,160,455</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 had the following investments in a single issuer which are greater than 5% of total investments:

Citizens Bank Certificate of Deposit	\$5,015,222
Century Bank Certificate of Deposit	\$40,270,020

SPDR S&P 500 ETF	\$4,100,928
Vanguard Dividend Appreciation ETF	\$4,689,103

*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.

*F. Fair Value*

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

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

<u>Description</u>	<u>Fair value measurements using:</u>			
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Debt securities:				
Ishares Barclays intermediate credit bond fund EFT	\$ 1,794,904	\$ -	\$ 1,794,904	\$ -
Ishares tips bonds	246,370	-	246,370	-
Ishares 1-3 year treasury bond	899,227	-	899,227	-
Vanguard high-yield corporate ADM	719,707	-	719,707	-
Equity mutual funds				
SPDR S&P 500 EFT	4,100,928	4,100,928	-	-
Vanguard dividend appreciation ETF	4,689,103	4,689,103	-	-
Invesco diversified dividend A	30,676	30,676	-	-
Vanguard FTSE	1,665,113	1,665,113	-	-
Vanguard emerging market EFT	950,032	950,032	-	-
Total	\$ 15,096,060			



The City also holds \$47,064,395 in certificates of deposits that are nonparticipating interest-earning investment contracts and therefore uses the cost-based measurement for these investments.

**4. Property Taxes Receivable**

Property taxes were committed in October and were due in two installments, on December 12, 2016 and June 3, 2017. Taxes unpaid by December 13, 2016 and June 4, 2017 accrued interest at 12% until September 10, 2017. A tax lien was recorded on all properties with taxes unpaid as of September 10, 2017, 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, 2017 by levy year are comprised of:

Property Taxes:		
2016	\$	1,638,929
Unredeemed Taxes:		
2015		195,494
2014		108,544
Prior Years		124,374
Elderly Liens and Deferred Taxes		<u>4,559</u>
Total	\$	<u><u>2,071,900</u></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 100% 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, 2017 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Billed user fees	\$ 740,533	\$ 921,229	\$ 1,661,762
Unbilled at year end	857,759	1,358,011	2,215,770
Less: Allowance for doubtful accounts	<u>(147,264)</u>	<u>(48,056)</u>	<u>(195,320)</u>
Net Amount	<u>\$ 1,451,028</u>	<u>\$ 2,231,184</u>	<u>\$ 3,682,212</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 receivable	\$ 1,675,304	\$ 154,683	\$ 328,571	\$ 2,158,558
Less: Allowance for doubtful accounts	<u>(1,297,249)</u>	<u>(26,919)</u>	<u>-</u>	<u>(1,324,168)</u>
Total	<u>\$ 378,055</u>	<u>\$ 127,764</u>	<u>\$ 328,571</u>	<u>\$ 834,390</u>

## 7. Contribution Receivables

Contributions receivable, as reported in business-type funds represent agreements between the City and the contributors, for which the City has met its purpose restrictions requirements. Receivables at June 30, 2017 include the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Capital contributions receivable	\$ 747,370	\$ 616,308	\$ 1,363,678
Contributions restricted for bonds payable	<u>-</u>	<u>487,644</u>	<u>487,644</u>
Total	<u>\$ 747,370</u>	<u>\$ 1,103,952</u>	<u>\$ 1,851,322</u>

Contributions receivable at June 30, 2017 are due as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Less than one year	\$ 423,270	\$ 367,607	\$ 790,877
One to five years	219,100	713,093	932,193
More than five years	<u>105,000</u>	<u>23,252</u>	<u>128,252</u>
Total	<u>\$ 747,370</u>	<u>\$ 1,103,952</u>	<u>\$ 1,851,322</u>

**8. Intergovernmental Receivables**

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

**9. Interfund Fund Receivables/Payables and Transfers**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2017 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	\$ 229,778	\$ -
Debt service fund	-	3,320
Nonmajor Funds:		
Special Revenue Funds:		
School categorical revenues	-	197,476
Police grants	-	18,758
Swimming pool	<u>-</u>	<u>10,224</u>
Total	<u>\$ 229,778</u>	<u>\$ 229,778</u>

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

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
General fund	\$ 567,160	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
City trust funds	<u>-</u>	<u>567,160</u>
Total	<u>\$ 567,160</u>	<u>\$ 567,160</u>

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

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2017:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 825,000	\$ 3,393,271
Nonmajor Funds:		
Special Revenue Funds:		
Community development	-	200,000
School lunch	132,951	-
School categorical revenues	1,030,097	-
Miscellaneous grants and contributions	688,916	-
Conservation	521	-
Swimming pool	150,000	175,000
Library	23,831	-
Library trust	-	13,066
City trust	-	10,766
Capital Project Funds:		
School renovations	-	650,000
Transportation management	200,000	-
Transportation state	-	80,343
Vehicle/equipment replacement	1,026,329	-
Technology equipment	444,801	-
Subtotal Nonmajor Funds	<u>3,697,446</u>	<u>1,129,175</u>
Grand Total	<u>\$ 4,522,446</u>	<u>\$ 4,522,446</u>

The \$825,000 transfer into the General fund, represents the repayment of funds loaned to the school renovations fund for Middle School repairs of \$650,000, and the swimming pool fund of \$175,000.

The majority of the transfers out of the General fund represent the City's practice of funding capital with current year revenues, including the \$1,026,329 transfer into vehicle/equipment replacement. The \$444,801 transfer into technology equipment, and the \$688,916 into the miscellaneous grants and contributions fund are for partial funding of the Woodbury turning lanes/signal upgrades project. The transfer of \$1,030,097 to the school categorical revenues fund represents school department appropriations transferred for special education expenses.

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

## 10. Capital Assets

Capital asset activity for the year ended June 30, 2017 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	\$ 139,199	\$ 11,505	\$ -	\$ 150,704
Improvements	4,134	-	-	4,134
Infrastructure	80,671	2,649	(2,267)	81,053
Machinery and equipment	<u>21,526</u>	<u>1,334</u>	<u>(1,307)</u>	<u>21,553</u>
Total capital assets, being depreciated	245,530	15,488	(3,574)	257,444
Less accumulated depreciation for:				
Buildings	(39,554)	(3,015)	-	(42,569)
Improvements	(3,609)	(102)	-	(3,711)
Infrastructure	(23,588)	(2,867)	2,267	(24,188)
Machinery and equipment	<u>(14,004)</u>	<u>(1,453)</u>	<u>1,307</u>	<u>(14,150)</u>
Total accumulated depreciation	<u>(80,755)</u>	<u>(7,437)</u>	<u>3,574</u>	<u>(84,618)</u>
Total capital assets, being depreciated, net	164,775	8,051	-	172,826
Capital assets, not being depreciated:				
Land	15,782	2,439	-	18,221
Construction in progress	<u>10,257</u>	<u>10,363</u>	<u>(7,684)</u>	<u>12,936</u>
Total capital assets, not being depreciated	<u>26,039</u>	<u>12,802</u>	<u>(7,684)</u>	<u>31,157</u>
Governmental activities capital assets, net	<u>\$ 190,814</u>	<u>\$ 20,853</u>	<u>\$ (7,684)</u>	<u>\$ 203,983</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	\$ 37,156	\$ -	\$ (92)	\$ 37,064
Improvements	-	4	-	4
Infrastructure	87,493	1,371	(797)	88,067
Machinery and equipment	<u>30,361</u>	<u>346</u>	<u>(182)</u>	<u>30,525</u>
Total capital assets, being depreciated	155,010	1,721	(1,071)	155,660
Less accumulated depreciation for:				
Buildings	(15,367)	(818)	92	(16,093)
Infrastructure	(16,988)	(1,620)	797	(17,811)
Machinery and equipment	<u>(16,543)</u>	<u>(1,352)</u>	<u>182</u>	<u>(17,713)</u>
Total accumulated depreciation	<u>(48,898)</u>	<u>(3,790)</u>	<u>1,071</u>	<u>(51,617)</u>
Total capital assets, being depreciated, net	106,112	(2,069)	-	104,043
Capital assets, not being depreciated:				
Land	2,526	345	-	2,871
Construction in progress	<u>16,819</u>	<u>23,864</u>	<u>(1,245)</u>	<u>39,438</u>
Total capital assets, not being depreciated	<u>19,345</u>	<u>24,209</u>	<u>(1,245)</u>	<u>42,309</u>
Business-type activities capital assets, net	<u>\$ 125,457</u>	<u>\$ 22,140</u>	<u>\$ (1,245)</u>	<u>\$ 146,352</u>

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

Governmental Activities:	
General government	\$ 316
Public safety	625
Education	2,298
Public works	3,445
Culture and recreation	504
Community development	<u>249</u>
Total depreciation expense - governmental activities	\$ <u>7,437</u>
Business-Type Activities:	
Water	\$ 1,737
Sewer	<u>2,053</u>
Total depreciation expense - business-type activities	\$ <u>3,790</u>

**11. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 20.

**12. Accounts Payable**

Accounts payable represent additional 2017 expenditures paid after June 30, 2017.

**13. 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.

**14. Tax Refunds Payable**

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

**15. Other Liabilities**

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

**16. Notes Payable**

The City had notes payable during the year ended June 30, 2017 in the governmental funds and sewer enterprise fund.

The following are changes in notes payable for the year ended June 30, 2017:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Parking Garage Land Acquisition and Construction						
Taxable BAN	1.20%	6/23/2017	\$ 5,000,000	\$ -	\$ (5,000,000)	\$ -
Taxable BAN	1.50%	6/23/2017	2,000,000	-	(2,000,000)	-
BAN	3.00%	6/22/2018	-	22,000,000	-	22,000,000
Total governmental activities			7,000,000	22,000,000	(7,000,000)	22,000,000
Water Pollution Control State Revolving Loan						
SRL	2.55%	6/1/2021	-	19,673,837	-	19,673,837
Total business-type activities			-	19,673,837	-	19,673,837
Grand total notes payable			\$ 7,000,000	\$ 41,673,837	\$ (7,000,000)	\$ 41,673,837

**17. Long-Term Debt**

**A. Long-Term Debt Supporting Activities**

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

Compensated absences, net pension liability, and 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</u> <u>Issue</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/17</u>
Coakley Landfill	\$ 3,605,774	08/01/18	0.85	\$ 360,577
Coakley Landfill OU2	652,330	07/01/19	1.02	97,850
Streets, Sidewalks, Bridges 2008	2,500,000	06/15/18	3.71	250,000
School Improvements 2008	500,000	06/15/18	3.71	50,000
Fire Station 2	3,650,000	06/15/28	3.98	182,000
Purchase of Land for Fire Station 2	1,300,000	06/15/28	3.98	61,000
Capital Improvements 2009 Fire Station 2	1,500,000	01/15/29	3.76	150,000
Capital Improvements 2009	3,500,000	01/15/19	3.76	700,000
Capital Improvements 2010	1,800,000	05/15/20	3.27	540,000
School Improvements 2010	500,000	05/15/20	3.27	150,000
Middle School Construction	15,000,000	05/15/30	3.27	9,750,000
Middle School Construction	22,500,000	12/01/31	2.68	16,875,000
Capital Improvements 2011	6,400,000	12/01/21	2.68	3,200,000
Refunding High School	17,325,000	09/15/22	1.40	10,105,000
Streets Sidewalks, Bridge 2013	2,267,000	06/15/23	2.38	1,350,000
School Improvements 2013	500,000	06/15/23	2.38	300,000
Facilities, Streets and Sidewalks 2014	5,750,000	06/01/24	1.78	4,025,000
Middle School Construction	3,300,000	06/01/34	2.87	2,805,000
School Energy Efficiency Improvements	345,000	10/21/17	2.09	127,635
Capital Improvements 2015	3,475,000	06/30/25	2.10	2,775,000
School Facility Improvements 2015	750,000	06/30/25	2.10	600,000
Refunding Library 2015	3,335,000	08/01/25	2.09	2,985,000
Streets, Sidewalks, Bridge 2016	6,100,000	06/15/26	1.87	5,490,000
Fire Apparatus 2016	523,290	06/15/21	1.87	415,000
School Facilities 2016	500,000	05/15/26	1.87	450,000
Little Harbour School Facility Improvement 2016	5,000,000	05/15/26	1.87	4,750,000
Commerce Way 2016	1,524,710	05/15/26	1.87	1,390,000
Refunding Fire Station 2 Construction and Land	2,332,000	05/15/26	1.87	2,332,000
Refunding Fire Station 2 Improvements	708,500	01/15/29	1.57	708,500
Elementary School Facilities 2017	5,000,000	06/15/37	2.56	5,000,000
Street, Sidewalks, Facilities 2017	6,850,000	06/15/27	1.63	6,850,000
Fire Apparatus 2017	400,000	06/15/22	1.26	400,000
Fire Station 3 Improvements 2017	610,000	06/15/27	1.63	610,000
Total Governmental Activities				<u>\$ 85,834,562</u>



<u>Business-Type Activities:</u>	<u>Original</u>	<u>Serial</u>	<u>Interest</u>	<u>Amount</u>
	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>		<u>as of</u>
				<u>6/30/17</u>
<u>Water:</u>				
Upgrade to Motor Control	\$ 300,000	01/01/22	3.98	\$ 75,000
Corrosion Control Program	288,000	01/01/22	3.80	72,000
Constitution Avenue	4,800,000	01/01/22	3.70	1,440,000
Spinney Tank	1,162,560	12/01/22	3.73	348,768
Madbury WTP Design	2,000,000	06/01/28	2.49	1,100,000
Water Treatment Plant	16,000,000	01/15/29	3.94	1,685,000
Madbury WTP	5,000,000	06/01/32	2.72	3,750,000
Hobb's Hill Water Tank	3,500,000	06/01/34	2.87	2,975,000
Greenland Well & Water Line	4,800,000	06/15/35	2.99	4,320,000
Water System Pressure and Storage	4,100,000	06/15/36	1.87	3,895,000
Refunding Madbury Plant	7,921,500	01/15/29	1.57	7,921,500
Water Line Replacement and Storage	2,250,000	06/15/37	2.55	2,250,000
<u>Sewer:</u>				
Waste Water Treatment Plant Pease	6,586,836	03/01/20	1.02	964,352
Sewer Projects Phase I	4,931,361	08/01/21	1.36	1,232,840
Sewer Projects Phase II	8,898,110	12/01/24	1.87	3,559,244
Lower Court Utilities Upgrade	688,563	07/01/27	2.38	378,709
Phase III Sewer	5,508,137	12/01/27	2.38	3,029,474
Sewer-Rye Line Pump Station	1,069,714	11/01/29	2.58	695,314
Sewer-201 Facility Study	1,000,000	01/01/30	2.58	650,000
Bartlett Street	5,290,233	01/01/31	2.62	3,703,163
Sewer PIWWTP	3,000,000	01/01/31	2.68	2,250,000
Sewer WWTP - Plant	8,000,000	09/15/12	2.31	6,000,000
State St Utilities Upgrade	1,500,433	09/01/21	1.36	750,217
Lincoln 3C	3,929,000	06/15/33	2.38	3,125,000
Lincoln Separation	5,595,874	06/01/33	3.35	4,476,699
Pierce Island WWTP	10,000,000	06/01/34	2.87	8,500,000
Pease WWTP 2014	3,500,000	06/01/34	2.87	2,975,000
Pease WWTP 2015	1,000,000	06/15/35	2.99	900,000
Lafayette Pumping Station	4,000,000	06/15/36	1.87	3,750,000
Sewer Line and Pump Station	900,000	06/15/27	1.63	900,000
Pumping Station	2,500,000	06/15/37	2.56	2,500,000
Total Business-Type Activities				\$ <u>80,172,280</u>

C. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 9,805,540	\$ 3,151,805	\$ 12,957,345
2019	9,337,905	2,804,132	12,142,037
2020	8,792,617	2,463,616	11,256,233
2021	8,520,000	2,095,359	10,615,359
2022	8,390,000	1,758,709	10,148,709
2023 - 2027	26,850,000	4,923,863	31,773,863
2028 - 2032	11,558,500	1,437,614	12,996,114
2033 - 2037	2,580,000	212,613	2,792,613
Total	<u>\$ 85,834,562</u>	<u>\$ 18,847,711</u>	<u>\$ 104,682,273</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,318,121	\$ 2,661,474	\$ 8,979,595
2019	6,308,121	2,451,094	8,759,215
2020	6,263,121	2,256,911	8,520,032
2021	5,941,671	2,053,129	7,994,800
2022	5,941,671	1,865,625	7,807,296
2023 - 2027	25,380,974	6,425,920	31,806,894
2028 - 2032	18,378,807	2,593,298	20,972,105
2033 - 2037	5,639,794	393,612	6,033,406
Total	<u>\$ 80,172,280</u>	<u>\$ 20,701,063</u>	<u>\$ 100,873,343</u>

D. Bond Authorizations/Unissued

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

<u>Purpose</u>	<u>Amount</u>
<u>Governmental activities:</u>	
Coakley landfill	\$ 4,641,897
Deer St. parking facility	23,200,000
School facilities	<u>5,000,000</u>
Subtotal governmental	32,841,897
<u>Business-type activities:</u>	
Pierce Island wastewater treatment facility upgrade	<u>75,000,000</u>
Subtotal business-type	<u>75,000,000</u>
Total Bond Authorizations/unissued	<u>\$ 107,841,897</u>

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

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

	Total Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<b><u>Governmental Activities</u></b>						
General obligation bonds	\$ 81,756	\$ 12,860	\$ (9,240)	\$ 85,376	\$ (9,593)	\$ 75,783
Unamortized premium	7,455	1,220	(728)	7,947	(840)	7,107
Subtotal	89,211	14,080	(9,968)	93,323	(10,433)	82,890
State revolving loans	671	-	(213)	458	(213)	245
Net pension liability	70,468	24,112	-	94,580	-	94,580
Net OPEB obligation	5,393	1,363	(506)	6,250	-	6,250
Other:						
Landfill closure	1,440	-	-	1,440	-	1,440
Accrued employee benefits	6,115	541	(448)	6,208	(745)	5,463
Subtotal	7,555	541	(448)	7,648	(745)	6,903
Totals	\$ 173,298	\$ 40,096	\$ (11,135)	\$ 202,259	\$ (11,391)	\$ 190,868

	Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<b><u>Business-Type Activities</u></b>						
General obligation bonds	\$ 51,487	\$ 5,650	\$ (3,190)	\$ 53,947	\$ (3,520)	\$ 50,427
Unamortized premium	4,856	376	(332)	4,900	(356)	4,544
Subtotal	56,343	6,026	(3,522)	58,847	(3,876)	54,971
State revolving loans	29,024	-	(2,798)	26,226	(2,798)	23,428
Net pension liability	3,256	1,101	-	4,357	-	4,357
Net OPEB obligation	315	56	(21)	350	-	350
Other:						
Accrued employee benefits	596	109	(87)	618	(49)	569
Totals	\$ 89,534	\$ 7,292	\$ (6,428)	\$ 90,398	\$ (6,723)	\$ 83,675

**F. Prior Year Defeasance of Debt**

In fiscal year 2016, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements.

Defeased debt still outstanding at June 30, 2017 was \$12,419,785.

## 18. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The City reports three items as deferred inflows of resources: one which is attributable to the changes in the net pension liability, and the other two which arise from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and are more fully described in Note 20.

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

## 19. 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, 2017:

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

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

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

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

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

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

	General Fund	Building and Infrastructure Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Advance to other funds	\$ 567,160	\$ -	\$ -	\$ -	\$ 567,160
Inventory	-	-	-	47,355	47,355
Nonexpendable permanent funds	-	-	-	1,633,062	1,633,062
Total Nonspendable	567,160	-	-	1,680,417	2,247,577
<b>Restricted</b>					
Bonded projects and capital contributions	-	6,624,068	-	10,169,183	16,793,251
Community development	-	-	-	1,662,509	1,662,509
Education	-	-	-	508,013	508,013
Police and fire	-	-	-	607,431	607,431
Public works improvements	-	-	-	1,007,940	1,007,940
US route 1 and constitution ave expansion	-	-	-	500,000	500,000
Woodbury ave turning lane and signals	-	-	-	855,831	855,831
Ocean road improvements	-	-	-	500,000	500,000
Parking and transportation	-	-	-	4,993,478	4,993,478
Portwalk place services and repairs	-	-	-	82,785	82,785
Conservation	-	-	-	1,219,034	1,219,034
Recreation	-	-	-	619,816	619,816
Human resources	-	-	-	5,679	5,679
Legal	-	-	-	70,425	70,425
Planning	-	-	-	49,658	49,658
Library	-	-	-	25,879	25,879
Trusts for education and recreation	-	-	-	2,242,682	2,242,682
Expendable permanent funds	-	-	-	6,039,106	6,039,106
Total Restricted	-	6,624,068	-	31,159,449	37,783,517
<b>Committed</b>					
Debt service	14,531,863	-	-	-	14,531,863
Health insurance	8,064,645	-	-	-	8,064,645
Tax appraisal	1,431,074	-	-	-	1,431,074
Compensated absences	1,689,179	-	-	-	1,689,179
Claremont coalition	628,180	-	-	-	628,180
Coakley landfill	619,644	-	-	-	619,644
Capital	-	1,301,220	-	1,428,415	2,729,635
Total Committed	26,964,585	1,301,220	-	1,428,415	29,694,220
<b>Assigned</b>					
<b>Encumbered for:</b>					
Finance	75,538	-	-	-	75,538
Human resources	22,000	-	-	-	22,000
Planning	95,826	-	-	-	95,826
Legal	63,519	-	-	-	63,519
Police	246,509	-	-	-	246,509
Fire	75,727	-	-	-	75,727
Education	87,781	-	-	-	87,781
Public works	505,322	-	-	-	505,322
Recreation	51,080	-	-	-	51,080
Capital	6,054,800	-	-	-	6,054,800
Health and senior services	3,630	-	-	-	3,630
Contingency	771,034	-	-	-	771,034
General administration	157,801	-	-	-	157,801
Landfill monitoring	212,271	-	-	-	212,271
Revaluation	67,365	-	-	-	67,365
IT upgrades and replacements	264,457	-	-	-	264,457
Use of unassigned fund balance for FY18	231,000	-	-	-	231,000
Total Assigned	8,985,660	-	-	-	8,985,660
Unassigned	14,505,641	(7,416,134)	(3,305)	(15,753)	7,070,449
Total Fund Balance	\$ 51,023,046	\$ 509,154	\$ (3,305)	\$ 34,252,528	\$ 85,781,423

## 20. 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 10.86% to 25.32% of covered compensation. The City's contributions to NHRS for the year ended June 30, 2017 was \$6,662,274, 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, 2017, the City reported a liability of \$98,937,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the City's proportion was 1.86 percent, which was the same as its previous year proportion.

For the year ended June 30, 2017, the City recognized pension expense of \$7,864,015. 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>
Contributions subsequent to measurement date	\$ 7,864,014	\$ -
Changes in proportion and differences between employer contributions and share of contributions	1,199,677	130,804
Difference between expected and actual experience	274,945	1,249,329
Net difference between projected and actual investment earnings	6,190,009	-
Changes in assumption	<u>12,176,003</u>	<u>-</u>
Total	<u>\$ 27,704,648</u>	<u>\$ 1,380,133</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows/(Inflows) of Resources</u>
2018	\$ 3,771,101
2019	3,771,101
2020	5,934,178
2021	4,755,218
2022	<u>228,903</u>
Total	<u>\$ 18,460,501</u>

#### *F. Actuarial Assumptions*

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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



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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 to June 30, 2015.

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

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

G. Discount Rate

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
June 30, 2017	\$ 127,127,335	\$ 98,937,024	\$ 75,557,628

I. Pension Plan Fiduciary Net Position

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

**21. 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, 2017, the actuarial valuation date, approximately 60 retirees and 699 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 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2017.

Annual Required Contribution (ARC)	\$ 1,405,021
Interest on net OPEB obligation	256,861
Adjustment to ARC	<u>(243,295)</u>
Annual OPEB cost	1,418,587
Contributions made	<u>(527,195)</u>
Increase in net OPEB obligation	891,392
Net OPEB obligation - beginning of year	<u>5,708,033</u>
Net OPEB obligation - end of year	<u>\$ 6,599,425</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 1,418,587	37.2%	\$ 6,599,425
2016	\$ 1,547,662	39.0%	\$ 5,708,033
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

*E. Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2017, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 14,015,797
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,015,797</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 43,981,815</u>
UAAL as a percentage of covered payroll	<u>31.9%</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 OPEB 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, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance 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%.

## **22. Commitments and Contingencies**

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

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

In December 1992, a total of 27 responsible parties, including the City, entered into 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 the cleanup to be approximately \$22 million, with the City's share of these costs estimated to be approximately \$8.9 million, to be contributed over a number of years as needed by the project. Liability amongst the responsible parties is joint and several and is in no way limited by the estimate in the Decree. Should one of the responsible parties default on its obligations, the remaining parties will assume the liability for the defaulting party.

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

Wastewater Treatment Facility – The City of Portsmouth is obligated under a consent Decree with the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (DES) to complete construction of an upgraded wastewater treatment facility and achieve secondary treatment permit limits by May 2017. Construction commenced in September 2016 and substantial completion is anticipated in May 2020. The City's request for a schedule extension has been agreed to by Federal and State regulators and approved by the U.S. District Court for the District of New Hampshire. Bond authorization for up to \$75 million was approved for the construction effort.

Greenleaf Avenue Realty Trust – Between 1995 and 1997 the City constructed a sewer line across property of the State of New Hampshire located off the Route 1 By-pass. The State had given the City permission, but no formal easement was ever recorded. In 2003, after passing through several owners, the property came to be owned by 150 Greenleaf Avenue Realty Trust. In 2010, 150 Greenleaf Avenue Realty Trust commenced a legal action against the City of Portsmouth with multiple claims sounding in trespass, nuisance, and inverse condemnation related to the construction of a municipal sewer line across the property in the late 1960s and the alleged unlawful detention of water on the property. In February 2017, a New Hampshire Superior Court jury awarded Mr. Boyle \$3.57 million on his various claims, the sole damages for which were lost profits. The City has vigorously contested many issues throughout the course of litigation including those related to the applicability and calculation of lost profits.

Subsequent to the jury's verdict, both parties filed post-trial motions which would set aside or alter the verdict. The Trial Court judge has yet to rule on a number of those motions including ones which would substantially change or set aside the jury verdict. Regardless of the Trial Court's ultimate rulings on the post-trial motions, both parties anticipate an appeal to the New Hampshire Supreme Court. The City stands a reasonable likelihood of success on one or more of the issues likely to be appealed and consequently it is more likely than not that the verdict will be either eliminated or reduced to an immaterial amount. This litigation is likely to take several more years to resolve.

Separate from but related to the Greenleaf Avenue Realty Trust Litigation, the City of Portsmouth took by eminent domain a portion of the property at 150 Greenleaf Ave in order to acquire the rights to maintain the sewer line, detain water for stormwater purposes, and protect wetlands. The owner has

contested the City's right to take that action and contested the amount offered for compensation. That litigation is likely to take several years to resolve.

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

### **23. Implementation of New GASB Standard**

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**  
**(Unaudited)**

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2017	June 30, 2016	1.86%	\$98,937,024	\$ 46,508,941	212.73%	58.30%
June 30, 2016	June 30, 2015	1.86%	\$73,723,357	\$ 45,846,939	160.80%	65.47%
June 30, 2015	June 30, 2014	1.84%	\$68,991,223	\$ 43,883,269	157.22%	66.32%

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

See Independent Auditors' Report.



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**SCHEDULE OF PENSION CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017  
(Unaudited)**

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 6,662,274	\$ 6,662,274	\$ -	\$ 46,508,941	14.3%
June 30, 2016	\$ 6,243,379	\$ 6,243,379	\$ -	\$ 45,846,939	13.6%
June 30, 2015	\$ 5,962,925	\$ 5,962,925	\$ -	\$ 43,883,269	13.6%

*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 OPEB FUNDING PROGRESS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2017**  
**(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>
06/30/17	\$ -	\$ 14,015,797	\$ 14,015,797	0.0%	\$ 43,981,815	31.9%
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.

## **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.
- Portwalk Place: to account for public works services, private street maintenance, parking enforcement services and reserve for future repair and maintenance costs of the private street.
- Housing Subsidy: to account for housing subsidy grants to provide assistance to first time homebuyers.
- Conservation: to account for Land Use Change Tax dedicated for the acquisition or preservation of open space.
- 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: to account for expendable gifts received by the Library.
- City Trust: to account for the various expendable portions of the City's trusts.

### **CAPITAL PROJECT FUNDS**

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

The current funds were established for the following purposes:

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

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue Funds			
	Community Development	School Lunch	School Categorical Revenues	Miscellaneous Grants and Contributions
<b>ASSETS</b>				
Cash and short-term investments	\$ 1,091,925	\$ 57,745	\$ -	\$ 4,181,545
Investments	-	-	-	-
Receivables:				
Departmental and other	-	60,551	-	52,715
Intergovernmental	-	-	711,257	46,812
Loans and interest	968,264	-	-	15,089
Inventory	-	47,355	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,060,189</b>	<b>\$ 165,651</b>	<b>\$ 711,257</b>	<b>\$ 4,296,161</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 501	\$ -	\$ -	\$ 53,740
Accrued liabilities	1,722	-	5,768	1,335
Unearned revenue	-	134,049	-	-
Retainage payable	-	-	-	-
Due to other funds	-	-	197,476	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,223</b>	<b>134,049</b>	<b>203,244</b>	<b>55,075</b>
Deferred Inflows of Resources:				
Unavailable revenues	941,439	-	-	15,089
Fund Balances:				
Nonspendable	-	47,355	-	-
Restricted	1,116,527	-	508,013	4,225,997
Committed	-	-	-	-
Unassigned	-	(15,753)	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,116,527</b>	<b>31,602</b>	<b>508,013</b>	<b>4,225,997</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,060,189</b>	<b>\$ 165,651</b>	<b>\$ 711,257</b>	<b>\$ 4,296,161</b>

Special Revenue Funds

<u>Police Grants</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Unmet Parking Needs</u>
\$ -	\$ 94,113	\$ 5,146,507	\$ 82,785	\$ 189,966	\$ 886,631	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
95,224	4,550	-	-	-	-	-
-	-	-	-	1,031,067	-	-
-	-	-	-	-	-	-
<u>\$ 95,224</u>	<u>\$ 98,663</u>	<u>\$ 5,146,507</u>	<u>\$ 82,785</u>	<u>\$ 1,221,033</u>	<u>\$ 886,631</u>	<u>\$ -</u>
\$ 261	\$ 9,215	\$ 100,011	\$ -	\$ -	\$ -	\$ -
1,947	-	53,018	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,758	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,966</u>	<u>9,215</u>	<u>153,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,031,067	-	-
-	-	-	-	-	-	-
74,258	89,448	4,993,478	82,785	189,966	886,631	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>74,258</u>	<u>89,448</u>	<u>4,993,478</u>	<u>82,785</u>	<u>189,966</u>	<u>886,631</u>	<u>-</u>
<u>\$ 95,224</u>	<u>\$ 98,663</u>	<u>\$ 5,146,507</u>	<u>\$ 82,785</u>	<u>\$ 1,221,033</u>	<u>\$ 886,631</u>	<u>\$ -</u>

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust</u>	<u>City Trust</u>	<u>Subtotals</u>
<b>ASSETS</b>						
Cash and short-term investments	\$ 172,180	\$ 44,796	\$ 191,391	\$ 149,977	\$ 350,006	\$ 12,639,567
Investments	-	-	-	30,676	2,459,355	2,490,031
Receivables:						
Departmental and other	-	-	-	-	-	113,266
Intergovernmental	-	-	-	-	-	857,843
Loans and interest	-	-	-	-	481	2,014,901
Inventory	-	-	-	-	-	47,355
<b>TOTAL ASSETS</b>	<b>\$ <u>172,180</u></b>	<b>\$ <u>44,796</u></b>	<b>\$ <u>191,391</u></b>	<b>\$ <u>180,653</u></b>	<b>\$ <u>2,809,842</u></b>	<b>\$ <u>18,162,963</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 5,835	\$ 3,522	\$ 18,417	\$ -	\$ -	\$ 191,502
Accrued liabilities	-	9,647	-	-	-	73,437
Unearned revenue	-	-	-	-	-	134,049
Retainage payable	-	-	-	-	-	-
Due to other funds	-	10,224	-	-	-	226,458
Advances from other funds	-	-	-	-	567,160	567,160
<b>TOTAL LIABILITIES</b>	<b>5,835</b>	<b>23,393</b>	<b>18,417</b>	<b>-</b>	<b>567,160</b>	<b>1,192,606</b>
Deferred Inflows of Resources:						
Unavailable revenues	-	-	-	-	-	1,987,595
Fund Balances:						
Nonspendable	-	-	-	-	-	47,355
Restricted	166,345	21,403	172,974	180,653	2,242,682	14,951,160
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(15,753)
<b>TOTAL FUND BALANCES</b>	<b><u>166,345</u></b>	<b><u>21,403</u></b>	<b><u>172,974</u></b>	<b><u>180,653</u></b>	<b><u>2,242,682</u></b>	<b><u>14,982,762</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>172,180</u></b>	<b>\$ <u>44,796</u></b>	<b>\$ <u>191,391</u></b>	<b>\$ <u>180,653</u></b>	<b>\$ <u>2,809,842</u></b>	<b>\$ <u>18,162,963</u></b>



Capital Project Funds

<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ 327,228	\$ 10,760,939	\$ 238,176	\$ 1,371,424	\$ 196,523	\$ 12,894,290
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 327,228</u>	<u>\$ 10,760,939</u>	<u>\$ 238,176</u>	<u>\$ 1,371,424</u>	<u>\$ 196,523</u>	<u>\$ 12,894,290</u>
\$ 852	\$ 980,146	\$ -	\$ 36,422	\$ 41,359	\$ 1,058,779
-	-	-	-	-	-
-	237,913	-	-	-	237,913
-	-	-	-	-	-
-	-	-	-	-	-
<u>852</u>	<u>1,218,059</u>	<u>-</u>	<u>36,422</u>	<u>41,359</u>	<u>1,296,692</u>
-	-	-	-	-	-
-	-	-	-	-	-
326,376	9,542,880	56,412	243,515	-	10,169,183
-	-	181,764	1,091,487	155,164	1,428,415
-	-	-	-	-	-
<u>326,376</u>	<u>9,542,880</u>	<u>238,176</u>	<u>1,335,002</u>	<u>155,164</u>	<u>11,597,598</u>
<u>\$ 327,228</u>	<u>\$ 10,760,939</u>	<u>\$ 238,176</u>	<u>\$ 1,371,424</u>	<u>\$ 196,523</u>	<u>\$ 12,894,290</u>

(continued)

(continued)

	Permanent Funds			Total Nonmajor Governmental Funds
	City Trust	Library Trust	Subtotals	
<b>ASSETS</b>				
Cash and short-term investments	\$ 1,599	\$ -	\$ 1,599	\$ 25,535,456
Investments	7,665,582	4,534	7,670,116	10,160,147
Receivables:				
Departmental and other	453	-	453	113,719
Intergovernmental	-	-	-	857,843
Loans and interest	-	-	-	2,014,901
Inventory	-	-	-	47,355
<b>TOTAL ASSETS</b>	<b>\$ 7,667,634</b>	<b>\$ 4,534</b>	<b>\$ 7,672,168</b>	<b>\$ 38,729,421</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,250,281
Accrued liabilities	-	-	-	73,437
Unearned revenue	-	-	-	134,049
Retainage payable	-	-	-	237,913
Due to other funds	-	-	-	226,458
Advances from other funds	-	-	-	567,160
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,489,298</b>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	1,987,595
Fund Balances:				
Nonspendable	1,629,062	4,000	1,633,062	1,680,417
Restricted	6,038,572	534	6,039,106	31,159,449
Committed	-	-	-	1,428,415
Unassigned	-	-	-	(15,753)
<b>TOTAL FUND BALANCES</b>	<b>7,667,634</b>	<b>4,534</b>	<b>7,672,168</b>	<b>34,252,528</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,667,634</b>	<b>\$ 4,534</b>	<b>\$ 7,672,168</b>	<b>\$ 38,729,421</b>

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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, 2017

	Special Revenue Funds			
	Community <u>Development</u>	School <u>Lunch</u>	School Categorical <u>Revenues</u>	Miscellaneous Grants and <u>Contributions</u>
Revenues:				
Intergovernmental	\$ 593,875	\$ 305,752	\$ 3,814,565	\$ 980,458
Charges for services	-	509,042	-	-
Investment income	9,307	-	-	398
Fines and costs	-	-	-	9,409
Contributions	-	-	-	75,445
Other	<u>86,282</u>	<u>-</u>	<u>-</u>	<u>17,350</u>
Total Revenues	689,464	814,794	3,814,565	1,083,060
Expenditures:				
Current:				
General government	-	-	-	111,137
Public safety	-	-	-	34,633
Education	-	915,746	4,828,299	-
Public works	-	-	-	2,695
Culture and recreation	-	-	-	26,506
Community development	915,097	-	-	11,814
Debt service:				
Interest	-	-	-	-
Capital outlay	<u>402,438</u>	<u>-</u>	<u>-</u>	<u>252,289</u>
Total Expenditures	<u>1,317,535</u>	<u>915,746</u>	<u>4,828,299</u>	<u>439,074</u>
Excess (deficiency) of revenues over (under) expenditures	(628,071)	(100,952)	(1,013,734)	643,986
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Bond/BAN premium	-	-	-	-
Transfers in	-	132,951	1,030,097	688,916
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>132,951</u>	<u>1,030,097</u>	<u>688,916</u>
Net change in fund balances	(828,071)	31,999	16,363	1,332,902
Fund Balances, beginning of year	<u>1,944,598</u>	<u>(397)</u>	<u>491,650</u>	<u>2,893,095</u>
Fund Balances, end of year	<u>\$ 1,116,527</u>	<u>\$ 31,602</u>	<u>\$ 508,013</u>	<u>\$ 4,225,997</u>

Special Revenue Funds

<u>Police Grants</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Unmet Parking Needs</u>
\$ 351,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,421,485	34,513	-	-	-
-	397	-	-	-	-	-
-	65,276	-	-	-	-	-
2,210	-	-	-	-	-	-
-	14,106	-	-	70,922	-	-
<u>354,050</u>	<u>79,779</u>	<u>4,421,485</u>	<u>34,513</u>	<u>70,922</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	150,000	-
336,764	38,498	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,127,205	14,403	-	-	2,603
-	-	-	-	-	-	-
-	-	-	-	100,035	-	-
-	-	90,000	-	-	-	-
-	-	429,516	-	-	-	-
<u>336,764</u>	<u>38,498</u>	<u>3,646,721</u>	<u>14,403</u>	<u>100,035</u>	<u>150,000</u>	<u>2,603</u>
17,286	41,281	774,764	20,110	(29,113)	(150,000)	(2,603)
-	-	-	-	-	-	-
-	-	442,200	-	-	-	-
-	-	-	-	-	521	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>442,200</u>	<u>-</u>	<u>-</u>	<u>521</u>	<u>-</u>
17,286	41,281	1,216,964	20,110	(29,113)	(149,479)	(2,603)
<u>56,972</u>	<u>48,167</u>	<u>3,776,514</u>	<u>62,675</u>	<u>219,079</u>	<u>1,036,110</u>	<u>2,603</u>
<u>\$ 74,258</u>	<u>\$ 89,448</u>	<u>\$ 4,993,478</u>	<u>\$ 82,785</u>	<u>\$ 189,966</u>	<u>\$ 886,631</u>	<u>\$ -</u>

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust</u>	<u>City Trust</u>	<u>Subtotals</u>
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,046,490
Charges for services	168,254	451,002	79,922	-	64,000	5,728,218
Investment income	-	-	30	2,484	64,983	77,599
Fines and costs	-	-	-	-	-	74,685
Contributions	-	-	7,498	-	298,507	383,660
Other	40	-	-	-	-	188,700
Total Revenues	168,294	451,002	87,450	2,484	427,490	12,499,352
Expenditures:						
Current:						
General government	-	-	-	-	-	261,137
Public safety	-	-	-	-	-	409,895
Education	-	-	-	-	166,120	5,910,165
Public works	-	-	-	-	-	3,146,906
Culture and recreation	155,238	464,421	114,141	275	9,551	770,132
Community development	-	-	-	-	-	1,026,946
Debt service:						
Interest	-	-	-	-	-	90,000
Capital outlay	-	-	-	-	-	1,084,243
Total Expenditures	155,238	464,421	114,141	275	175,671	12,699,424
Excess (deficiency) of revenues over (under) expenditures	13,056	(13,419)	(26,691)	2,209	251,819	(200,072)
Other Financing Sources (Uses):						
Issuance of bonds	-	-	-	-	-	-
Bond/BAN premium	-	-	-	-	-	442,200
Transfers in	-	150,000	23,831	-	-	2,026,316
Transfers out	-	(175,000)	-	(13,066)	(10,766)	(398,832)
Total Other Financing Sources (Uses)	-	(25,000)	23,831	(13,066)	(10,766)	2,069,684
Net change in fund balances	13,056	(38,419)	(2,860)	(10,857)	241,053	1,869,612
Fund Balances, beginning of year	153,289	59,822	175,834	191,510	2,001,629	13,113,150
Fund Balances, end of year	\$ 166,345	\$ 21,403	\$ 172,974	\$ 180,653	\$ 2,242,682	\$ 14,982,762

Capital Project Funds					
<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ -	\$ -	\$ 136,955	\$ -	\$ -	\$ 136,955
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
545,000	200,000	-	-	-	745,000
-	-	-	-	-	-
<u>545,000</u>	<u>200,000</u>	<u>136,955</u>	<u>-</u>	<u>-</u>	<u>881,955</u>
-	-	-	-	177,547	177,547
-	-	-	66,411	97,076	163,487
241,263	-	-	10,881	39,516	291,660
-	12,550	-	18,823	-	31,373
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,875,482	4,572	625,209	-	3,505,263
<u>241,263</u>	<u>2,888,032</u>	<u>4,572</u>	<u>721,324</u>	<u>314,139</u>	<u>4,169,330</u>
303,737	(2,688,032)	132,383	(721,324)	(314,139)	(3,287,375)
-	3,600,000	-	400,000	-	4,000,000
-	-	-	-	-	-
-	200,000	-	1,026,329	444,801	1,671,130
<u>(650,000)</u>	<u>-</u>	<u>(80,343)</u>	<u>-</u>	<u>-</u>	<u>(730,343)</u>
<u>(650,000)</u>	<u>3,800,000</u>	<u>(80,343)</u>	<u>1,426,329</u>	<u>444,801</u>	<u>4,940,787</u>
(346,263)	1,111,968	52,040	705,005	130,662	1,653,412
<u>672,639</u>	<u>8,430,912</u>	<u>186,136</u>	<u>629,997</u>	<u>24,502</u>	<u>9,944,186</u>
<u>\$ 326,376</u>	<u>\$ 9,542,880</u>	<u>\$ 238,176</u>	<u>\$ 1,335,002</u>	<u>\$ 155,164</u>	<u>\$ 11,597,598</u>

(continued)

(continued)

	<u>Permanent Funds</u>			Total Nonmajor Governmental Funds
	<u>City Trust</u>	<u>Library Trust</u>	<u>Subtotals</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 6,183,445
Charges for services	-	-	-	5,728,218
Investment income	809,626	63	809,689	887,288
Fines and costs	-	-	-	74,685
Contributions	12,980	-	12,980	1,141,640
Other	-	-	-	188,700
Total Revenues	<u>822,606</u>	<u>63</u>	<u>822,669</u>	<u>14,203,976</u>
Expenditures:				
Current:				
General government	-	-	-	438,684
Public safety	-	-	-	573,382
Education	-	-	-	6,201,825
Public works	-	-	-	3,178,279
Culture and recreation	215,502	-	215,502	985,634
Community development	-	-	-	1,026,946
Debt service:				
Interest	-	-	-	90,000
Capital Outlay	-	-	-	4,589,506
Total Expenditures	<u>215,502</u>	<u>-</u>	<u>215,502</u>	<u>17,084,256</u>
Excess (deficiency) of revenues over (under) expenditures	607,104	63	607,167	(2,880,280)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	4,000,000
Bond/BAN premium	-	-	-	442,200
Transfers in	-	-	-	3,697,446 (1)
Transfers out	-	-	-	(1,129,175) (1)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,010,471</u>
Net change in fund balances	607,104	63	607,167	4,130,191
Fund Balances, beginning of year	<u>7,060,530</u>	<u>4,471</u>	<u>7,065,001</u>	<u>30,122,337</u>
Fund Balances, end of year	<u>\$ 7,667,634</u>	<u>\$ 4,534</u>	<u>\$ 7,672,168</u>	<u>\$ 34,252,528</u>

(1) Transfers in and out were netted on page 52 to eliminate activity within nonmajor governmental funds.



## FIDUCIARY FUNDS

### PRIVATE-PURPOSE TRUST FUNDS

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

- Park: represents contributions used to compensate local artists performing in Prescott Park Arts Festival and to maintain and provide for upkeep of the Lower State Street Park.
- Scholarship: represents contributions used to subsidize education costs for eligible students.
- Worthy Poor: represents contributions to help eligible residents with living costs.
- Memorial: represents contributions used to maintain Emerson Hovey Fountain in Prescott Park, construction of memorial for veterans, and presentation of travel talks for the public.
- Commemoration: represents contributions for celebration on Emancipation Day, 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: 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.
- School: represents primarily student activity funds, which are contributions from students and fundraising receipts used to pay for student-related activities.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2017

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and short-term investments	\$ 134,190	\$ 11,236	\$ 64,547	\$ 446,783	\$ 4,796	\$ 661,552
Investments	-	6,714,860	-	-	-	6,714,860
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>80</u>
Total Assets	<u>\$ 134,190</u>	<u>\$ 6,726,096</u>	<u>\$ 64,547</u>	<u>\$ 446,863</u>	<u>\$ 4,796</u>	<u>\$ 7,376,492</u>
Net position held in trust	<u>\$ 134,190</u>	<u>\$ 6,726,096</u>	<u>\$ 64,547</u>	<u>\$ 446,863</u>	<u>\$ 4,796</u>	<u>\$ 7,376,492</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2017

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
<b>ADDITIONS</b>						
Investment income	\$ 7,105	\$ 698,919	\$ 7,002	\$ 48,466	\$ 520	\$ 762,012
Contributions	<u>173,407</u>	<u>6,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,586</u>
Total Additions	180,512	705,098	7,002	48,466	520	941,598
<b>DEDUCTIONS</b>						
Payments to beneficiaries	<u>162,385</u>	<u>156,024</u>	<u>182</u>	<u>1,259</u>	<u>14</u>	<u>319,864</u>
Net increase	18,127	549,074	6,820	47,207	506	621,734
<b>NET POSITION</b>						
Beginning of year	<u>116,063</u>	<u>6,177,022</u>	<u>57,727</u>	<u>399,656</u>	<u>4,290</u>	<u>6,754,758</u>
End of year	<u>\$ 134,190</u>	<u>\$ 6,726,096</u>	<u>\$ 64,547</u>	<u>\$ 446,863</u>	<u>\$ 4,796</u>	<u>\$ 7,376,492</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2017

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2017</u>
<b>Claremont Coalition:</b>				
Assets - cash and short-term investments	\$ <u>4,687</u>	\$ <u>42,003</u>	\$ <u>(23,315)</u>	\$ <u>23,374</u>
Liabilities - other liabilities	\$ <u>4,687</u>	\$ <u>42,003</u>	\$ <u>(23,315)</u>	\$ <u>23,375</u>
<b>School:</b>				
Assets - cash and short-term investments	\$ <u>316,353</u>	\$ <u>708,098</u>	\$ <u>(663,788)</u>	\$ <u>360,662</u>
Liabilities - other liabilities	\$ <u>316,353</u>	\$ <u>708,098</u>	\$ <u>(663,788)</u>	\$ <u>360,663</u>
<b>Totals:</b>				
Assets - cash and short-term investments	\$ <u>321,040</u>	\$ <u>750,101</u>	\$ <u>(687,103)</u>	\$ <u>384,036</u>
Liabilities - other liabilities	\$ <u>321,040</u>	\$ <u>750,101</u>	\$ <u>(687,103)</u>	\$ <u>384,038</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 City's overall financial health.

	<b><u>Page</u></b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	118 - 122
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	123 - 129
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	130 - 133
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	134 - 135
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.	136 - 138

## City of Portsmouth, New Hampshire

### Net Assets/Position by Component

#### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013 <sup>(1)(2)</sup>	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net invested in capital assets	\$ 59,571,267	\$ 64,657,970	\$ 71,574,714	\$ 75,937,883	\$ 78,587,672	\$ 85,565,006	\$ 100,313,414	\$ 109,917,788	\$ 113,265,585	\$ 120,182,374
Restricted	14,514,810	14,103,944	14,696,926	15,701,688	17,147,890	17,238,560	17,107,717	16,604,810	17,379,705	23,682,016
Unrestricted	19,928,592	26,730,894	29,747,020	33,595,065	36,242,831	37,952,181	40,877,993	(27,370,090)	(20,874,844)	(26,597,332)
Total governmental activities net position	\$ 94,014,669	\$ 105,492,808	\$ 116,018,660	\$ 125,234,636	\$ 131,978,393	\$ 140,755,747	\$ 158,299,124	\$ 99,152,508	\$ 109,770,446	\$ 117,267,058
<b>Business-type activities</b>										
Net invested in capital assets	\$ 29,978,192	\$ 35,326,336	\$ 38,650,422	\$ 43,749,770	\$ 42,709,386	\$ 47,882,518	\$ 50,987,816	\$ 56,301,452	\$ 60,256,180	\$ 64,498,965
Restricted	1,950,574	1,788,026	1,625,478	1,462,931	1,300,383	1,137,835	975,288	812,740	650,192	487,644
Unrestricted	15,314,959	11,027,529	12,193,230	13,546,674	21,966,267	23,551,956	27,699,734	26,835,174	30,326,890	33,436,307
Total business-type activities net position	\$ 47,243,725	\$ 48,141,891	\$ 52,469,130	\$ 58,759,375	\$ 65,976,036	\$ 72,572,309	\$ 79,662,838	\$ 83,949,366	\$ 91,233,262	\$ 98,422,916
<b>Primary government</b>										
Net invested in capital assets	\$ 89,549,459	\$ 99,984,306	\$ 110,225,136	\$ 119,687,653	\$ 121,297,058	\$ 133,447,524	\$ 151,301,230	\$ 166,219,240	\$ 173,521,765	\$ 184,681,339
Restricted	16,465,384	15,891,970	16,322,404	17,164,619	18,448,273	18,376,395	18,083,005	17,417,550	18,029,897	24,169,660
Unrestricted	35,243,551	37,758,423	41,940,250	47,141,739	58,209,098	61,504,137	68,577,727	(534,916)	9,452,046	6,838,975
Total primary government net position	\$ 141,258,394	\$ 153,634,699	\$ 168,487,790	\$ 183,994,011	\$ 197,954,429	\$ 213,328,056	\$ 237,961,962	\$ 183,101,874	\$ 201,003,708	\$ 215,689,974

#### 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									
	2008	2009	2010	2011	2012	2013 <sup>(1)(2)</sup>	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,883,434	\$ 10,267,024	\$ 10,689,349	\$ 10,919,895	\$ 11,717,003	\$ 11,905,707	\$ 11,652,734	\$ 12,330,468	\$ 12,673,140	\$ 13,503,790
Public safety	15,834,025	16,041,765	16,915,999	16,579,407	16,854,982	17,576,460	18,479,571	17,697,750	18,094,404	20,724,528
Education	38,923,454	39,306,880	41,474,811	43,416,528	44,280,725	44,546,643	47,492,836	49,212,516	50,084,302	54,271,573
Public works	8,780,132	9,363,174	9,303,285	9,659,576	9,834,737	10,303,800	11,337,941	12,367,464	12,653,506	14,283,986
Health and human Services	651,557	680,790	693,053	644,424	601,503	689,895	675,256	582,910	565,256	674,704
Culture and recreation	3,616,584	3,535,606	3,620,162	3,694,425	3,804,755	3,634,914	3,895,264	3,888,467	4,095,642	4,331,428
Community development	1,240,509	1,150,573	1,330,221	764,771	981,022	863,416	1,125,562	888,705	1,115,661	1,278,188
Interest	2,251,976	2,367,351	2,527,611	2,702,329	3,781,050	3,095,996	3,013,917	3,123,714	3,213,394	3,157,534
Total governmental activities expenses	81,181,671	82,713,163	86,554,491	88,381,355	91,855,777	92,616,831	97,673,081	100,091,994	102,495,305	112,225,731
Business-type activities:										
Water services	4,380,171	4,755,959	5,223,793	5,365,583	5,905,875	6,621,011	7,012,453	6,866,489	7,701,340	7,906,621
Sewer services	6,704,018	7,228,930	6,632,817	7,081,798	8,052,017	8,456,885	9,018,802	9,187,296	9,656,429	10,534,561
Total business-type activities expenses	11,084,189	11,984,889	11,856,610	12,447,381	13,957,892	15,077,896	16,031,255	16,053,785	17,357,769	18,441,182
Total primary government expenses	\$ 92,265,860	\$ 94,698,052	\$ 98,411,101	\$ 100,828,736	\$ 105,813,669	\$ 107,694,727	\$ 113,704,336	\$ 116,145,779	\$ 119,853,074	\$ 130,666,913
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 6,988,685	\$ 6,926,238	\$ 6,186,248	\$ 6,259,000	\$ 6,702,933	\$ 6,800,409	\$ 7,421,658	\$ 7,620,989	\$ 8,468,071	\$ 9,118,467
Public safety	737,216	714,666	834,164	1,235,321	1,248,411	1,127,299	1,196,161	1,161,585	1,023,934	1,447,285
Education	5,432,171	5,358,926	5,895,619	5,882,803	5,817,036	5,958,503	5,884,555	6,462,707	6,684,384	6,620,461
Public Works	3,778,437	3,813,473	3,818,291	3,918,395	4,396,016	4,654,656	5,092,527	5,878,880	6,666,633	6,978,104
Health and Human Services	34,970	25,711	13,008	48,054	22,152	85,079	100,002	89,398	101,805	90,178
Culture and Recreation	640,476	651,610	600,894	543,575	506,975	874,509	955,544	969,031	1,047,332	1,046,097
Total charges for services	17,611,955	17,490,624	17,348,224	17,887,148	18,693,523	19,500,455	20,650,447	22,182,590	23,992,159	25,300,592
Operating grants and contributions	4,885,064	5,070,581	6,172,231	7,168,204	6,876,190	4,929,483	5,114,762	5,631,065	4,931,928	5,958,915
Capital grants and contributions	2,763,722	5,312,633	6,966,317	2,619,401	2,561,524	3,032,801	12,137,864	5,106,620	3,113,261	3,630,406
Total governmental activities program revenues	25,260,741	27,873,838	30,486,772	27,674,753	28,131,237	27,462,739	37,903,073	32,920,275	32,037,348	34,889,913
Business-type activities:										
Charges for services										
Water services	5,087,122	5,379,413	6,727,586	8,914,913	9,057,948	8,839,035	9,114,578	8,849,199	9,225,357	9,029,792
Sewer services	6,450,632	5,691,064	6,010,072	7,249,404	10,422,913	11,962,934	13,210,967	13,724,391	14,244,796	14,602,295
Total charges for services	11,537,754	11,070,477	12,737,658	16,164,317	19,480,861	20,801,969	22,325,545	22,573,590	23,470,153	23,632,087
Capital grants and contributions	1,883,304	1,694,101	3,378,786	2,487,884	1,642,521	784,754	719,148	638,259	876,799	1,397,118
Total business-type activities program revenues	13,421,058	12,764,578	16,116,444	18,652,201	21,123,382	21,586,723	23,044,693	23,211,849	24,346,952	25,029,205
Total primary government program revenues	\$ 38,681,799	\$ 40,638,416	\$ 46,603,216	\$ 46,326,954	\$ 49,254,619	\$ 49,049,462	\$ 60,947,766	\$ 56,132,124	\$ 56,384,300	\$ 59,919,118
<b>Net (Expenses) Revenue</b>										
Governmental activities	\$ (55,920,930)	\$ (54,839,325)	\$ (56,067,719)	\$ (60,706,602)	\$ (63,724,540)	\$ (65,154,092)	\$ (59,770,008)	\$ (67,171,719)	\$ (70,457,957)	\$ (77,335,818)
Business-type activities	2,336,869	779,689	4,259,834	6,204,820	7,165,490	6,508,827	7,013,438	7,158,064	6,989,183	6,588,023
Total primary government net expense	\$ (53,584,061)	\$ (54,059,636)	\$ (51,807,885)	\$ (54,501,782)	\$ (56,559,050)	\$ (58,645,265)	\$ (52,756,570)	\$ (60,013,655)	\$ (63,468,774)	\$ (70,747,795)
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Property taxes	\$ 59,057,518	\$ 63,041,949	\$ 63,648,465	\$ 65,993,838	\$ 67,341,676	\$ 69,226,282	\$ 72,594,154	\$ 73,416,098	\$ 77,272,916	\$ 78,955,625
Interest on taxes	131,228	136,306	270,299	300,578	266,690	371,247	279,531	289,805	208,972	168,675
Grants and contributions not restricted										
to specific programs	1,535,543	1,985,289	1,110,062	1,143,748	1,238,571	989,067	957,070	1,025,926	1,032,133	1,111,547
Special Assessment	-	-	-	-	-	-	-	-	-	1,870,839
Investment income (loss)	972,640	(193,672)	1,084,222	1,520,906	478,214	861,855	1,143,154	252,292	473,465	1,219,261
Other revenues	1,557,015	1,347,592	476,898	960,388	267,608	1,045,112	2,321,745	1,967,808	2,061,211	1,493,503
Gain on sale of capital asset	-	-	-	-	-	1,426,433	-	-	-	-
Permanent fund contributions	2,281	-	3,625	3,120	11,538	11,450	17,731	34,330	27,198	12,980
Total governmental activities	63,256,225	66,317,464	66,593,571	69,922,578	69,604,297	73,931,446	77,313,385	76,986,259	81,075,895	84,832,430
Business-type activities:										
Investment income	363,795	118,477	65,045	50,705	42,733	17,408	239	57,554	98,047	270,077
Other revenues	-	-	2,360	34,720	8,438	70,038	76,852	176,950	196,666	331,554
Total business-type activities	363,795	118,477	67,405	85,425	51,171	87,446	77,091	234,504	294,713	601,631
Total primary government	\$ 63,620,020	\$ 66,435,941	\$ 66,660,976	\$ 70,008,003	\$ 69,655,468	\$ 74,018,892	\$ 77,390,476	\$ 77,220,763	\$ 81,370,608	\$ 85,434,061
<b>Change in Net Assets/Position</b>										
Governmental activities	\$ 7,335,295	\$ 11,478,139	\$ 10,525,852	\$ 9,215,976	\$ 5,879,757	\$ 8,777,354	\$ 17,543,377	\$ 9,814,540	\$ 10,617,938	\$ 7,496,612
Business-type activities	2,700,664	898,166	4,327,239	6,290,245	7,216,661	6,596,273	7,090,529	7,392,568	7,283,896	7,189,654
Total primary government	\$ 10,035,959	\$ 12,376,305	\$ 14,853,091	\$ 15,506,221	\$ 13,096,418	\$ 15,373,627	\$ 24,633,906	\$ 17,207,108	\$ 17,901,834	\$ 14,686,266

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									
	2008	2009	2010	2011	2012	2013 <sup>(3)</sup>	2014	2015	2016	2017
<b>All governmental funds<sup>(1)</sup></b>										
Reserved for encumbrances	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for Inventory	-	21,142	21,287	-	-	-	-	-	-	-
Reserved for advances	156,000	95,000	43,500	-	-	-	-	-	-	-
Reserve for perpetual permanent funds	1,588,492	1,588,492	1,588,492	-	-	-	-	-	-	-
<b>Total Reserved</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>	<b>-</b>	<b>-</b>
Designated Unreserved	16,070,029	16,509,100	18,289,507	-	-	-	-	-	-	-
Undesignated	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	2,271,832	2,247,577
Restricted	-	-	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517
Committed	-	-	-	22,466,249	26,363,315	25,056,206	27,219,500	26,784,433	30,930,948	29,694,220
Assigned	-	-	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660
Unassigned	-	-	-	10,329,071	10,470,953	11,007,797	11,769,423	11,838,381	11,932,667	7,070,449
<b>Total all governmental funds</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>\$ 85,119,611</b>	<b>\$ 85,781,423</b>
<b>General Fund</b>										
Reserved for encumbrances	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001	-	-	-	-	-	-	-
Reserved for advances	156,000	95,000	43,500	-	-	-	-	-	-	-
<b>Total Reserved</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>	<b>-</b>	<b>-</b>
Designated Unreserved	16,070,029	16,509,100	18,289,507	-	-	-	-	-	-	-
Undesignated	7,756,054	9,875,900	10,069,956	-	-	-	-	-	-	-
Nonspendable <sup>(2)</sup>	-	-	-	28,000	6,000	-	-	672,927	610,160	567,160
Committed	-	-	-	19,960,221	22,631,684	22,624,205	26,173,686	24,544,530	27,956,594	26,964,585
Assigned	-	-	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660
Unassigned	-	-	-	10,329,071	10,470,953	11,027,473	11,790,868	12,509,746	13,158,179	14,505,641
<b>Total General Fund</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>\$ 50,612,247</b>	<b>\$ 51,023,046</b>
<b>All other governmental funds</b>										
Inventory	\$ -	\$ 21,142	\$ 21,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for perpetual permanent funds	1,588,492	1,588,492	1,588,492	-	-	-	-	-	-	-
<b>Total Reserved</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>	<b>\$ -</b>	<b>\$ -</b>
Undesignated, reported in:										
Special revenue funds	8,440,924	9,301,673	9,347,520	-	-	-	-	-	-	-
Capital projects funds	11,164,120	10,853,843	20,179,357	-	-	-	-	-	-	-
Permanent funds	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	1,661,672	1,680,417
Restricted	-	-	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517
Committed	-	-	-	2,506,028	3,731,631	2,432,001	1,045,814	2,239,903	2,974,354	2,729,635
Unassigned	-	-	-	-	-	(19,676)	(21,445)	(671,365)	(1,225,512)	(7,435,192)
<b>Total all other governmental funds</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>	<b>\$ 34,507,364</b>	<b>\$ 34,758,377</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									
	2008	2009	2010	2011	2012	2013 <sup>(3)</sup>	2014	2015	2016	2017
<b>Revenues</b>										
Real estate taxes	\$ 59,149,241	\$ 62,507,154	\$ 63,840,741	\$ 65,792,501	\$ 67,203,467	\$ 69,355,426	\$ 72,964,294	\$ 73,635,672	\$ 77,428,695	\$ 78,902,463
Licenses and permits	4,729,604	4,736,101	4,111,438	4,097,592	4,517,610	4,669,868	5,140,721	5,311,858	6,045,153	6,327,360
Intergovernmental	8,958,668	12,406,095	13,942,037	9,933,900	10,270,965	7,936,593	11,214,081	11,195,901	8,684,813	9,572,209
Charges for service	11,999,676	11,770,319	12,326,877	12,887,711	13,309,488	13,885,548	14,657,539	15,938,798	17,393,610	18,030,599
Investment income	972,642	(193,673)	1,084,222	1,520,906	478,213	861,856	1,143,153	252,291	473,465	1,219,261
Interest on taxes	131,228	136,306	270,299	300,578	266,690	371,247	279,531	289,805	208,972	168,675
Fines and costs	924,357	970,280	892,889	853,011	848,243	809,832	747,940	836,479	804,327	890,796
Contributions	139,248	50,283	306,795	871,594	217,658	2,526,208	569,549	602,041	287,408	1,141,640
Special Assessment	-	-	-	-	-	-	-	-	-	187,084
Other	568,229	594,945	441,635	954,176	456,282	715,816	1,850,862	1,424,041	1,696,903	411,561
<b>Total revenues</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>113,023,346</b>	<b>116,851,648</b>
<b>Expenditures</b>										
General government	5,824,517	6,075,631	6,300,028	6,167,661	5,925,769	6,669,587	6,929,207	7,449,378	7,556,377	10,450,462
Public safety	15,260,082	15,368,533	15,980,896	15,791,806	16,145,072	16,246,164	17,162,643	17,415,808	17,892,961	18,730,211
Education	37,735,944	39,733,580	40,600,275	42,223,687	43,426,320	43,274,802	45,679,948	47,346,209	48,242,046	49,875,849
Public works	7,669,166	7,838,831	8,027,090	7,862,765	7,617,764	8,724,410	9,170,490	9,638,677	9,777,531	10,480,446
Health and human services	646,877	705,227	692,997	642,402	607,995	663,744	673,703	588,645	589,457	658,401
Culture and recreation	3,072,046	3,007,027	3,064,439	3,207,984	3,268,232	3,194,516	3,594,783	4,256,940	3,802,522	3,719,880
Community development	1,231,984	1,158,173	2,569,207	799,099	1,649,106	743,466	1,039,811	1,768,051	817,479	1,026,946
Debt service										
Principal	5,127,905	5,682,906	6,107,905	6,327,905	6,327,905	8,257,905	7,394,905	8,092,905	8,610,407	9,452,877
Interest	2,284,850	2,420,957	2,397,714	2,754,978	3,264,915	3,091,322	3,045,212	3,170,237	2,983,390	3,190,755
Capital outlay <sup>(1)</sup>	6,172,464	9,943,934	12,982,848	9,703,505	21,714,928	16,796,251	17,434,367	9,928,572	13,524,700	17,922,741
Intergovernmental	3,578,292	3,628,417	3,949,898	4,201,480	4,181,246	4,426,943	4,667,200	4,832,388	5,100,513	5,203,357
<b>Total expenditures</b>	<b>88,604,127</b>	<b>95,563,216</b>	<b>102,673,297</b>	<b>99,683,272</b>	<b>114,129,252</b>	<b>112,089,110</b>	<b>116,792,269</b>	<b>114,487,810</b>	<b>118,897,383</b>	<b>130,711,925</b>
<b>Excess of revenues</b>										
Over/(under) expenditures	(1,031,234)	(2,585,406)	(5,456,364)	(2,471,303)	(16,560,636)	(10,956,716)	(8,224,599)	(5,000,924)	(5,874,037)	(13,860,277)
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds/loans	8,700,000	5,000,000	17,300,000	-	29,400,000	2,767,000	9,050,000	4,600,000	13,648,000	12,860,000
Issuance of refunding bond	-	-	-	-	17,325,000	-	-	3,335,000	3,040,500	-
Bond/BAN premium	42,083	208,230	512,701	-	4,369,900	184,652	1,233,245	586,229	1,958,633	1,662,089
Transfers in	824,503	1,235,682	1,429,660	3,058,431	2,905,868	1,919,914	1,911,538	3,706,034	2,716,667	4,218,271
Payment to refunded bond escrow agent	-	-	-	-	(19,622,983)	-	-	(3,531,788)	(3,436,502)	-
Transfers out	(824,503)	(1,235,682)	(1,429,660)	(3,058,431)	(2,905,868)	(1,919,914)	(1,911,538)	(3,706,034)	(2,716,667)	(4,218,271)
<b>Total governmental activities</b>	<b>8,742,083</b>	<b>5,208,230</b>	<b>17,812,701</b>	<b>-</b>	<b>31,471,917</b>	<b>2,951,652</b>	<b>10,283,245</b>	<b>4,989,441</b>	<b>15,210,631</b>	<b>14,522,089</b>
<b>Net Change in fund balances</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>	<b>\$ 9,336,594</b>	<b>\$ 661,812</b>
Debt Service as a percentage of non-capitalized expenditures <sup>(2)</sup>	9.06%	9.50%	9.70%	10.14%	10.49%	12.00%	11.33%	10.99%	11.07%	11.48%

<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	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2017	\$ 22,335,872	\$ 811,540	\$ 484,675	\$ 1,998,749	\$ 25,630,836	\$ 11,962,951	\$ 3,790,683	\$ 2,687,548	\$ 18,441,182	\$ 7,189,654	\$ 98,422,916
2016	22,283,052	751,904	435,197	1,171,512	24,641,665	10,947,720	3,457,903	2,952,146	17,357,769	7,283,896	91,233,262
2015	21,362,069	726,695	484,826	872,763	23,446,353	13,280,245	3,347,761	2,531,819	19,159,825	4,286,528	83,949,366
2014	20,961,597	867,053	496,895	796,239	23,121,784	10,590,342	3,132,231	2,308,682	16,031,255	7,090,529	79,662,838
2013	19,622,020	631,727	548,222	872,200	21,674,169	9,810,340	2,950,004	2,317,552	15,077,896	6,596,273	72,572,309
2012	18,421,963	642,677	413,611	1,696,302	21,174,553	9,428,113	2,612,231	1,917,548	13,957,892	7,216,661	65,976,036
2011	15,267,463	624,333	272,521	2,573,309	18,737,626	8,586,943	2,073,581	1,786,857	12,447,381	6,290,245	58,759,375
2010	11,909,267	568,783	259,608	3,446,191	16,183,849	8,026,190	1,995,862	1,834,558	11,856,610	4,327,239	52,469,130
2009	10,227,288	585,696	230,464	1,839,607	12,883,055	8,535,745	1,873,959	1,575,185	11,984,889	898,166	48,141,891
2008	10,695,209	596,662	280,468	2,247,099	13,819,438	8,223,562	1,764,697	1,130,515	11,118,774	2,700,664	47,243,725

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	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2017	\$ 8,129,970	\$ 627,915	\$ 271,907	\$ 857,856	\$ 9,887,648	\$ 5,116,191	\$ 1,737,531	\$ 1,052,899	\$ 7,906,621	\$ 1,981,027	\$ 39,808,460
2016	8,409,115	538,471	277,771	584,481	9,809,838	4,728,684	1,577,929	1,394,727	7,701,340	2,108,498	37,827,433
2015	7,998,954	552,155	298,090	276,604	9,125,803	5,852,601	1,521,953	937,092	8,311,646	814,157	35,718,935
2014	8,191,372	618,554	304,652	142,381	9,256,959	4,712,670	1,419,960	879,823	7,012,453	2,244,506	34,904,778
2013	8,023,896	431,680	383,459	102,743	8,941,778	4,212,763	1,370,019	1,038,229	6,621,011	2,320,767	32,660,272
2012	8,321,997	465,232	268,109	78,336	9,133,674	3,859,673	1,198,958	847,244	5,905,875	3,227,799	30,339,505
2011	8,302,713	422,694	189,506	141,291	9,056,204	3,730,792	731,813	902,977	5,365,582	3,690,622	27,111,706
2010	6,115,419	430,914	181,253	123,570	6,851,156	3,598,521	686,804	938,468	5,223,793	1,627,363	23,421,084
2009	4,759,495	448,697	158,447	98,454	5,465,093	3,762,879	666,409	326,671	4,755,959	709,134	21,793,721
2008	4,422,348	472,406	192,368	87,433	5,174,555	3,608,206	585,529	186,436	4,380,171	794,384	21,084,587

**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	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2017	\$ 14,205,902	\$ 183,625	\$ 212,768	\$ 1,140,893	\$ 15,743,188	\$ 6,846,760	\$ 2,053,152	\$ 1,634,649	\$ 10,534,561	\$ 5,208,627	\$ 58,614,456
2016	13,873,937	213,433	157,426	587,031	14,831,827	6,219,036	1,879,974	1,557,419	9,656,429	5,175,398	53,405,829
2015	13,363,115	174,540	186,736	596,159	14,320,550	7,427,644	1,825,808	1,594,727	10,848,179	3,472,371	48,230,431
2014	12,770,225	248,499	192,243	653,858	13,864,825	5,877,672	1,712,271	1,428,859	9,018,802	4,846,023	44,758,060
2013	11,598,124	200,047	164,763	769,457	12,732,391	5,597,577	1,579,985	1,279,323	8,456,885	4,275,506	39,912,037
2012	10,099,966	177,445	145,502	1,617,966	12,040,879	5,568,440	1,413,273	1,070,304	8,052,017	3,988,862	35,636,531
2011	6,964,750	201,639	83,015	2,432,018	9,681,422	4,856,151	1,341,768	883,880	7,081,799	2,599,623	31,847,669
2010	5,793,848	137,869	78,355	3,322,621	9,332,693	4,427,669	1,309,058	896,090	6,632,817	2,699,876	29,048,076
2009	5,467,793	136,999	72,017	1,741,153	7,417,962	4,772,866	1,207,550	1,248,514	7,228,930	189,032	26,348,140
2008	6,272,861	124,256	88,100	2,159,666	8,644,883	4,615,356	1,179,168	944,079	6,738,603	1,906,280	26,159,138

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>
2017	\$ 80,717,918	\$ 168,577	\$ 168,675	\$ 81,055,170
2016	77,191,614	119,625	208,972	77,520,211
2015	73,492,844	142,828	289,805	73,925,477
2014	72,721,967	143,413	279,531	73,144,911
2013	69,241,043	114,383	371,247	69,726,673
2012	67,008,930	194,537	266,690	67,470,157
2011	65,639,699	152,802	300,578	66,093,079
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

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
2017	\$ 80,300,633	\$ 78,661,704	98.0%	\$ 1,638,929	\$ -	\$ 1,638,929	\$ 78,661,704	98.0%	8,567	113	1.3%
2016	78,413,113	76,816,032	98.0%	1,597,081	1,401,587	195,494	78,217,619	99.8%	8,536	112	1.3%
2015	74,936,960	73,219,903	97.7%	1,717,057	1,608,513	108,544	74,828,415	99.9%	8,559	121	1.4%
2014	72,401,876	70,320,311	97.1%	2,081,565	2,040,457	41,108	72,360,767	99.9%	8,540	133	1.6%
2013	70,007,505	67,688,563	96.7%	2,318,942	2,279,302	39,640	69,967,864	99.9%	8,522	172	2.0%
2012	67,841,808	65,297,485	96.2%	2,544,323	2,544,197	126	67,841,682	100.0%	8,457	208	2.5%
2011	67,027,315	64,531,067	96.3%	2,496,248	2,496,122	127	67,027,188	100.0%	8,360	214	2.6%
2010	64,141,858	61,788,074	96.3%	2,353,785	2,320,351	33,434	64,108,424	99.9%	8,321	204	2.5%
2009	63,263,633	61,011,224	96.4%	2,252,409	2,252,133	276	63,263,357	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%

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>					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 Estimated Full Value
	Current Use/ Conservation	Residential	Commercial/ Industrial	Utilities	Total Assessed Value					
2017	\$ 56,064	\$ 2,579,500,900	\$ 2,026,331,316	\$212,424,771	\$ 4,818,313,051	\$ 46,608,500	\$ 4,771,704,551	\$ 15.95	\$ 5,713,043,888	84.3%
2016	57,856	2,538,551,208	2,016,983,163	219,583,616	4,775,175,843	47,333,200	4,727,842,643	15.71	5,166,602,923	92.4%
2015	57,450	2,362,869,900	1,670,440,660	198,604,095	4,231,972,105	49,603,300	4,182,368,805	16.94	4,924,402,209	85.9%
2014	61,620	2,327,198,200	1,612,709,460	206,444,495	4,146,413,775	49,810,200	4,096,603,575	16.77	4,526,473,144	91.6%
2013	79,920	2,303,569,472	1,588,643,960	200,685,995	4,092,979,347	49,212,300	4,043,767,047	16.46	4,281,196,422	95.6%
2012	79,620	2,272,393,300	1,552,957,800	194,836,478	4,020,267,198	48,822,500	3,971,444,698	16.22	4,174,795,440	96.3%
2011	105,400	2,258,277,800	1,514,466,100	181,789,500	3,954,638,800	51,607,000	3,903,031,800	16.33	4,088,268,814	96.7%
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%

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 2017 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>FY 2008 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Public Service Co of NH	Utility	\$ 174,420,558	1	3.66%	\$ 162,212,511	1	4.35%
HCA Health Services of NH Inc.	Hospital	82,410,300	2	1.73%	53,732,000	2	1.44%
Branford Holding LLC-10 years ago TGM Beechstone LLC	Apartment Complex	46,882,900	3	0.98%	30,510,000	4	
Service Credit Union	Bank	41,140,900	4	0.86%			
Liberty Mutual Insurance	Office Building	35,435,100	5	0.74%	44,861,800	3	1.20%
Hanover Apartments LLC	Apartments	32,461,200	6	0.68%			
Northern Utilities	Utility	26,804,000	7	0.56%			
Kanerd Development LLC	Industrial Building	25,562,100	8	0.54%			
Harborside Assoc.	Hotel	24,877,400	9	0.52%	23,624,700	5	0.63%
Inishmaan Assoc LTD Partnership	Apartments	24,040,900	10	0.50%	18,787,190	9	
DPF 1600 Woodbury Ave LLC (Durgin Sq&DSP&Endicott)	Retail				20,812,800	6	0.56%
Bromley Portsmouth LLC	Retail				20,184,700	7	0.54%
Harborside Assoc.	Office Building				18,988,200	8	0.51%
Wal-Mart Real Est Business TR	Reatail				16,079,400	10	0.43%
Total Principal Taxpayers							
		<u>\$ 514,035,358</u>		10.77%	<u>\$ 409,793,301</u>		10.98%
Total Net Assessed Taxable Value		<u><u>\$ 4,771,704,551</u></u>			<u><u>\$ 3,730,985,415</u></u>		

Data Source:

City of Portsmouth Assessing Department

# City of Portsmouth, New Hampshire

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

Fiscal Year	City Direct Rates					Overlapping Rate	Estimated Full Value Rate	
	City	Local School	State School <sup>(1)</sup>	Total School	Total Direct	County	Total	Rate
2017	\$ 8.13	\$ 5.41	\$ 2.41	\$ 7.82	\$ 15.95	\$ 1.09	\$ 17.04	\$ 14.15
2016	8.07	5.33	2.31	7.64	15.71	1.08	16.79	15.28
2015	8.80	5.61	2.53	8.14	16.94	1.16	18.10	15.28
2014	8.72	5.56	2.49	8.05	16.77	1.14	17.91	16.11
2013	8.55	5.49	2.42	7.91	16.46	1.09	17.55	16.48
2012	8.42	5.34	2.46	7.80	16.22	1.05	17.27	16.33
2011	8.50	5.40	2.43	7.83	16.33	1.08	17.41	16.51
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

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
2017	\$ 8,021,380	\$ 14,710,029	1,688,000	1,125,000	\$ 4.15/5.00	\$ 12.24/13.47	\$ 16.39/18.47
2016	7,805,987	14,126,590	1,642,974	1,123,800	4.15/5.00	11.77/12.95	15.92/17.95
2015	7,433,983	13,899,608	1,565,239	1,160,278	4.15/5.00	11.21/12.34	15.36/17.34
2014	7,300,831	13,100,514	1,538,972	1,151,863	4.15/5.00	10.68/11.75	14.83/16.75
2013	7,549,916	10,389,358	1,577,620	1,020,971	4.15/5.00	9.54/10.49	13.69/15.49
2012	7,369,573	8,907,408	1,577,620	1,020,971	4.15/5.00	8.29/9.11	12.44/14.11
2011	7,914,865	6,702,250	1,687,128	1,157,405	4.15/5.00	5.50/6.05	9.65/11.05
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

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
2016	\$ 5,651,979,770	\$ 61,064,118	\$ 5,713,043,888	\$ 49,090,222,780	11.6378447%	2017	\$ 46,916,696	\$ 5,203,357	\$ 102,846	2.0%
2015	5,118,914,757	47,688,166	5,166,602,923	46,585,299,985	11.0906293%	2016	46,013,873	5,100,511	268,123	5.5%
2014	4,871,579,273	52,822,935	4,924,402,208	44,425,117,020	11.0847253%	2015	44,809,156	4,832,388	165,188	3.5%
2013	4,481,154,370	45,318,774	4,526,473,144	41,972,510,217	10.7843756%	2014	43,873,563	4,667,200	240,257	5.4%
2012	4,238,460,159	42,736,264	4,281,196,423	40,244,948,862	10.6378478%	2013	43,141,885	4,426,943	245,697	5.9%
2011	4,129,016,814	45,778,625	4,174,795,439	40,684,633,568	10.2613569%	2012	41,991,666	4,181,246	(20,234)	-0.5%
2010	4,044,429,991	43,838,823	4,088,268,814	41,057,907,008	9.9573240%	2011	42,232,608	4,201,480	251,582	6.4%
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%

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**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Issued Debt at June 30</b>										
City Depts.	\$ 28,049,999	\$ 29,529,999	\$ 27,385,000	\$ 24,020,000	\$ 27,555,001	\$ 25,727,000	\$ 27,511,103	\$ 27,609,999	\$ 31,358,500	\$ 34,413,500
City-Unamortized Bond Premium	39,979	37,875	148,923	141,161	847,236	954,977	1,741,039	2,162,776	3,527,421	4,171,793
Landfill	2,374,572	2,161,666	1,948,760	1,735,855	1,522,951	1,310,048	1,097,144	884,238	671,332	458,427
School Dept.	29,000,000	27,050,000	40,600,000	37,850,000	55,925,000	52,475,000	51,915,000	49,055,000	50,397,607	50,962,635
School-Unamortized Bond Premium	715,300	664,207	1,012,662	941,592	4,526,586	4,186,573	4,198,367	3,865,809	3,926,897	3,773,863
Total Governmental Funds	60,179,850	59,443,747	71,095,345	64,688,608	90,376,774	84,653,598	86,462,654	83,577,822	89,881,757	93,780,218
Water Fund	4,883,520	22,455,992	22,028,464	20,929,382	19,606,919	23,037,202	24,971,873	28,040,824	29,724,796	29,832,268
Water-Unamortized Bond Premium	-	627,995	596,597	565,192	533,796	502,396	883,158	993,224	2,288,399	2,236,248
Sewer Fund	18,832,750	23,289,050	20,814,451	20,336,083	33,813,720	36,705,514	52,926,789	50,381,197	50,785,603	50,340,010
Sewer-Unamortized Bond Premium	-	-	-	-	772,748	870,421	2,414,740	2,323,564	2,567,959	2,664,321
Total Issued Debt at June 30	\$ 83,896,120	\$ 105,816,783	\$ 114,534,857	\$ 106,519,264	\$ 145,103,957	\$ 145,769,131	\$ 167,659,214	\$ 165,316,631	\$ 175,248,514	\$ 178,853,065
<b>Authorized Unissued Debt June 30</b>										
City Depts.	\$ 27,500,000	\$ 12,500,000	\$ -	\$ 6,900,000	\$ -	\$ 1,600,000	\$ 1,600,000	\$ 24,800,000	\$ 23,352,000	\$ 23,200,000
Landfill	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897
School Dept.	-	-	22,500,000	22,500,000	-	3,300,000	-	5,025,000	5,025,000	5,000,000
Total Governmental Funds	32,141,897	17,141,897	27,141,897	34,041,897	4,641,897	9,541,897	6,241,897	34,466,897	33,018,897	32,841,897
Water Fund	11,420,000	18,420,000	18,475,000	18,162,303	18,162,303	13,162,303	13,162,303	-	-	-
Sewer Fund	23,201,890	19,970,992	19,066,245	19,996,531	16,206,299	8,706,299	3,110,425	-	75,000,000	75,000,000
Total Authorized Unissued Debt June 30	\$ 66,763,787	\$ 55,532,889	\$ 64,683,142	\$ 72,200,731	\$ 39,010,499	\$ 31,410,499	\$ 22,514,625	\$ 34,466,897	\$ 108,018,897	\$ 107,841,897
<b>Gross Debt June 30</b>										
City Depts.	\$ 55,589,978	\$ 42,067,874	\$ 27,533,923	\$ 31,061,161	\$ 28,402,237	\$ 28,281,977	\$ 30,852,142	\$ 54,572,775	\$ 58,237,921	\$ 61,785,293
Coakley Landfill	7,016,469	6,803,563	6,590,657	6,377,752	6,164,848	5,951,945	5,739,041	5,526,135	5,313,229	5,100,324
School Dept.	29,715,300	27,714,207	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498
Total Governmental Funds	92,321,747	76,585,644	98,237,242	98,730,505	95,018,671	94,195,495	92,704,551	118,044,719	122,900,654	126,622,115
Water Fund	16,303,520	41,503,987	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516
Sewer Fund	42,034,640	43,260,042	39,880,696	40,332,614	50,020,019	46,282,234	58,451,954	52,704,761	128,353,562	128,004,331
Total Gross Debt June 30	\$ 150,659,907	\$ 161,349,672	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962
<b>Base Value for Debt Limits (1)</b>										
	\$ 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	\$ 5,118,914,757	\$ 5,651,979,770
<b>Legal Debt Limits (% of Base Value)</b>										
City - 3% (2)	\$ 122,519,448	\$ 127,348,187	\$ 123,367,723	\$ 121,332,900	\$ 123,870,504	\$ 127,153,805	\$ 134,434,631	\$ 146,147,378	\$ 153,567,443	\$ 169,559,393
School - 7% (2)	285,878,712	297,145,770	287,858,019	283,110,099	289,031,177	296,692,211	313,680,806	341,010,549	358,324,033	395,638,584
Water - 10% (2)	408,398,159	424,493,957	411,225,742	404,442,999	412,901,681	423,846,016	448,115,437	487,157,927	511,891,476	565,197,977
<b>Debt Against Legal Debt Limits</b>										
City Depts.	55,589,978	42,067,874	27,533,923	31,061,161	28,402,237	28,281,977	30,852,142	54,572,775	58,237,921	61,785,293
School Dept.	29,715,300	27,714,207	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498
Water Fund	16,303,520	41,503,987	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516
Exempt from Legal Debt Limits (3)	49,051,109	50,063,605	46,471,353	46,710,366	56,957,615	52,234,179	64,190,995	58,230,896	133,666,791	133,104,655
Total Debt at June 30	\$ 150,659,907	\$ 161,349,672	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962
<b>Unused Capacity of Legal Debt Limits</b>										
City Depts.	\$ 66,929,470	\$ 85,280,313	\$ 95,833,800	\$ 90,271,739	\$ 95,468,267	\$ 98,871,827	\$ 103,582,489	\$ 91,574,603	\$ 95,329,522	\$ 107,774,100
School Dept.	256,163,412	269,431,563	223,745,357	221,818,508	228,579,591	236,730,638	257,567,439	283,064,740	298,974,529	335,902,086
Water Fund	392,094,639	382,989,970	370,125,681	364,786,122	374,598,663	387,144,115	409,098,103	458,123,879	479,878,281	533,129,461
<b>% of Legal Debt Limits Used</b>										
City Depts.	45.4%	33.0%	22.3%	25.6%	22.9%	22.2%	22.9%	37.3%	37.9%	36.4%
School Dept.	10.4%	9.3%	22.3%	21.6%	20.9%	20.2%	17.9%	17.0%	16.6%	15.1%
Water Fund	4.0%	9.8%	10.0%	9.8%	9.3%	8.7%	8.7%	6.0%	6.3%	5.7%

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

Governmental Activities - General Obligation Debt and State Revolving Loans						
Fiscal Year	City Depts.	School Dept.	Total	Debt per Capita	% of Debt to Personal Income	
2017	\$ 39,043,720	\$ 54,736,498	\$ 93,780,218	\$ 4,357	9.7%	
2016	35,557,253	54,324,504	89,881,757	4,181	9.3%	
2015	30,657,013	52,920,809	83,577,822	3,894	9.1%	
2014	30,349,286	56,113,367	86,462,654	4,063	10.2%	
2013	27,992,025	56,661,573	84,653,598	3,979	10.1%	
2012	29,925,188	60,451,586	90,376,774	4,262	10.8%	
2011	25,897,016	38,791,592	64,688,608	3,047	8.5%	
2010	29,482,683	41,612,662	71,095,345	3,440	9.0%	
2009	31,729,540	27,050,000	58,779,540	2,864	7.7%	
2008	30,424,571	29,000,000	59,424,571	2,883	8.0%	

Business-Type Activities - General Obligation Debt and State Revolving Loans						
Fiscal Year	Water Fund	Sewer Fund	Total	Debt per capita	% of Debt to Personal Income	
2017	\$ 32,068,516	\$ 53,004,331	\$ 85,072,847	\$ 3,952	8.8%	
2016	32,013,195	53,353,562	85,366,757	3,971	8.8%	
2015	29,034,048	52,704,761	81,738,809	3,808	8.9%	
2014	25,855,031	55,341,529	81,196,560	3,816	9.6%	
2013	23,539,598	37,575,935	61,115,533	2,873	7.3%	
2012	20,140,715	34,586,468	54,727,183	2,581	6.6%	
2011	21,494,574	20,336,083	41,830,657	1,970	5.5%	
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%	

Fiscal Year	Total Debt Primary Government	Debt per capita	% of Debt to Personal Income
2017	\$ 178,853,065	8,309	18.4%
2016	175,248,514	8,153	18.1%
2015	165,316,631	7,702	18.0%
2014	167,659,214	7,879	19.8%
2013	145,769,131	6,852	17.4%
2012	145,103,957	6,843	17.4%
2011	106,519,264	5,017	14.0%
2010	114,534,857	5,542	14.5%
2009	104,524,582	5,094	13.7%
2008	83,140,841	4,034	11.2%

Data Source:  
Finance Department Records

## City of Portsmouth, New Hampshire

### Direct and Overlapping Governmental Activities Debt As of June 30, 2017.

	<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	2016	\$6,416,914	11.6378447%	\$ 746,790
			Subtotal, Overlapping Debt	<u>746,790</u>
City of Portsmouth Direct Debt				<u>93,780,218</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 94,527,008</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, 2016.

<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

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

Fiscal Year	Governmental Activities			Fiscal Year	Business Type Activities			Fiscal Year	Primary Government		
	General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value		General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value		General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value
2017	\$ 93,321,791	\$ 4,336	1.6%	2017	\$ 58,847,067	\$ 2,734	1.0%	2017	\$ 152,168,858	\$ 7,070	2.7%
2016	89,210,425	4,150	1.7%	2016	\$ 56,342,856	\$ 2,621	1.1%	2016	\$ 145,553,281	\$ 6,771	2.8%
2015	82,693,584	3,853	1.7%	2015	\$ 49,916,787	\$ 2,326	1.0%	2015	\$ 132,610,371	\$ 6,179	2.7%
2014	85,365,510	4,012	1.9%	2014	\$ 46,542,896	\$ 2,187	1.0%	2014	\$ 131,908,406	\$ 6,199	2.9%
2013	83,343,550	3,918	1.9%	2013	\$ 29,216,820	\$ 1,373	0.7%	2013	\$ 112,560,370	\$ 5,291	2.6%
2012	88,853,823	4,190	2.1%	2012	\$ 26,763,387	\$ 1,262	0.6%	2012	\$ 115,617,210	\$ 5,452	2.8%
2011	62,952,753	2,965	1.5%	2011	\$ 16,988,874	\$ 800	0.4%	2011	\$ 79,941,627	\$ 3,765	2.0%
2010	69,146,585	3,346	1.7%	2010	\$ 18,987,116	\$ 919	0.5%	2010	\$ 88,133,701	\$ 4,264	2.1%
2009	57,282,081	2,792	1.3%	2009	\$ 19,542,360	\$ 952	0.5%	2009	\$ 76,824,441	\$ 3,744	1.8%
2008	57,805,278	2,805	1.4%	2008	\$ 3,960,000	\$ 192	0.1%	2008	\$ 61,765,278	\$ 2,997	1.5%

Data Source:  
Finance Department Records

# City of Portsmouth, New Hampshire

## Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rates <sup>(3)</sup>		
				City of Portsmouth	State of NH	US
2017	21,524 <sup>(1)</sup>	\$ 969,914,488	\$ 45,062 <sup>(5)</sup>	2.0%	2.9%	4.4%
2016	21,496 <sup>(1)</sup>	968,652,752	45,062 <sup>(5)</sup>	1.9%	2.8%	4.9%
2015	21,463 <sup>(1)</sup>	916,985,212	42,724 <sup>(5)</sup>	2.7%	3.8%	5.3%
2014	21,280 <sup>(1)</sup>	847,752,640	39,838 <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%

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	2017			2008		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
US Dept of State Consular Center <sup>(2)</sup>	Passport/Visa services	1,633	1	5.01 %			
Liberty Mutual	Insurance	1,015	2	3.12	837	3	2.89 %
HCA Hospital	Hospital	1,100	3	3.38	1,150	1	3.97
Lonza Biologics	Biotechnology	879	4	2.70	650	5	2.25
City of Portsmouth (FTEs)	Municipal services	734	5	2.25	719	4	2.48
Bottomline technologies	Software	454	6	1.39			
John Hancock	Finance	400	7	1.23			
Highliner Foods	Food Processor	324	8	0.99			
Service Credit Union	Banking	287	9	0.88			
Erie Scientific/Thermo Fisher	Laboratory equipment	285	10	0.87	350	7	1.21
US Dept of State National Passport Center <sup>(2)</sup>	Passport Services				900	2	3.11
US Dept of State National Visa Center <sup>(2)</sup>	Visa services				550	6	1.90
Direct Capital	Commercial Leasing				326	8	
Newmarket International	Software				252	9	0.87
LabCorp	Medical Lab				225	10	0.78
<b>Total Principal Employers</b>		<b>7,111</b>		<b>21.83 %</b>	<b>5,959</b>		<b>19.46 %</b>
<b>Total City Employment <sup>(1)</sup></b>		<b>32,579</b>			<b>28,941</b>		

Data Source:  
NH Employment Security-NH Community Profiles

#### Notes

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

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

# City of Portsmouth, New Hampshire

## Operating Indicators by Function Last Ten Fiscal Years

Function <sup>(1)</sup>	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Taxable property parcels assessed	8,268	8,299	8,321	8,360	8,457	8,522	8,540	8,559	8,536	8,601
Registered Voters	17,461	19,188	17,945	18,463	13,858	17,047	15,894	18,807	17,069	17,939
Votes Cast:										
Municipal Election	4,142		3,904		3,654		4,755		4,673	
State Primary		2,009		2,812		3,318		2,273		3,525
State General Election				8,434				9,339		13,556
Presidential Primary	9,586				4,832				9,842	
Presidential General		13,135				13,215				13,556
Building Permits	2,137	1,974	1,981	2,146	2,184	2,265	2,433	2,502	3,086	3,259
Estimated construction value	\$89,800,000	\$69,142,992	\$51,243,703	\$40,900,000	\$105,094,218	\$54,033,264	\$73,323,755	\$73,308,353	\$126,249,200	\$134,395,844
Public Safety										
Police <sup>(2)</sup>										
Service Calls	38,248	35,931	33,742	31,115	36,782	38,673	39,963	40,820	40,019	49,423
Number of Arrests	1,553	1,361	1,266	1,189	1,137	1,113	1,144	1,033	1,063	1,103
Traffic Activity:										
Number of MV Stops										
Summons/Citation	1,444	1,133	798	838	458	345	278	273	343	2,022
Written Warning	5,645	4,683	2,560	3,072	1,784	1,683	2,003	2,532	3,339	4,662
Verbal Warning or No Action	3,484	2,807	2,325	3,166	2,994	2,403	2,381	3,627	4,414	4,833
Total MV Stops	10,573	8,623	5,683	7,076	5,236	4,431	4,662	6,432	8,096	11,517
Accidents	763	773	703	1,057	1,112	1,121	692	734	678	663
DWI arrests	117	131	89	68	51	57	49	68	55	100
Fire and EMS										
Fire Rescue	2,287	2,535	2,570	2,472	2,473	2,553	2,418	2,776	2,670	2,845
Ambulance	2,338	2,447	2,562	2,970	3,026	3,134	3,124	3,211	3,452	3,576
Education <sup>(3)</sup>										
High School Fall Enrollment	1,073	1,052	1,072	1,120	1,100	1,129	1,075	1,077	1,110	1,117
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	64,901	62,803	58,291	52,806	57,218	48,357	43,371	39,371	48,268	43,997
Streets resurfaced (miles)	3.77	4.20	2.80	0.86	6.69	5.75	9.70	6.50	3.80	2.10
Human Services - General Assistance										
Number of applicants	586	845	681	628	597	684	616	423	348	303
Culture and Recreation										
Public Library										
Circulation of materials	443,371	484,735	488,630	476,721	474,687	449,548	424,828	421,739	413,734	411,840
Annual visits	285,495	293,772	455,834	295,682	275,698	295,485	329,771	321,131	352,962	378,351
Water System:										
Water main breaks	26	32	41	10	27	29	37	31	29	21
Daily average consumption (millions of gallons)	4.7	4.4	4.4	4.5	4.6	4.4	4.7	4.5	4.6	3.9
Peak daily consumption (millions of gallons)	5.7	5.3	5.0	5.2	7.1	7.1	5.6	6.0	6.3	6.1
Sewage System:										
Daily average treatment (millions of gallons)	5.6	6.8	6.7	5.9	5.8	5.4	4.2	5.0	3.7	4.4

Data Source:

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

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

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



# City of Portsmouth, New Hampshire

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	30	30	30	30	30	30	30	30	30	30
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	18	18	18	19	19	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	105	105	105	105	105	105	105	105
Number of bridges	16	16	15	15	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	2	2	2	2	2	2	3
Number of boat dock facilities	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	10	10	10	10	10	10
Water system:										
Miles of water mains	175	175	175	175	175	176	174	174	174	174
Number of service connections	7,887	7,888	7,915	7,955	7,963	8,035	8,023	8,038	8,096	8,100
Storage capacity in gallons (millions of gallons)	9.5	9.5	9.5	9.5	10.4	10	10	10	10	10
Maximum daily capacity of plant (millions of gallons)	4.2	4.2	4.2	4.2	4.2	5.0	4.5	4.5	4.5	4.5
Number of fire hydrants	1,072	1,081	1,081	1,087	970	970	1,013	1,017	1,034	1,036
Sewage System:										
Miles of sanitary sewers	107	107	107	108	108	108	106	107	106	106
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,252	6,284	6,293	6,310	6,342	6,244	6,392	6,404	6,427	6,475
Maximum daily capacity of treatment (millions of gallons)	24.0	24.0	24.0	24.0	24.0	24.0	25.3	25.3	25.3	25.3

Data Source:  
Various city departments

# City of Portsmouth, New Hampshire

## City Government Employees by Function - Full Time Equivalents

Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	18.0	17.8	17.8	17.0	17.6	17.6	17.8	20.3	21.4	22.6
Human Resources	3.0	3.0	3.0	3.4	3.4	4.0	5.0	5.0	4.0	4.0
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	6.0	6.0	5.0	5.0	5.5	5.5	6.0	6.6	8.0
Planning	6.2	6.2	6.2	6.2	5.0	6.0	7.5	7.5	8.5	8.5
Inspection	4.5	4.5	4.5	4.5	4.5	4.5	5.1	5.1	5.7	5.8
Health	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.2	2.2
<b>Total General Government</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>47.3</b>	<b>50.4</b>	<b>53.4</b>	<b>56.0</b>
<b>Public Safety</b>										
Police - Sworn Officers:										
General Fund Funded	63.6	65.1	64.1	64.0	61.0	59.6	59.2	60.2	58.7	60.7
Grant Funded	4.4	2.9	2.9	1.0	1.0	2.4	1.8	1.8	3.3	3.3
Dispatch	10.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0
Parking Enforcement										
Police - Non-sworn employees:										
General Fund Funded	12.2	12.4	10.4	9.0	9.0	8.9	9.0	10.8	10.8	11.4
Grant Funded	0.9	0.6	0.6	2.0	2.0	2.1	0.5	0.5	0.5	0.6
<b>Total Police Department</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>83.3</b>	<b>84.3</b>	<b>87.0</b>
Fire and Rescue	60.0	61.0	61.0	59.0	59.0	60.0	60.0	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>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>144.8</b>	<b>145.8</b>	<b>148.5</b>
<b>Education</b>										
Administrators	14.0	14.1	14.1	14.1	12.2	13.2	13.2	13.2	13.7	13.7
Teachers	253.9	254.7	253.2	241.9	233.9	241.8	240.96	243.00	243.5	245.4
Clerical	23.8	23.3	22.8	22.5	21.7	20.7	20.7	20.7	20.9	20.9
Paraprofessional	41.4	49.1	46.5	40.0	45.4	43.2	42.7	41.0	44.0	43.2
School custodians	24.3	24.3	24.3	23.9	23.9	25.4	24.9	26.0	25.9	25.9
Security	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technicians	7.0	6.9	6.9	7.8	7.0	7.0	7.0	7.0	7.0	7.0
System maintenance	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Total Education</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>360.0</b>	<b>361.1</b>
<b>Public Works</b>										
General Fund functions	60.0	60.7	60.7	60.7	58.5	58.5	59.3	58.1	54.2	54.4
Parking Fund	14.5	14.5	16.9	16.9	16.9	17.5	18.7	18.2	23.8	26.3
Water	24.8	24.8	24.8	24.3	23.3	22.3	22.6	22.9	26.9	26.5
Sewer	23.4	23.4	23.4	22.8	22.8	24.0	27.4	27.4	29.6	30.3
<b>Total Public Works</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>134.5</b>	<b>137.4</b>
<b>Culture and Recreation</b>										
Recreation	8.5	8.5	7.5	4.5	4.5	5.2	5.3	5.8	5.7	5.7
Public Library	15.0	16.0	15.0	20.2	20.2	21.7	20.9	20.9	20.9	21.8
<b>Total Culture and Recreation</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>26.6</b>	<b>27.5</b>
<b>Human Services</b>										
Welfare	2.0	2.0	1.5	1.5	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>1.5</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>1.5</b>
<b>Community Development</b>										
Community Development	3.9	3.2	2.1	2.1	1.4	1.3	1.3	1.6	2.3	1.9
UDAG	1.0	1.0	1.0	1.1	1.1	1.2	1.2	2.2	1.2	1.0
<b>Total Community Development</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>3.5</b>	<b>2.9</b>
<b>Total All Functions</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>701.8</b>	<b>709.6</b>	<b>725.1</b>	<b>734.8</b>
<b>Percent of Total</b>										
General Government	6.1%	6.0%	6.1%	6.1%	6.1%	6.3%	6.7%	7.1%	7.4%	7.6%
Public Safety	21.2%	21.1%	20.9%	21.0%	21.0%	20.7%	20.2%	20.4%	20.1%	20.2%
Education	51.5%	51.8%	51.8%	50.9%	51.0%	51.0%	50.5%	50.2%	49.7%	49.1%
Public Works	17.0%	16.9%	17.4%	17.8%	17.7%	17.5%	18.2%	17.8%	18.5%	18.7%
Culture and Recreation	3.3%	3.4%	3.1%	3.5%	3.6%	3.9%	3.7%	3.8%	3.7%	3.7%
Human Services	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Community Development	0.7%	0.6%	0.4%	0.5%	0.4%	0.4%	0.3%	0.5%	0.5%	0.4%
<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.