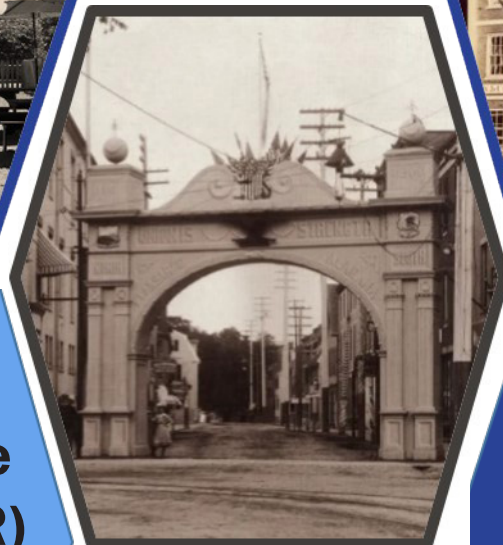




PORTSMOUTH NH  
**P400**  
 HISTORY LIGHTS OUR WAY  
 1623 - 2023



FY 2023



**Fiscal Year 2023**  
 (July 1, 2022 - June 30, 2023)  
**Annual Comprehensive  
 Financial Report (ACFR)**  
*City of Portsmouth, New Hampshire*

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**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2023**



**Prepared by:  
The Finance Department**

**Judith Belanger  
Director of  
Finance and Administration**

**Andrew Purgiel  
Deputy Finance Director**

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**City of Portsmouth, New Hampshire**  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023

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# Office of Finance and Administration



1 Junkins Avenue  
Portsmouth, New Hampshire 03801

December 18, 2023

To the Honorable Mayor,  
Members of the City Council,  
And Citizens of the City of Portsmouth

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Portsmouth as of June 30, 2023.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

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

## INDEPENDENT AUDIT

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

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

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

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

## **GOVERNMENT PROFILE**

### **HISTORY**

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

### **ORGANIZATION OF THE GOVERNMENT**

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

The School Board consists of nine elected citizens of Portsmouth. The School Board sets policies and goals and has line item control over

its annual budget; however, the City Council is responsible for the funding of the School Department.

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

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

### **SERVICES PROVIDED**

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

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

### **BUDGET PROCESS**

The City's fiscal year begins on July 1<sup>st</sup> of each year and ends the following June 30<sup>th</sup>. As required by the City of Portsmouth's Charter, the City Manager submits a recommended six-year Capital Improvement Plan three months before the final submission date of the fiscal year recommended budget. The fiscal year

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

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

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

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

**IMPLEMENTATION OF GASB 96**

The City implemented for year-ended June 30, 2023, GASB-96 Subscription Based Information Technology Arrangements (SBITAs).

**ECONOMIC CONDITIONS**

**EMPLOYMENT**

Portsmouth serves as the economic and cultural hub of seacoast New Hampshire. Despite its relatively small population (22,431), it is home to the third-largest number of companies in the state behind the considerably larger cities of Manchester (pop. 116,543) and Nashua (pop. 92,657).

The most recent data indicates unemployment rates continue to improve. The City’s unemployment rate has steadily declined from the record levels achieved as a result of mandated business closures in 2020 during the pandemic and has fallen below pre-pandemic levels of 2019. Portsmouth shares the nationwide challenge of a labor shortage due to decreased childcare capacity and increased voluntary exiting from the workforce. The chart below illustrates the impact of the pandemic on the workforce by comparing the months of January through June for the pre-pandemic year of 2019 to 2020, and through 2021 and 2023.

According to the NH Employment Security Office, the total average quarterly employment at the end of the fourth quarter of 2022 for Portsmouth businesses was 33,509 compared to 32,933 jobs at the end of 2021, an increase of 576 jobs. During the reporting period Q4 through June 2023, average weekly wages decreased to \$1,681 from \$1,723.

Portsmouth Unemployment 2019-2023					
Month	2019	2020	2021	2022	2023
Jan	2.5%	2.4%	3.6%	3.1%	2.4%
Feb	2.3%	2.3%	2.7%	2.4%	1.9%
March	2.3%	2.6%	2.8%	2.4%	1.9%
April	2.2%	16.5%	2.2%	2.0%	1.2%
May	2.1%	13.0%	1.8%	1.8%	1.4%
June	2.1%	7.50%	2.4%	1.8%	1.7%

Source: NH Economic & Labor market Information Bureau (NH ELMI)

As of June 30, 2023, the Portsmouth unemployment rate was 1.7%; lower than the 1.8% posted for June 30, 2022. The respective rates for the state of New Hampshire, New England, and the nation in June 2023 were 1.7%, 2.7%, and 3.5%. The following chart illustrates how Portsmouth’s unemployment rate consistently ranks below the state, region, and nation from June 30, 2017 – June 30, 2023.

Annual Average Unemployment Rate (%) (Source NH Economic & Labor Market Information Bureau)							
	2017	2018	2019	2020	2021	2022	<b>2023</b>
U.S.	4.4	4.2	3.7	11.2	5.9	3.6	3.5
New England	4.1	3.7	3.1	13.5	5.3	3.5	2.7
State of NH	2.9	2.7	2.5	9.1	2.9	2.0	1.7
Portsmouth	2.0	2.2	2.1	7.5	2.4	1.8	1.7
<b>Reported rates are for June 30<sup>th</sup> of each year</b>							

**UNIQUE ECONOMIC DRIVERS**

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

1. Pease International Tradeport

Pease International Tradeport is a former Air Force Base that was redeveloped as an international business park within the City of Portsmouth in the late 1990’s. The Tradeport is conveniently located off Interstate 95, just 50 miles from the major cities of Boston, Portland, and Manchester. In FY 2023, \$7.9 million was paid to the City in exchange for municipal services provided to the Tradeport as per the Municipal Services Agreement. Along with being a Foreign Trade Zone, Pease is home to Portsmouth International Airport, a customs-ready facility with commercial and passenger flights, cargo services, and business charter flights.

With over 250 companies and 11,000 direct hires, Tradeport businesses play a significant

role in the region’s economic vitality. It is home to eight of the City’s top twenty employers including the National Passport and Visa Centers, Lonza Biologics, High Liner Seafoods, Amadeus, Hubble, and Sprague Energy.

Lonza continues work on the expansion of cell therapy and mono-1 products with a phased \$200 million capital improvement investment including an excess of 1M sq. ft. in office manufacturing/ warehousing plus two, 4-story parking facilities. Initially, 150 new skilled jobs will be created. In May 2021, the company announced another 32,000 sq. ft. expansion to accommodate up to eight 2,000 liter single use bioreactors. The project, which is scheduled for completion in late 2023, will improve production speed and efficiency and add another 250 future hires on top of its 1,200-person workforce.

The Tradeport is also home to the Pease International Airport (PSM), which is an asset to the entire region. Its proximity to Boston, MA’s Logan International Airport, the

Portland, Maine International Airport, and the Manchester, NH Regional Airport creates a unique opportunity to capture both passenger and airplane service companies. Diversity of services include the New Hampshire Air National Guard (NHANG) 15<sup>th</sup> Refueling Division of the National Guard, the commercial air services, corporate aviation technical services and the unique cargo capacity provided at the facility. Currently, passenger flights are available on Allegiant Airlines and several charter and private jets that operate out of the airport. Prior to COVID-19, PSM had handled 232,930 passengers that transited through the airport in 2019. Following COVID-19 and the return to air travel, PSM saw 145,426 passengers in 2021 and 161,252 passengers in 2022. As air service continues to return to normal, PSM continues to see a rise in passenger traffic.

An airport terminal and runway expansion project were completed in February of 2023 and included 12,000 square feet of new passenger service space, 350 additional seats, and 600 linear feet of baggage handling belts. Additionally, a second escalator, a second passenger bridge, two more passenger screening lanes and a new service animal relief area have come on-line in 2023.

Pease International Airport continues to expand and improve. PSM has been awarded a \$7M federal grant from the Federal Aviation Administration which will further increase capacity, update electrical services and service facilities while supporting planned growth of services and passengers.

The Air National Guard is also a critical component of the Tradeport. The twelve new KC-46A refueling aircraft that recently joined the fleet are a great addition to the base and the local economy with the approximately 100

new hires in 2022 and an increasing volume of visiting pilots scheduled to train on new plane simulators.

## 2. Portsmouth Naval Shipyard (PNSY)

The Portsmouth Naval Shipyard (PNSY) is located in Kittery, Maine, just across the Piscataqua River from the City. It is a major submarine overhaul and refueling facility as well as the U.S. Government's oldest continuously operating naval shipyard. The Shipyard is also the largest regional employer with a highly-skilled, technical workforce.

The following is a summary of the Seacoast Shipyard Association's most current regional economic impact report for the calendar year (CY) 2022:

- Overall, the Shipyard had an economic impact of \$1,457,952,317 which is an increase from \$1,322,611,898 CY 2021. The majority of this 10% increase resulted from increased purchased good /service and facilities contracts (+\$110 million year over year).
- The Shipyard employs a total of 7,356 employees with a civilian payroll of \$663 million, the civilian payroll decreased from \$670 million in CY 2021.
- The shipyard purchased \$196 million of goods and services in CY 2022, an increase over the total purchase of \$63 million in CY 2021.
- Total contracted facility services purchased in CY 2022 was \$559 million, an increase from the \$469 million in CY 2021.

## **REAL ESTATE MARKET ACTIVITY**

### Commercial Real Estate Market

Colliers International, a commercial brokerage firm, reported at the end of the second quarter of 2023 the average direct asking rate in the office market was \$25.07

modified gross in the Portsmouth submarket, falling by roughly 5.7% (\$1.13 PSF) year-over-year.

Class A rents decreased by 6.6% (\$1.32 PSF) when compared to last year and ended the second quarter at \$27.83 modified gross.

Class B rents finished the quarter at \$21.85 modified gross, a 1.2% (\$0.23 PSF) drop year-over-year.

While the direct asking rate fell by over 5%, the overall sublease asking rate had a significant drop of 16.7% (\$3.32 PSF). This was mostly caused by the Class A category, which had a 22.9% decrease in the sublease rate. This is due to spaces at 85 New Hampshire Avenue and 145 Maplewood Avenue in Portsmouth being listed for sublease last year at higher-than-average rents but are no longer on the market this year.

The average occupancy rate in the office market was 87.5% to end the second quarter of 2023, 1.8% lower than the second quarter of 2022. The largest shift was in the Class A sector occupancy rate, with a 5.6% drop year-over-year and ending the quarter at 79.6%. This change was mostly due to Bottomline Technologies vacating its 100,930 square foot facility at 325 Corporate Drive in Portsmouth. The building hit the market in January 2023 and is available for sublease through December 2034.

The Portsmouth submarket's industrial category continues to be one of the tightest markets in New Hampshire. To end the second quarter, the occupancy rate has remained above 99% over the last three quarters, ending the quarter at 99.5%. The market has little room for movement, but over the last year the occupancy rate did rise

by 0.7%, with roughly 16,000 SF (1.4%) of flex space and 47,000 sq. ft. (0.7%) of warehouse space on the market.

Even with the consistent low vacancies, the direct asking rate is noticeably lower than the statewide average. The submarket's average asking rate ended the second quarter at \$8.85 NNN, roughly 23.4% (\$2.71 PSF) lower than last year. This drop in the rate was due to space being leased over the last year, all of which was listed above the current average rent.

### Residential Real Estate

Properties in the residential market are in high demand for both multi- and single-family dwellings. According to the New Hampshire Housing Finance Authority, the average monthly gross rent for a two-bedroom unit in Portsmouth increased 41% to \$2,497 in 2023 up significantly from \$1,762 in June 2022. The current multi-family vacancy rate in Portsmouth of 0.4% has created an ongoing challenge for people seeking housing.

In Portsmouth, single-family sales are down by 29% year over year; while median sales price is down 4.8% to \$728,500. On the condominium side, the monthly median sale price was up from 2022 by a robust 28% at \$645,000. Overall demand remains strong and inventory low for all residential housing types. Housing inventory continues to be planned, approved, and developed.

### **COMMERCIAL DEVELOPMENT ACTIVITY**

Several new development projects are in the permit approval queue and many previously approved projects are underway.

Two significant mixed-use projects are proposed along the North Mill Pond. At 53 Green St, development firm Carthartes has

proposed a 5-story mixed use project with first floor commercial space and 48 residential units above and a 40-foot wide community space adjacent to the proposed North Mill Pond Trail. Just to the west of this development is a proposal by XXS Hotels and ProCon to construct a five-story, 128-room hotel adjacent to a new 68-unit apartment project of studio and one-bedroom units. Also, on the North Mill Pond at 105 Bartlett Street, a 152-unit apartment, three-story building development is proposed, and is currently working through abutter appeals.

In the same vicinity, the Deer Street Associates' proposal for a large multi-lot mixed-use development that will include a hotel, office, bank, multi-family residences, retail, and restaurant uses with on-site parking near the Foundry Place Public Parking Garage has been approved.

In the center of downtown Market Square, a 2-building project dubbed "Brick Market" was completed in late 2022. The project included the rehabilitation of the existing 7,400 square foot historic bank building at 3 Pleasant Street for mixed-use. Behind the former bank building is a new 100,000 sq. ft. contemporary, mixed-use building that will house offices on the upper floors and a public market on the ground floor. The development will offer commercial and office space with underground parking and feature a maritime theme.

Other notable developments proposed or underway new include:

- 19,000 sq. ft. expansion of NovoCure global oncology company to 135 Commerce Way at Portsmouth Business Park. It will now occupy 79,000 square feet and employ 250 local employees.

- NovoCure redevelopment and expansion of the existing 4-story structure commercial and office space located at 64 Vaughn Mall.
- Construction is underway to expand the Portsmouth Regional Hospital adding eleven new beds to the Intensive Care Unit and eight beds to the Med Surge Unit. The \$22 million investment will add 35 full-time jobs.
- Fifty two-unit multi-family redevelopment of existing 3-story structure and new structure at 93 Pleasant Street by McNabb Properties.
- Redevelopment of the former Wrens Nest Motel into 75 apartments.
- New 95-unit multi-family development at 2454 Lafayette Road, plus 5000 sq. ft. restaurant pad, and 21,897 sq. ft. of community space.
- New 50-unit multi-family development at 3400 Lafayette Road in 13 new buildings by Green & Company.
- Fifty-six unit single-family home development with two pocket parks off Peverly Hill Road by Green & Company.

### **CREATIVE ECONOMY**

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

Through collaboration, outreach, and the impact of a targeted marketing effort; the spring and summer of 2023 has seen consistent increases in attendance at live outdoor and indoor performances and events. The extremely rainy month of June inhibited higher visitor volumes but pre-pandemic visitor counts returned in July.

## TOURISM

The Chamber Collaborative of Greater Portsmouth reports improved occupancy rate across downtown hotels as well as increased sales at restaurants, arts venues, and cultural attractions.

Portsmouth continues to attract media attention as an excellent destination location to enjoy safe activities. The City was the subject in both on-line and traditional media as demonstrated in the following list of articles in Fiscal Year 2023:

- Fortune 50 Best Places to Live for Families 2023 (Jun 2023)  
<https://fortune.com/2023/06/14/best-places-for-families-2023/>
- Boston Sunday Globe, Three ways to celebrate Portsmouth's 400th anniversary  
<https://www.bostonglobe.com/2023/05/04/lifestyle/three-ways-celebrate-portsmouths-400th-anniversary/>
- Smithsonian Magazine, 15 Best Small Historic Towns to Visit in 2023  
[The 15 Best Small Towns to Visit in 2023 | Travel | Smithsonian Magazine](https://www.smithsonianmag.com/travel/2023/05/15/best-small-historic-towns-to-visit-in-2023/)
- AAA Northern New England Journeys, Travel Destination: Portsmouth NH 400  
<https://www.ace.aaa.com/publications/travel/us-destinations/new-england/portsmouth-nh-400-anniversary.html>
- New Hampshire Magazine: How NH Really Started, A 400<sup>th</sup> Anniversary Return  
[How NH Really Started: A 400th Anniversary Return to 1623 - New Hampshire Magazine \(nhmagazine.com\)](https://www.nhmagazine.com/2023/05/10/how-nh-really-started-a-400th-anniversary-return/)
- WorldAtlas.com, 8 Coolest Small Towns in NH for Summer Vacation (Apr 2023)  
<https://www.worldatlas.com/cities/8-coolest-small-towns-in-new-hampshire-for-a-summer-vacation.html>
- Livability.com, Top 25 Best Places to Live in the Northeast; Portsmouth #8 (Mar 2023)  
[Top 25 Best Places to Live in the Northeast - Livability](https://www.livability.com/top-25-best-places-to-live-in-the-northeast/)
- Travel + Leisure, 10 Best Places to Live on the East Coast – Portsmouth #2 (Feb 2023):  
<https://www.travelandleisure.com/best-places-to-live-on-the-east-coast-7107398>
- TheTravel.com 10 Most Beautiful NH Towns You Should Visit (Feb 2023):  
<https://www.thetravel.com/most-beautiful-towns-in-new-hampshire/>
- Travel2Next.com, Things To Do in Portsmouth NH:  
<https://travel2next.com/things-to-do-in-portsmouth-nh/>
- Yankee, Holiday Winter Weekend in Portsmouth (Nov/Dec 2022):  
<https://newengland.com/yankee-magazine/travel/holiday-winter-weekend-in-portsmouth-new-hampshire/>
- WhereverFamily.com, Romantic Dining in Portsmouth (Dec 2022)  
<https://whereverfamily.com/romantic-dining-for-couples-in-portsmouth-new-hampshire/>
- Country Living, 40 of the Prettiest American Towns to Visit in Winter (#2) (Oct 2022):  
<https://www.countryliving.com/life/travel/g41403207/american-towns-to-visit-in-the-winter/>



- AAA, 6 ways to celebrate the holidays outdoors with family (Oct 2022): <https://www.ace.aaa.com/publications/travel/us-destinations/new-england/outdoor-holiday-activities.html?zip=92626>
- US News & World Report, Top Romantic Getaways in NH (Nov 2022): <https://travel.usnews.com/features/top-romantic-getaways-in-new-hampshire>
- House Beautiful, 44 Best Cities That Look Like Europe (Sep 2022): <https://www.housebeautiful.com/lifestyle/g4384/american-towns-that-look-like-europe/>
- FamilyTravel.com Best New England Coastal Towns for Family Travel (Sep 2022): <https://livability.com/best-places/2022-top-100-best-places-to-live-in-the-us/>
- Livability.com Top 100 Places to Live in the US (Jul 2022): <https://livability.com/best-places/2022-top-100-best-places-to-live-in-the-us/>
- Conde Nast Traveler Best Things to Do in Portsmouth (June 2022): <https://www.cntraveler.com/story/where-to-eat-stay-and-play-in-portsmouth-new-hampshire>

## **MAJOR CITY ACCOMPLISHMENTS & INITIATIVES**

January 1, 2023, marked the start of the City’s year-long 400th anniversary, conducted by the nonprofit 501(c)3 Portsmouth, NH 400th, Inc. with oversight by the City Manager. The goal of Portsmouth NH 400th, Inc. was to give the community an inclusive opportunity to tell the stories that are important to them, through programs, events, exhibits and legacy projects. Portsmouth NH 400th celebrates the diverse and animated social,

political, intellectual, cultural, economic, and spiritual history of Portsmouth, from before its settlement in 1623 to the present.

A key intention was for the Portsmouth NH 400th, Inc. team to engage the next generation in exploring what the City’s 2023 legacy might be and deciding how they might steward Portsmouth and its history beyond 2023. Key initiatives included:

- Legacy Projects: *A History of Portsmouth NH in 101 Objects*, the *Portsmouth Time Machine* illustrated history for grade 3 and up, a commemorative book, the sculpture “Endeavor” as the first in a maritime-themed sculpture garden in Bohenko Gateway Park and an Oral History Project conducted by Portsmouth High School students.
- Signature Events: designed to reflect the goals of PNH400: authentic, diverse, inclusive, accessible, sustainable, pride in the community, engaged with future generations and fun. These were, the Grand 400th Parade, street.life!400, One Community - 400 Years - One Dinner, a Little Italy Carnival and a Community Picnic.
- Community Partner Events: PNH400 partnered with arts organizations, galleries, and individual artists, to encourage them to create new programs or weave the themes and goals of the 400th into existing programs. These could be anything, from a lecture or tour to a full-scale event or program series.

## **CITYWIDE AWARDS**

### Department of Public Works

NHDES Wastewater Plant of the Year and Engineering News Record New England "Best Project" Award: Peirce Island Wastewater Treatment Facility.

- 2022 EPA Regional Wastewater Treatment Plant Operator of the Year: Pease Wastewater Treatment Facility Plant Operator, Dave Lovely.
- NH Division of Environmental Services 2023 Source Water Protection Award: given for the City's ongoing efforts to protect properties around the Bellamy Reservoir through the purchase of conservation easements.
- Center for Disease Control (CDC) Water Fluoridation Award: recognizing that Portsmouth and Pease water systems achieved optimal fluoridation levels for all 12 months.
- ACEC Engineering Excellence Award for the Pease Drinking Water Treatment Facility.
- The Arbor Day Foundation awarded the City of Portsmouth's Department of Public Works with its 25th *Tree City USA* designation. For Arbor Day 2023, in conjunction with the Portsmouth NH 400<sup>th</sup>, the Parks and Greenery Division planted "400 Trees for the 400<sup>th</sup>" -- 200 trees distributed to residents and Portsmouth Rotary awarded \$30,000 in celebration of their 100<sup>th</sup> anniversary for planting 100 of the trees and for playground accessibility.
- The Arbor Day Foundation awarded the City of Portsmouth's Department of Public Works' Parks and Greenery group its 5<sup>th</sup> *Tree Growth Award* due to its high levels of education, partnerships, planning and management, as well as tree planting and maintenance.

### Inspections Department

2022 New Hampshire Building Officials Association Code Official of the Year: Portsmouth Building Inspector Timothy Metivier.

### School Department

#### *Portsmouth High School Career Technical Education Center:*

- 45th Annual SkillsUSA NH Leadership & Skills Competition and Nationals -- three gold medals and two bronze medals. The three gold medalists went on to participate in the national SkillsUSA conference.
- Careers in Education, "Educators Rising NH" -- eight students in the top three for their respective focus areas.

#### *Portsmouth High School Debate Team:*

- Four students qualified for the 2023 National Public Forum Debate tournament.
- The team won 11 paired rounds at Boston Latin against 435 students from 30 MA schools.
- The team won 3 pairs at NH Debate League tournament featuring 30 students from 3 schools.
- Two teams qualified for the National Public Forum Debate Tournament in Louisville, KY.
- April 2023 NH Debate League qualifier for Coolidge Cup National Debate, July 1-2.

#### *Portsmouth High School Trivia Team:*

- Won the 40th Anniversary Granite State Challenge Championship. The last time PHS won this title was 30 years ago.
- Won the Maine Quizbowl which earned them a place in the Quizbowl Nationals in Atlanta, Georgia.

*Portsmouth High School:*

- NHIAA Division I Athletic Director of the Year: Thomas Kozikowski.

### **COMMUNITY OUTREACH**

The City added the new position of Director of Communications & Community Engagement to her office in February 2023 to advance the City Council goals “to invite and honor input from the community and “to communicate with community members and stakeholders.”

Together with the Chief Information Officer and Public Information Officer, the Director of Communications implements two-way communications and outreach programs to engage community members and keep them informed about City programs, projects, and services. The team uses a coordinated approach to advance City Department, City Council, Board, Commission and Committee initiatives across a wide variety of channels.

In FY23 the team expanded communications with residents to expand their participation in the Capital Improvement Plan process. More than 90 suggestions were submitted, reviewed, vetted for duplication, and aligned with existing goals and objectives.

In FY23 the team applied new technology and best practices (such as FlashVote, EasyRetro, and Story Maps) to assist City Departments and Committees in ensuring the timely distribution of critical information and to solicit feedback from the community on such issues as the Community Policing Facility, Climate Action Plan, the Cultural Plan, Portsmouth Public Library strategies, Portsmouth Community Power, Cable and Broadband Internet Commission and Recreation Department initiatives.

### **CITY INFRASTRUCTURE**

#### Streets & Sidewalks

In FY23, the City continued its investment in the vital infrastructure of its streets and sidewalks.

#### *Completed Projects:*

- Middle Road from Urban compact to Peverly Hill Road;
- Dodge, Harvard, Princeton, and Greenland Road Neighborhood;
- Newcastle Avenue, Marcy Street area from South Street, east;
- International Drive;
- Corporate Drive;
- Bridge Street Parking Lot;
- New Hampshire Avenue (from International Drive to Pease Boulevard);
- Maplewood Avenue (from Dennett to the railroad tracks);
- Kearsarge Way and various spots in Atlantic Heights and
- Court Street and sidewalks.

#### *Projects in process included:*

- Islington Street Phase 2A;
- Sagamore Avenue reconstruction as part of Sagamore Sewer Extension Project;
- Pannaway Manor sidewalk project;
- Union Street sewer separation project;
- Greenleaf-Lafayette Road intersection;
- Borthwick Avenue; and
- Bartlett Street roundabout.

#### Neighborhood Traffic-Calming Efforts

The City of Portsmouth prioritizes convenient, safe and accessible streets and roadways for all transportation users. As traffic safety issues arise, the Neighborhood Traffic Calming Program provides a mechanism for neighborhood groups to work with the City. It is intended to ensure that all neighborhood stakeholders are provided the

opportunity to be involved. FY23 projects included:

- Woodbury Avenue;
- Maplewood Avenue;
- Aldrich Road; and
- Suzanne Drive.

#### Community Campus

The Recreation Department completed its relocation to offices in the main building and expanded programming in the building and on the recreational facilities and adjacent turf fields. Work has begun on the tenant needs alignment project and IT infrastructure upgrades. The City also initiated plans for moving the Robert Lister Academy from Sherburne School to the Community Campus.

#### Skateboard Park

The City broke ground on the new Skateboard Park on May 25, 2023. The park was opened to skating in the fall of 2023. Additional facility elements will be completed in spring 2024.

#### Community Policing Facility

In April 2022 the Portsmouth City Council voted unanimously to authorize funding the first part of an intensive public process to understand what is needed for a modern police station. An additional allocation was made in the FY23 budget to complete the pre-construction process and provide the necessary documents and information needed to make a final decision regarding construction.

#### Recreational Needs Study/Indoor Sports Complex

In December 2022, the City of Portsmouth formed a Comprehensive Recreational Needs Study project team to update the Study last revised in 2016 and create a Recreational Facilities Plan for the City. With the results of that study in hand the City issued an RFQ for

a Multiuse Sports Facility in May 2023 and started reviewing firms who responded by the June deadline.

### **TRANSPORTATION**

#### Islington Creek Neighborhood Parking Program

The Islington Creek Neighborhood Parking Program (NPP) pilot ended December 6, 2022.

#### Hanover Garage Renovation

In FY23, the City completed the first year of a significant three-year upgrade to the Hanover Parking Garage to address aged sections of the garage, extend its useful life, and provide parking for the foreseeable future.

#### Parking & Traffic Safety

In the second half of FY23, the Parking Division initiated a Parking Needs Study to inform the City's Planning & Sustainability Department, relevant land use boards and the Parking & Traffic Safety Committee, to which it reports.

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

#### Dover-Portsmouth Water System Emergency Interconnection

The Cities of Dover and Portsmouth have worked together to establish an emergency public water system interconnection utilizing the soon-to-be constructed General Sullivan pedestrian bridge. This water line will provide an additional critical link for emergency water supply to the Seacoast region benefiting numerous communities. Funding for design was granted by the New Hampshire Drinking Water and Groundwater Trust Fund. Additionally, Senator Shaheen has acquired additional federal funding to support the construction effort. The sole initial bid received in October 2023 was

significantly over the anticipated budget, requiring the consideration of alternative plans.

#### Portsmouth-Newington Little Bay Waterline Replacement

The proposed project involves installing one 24-inch, high density polyethylene pipe (HDPE) on the floor of the bay in a previously disturbed corridor between the existing cast iron pipes crossing Little Bay, with connections to the existing transmission main on the Durham and Newington shores. The City applied for and received \$600,000 in congressionally directed funds from Representative Pappas. Design and permitting continues with construction to follow. Due to significant increases in the cost estimates in bids received, the City pursued an alternative interim solution by replacing the valves that would allow the line to be closed in case of a leak.

#### Bellamy Reservoir Easement

At its July 10, 2023, meeting, the Portsmouth City Council voted to approve a resolution to purchase another conservation easement to protect water quality on a property adjacent to the Bellamy Reservoir after a multi-year project. Protecting the Bellamy Reservoir and its watershed is critical to maintaining water supply quality for the long-term in the Portsmouth Water System and the City is working to acquire all 15 of the priority sites surrounding the Bellamy to protect the resource.

#### Collins Wellfield Improvement

Because the capacity of the existing Collins Well had declined and historical data indicated greater yield potential from this aquifer, the City drilled Collins Well #2, Well pump testing, and permitting of this additional source as part of the Collins

Wellfield allowed Collins Well #2 to be fully connected to the water distribution system.

#### Mechanic Street Wastewater Pumping Station Repair

The City of Portsmouth's Mechanic Street Pump Station experienced an equipment failure in January 2023 that left only one of the station's three pumps operational. The City mobilized two temporary engine-driven backup pumps connected with large temporary pipes to the existing infrastructure to provide the required flows to the Peirce Island Wastewater Treatment Facility, ensure redundancy and manage high flow events. The main pumps were moved off-site for refurbishment. This emergency repair project addressed the immediate equipment need. A larger upgrade of the station was in design at the end of FY23.

Stormwater Division Outreach: "Think Blue"  
Postcard and video campaigns focusing on: Lawn care, Yard waste and Pet waste, with consistent "Think Blue" messaging.

#### Household Hazardous Waste Collection Days in April and October.

Participation in Citywide events including Earth Day with Seacoast Sustainability, and the Keeping History Above Water conference.

#### Safe Water Advisory Group (SWAG)

A City Council Advisory Committee, SWAG, meets monthly in collaboration with the Water/Stormwater Division to raise public awareness of the Great Bay Watershed and residents' impact.

#### Intern Program

FY2023 marked the 10<sup>th</sup> year of hiring interns to conduct field research and data collection to inform the City's GIS (Geographic

Information System) mapping, water infrastructure and outfalls and transportation systems. Three of the interns so far were subsequently hired by DPW for permanent positions.

#### Sagamore Avenue Sewer Extension Project

The City received an extension to December 2022 of the Consent Decree modification to complete the extension of public sewer services to the southern portions of Sagamore Avenue and the surrounding area installing a low-pressure sewer system (LPSS). The City completed the North side of this project in the FY23 construction season and the private residence connections during the winter, the South side construction started at the end of FY23 and continues into FY24.

#### Additional sewer separation projects in FY23 included:

- Islington Street Phase 2A.
- South Street.

#### Utility projects included:

- Ladd & Market Street.
- Market Street & Commercial Alley.

### **PORTSMOUTH ECO-MUNICIPALITY**

#### Climate Action Plan

The Planning & Sustainability Department with the Conservation Commission, Blue Ribbon Committee on Sustainable Practices, the Portsmouth High School Eco-Club and other community environmental groups are working with consultants VHB, Resilience Planning & Design LLC and the Rockingham Planning Commission to develop a comprehensive Climate Action Plan for the City. The first steps were creating an inventory of greenhouse gas emissions to set benchmarks and reduction goals and hosting public forums to build awareness and

engagement.

<https://portsnh.co/climatefuture>

#### North Mill Pond “Living Shoreline” Project

The Planning & Sustainability Department is working with the NH Coastal Program, Great Bay Stewards and the University of New Hampshire with funds provided by NOAA's Office for Coastal Management to pilot two projects including fringe salt marsh restoration at North Mill Pond and a rip rap replacement with fringe marsh creation at Cutts Cove.

#### Portsmouth Energy Advisory Committee and Portsmouth Community Power

Portsmouth Community Power went live as a member of the Community Power Coalition of NH in June 2023, offering former Portsmouth residential and business Eversource customers the option of lower rates and more renewable sources of energy. The City Council created the Portsmouth Energy Advisory Committee (PEAC) in August 2021 to research the risks and opportunities of a Community Power program for Portsmouth. In April 2022 the City Council approved that Portsmouth became a member of the Community Power Coalition of NH (CPCNH), joining more than a dozen other communities in an electricity supply purchase coop. During FY23, the PEAC conducted four public hearings and created the Portsmouth Community Power Electric Aggregation Plan approved by the NH Public Utilities Commission in May.

#### Portsmouth Hosts National “Keeping History Above Water” Conference

In May 2023, as part of the City's 400<sup>th</sup> anniversary commemorations, Portsmouth hosted the 10<sup>th</sup> national Keeping History Above Water® conference to examine how cities, neighborhoods, preservationists, and

engineers are partnering to preserve resources from flooding. A key case study looked at the collaborative steps the City of Portsmouth, Strawbery Banke Museum and the University of New Hampshire are taking to address sea level rise.

#### City of Portsmouth Paperless Billing

As part of the City's commitment to sustainability and reducing its environmental impact, the City Finance Department now offers paperless billing. This not only reduces the use of paper but also saves on printing and postage costs. City taxpayers, Water and Sewer customers, and vehicle registration renewals can opt-in to receive their bills electronically via the City's InvoiceCloud system.

### **LONG-TERM FINANCIAL PLANNING**

#### **STATEWIDE EDUCATION PROPERTY TAX**

The Statewide Education Property Tax assessment process remains essentially the same for FY23. By way of background, each fall, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. Historically, Portsmouth has raised tax revenue above the State determined per pupil cost of an adequate education and has been able to retain this revenue for local education costs (excess SWEPT). Prior to FY06, Portsmouth was a "Donor" community, forced to raise an additional \$11,750,318 in SWEPT for the State to distribute to other "Receiver" communities. Over the past several years, several bills have been introduced that would require those communities that collect excess SWEPT to pay it over to the State to deposit in the general fund or educational trust fund. Those bills have not passed but it

is anticipated that similar bills will be filed in 2024. The City actively opposed these bills and has joined other former Donor communities (collectively "Coalition Communities 2.0" or "CC2") to lobby against the return of a donor/receiver education funding model. It is also significant to note that there are two pending lawsuits that challenge the constitutionality of SWEPT and the State's "adequacy", the per pupil cost of an adequate education. In the matter of *Contoocook Valley School District v. State of New Hampshire*, Docket No. 213-2019-CV-00069, a final decision is expected to be issued this fall. The Petitioners allege that certain costs associated with educating students should be included as a part of adequacy and paid for by the State. If this argument is successful, the base adequacy per pupil could increase substantially and as a result, SWEPT could increase substantially. The Attorney General represents the State and supports the constitutionality of the current education funding formula. The second lawsuit, *Steven Rand, et al v. The State of New Hampshire*, Docket No. 215-2022-CV-00167, is also pending in the Rockingham County Superior Court. In this lawsuit, the Petitioners challenge, in part, the constitutionality of the collection and distribution of SWEPT, specifically the retention of excess SWEPT by some communities. As in the *Contoocook Valley matter*, the Attorney General's Office represents the State and supports the constitutionality of the current method of collecting and distributing SWEPT, including the retention of excess SWEPT by some communities. CC2 hired an attorney to intervene in this matter who joined in the State's arguments. A decision on this aspect of the *Rand* case is expected this fall after the final order in the *Contoocook Valley* matters is issued. Both decisions could face appeals

to the New Hampshire Supreme Court. It is important to note that the Legislature is mindful these pending cases, and bills that prohibit the retention of excess SWEPT and increase per public adequacy will likely be introduced in 2024 prior to the final resolution of any appeals. CC2 will continue to monitor these cases and any education funding bills on behalf of the City. In addition, the Legislative Subcommittee, working with City Staff and the Portsmouth Delegation, will continue to monitor legislation on education funding.

### **BOND RATING**

In June of 2023, the last time the City issued bonds, Standard & Poor's Rating Group (S&P) affirmed the City's bond rating to AAA citing:

- “Robust local economy that benefits from the Boston-Cambridge-Newton metropolitan statistical area while capitalizing on tourism and ongoing economic development;
- Strong financial management policies and plans that include formal capital improvement planning, financial forecasting, and a formal reserve policy and very institutional framework score for New Hampshire municipalities;
- Maintenance of surplus operations as conservative revenue estimates outperform budgeted levels, allowing for the continued maintenance of its very strong budgetary flexibility and liquidity; and
- Additional debt plans that, as the city works through the total authorization, is expected to not likely have a material impact on Portsmouth's debt profile”.

### **RELEVANT FINANCIAL POLICIES**

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

### **LEAVE AT TERMINATION**

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

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

As of the close of the current fiscal year, citywide liability for accrued employee benefits was \$4,561,099, a net change of (\$442,135) compared to the 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, 2023, the Unassigned Fund Balance is 13.72% of appropriations.

## **DEBT MANAGEMENT**

It is the policy of the City to keep operational net debt costs at no more than 10% of annual general fund expenditures toward net debt service payments. Current and future debt service is projected out over a 10 year period along with projected annual appropriations and estimated revenues related directly to debt. The framework of this analysis assists with the planning of future capital projects that will be funded through debt issuances. For FY23, the amount of net annual debt remains within the policy limits at 7.69%.

## **GFOA CERTIFICATE OF ACHIEVEMENT**

### **Certificate of Achievement ACFR**

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual

Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The City has received a total of Thirty (30) awards for Fiscal Years ending June 30, 1988, 1989, and twenty-eight consecutive years from 1995 to 2022. The City believes that its current annual comprehensive 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.

### **Award for Popular Annual Financial Report**

The City also received the GFOA *Award for Outstanding Achievement in the Popular Annual Financial Reporting (PAFR)* for the publication of the annual citizens' report for the Fiscal Year ended June 30, 2022. This is the City's sixth consecutive award. To achieve this award, the government unit must produce a high-quality popular annual financial report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

### **Award for Distinguished Budget**

The City of Portsmouth also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning July 1, 2022 (FY23) with a special recognition for Strategic Goals and Strategies. This award marks the seventeenth (17) consecutive year. 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.

### Triple Crown Medallion

The Government Finance Officers Association implemented in Fiscal Year 2019 a new recognition, the GFOA Triple Crown. The Triple Crown recognizes governments who have received all three GFOA awards: the Certificate of Achievement for Excellence in Financial Reporting, the Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award.

GFOA presented to the City of Portsmouth the Triple Crown medallion for Fiscal Years 2019, 2020, 2021, and 2022.

### ACKNOWLEDGEMENTS

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

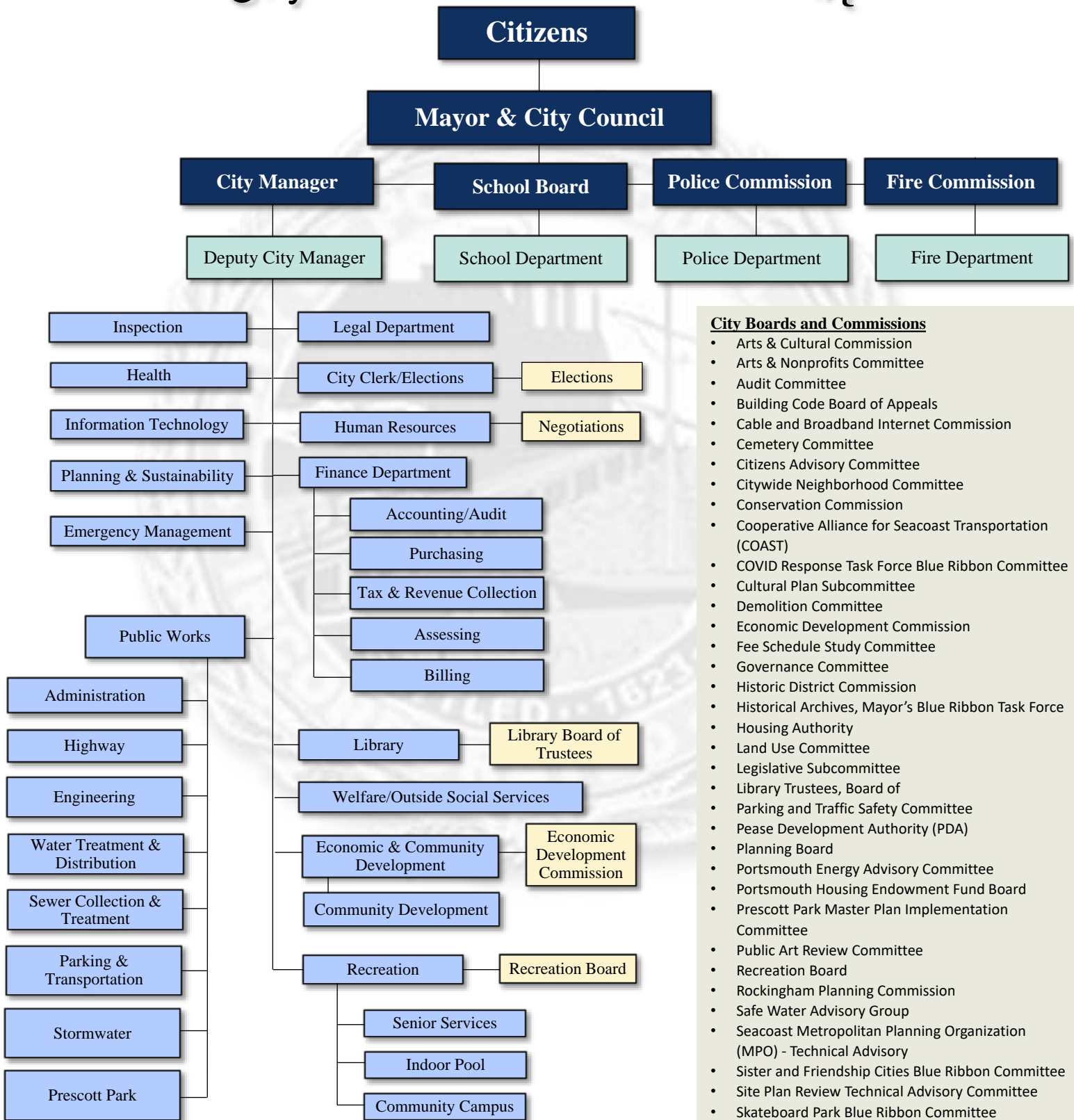
I express my sincere appreciation to the Mayor, Deaglan McEachern, City Council, and City Manager, Karen S. Conard, for their continuing interest to the commitment to improve and maintain a strong financial position as reflected in this report.

Sincerely,



Judith Belanger  
Director of Finance & Administration

# City of Portsmouth, New Hampshire Citywide Organizational Chart



- City Boards and Commissions**
- Arts & Cultural Commission
  - Arts & Nonprofits Committee
  - Audit Committee
  - Building Code Board of Appeals
  - Cable and Broadband Internet Commission
  - Cemetery Committee
  - Citizens Advisory Committee
  - Citywide Neighborhood Committee
  - Conservation Commission
  - Cooperative Alliance for Seacoast Transportation (COAST)
  - COVID Response Task Force Blue Ribbon Committee
  - Cultural Plan Subcommittee
  - Demolition Committee
  - Economic Development Commission
  - Fee Schedule Study Committee
  - Governance Committee
  - Historic District Commission
  - Historical Archives, Mayor's Blue Ribbon Task Force
  - Housing Authority
  - Land Use Committee
  - Legislative Subcommittee
  - Library Trustees, Board of
  - Parking and Traffic Safety Committee
  - Pease Development Authority (PDA)
  - Planning Board
  - Portsmouth Energy Advisory Committee
  - Portsmouth Housing Endowment Fund Board
  - Prescott Park Master Plan Implementation Committee
  - Public Art Review Committee
  - Recreation Board
  - Rockingham Planning Commission
  - Safe Water Advisory Group
  - Seacoast Metropolitan Planning Organization (MPO) - Technical Advisory
  - Sister and Friendship Cities Blue Ribbon Committee
  - Site Plan Review Technical Advisory Committee
  - Skateboard Park Blue Ribbon Committee
  - Sustainable Practices Blue Ribbon Committee
  - Trees & Public Greenery Committee
  - Trustees of Trust Fund, Board of
  - Vaughan Mall Blue Ribbon Committee
  - Veterans Organization
  - Zoning Board of Adjustment

# City of Portsmouth, New Hampshire Directory of Officials

## City Council

Deaglan McEachern, Mayor  
JoAnna Kelley, Assistant Mayor

John Tabor  
Josh Denton  
Beth Moreau

Andrew Bagley  
Vincent Lombardi  
Rich Blalock  
Kate Cook

## Board of Education

Zach McLaughlin, Superintendent  
Nancy Novelline Clayburgh, Chair  
Margaux Peabody, Vice Chair

Traci Hope Van Epps  
Ann M. Walker  
Christiana "Pip" Clews

Elizabeth Barrett  
Lisa Rapaport  
Brian French  
Kerry Nolte

## Police Commission

Mark Newport, Police Chief  
Stefany Shaheen, Chair  
Buzz Scherr  
Kate Coyle

## Fire Commission

William McQuillen, Fire Chief  
Jennifer Mosher-Matthes, Chair  
Michael Hughes, Vice-Chair  
Richard Gamester, Clerk

## Principal Executive Officers

Karen Conard, City Manager  
Suzanne Woodland, Deputy City Manager/Regulatory Counsel  
Sean Clancy, Assistant City Manager for Economic and Community Development  
Susan Morrell, City Attorney  
Patricia Ainsworth, Chief Information Officer  
Judith Belanger, Director of Finance and Administration  
Andrew Purgiel, Deputy Finance Director  
Peter Rice, Director of Public Works and Facilities  
Brian Goetz, Deputy Public Works Director  
Kelli Barnaby, City Clerk  
Kelly Harper, Human Resources Director  
Nancy Bates, Revenue Administrator  
Rosann Maurice-Lentz, Assessing Director  
Todd Henley, Recreation Director  
Christine Friese, Library Director  
Shanti Wolph, Inspections Director  
Kimberly McNamara, Public Health Director  
Peter Britz, Director of Planning & Sustainability  
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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Portsmouth, New Hampshire's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Portsmouth, New Hampshire and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Portsmouth, New Hampshire's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Portsmouth, New Hampshire's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Portsmouth, New Hampshire's ability to continue as a going concern for a reasonable period of time.



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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portsmouth, New Hampshire's basic financial statements. The combining 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the City of Portsmouth, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Portsmouth, New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Portsmouth, New Hampshire's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 18, 2023

# Management's Discussion and Analysis

## Fiscal Year Ended June 30, 2023



The City of Portsmouth's (the City's) management offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

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### FINANCIAL HIGHLIGHTS

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- As of the close of the current fiscal year, total assets and deferred outflows minus liabilities and deferred inflows for governmental and business activities exceeded liabilities by \$293,898,991. This is an increase of \$26,087,003 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$95,170,159, an increase of \$21,044,029 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,168,567, an increase of \$1,011,768 comparison with the prior year.

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### OVERVIEW OF FINANCIAL STATEMENTS

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This discussion and analysis are 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 42-45 of this report.

- **Governmental Activities:** The activities in this section represent most of the City's basic services and are principally supported by taxes, grants, and intergovernmental revenues. The governmental activities of the City include general government, public safety, education, public works, health and human services, culture and recreation, and community development. Other governmental activities include special revenue and capital project 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 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 46-50 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 51-53 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 54-55 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 56 of this report.

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

The combining schedules are presented immediately following the required supplementary information on pensions and other post-employment benefits (OPEB).

## 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 on June 30 for the current and prior fiscal years.

	Summary of Net Position (000s)					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 135,029	\$ 116,707	\$ 91,868	\$ 64,224	\$ 226,897	180,931
Capital assets (net)	<u>270,153</u>	<u>269,934</u>	<u>262,699</u>	<u>260,977</u>	<u>532,852</u>	<u>530,911</u>
Total assets	405,182	386,641	354,567	325,201	759,749	711,842
Deferred outflows of resources	<u>25,890</u>	<u>25,341</u>	<u>1,447</u>	<u>1,385</u>	<u>27,337</u>	<u>26,726</u>
Total assets and deferred outflows	<u>\$ 431,072</u>	<u>\$ 411,982</u>	<u>\$ 356,014</u>	<u>\$ 326,586</u>	<u>\$ 787,086</u>	<u>\$ 738,568</u>
<b>Liabilities:</b>						
Long-term liabilities	\$ 244,339	\$ 214,199	\$ 171,734	\$ 178,183	\$ 416,073	\$ 392,382
Other liabilities	<u>27,705</u>	<u>35,692</u>	<u>9,898</u>	<u>6,250</u>	<u>37,603</u>	<u>41,942</u>
Total liabilities	272,044	249,891	181,632	184,433	453,676	434,324
Deferred inflows of resources	9,900	34,735	29,611	1,697	39,511	36,432
<b>Net position:</b>						
Net investment in capital assets	163,203	158,507	114,949	109,948	278,152	268,455
Restricted	23,588	15,728	-	-	23,588	15,728
Unrestricted	<u>(37,663)</u>	<u>(46,879)</u>	<u>29,822</u>	<u>30,508</u>	<u>(7,841)</u>	<u>(16,371)</u>
Total net position	<u>149,128</u>	<u>127,356</u>	<u>144,771</u>	<u>140,456</u>	<u>293,899</u>	<u>267,812</u>
Total liabilities, deferred inflows and net position	<u>\$ 431,072</u>	<u>\$ 411,982</u>	<u>\$ 356,014</u>	<u>\$ 326,586</u>	<u>\$ 787,086</u>	<u>\$ 738,568</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 \$278,151,602, an increase of \$9,696,860 as compared to the 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 \$23,588,317 or 8% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of (\$7,840,928) represents amounts without constraints established by enabling legislation, external agreements or other legal requirements. That amount is reduced by a deficit in governmental activities primarily resulting from the City's unfunded pension and OPEB liabilities as discussed in the Notes 21 and

22. The New Hampshire Retirement System (NHRS) lowered the discount rate from 7.25% to 6.75% over the last four years, increasing the long-term liability to its members.

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

	Summary of Changes in Net Position (000s)					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 24,423	\$ 23,871	\$ 28,901	\$ 27,080	\$ 53,324	\$ 50,951
Operating grants and contributions	20,998	12,126	-	-	20,998	12,126
Capital grants and contributions	10,583	3,297	4,731	5,280	15,314	8,577
General Revenues:						
Property taxes	99,371	97,948	-	-	99,371	97,948
Interest on taxes	147	169	-	-	147	169
Grants and contributions not restricted to specific programs	1,939	1,639	-	-	1,939	1,639
Investment income	3,087	(1,153)	1,305	159	4,392	(994)
Gain (loss) on sale of capital assets	-	-	(13)	-	(13)	-
Other	938	4,523	-	616	938	5,139
Total revenues	<u>161,486</u>	<u>142,420</u>	<u>34,924</u>	<u>33,135</u>	<u>196,410</u>	<u>175,555</u>
Expenses:						
General government	15,741	17,257	-	-	15,741	17,257
Public safety	24,021	21,771	-	-	24,021	21,771
Education	65,178	60,177	-	-	65,178	60,177
Public works	24,231	18,139	-	-	24,231	18,139
Health and human services	1,003	683	-	-	1,003	683
Culture and recreation	6,072	4,772	-	-	6,072	4,772
Community development	970	628	-	-	970	628
Interest on long-term debt	2,950	3,767	-	-	2,950	3,767
Water operations	-	-	10,298	8,986	10,298	8,986
Sewer operations	-	-	19,859	17,924	19,859	17,924
Total expenses	<u>140,166</u>	<u>127,194</u>	<u>30,157</u>	<u>26,910</u>	<u>170,323</u>	<u>154,104</u>
Change in net position before transfers	21,320	15,226	4,767	6,225	26,087	21,451
Transfers in (out)	<u>452</u>	<u>312</u>	<u>(452)</u>	<u>(312)</u>	<u>-</u>	<u>-</u>
Change in net position	21,772	15,538	4,315	5,913	26,087	21,451
Net position - beginning of year	<u>127,356</u>	<u>111,818</u>	<u>140,456</u>	<u>134,543</u>	<u>267,812</u>	<u>246,361</u>
Net position - end of year	<u>\$ 149,128</u>	<u>\$ 127,356</u>	<u>\$ 144,771</u>	<u>\$ 140,456</u>	<u>\$ 293,899</u>	<u>\$ 267,812</u>

**Governmental Activities.** Governmental activities for the year resulted in a net position of \$149,127,704 which is an increase of \$21,771,770 from the prior year. Governmental activities realized the following significant transactions:

- Property tax increased by \$1,422,452 or 1.5% from the prior year primarily from an increase of 1.1% in the tax rate on all classes of property, a reduction in abatement liability that will not be realized, and an increase of approximately 1.5% in the taxable property values driven by new growth and increased local real estate market values.
- All other revenues and transfers combined, besides property taxes, resulted in a net increase of \$17,783,473 from the prior year primarily due to an increase in charges for services of \$552,409, an increase in operating and capital grants and contributions of \$16,158,259, an increase from interest on investments of \$4,239,820, an increase of grants and contributions not restricted to specific programs of \$299,653 and a decrease in other revenues of \$3,584,974.
- Overall governmental expenses experienced a net increase of \$12,972,585 or 10.2% from prior year primarily due to cost of living adjustments and an increase in full-time equivalents (FTEs).

**Business-Type Activities.** Business-type activities for the year resulted in a net position of \$144,771,287 which is an increase of \$4,315,233 from the prior year. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$2,887,344 represent a decrease of \$1,585,837 from the prior year. Charges for services in the business-type activities experienced an increase of \$1,825,521. The Water Fund experienced an increase in operating revenues of \$677,390 or 7% and the Sewer Fund experienced an increase of \$1,143,582 or 6.7%, both primarily as a result of a rate increase.
- Non-operating revenues of \$5,447,380 represent an increase of \$4,672,070 primarily due to an increase in investment interest rates and a first-year payment of a 30-year State Aid Grant (SAG) for the Peirce Island Waste Water Treatment Facility (PIWWTF) State Revolving Fund (SRF) Loan.
- Non-operating interest expense increased by \$417,447 to \$4,721,267.
- Capital contributions and intergovernmental revenues decreased \$548,640 from prior year primarily from the one-time principal forgiveness in FY22 of \$4.1 million and the first year of the PIWWTF State Aid Grant of \$2.2 million in FY23.

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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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



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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$95,170,159, an increase of \$21,044,029 in comparison with the prior year.

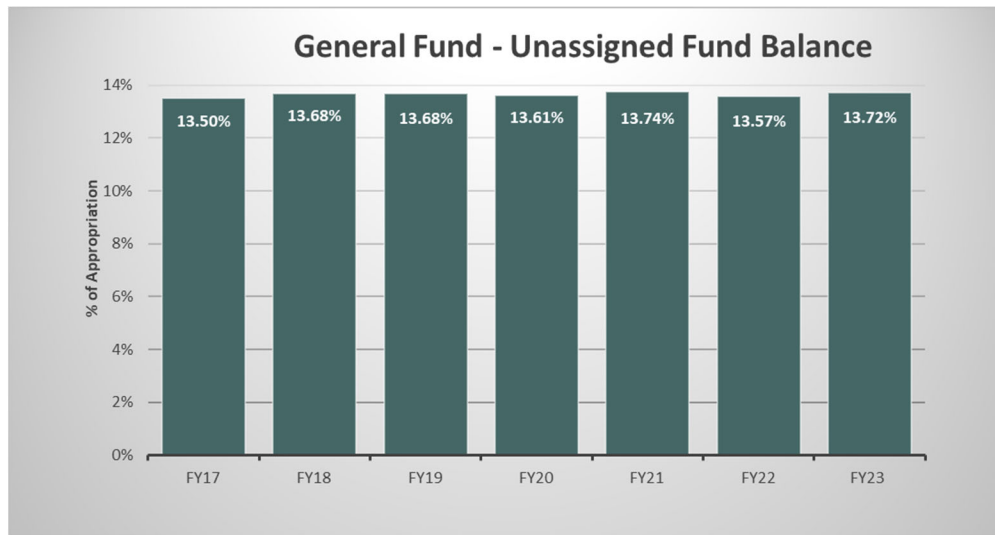
### **General Fund**

The General Fund is the chief operating fund. As a measure of 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 \$18,168,567 or 13.72% of the final General Fund budget. This is an increase of \$1,011,768 or 5.9% from the prior year.

The table demonstrates that over the last seven 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 \$55,367,957 or 41.8% of the final budget. This is an increase of \$5,183,346 or 10.3% from the prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$2,800,000 from budgetary use of fund balance.
- A decrease of fund balance of \$650,000 from supplemental appropriations.

- A net increase to fund balance of \$4,804,514 from revenues and other financing sources exceeding final budget estimates net of budgeted use of fund balance.
- A net increase of \$2,453,926 from remaining departmental appropriations.
- An increase of fund balance of \$35,075 from expenditures exceeding appropriations in the Leave at Termination Stabilization Account.
- An increase of fund balance of \$244,149 from excess funding in the Health Insurance Stabilization Account.

At the end of the current fiscal year, total fund balance of other governmental funds was \$39,802,202, which is a net increase of \$15,860,683 or 66.3% from prior year. Key factors in this change are as follows:

#### **Major Funds**

Grants and Contributions was established as a major fund in FY22 due to the receipt of the American Rescue Plan Act-State and Local Fiscal Recovery Funds (ARPA-SLFRF) of \$12.88 million of which \$10.7 million remains as a unearned revenue liability at the end of the fiscal year.

#### **Non-major Funds**

At the end of the current fiscal year, total fund balance of non-major governmental funds was \$34,646,959 which is a net increase of \$15,027,654 from prior year. This change was primarily due to the issuance of bonds and related premiums of \$19.4 million.

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

Total net position for the Water and Sewer Funds at the end of the year increased \$4,315,233 to a total of \$144,771,287. The Water Fund increased by \$1,548,232 mainly attributed to revenue raised for future rate stabilization and capital projects. The Sewer Fund increased by \$2,767,001 mainly attributed to an increase in Intergovernmental revenues of \$2.2 million associated with the Peirce Island Wate Water Treatment Facility (PIWWTF) State Aid Grant (SAG).

To provide adequate revenues to meet expenditures for operations, debt service, and capital improvements, the City's rates are based on a two-step, inclining block rate structure for both water and sewer usage. Water rates for FY23 increased 3% over prior year. The first ten units (one unit equals 100 cubic feet or 748 gallons) of water consumed per month were billed at \$4.54 per unit; all units over ten units per month were billed at a rate of \$5.46 per unit. Irrigation meters have a third tier to further capture the cost of additional capacity to service the customer's water demands. The first ten units of water consumed per month were billed at \$5.46 per unit, water

consumed over 10 units up to 20 units were billed at \$10.30 per unit, and units over 20 units per month were billed at a rate of \$12.71 per unit.

Sewer, which is measured by water consumption, had a rate increase of 6% over prior year. The first ten units were billed at \$15.78 per unit; and all units over ten units per month were billed at a rate of \$17.36 per unit.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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General Fund budgetary highlights is recorded on a budgetary basis and not GAAP.

There were two supplemental appropriations during FY23 resulting in the difference between the original budget and the final amended budget.

- \$500,000 for Deer Street Associate Settlement; and
- \$150,000 for McIntyre Design and Engineering.

The difference between the final amended budget and actual results is a positive variance of \$7,258,440 with revenues exceeding estimated budgets by \$4,804,514 and expenditures were less than the estimated budget by \$2,453,926. Significant variances include:

- Positive variance in Licenses and Permits of \$822,215 is mainly attributed to an excess of \$395,495 from estimated motor vehicle registrations, \$233,857 in building, electrical and plumbing permits resulting from renovations and new construction Citywide, \$34,727 from the planning department, and \$143,736 from other permit fees.
- Positive variance in Intergovernmental revenues of \$647,061 is mainly attributed to an excess of \$388,850 from an increase of the rooms and meals tax distribution to municipalities from the State, \$98,127 from school tuition, and \$164,215 increase from one-time revenue from the State of NH for adequate education.
- Positive variance in Investment Income of \$1,111,956 from escalating interest rates.
- Positive variance in Charges for Services and Fines and Costs of \$1,001,338 is mainly attributed to surplus of \$302,158 from PDA Airport District, \$288,254 from recreation programs, \$261,565 from welfare reimbursements, and \$147,721 from police outside detail.
- Positive variance in Other Revenues of \$313,396 is mainly attributed to \$100,385 from unanticipated revenues from Workers' Compensation and Property & Liability holiday premium, and \$123,485 from rentals and sale of surplus equipment and vehicles.
- Positive variance of \$1,279,576 in the operating expenditures is comprised of emergency and shelter assistance in the welfare Department of \$113,977, and surpluses in other City departments primarily the result of several vacancies; \$674,463 in the Police Department,

\$129,393 in the Fire Department, \$51,545 in the School Department, and \$310,197 from other General Government departments.

- Non-operating expenditures resulting in a net positive variance of \$1,174,350 is mainly attributed to \$952,037 from overlay and less than estimated Rockingham County Tax assessment of \$183,038.

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## CAPITAL ASSET AND DEBT ADMINISTRATION

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**Capital Assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$532,852,323 (net of accumulated depreciation), an increase of \$1,940,711 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment. The following comparison shows net capital assets by category:

	<b>Capital Assets (000s)</b> (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		Amount Change	%
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>		
Land	\$ 25,814	\$ 25,814	\$ 3,730	\$ 3,730	\$ 29,544	\$ 29,544	\$ -	0.00%
Building and improvements	139,955	142,571	69,526	61,804	209,481	204,376	5,105	2.50%
Machinery and equipment	9,444	10,248	45,366	42,968	54,810	53,216	1,594	3.00%
Infrastructure	79,393	69,352	115,858	107,921	195,251	177,273	17,978	10.14%
Construction in Progress	15,547	21,949	28,218	44,554	43,766	66,503	(22,737)	-34.19%
Total Assets	<u>\$ 270,153</u>	<u>\$ 269,934</u>	<u>\$ 262,699</u>	<u>\$ 260,978</u>	<u>\$ 532,852</u>	<u>\$ 530,912</u>	<u>\$ 1,940</u>	<u>0.37%</u>

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

- Governmental Activities construction in progress totaled \$15,547,409.
- Governmental funds capitalization of depreciable assets and land totaled \$17,787,017 summarized as follows:
  - Multi-purpose playing field;
  - Cate Street connector;
  - Longmeadow Road;
  - Corporate Drive;
  - Banfield Road Culvert and Pedestrian accommodations;
  - City Hall and Police Station improvements;
  - Various Road and Sidewalk reconstruction; and
  - Various general government vehicles and equipment for Public Works, Police, Fire and School Departments.
- Business-type Activities construction in progress totaled \$28,218,281; Water Fund \$5,328,993 and Sewer Fund \$22,889,288.

- Water Fund capitalization of depreciable assets and land totaled \$20,607,336 summarized as follows:
  - Pease Water Treatment building and equipment;
  - Madbury Water Treatment Facility;
  - Madbury Well;
  - Peirce Island force main;
  - State Street, Sagamore Avenue, Maplewood Avenue waterline replacements; and
  - Various vehicles and equipment replacement.
  
- Sewer Fund capitalization of depreciable assets and land totaled \$5,073,080 summarized as follows:
  - Mechanic Street and Peirce Island force mains;
  - Various sewerline replacements; and
  - Various vehicles and equipment replacement.

Additional information on the City of Portsmouth’s capital assets can be found in Note 11 on pages 73-74 of this report.

**Long-term Debt.** At the end of the current fiscal year, total bonded debt, including unamortized bond premiums, and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$279,929,884 as shown in the table below, all of which was backed by the full faith and credit of the government.

State Revolving Fund (SRF) Loan 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	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 102,944	\$ 96,732	\$ 75,280	\$ 78,133	\$ 178,224	\$ 174,865
State revolving fund loans	-	-	82,443	87,051	82,443	87,051
Unamortized premium	<u>12,363</u>	<u>11,844</u>	<u>6,899</u>	<u>7,229</u>	<u>19,262</u>	<u>19,073</u>
<b>Total</b>	<b><u>\$ 115,307</u></b>	<b><u>\$ 108,576</u></b>	<b><u>\$ 164,622</u></b>	<b><u>\$ 172,413</u></b>	<b><u>\$ 279,929</u></b>	<b><u>\$ 280,989</u></b>

The City of Portsmouth’s total debt decreased by \$1,059,727 or .4% during the current fiscal year. The key factors in this net decrease are:

- Reductions of outstanding debt principal in the amount of \$22 million; and
- The issuance of General Obligation (GO) bonds of \$20.7 million.

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% 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%, for water purposes is 10% 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% 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, 2023, 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 \$9,241,627,093. The debt limit and outstanding debt is as follows:

<b>Purpose</b>	Percent of Allowable Debt <u>Limit</u>	Maximum <u>Debt Limit</u>	Bonds Outstanding including Unamortized Bond Premiums <u>as of June 30, 2023</u>	Authorized Unissued <u>as of June 30, 2023</u>	Total Gross Debt <u>as of June 30, 2023</u>	% of Legal <u>Debt Service Used</u>
Municipal	3.00%	\$ 277,248,813	\$ 74,838,293	\$ 28,000,968	\$ 102,839,261	37%
Landfill closure (1)	N/A			4,641,897	4,641,897	N/A
School	7.00%	646,913,897	40,468,962	-	40,468,962	6%
Water	10.00%	924,162,709	34,996,885	10,300,000	45,296,885	5%
Sewer (1)	N/A		129,625,744	14,100,000	143,725,744	N/A
Total		<u>\$ 1,848,325,419</u>	<u>\$ 279,929,884</u>	<u>\$ 57,042,865</u>	<u>\$ 336,972,749</u>	

(1) Exempt from Debt Limit

Additional information on long-term debt can be found in Note 17 on pages 75-80 of this report.

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## **ECONOMIC CONDITIONS AND NEXT YEAR’S BUDGET AND RATES**

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As of June 30, 2023, the City of Portsmouth’s unemployment rate was 1.7%. During the same period, Portsmouth’s rate remained lower by comparison to the State of New Hampshire, New England, and the Nation’s unemployment average of 1.7%, 2.7% and 3.5%, respectively.

The budget and tax rate for the General Fund for FY24 has been approved by the Department of Revenue Administration. The tax rate has been set at \$16.13 per \$1,000 of assessed value. This is an increase of \$0.93 or 6.1% from the prior year.

On a budgetary basis, the final General Fund budget of \$138,623,375 is an increase of \$6,198,464 or 4.68% from the prior year. This budget includes:

- Use of Committed Fund Balance of \$1,700,000 from debt service reserves, \$100,000 from abatement reserve, and \$128,379 from BAN premium;
- Use of Unassigned Fund Balance of \$2.5 million to offset taxes;
- A supplemental appropriation of \$890,000 for expenditures associated with Collective Bargaining Agreements (CBA) for the Police and Fire Departments; and
- A supplemental appropriation of \$450,000 for expenditures associated with outside counsel.

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 water treatment and wastewater operations. The large volume users have a greater impact on system operations; therefore, a second tier at the higher rate captures the additional costs incurred to serve them.

The water rate increased by 4.5% over FY23 as follows:

<b>WATER USER RATES</b>	<u>FY23</u>	<u>FY24</u>
First Tier Rate (10 units or less)	\$4.54	\$4.74
Second Tier Rate (over 10 units)	\$5.46	\$5.70

<b>IRRIGATION USER RATES</b>	<u>FY23</u>	<u>FY24</u>
First Tier Rate (10 units or less)	\$5.46	\$5.70
Second Tier Rate (over 10 units)	\$10.30	\$10.76
Third Tier Rate (over 20 units)	\$12.71	\$13.28

The sewer rate increase by 4.5% over FY23 as follows:

<b>SEWER USER RATES</b>	<u>FY23</u>	<u>FY24</u>
First Tier Rate (10 units or less)	\$15.78	\$16.49
Second Tier Rate (over 10 units)	\$17.36	\$18.14

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## REQUESTS FOR INFORMATION

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

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

City of Portsmouth

1 Junkins Avenue

Portsmouth, New Hampshire 03801



## **Basic Financial Statements**

## CITY OF PORTSMOUTH, NEW HAMPSHIRE

### Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets and Deferred Outflows and Resources</b>			
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 104,277,685	\$ 55,294,688	\$ 159,572,373
Investments	10,303,087	-	10,303,087
Receivables, net of allowance for uncollectibles:			
Property taxes	1,793,120	-	1,793,120
User fees	-	5,184,641	5,184,641
Departmental and other	4,410,196	-	4,410,196
Contributions	-	608,624	608,624
Intergovernmental	3,495,434	2,413,425	5,908,859
Special assessment	187,084	-	187,084
Loans and interest	12,979	-	12,979
Leases	410,164	-	410,164
Other assets	77,564	-	77,564
Inventory	63,530	295,286	358,816
Total current assets	125,030,843	63,796,664	188,827,507
Noncurrent:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Property Taxes	311,478	-	311,478
Contributions	-	78,862	78,862
Special Assessments	374,168	-	374,168
Loans and Interest	2,406,540	-	2,406,540
Intergovernmental	5,486,763	27,992,029	33,478,792
Leases	1,418,178	-	1,418,178
Capital Assets:			
Land and Construction in progress	41,361,633	31,948,498	73,310,131
Other capital assets, net of accumulated depreciation	228,791,657	230,750,535	459,542,192
Total Noncurrent Assets	280,150,417	290,769,924	570,920,341
<b>Total Assets</b>	<b>405,181,260</b>	<b>354,566,588</b>	<b>759,747,848</b>
<b>Deferred Outflows of Resources</b>			
Related to pension	24,662,275	1,416,552	26,078,827
Related to OPEB	1,228,080	31,009	1,259,089
<b>Total Deferred Outflows of Resources</b>	<b>25,890,355</b>	<b>1,447,561</b>	<b>27,337,916</b>
<b>Total Assets and Deferred Outflows and Resources</b>	<b>\$ 431,071,615</b>	<b>\$ 356,014,149</b>	<b>\$ 787,085,764</b>

(continued)

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Statement of Net Position

June 30, 2023

(continued)	Governmental Activities	Business-Type Activities	Total
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>			
Current:			
Accounts payable	3,613,335	3,107,560	6,720,895
Accrued liabilities	2,425,140	863,912	3,289,052
Notes payable	8,361,286	4,492,578	12,853,864
Deposits held in custody	-	39,667	39,667
Unearned revenue	10,731,795	212,733	10,944,528
Retainage payable	1,069,535	1,014,734	2,084,269
Tax refunds payable	313,471	-	313,471
Other current liabilities	1,190,179	166,207	1,356,386
Current portion of long-term liabilities			
Bonds and loans payable	11,766,161	11,072,642	22,838,803
Landfill liability	150,829	-	150,829
Accrued employee benefits	484,532	41,867	526,399
Total current liabilities	<u>40,106,263</u>	<u>21,011,900</u>	<u>61,118,163</u>
Noncurrent:			
Bonds and loans payable, net of current portion	103,541,091	153,549,986	257,091,077
Landfill liability	1,288,567	-	1,288,567
Accrued employee benefits, net of current portion	3,553,237	481,463	4,034,700
Total pension liability	106,848,431	6,095,584	112,944,015
Total OPEB Liability	16,706,609	492,918	17,199,527
Total noncurrent liabilities	<u>231,937,935</u>	<u>160,619,951</u>	<u>392,557,886</u>
<b>Total Liabilities</b>	<u>272,044,198</u>	<u>181,631,851</u>	<u>453,676,049</u>
<b>Deferred Inflows of Resources</b>			
Related to pension	1,202,911	47,293	1,250,204
Related to OPEB	6,832,468	225,454	7,057,922
Related to leases	1,864,334	-	1,864,334
Related to grants	-	29,338,264	29,338,264
<b>Total Deferred Inflows of Resources</b>	<u>9,899,713</u>	<u>29,611,011</u>	<u>39,510,724</u>
<b>Net Position</b>			
Net investment in capital assets	163,202,770	114,948,832	278,151,602
Restricted for:			
Public work improvements	3,972,631	-	3,972,631
Education	1,014,856	-	1,014,856
Public safety	771,402	-	771,402
Other purposes	8,306,264	-	8,306,264
Permanent funds:			
Nonexpendable	1,633,163	-	1,633,163
Expendable	7,890,001	-	7,890,001
Unrestricted (deficit)	<u>(37,663,383)</u>	<u>29,822,455</u>	<u>(7,840,928)</u>
<b>Total Net Position</b>	<u>149,127,704</u>	<u>144,771,287</u>	<u>293,898,991</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 431,071,615</u>	<u>\$ 356,014,149</u>	<u>\$ 787,085,764</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, 2023

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses)/ Revenues
<b>Governmental Activities</b>					
General government	\$ 15,741,384	\$ 10,728,289	\$ 1,203,850	\$ -	\$ (3,809,245)
Public safety	24,021,022	1,509,488	1,218,622	-	(21,292,912)
Education	65,177,969	938,201	14,329,257	7,984,933	(41,925,578)
Public works	24,231,392	9,916,200	4,171,185	1,775,590	(8,368,417)
Health and human services	1,002,507	122,206	-	-	(880,301)
Culture and recreation	6,072,448	1,208,983	54,053	-	(4,809,412)
Community development	969,508	-	21,318	822,143	(126,047)
Interest on long-term debt	2,950,393	-	-	-	(2,950,393)
Total Governmental Activities	140,166,623	24,423,367	20,998,285	10,582,666	(84,162,305)
<b>Business-Type Activities</b>					
Water services	10,298,220	10,445,004	-	1,035,778	1,182,562
Sewer services	19,859,398	18,456,364	-	3,695,502	2,292,468
Total Business-Type Activities	30,157,618	28,901,368	-	4,731,280	3,475,030
Total	\$ 170,324,241	\$ 53,324,735	\$ 20,998,285	\$ 15,313,946	\$ (80,687,275)

(continued)

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, 2023

(continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Change in Net Position			
Net (expenses) revenues from previous page	\$ (84,162,305)	\$ 3,475,030	\$ (80,687,275)
<b>General Revenues and Transfers</b>			
Property taxes	99,370,967	-	99,370,967
Interest on taxes	147,262	-	147,262
Grants and contributions not restricted to specific programs	1,938,850	-	1,938,850
Investment income (loss)	3,087,456	1,305,380	4,392,836
Gain (loss) on sale of capital assets	-	(13,388)	(13,388)
Other revenues	937,751	-	937,751
Transfers in (out), net	451,789	(451,789)	-
Total general revenues and transfers	<u>105,934,075</u>	<u>840,203</u>	<u>106,774,278</u>
Change in net position	21,771,770	4,315,233	26,087,003
<b>Net Position</b>			
Beginning of Year	<u>127,355,934</u>	<u>140,456,054</u>	<u>267,811,988</u>
End of Year	<u>\$ 149,127,704</u>	<u>\$ 144,771,287</u>	<u>\$ 293,898,991</u>

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Governmental Funds**

**Balance Sheet**

**June 30, 2023**

	<u>General</u>	<u>Grants and Contributions Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and short-term investments	\$ 53,126,557	\$ 16,511,990	\$ 34,639,138	\$ 104,277,685
Investments	-	-	10,303,087	10,303,087
Receivables:				
Property taxes	2,104,598	-	-	2,104,598
Departmental and other	4,260,209	42,125	107,862	4,410,196
Intergovernmental	6,227,737	114,538	2,639,922	8,982,197
Special Assessment	-	-	561,252	561,252
Loans and Interest	-	-	2,419,519	2,419,519
Leases	263,215	1,152,114	413,013	1,828,342
Due from other funds	2,064,151	-	861	2,065,012
Advances to other funds	339,760	-	-	339,760
Other assets	77,564	-	-	77,564
Inventory	-	-	63,530	63,530
<b>Total Assets</b>	<b>\$ 68,463,791</b>	<b>\$ 17,820,767</b>	<b>\$ 51,148,184</b>	<b>\$ 137,432,742</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,603,635	\$ 819,321	\$ 1,190,379	\$ 3,613,335
Accrued liabilities	2,065,726	-	58,633	2,124,359
Notes payable	-	-	8,361,286	8,361,286
Unearned revenue	-	10,667,604	64,191	10,731,795
Retainage payable	-	59,068	1,010,467	1,069,535
Tax refunds payable	313,471	-	-	313,471
Due to other funds	-	482	2,064,530	2,065,012
Advances from other funds	-	-	339,760	339,760
Other liabilities	1,190,179	-	-	1,190,179
<b>Total Liabilities</b>	<b>5,173,011</b>	<b>11,546,475</b>	<b>13,089,246</b>	<b>29,808,732</b>
<b>Deferred Inflows and Resources</b>				
Unavailable Revenue- taxes	874,760	-	-	874,760
Unavailable Revenue - ambulance fees	563,166	-	-	563,166
Unavailable Revenue - long term receivables	6,227,737	-	2,923,854	9,151,591
Lease related	257,160	1,119,049	488,125	1,864,334
<b>Total Deferred Inflows of Resources</b>	<b>7,922,823</b>	<b>1,119,049</b>	<b>3,411,979</b>	<b>12,453,851</b>
<b>Fund Balances</b>				
Nonspendable	339,760	-	2,036,452	2,376,212
Restricted	-	5,155,243	22,232,789	27,388,032
Committed	27,665,287	-	10,381,941	38,047,228
Assigned	9,194,343	-	-	9,194,343
Unassigned	18,168,567	-	(4,223)	18,164,344
<b>Total Fund Balances</b>	<b>55,367,957</b>	<b>5,155,243</b>	<b>34,646,959</b>	<b>95,170,159</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 68,463,791</b>	<b>\$ 17,820,767</b>	<b>\$ 51,148,184</b>	<b>\$ 137,432,742</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, 2023

<b>Total Governmental Fund Balances</b>	\$ 95,170,159
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.</li></ul>	270,153,290
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	10,589,517
<ul style="list-style-type: none"><li>• Deferred outflows and inflows of pension resources are not financial resources nor are they available to pay current period expenditures. Pension related outflows and inflows consist of:<ul style="list-style-type: none"><li>Deferred outflows</li><li>Deferred inflows</li></ul></li></ul>	24,662,275 (1,202,911)
<ul style="list-style-type: none"><li>• Deferred outflows and inflows of OPEB resources are not financial resources nor are they available to pay current period expenditures. OPEB related outflows and inflows consist of:<ul style="list-style-type: none"><li>Deferred outflows</li><li>Deferred inflows</li></ul></li></ul>	1,228,080 (6,832,468)
<ul style="list-style-type: none"><li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(300,781)
<ul style="list-style-type: none"><li>• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.<ul style="list-style-type: none"><li>General obligation bonds and loan payables, including unamortized premiums</li><li>Estimated liability for landfill postclosure care costs</li><li>Accrued employee benefits</li><li>Total pension liability</li><li>Total OPEB liability</li></ul></li></ul>	(115,307,252) (1,439,396) (4,037,769) (106,848,431) <u>(16,706,609)</u>
<b>Net Position of Governmental Activities</b>	<b>\$ <u>149,127,704</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, 2023**

	<u>General</u>	<u>Grants and Contributions Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 99,271,033	\$ -	\$ -	\$ 99,271,033
License and permits	7,856,515	-	-	7,856,515
Intergovernmental	14,857,176	4,077,810	6,528,372	25,463,358
Charges for services	6,405,653	265,100	9,556,090	16,226,843
Investment income	1,812,447	-	1,275,009	3,087,456
Interest on taxes	147,262	-	-	147,262
Fines and costs	1,159,490	9,117	28,918	1,197,525
Contributions	-	139,968	274,590	414,558
Special assessments	-	-	187,084	187,084
Other	<u>1,026,888</u>	<u>245,539</u>	<u>645,874</u>	<u>1,918,301</u>
 Total Revenues	 132,536,464	 4,737,534	 18,495,937	 155,769,935
<b>Expenditures</b>				
Current:				
General government	11,156,395	292,249	-	11,448,644
Public safety	22,099,203	105,372	1,077,670	23,282,245
Education	56,989,248	-	6,100,609	63,089,857
Public works	8,237,477	651,922	6,167,905	15,057,304
Health and human services	990,319	10,799	-	1,001,118
Culture and recreation	3,545,416	8,372	1,419,382	4,973,170
Community development	-	6,175	955,750	961,925
Debt service:				
Principal	10,243,400	-	1,140,000	11,383,400
Interest	3,329,518	-	892,063	4,221,581
Capital Outlay	1,749,962	3,020,467	8,800,823	13,571,252
Intergovernmental	<u>5,546,962</u>	<u>-</u>	<u>-</u>	<u>5,546,962</u>
 Total Expenditures	 <u>123,887,900</u>	 <u>4,095,356</u>	 <u>26,554,202</u>	 <u>154,537,458</u>
 Excess (deficiency) of revenues over (under) expenditures	 8,648,564	 642,178	 (8,058,265)	 1,232,477
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	17,595,500	17,595,500
Premium from issuance of bonds	4,763	-	1,759,500	1,764,263
Transfers In	166	191,017	4,056,997	4,248,180
Transfer Out	<u>(3,470,147)</u>	<u>(166)</u>	<u>(326,078)</u>	<u>(3,796,391)</u>
 Total Other Financing Sources (Uses)	 <u>(3,465,218)</u>	 <u>190,851</u>	 <u>23,085,919</u>	 <u>19,811,552</u>
 Net Change in Fund Balances	 5,183,346	 833,029	 15,027,654	 21,044,029
 Fund Balances - Beginning of Year	 <u>50,184,611</u>	 <u>4,322,214</u>	 <u>19,619,305</u>	 <u>74,126,130</u>
 Fund Balances - at End of Year	 <u>\$ 55,367,957</u>	 <u>\$ 5,155,243</u>	 <u>\$ 34,646,959</u>	 <u>\$ 95,170,159</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, 2023

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	21,044,029																																							
<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 Outlays</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">11,385,855</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(11,166,587)</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;">5,716,669</td> </tr> </table> </li>   <li>• The issuance of long-term debt 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 impact on net position:           <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Issuance of bonds, including refunded bonds</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(17,595,500)</td> </tr> <tr> <td>Premium received on issuance of bonds and refunding bonds</td> <td></td> <td style="text-align: right;">(1,759,500)</td> </tr> <tr> <td>Repayments of debt</td> <td></td> <td style="text-align: right;">11,383,400</td> </tr> <tr> <td>Bond premium amortization</td> <td></td> <td style="text-align: right;">1,240,657</td> </tr> </table> </li>   <li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in the 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;">25,768</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%;">Change in total pension liability</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(24,043,267)</td> </tr> <tr> <td>Change in pension related deferred outflows and inflows of resources</td> <td></td> <td style="text-align: right;">24,026,148</td> </tr> <tr> <td>Changes in total other post employment benefits liability</td> <td></td> <td style="text-align: right;">232,490</td> </tr> <tr> <td>Changes in OPEB related deferred outflows and inflows of resources</td> <td></td> <td style="text-align: right;">880,730</td> </tr> </table> </li>   <li>• Accrued employee benefits reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.           <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;">400,878</td> </tr> </table> </li> </ul>			Capital Outlays		11,385,855	Depreciation		(11,166,587)			5,716,669	Issuance of bonds, including refunded bonds		(17,595,500)	Premium received on issuance of bonds and refunding bonds		(1,759,500)	Repayments of debt		11,383,400	Bond premium amortization		1,240,657			25,768	Change in total pension liability		(24,043,267)	Change in pension related deferred outflows and inflows of resources		24,026,148	Changes in total other post employment benefits liability		232,490	Changes in OPEB related deferred outflows and inflows of resources		880,730			400,878
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<b>Changes in Net Position of Governmental Activities</b>	\$	<u>21,771,770</u>																																							

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

General Fund

Statement of Revenues and Other Sources  
And Expenditures of Other Uses – Budget and Actual  
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues and Other Sources:</b>				
Property taxes	\$ 98,511,028	\$ 98,511,028	\$ 99,298,397	\$ 787,369
License and permits	7,034,300	7,034,300	7,856,515	822,215
Intergovernmental	14,210,115	14,210,115	14,857,176	647,061
Charges for services	5,858,805	5,858,805	6,405,653	546,848
Investment income	700,491	700,491	1,812,447	1,111,956
Interest on taxes	171,000	171,000	147,262	(23,738)
Fines and costs	705,000	705,000	1,159,490	454,490
Other revenues	179,750	179,750	493,146	313,396
Other financing sources:				
Transfers in	1,604,422	1,604,422	1,744,576	140,154
Bond premiums	-	-	4,763	4,763
Use of fund balance:				
To reduce taxes	2,800,000	2,800,000	2,800,000	-
For Deer Street Associates Settlement	-	500,000	500,000	-
For McIntyre Design and Engineering	-	150,000	150,000	-
<b>Total Revenues and Other Sources</b>	<u>131,774,911</u>	<u>132,424,911</u>	<u>137,229,425</u>	<u>4,804,514</u>
<b>Expenditures and Other Uses:</b>				
Current:				
General administrative	8,626,319	8,951,436	8,796,712	154,724
Other general administrative	4,953,713	1,724,376	1,658,568	65,808
Public works	7,285,086	7,501,796	7,485,867	15,929
Community services	3,963,196	4,199,075	4,075,053	124,022
Regulatory services	1,898,339	2,072,291	2,016,652	55,639
Emergency management	29,580	29,580	21,527	8,053
Police department	13,268,356	13,321,137	12,646,674	674,463
Fire department	10,323,327	10,355,485	10,226,092	129,393
School department	55,802,082	57,980,007	57,928,462	51,545
Non-operating	<u>25,624,913</u>	<u>26,289,728</u>	<u>25,115,378</u>	<u>1,174,350</u>
<b>Total Expenditures and Other Uses</b>	<u>131,774,911</u>	<u>132,424,911</u>	<u>129,970,985</u>	<u>2,453,926</u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,258,440</u>	\$ <u>7,258,440</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, 2023

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 14,341,241	\$ 40,953,447	\$ 55,294,688
Receivables, net of allowance for uncollectibles:			
User fees	1,767,210	3,417,431	5,184,641
Contributions	591,918	16,706	608,624
Intergovernmental	-	2,413,425	2,413,425
Inventory	249,301	45,985	295,286
Total current assets	16,949,670	46,846,994	63,796,664
Noncurrent:			
Contributions receivables, net of current portion	63,000	15,862	78,862
Intergovernmental receivables, net of current portion	-	27,992,029	27,992,029
Land and construction in progress	7,108,743	24,839,755	31,948,498
Capital assets, net of accumulated depreciation	77,743,925	153,006,610	230,750,535
Total noncurrent assets	84,915,668	205,854,256	290,769,924
<b>Total Assets</b>	101,865,338	252,701,250	354,566,588
<b>Deferred Outflows of Resources</b>			
Related to pension	607,469	809,083	1,416,552
Related to OPEB	14,796	16,213	31,009
<b>Total Deferred Outflows of Resources</b>	622,265	825,296	1,447,561
<b>Total Assets and Deferred Outflows and Resources</b>	\$ 102,487,603	\$ 253,526,546	\$ 356,014,149
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Current:			
Accounts payable	555,446	2,552,114	3,107,560
Accrued liabilities	223,524	640,388	863,912
Notes payable	-	4,492,578	4,492,578
Deposits held in custody	15,429	24,238	39,667
Unearned revenue	15,000	197,733	212,733
Retainage payable	201,622	813,112	1,014,734
Other current liabilities	166,207	-	166,207
Current portion of long-term liabilities:			
Bonds and loans payable	3,125,204	7,947,438	11,072,642
Accrued employee benefits	18,735	23,132	41,867
Total Current Liabilities	4,321,167	16,690,733	21,011,900
Noncurrent:			
Bonds and loans payable, net of current portion	31,871,681	121,678,305	153,549,986
Total pension liability	2,614,006	3,481,578	6,095,584
Total OPEB Liability	240,445	252,473	492,918
Accrued employee benefits, net of current portion	215,447	266,016	481,463
Total Noncurrent Liabilities	34,941,579	125,678,372	160,619,951
<b>Total Liabilities</b>	39,262,746	142,369,105	181,631,851
<b>Deferred Inflows of Resources</b>			
Related to pension	20,280	27,013	47,293
Related to OPEB	117,585	107,869	225,454
Related to grants	-	29,338,264	29,338,264
<b>Total Deferred Inflows of Resources</b>	137,865	29,473,146	29,611,011
<b>Net Position</b>			
Net Investment in Capital Assets	57,501,262	57,447,570	114,948,832
Unrestricted	5,585,730	24,236,725	29,822,455
<b>Total Net Position</b>	63,086,992	81,684,295	144,771,287
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 102,487,603	\$ 253,526,546	\$ 356,014,149

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 Net Position**  
**For the Year Ended June 30, 2023**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for services	\$ 9,056,883	\$ 18,121,938	\$ 27,178,821
License and permits	1,158,020	138,241	1,296,261
Departmental revenue	230,101	196,185	426,286
<b>Total Operating Revenues</b>	<b>10,445,004</b>	<b>18,456,364</b>	<b>28,901,368</b>
<b>Operating Expenses</b>			
Personnel services	2,767,375	3,963,314	6,730,689
Non-personnel services	3,928,740	7,745,045	11,673,785
Depreciation	2,573,747	5,035,803	7,609,550
<b>Total Operating Expenses</b>	<b>9,269,862</b>	<b>16,744,162</b>	<b>26,014,024</b>
<b>Operating Income</b>	<b>1,175,142</b>	<b>1,712,202</b>	<b>2,887,344</b>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental	-	3,564,327	3,564,327
Investment income	365,670	939,710	1,305,380
Bond premium amortization	245,204	332,469	577,673
Interest expense	(1,273,562)	(3,447,705)	(4,721,267)
Loss on disposal of capital assets	-	(13,388)	(13,388)
<b>Total nonoperating revenues (expenses), net</b>	<b>(662,688)</b>	<b>1,375,413</b>	<b>712,725</b>
<b>Income Before Contributions and Transfers</b>	<b>512,454</b>	<b>3,087,615</b>	<b>3,600,069</b>
Capital contributions	1,035,778	131,175	1,166,953
Transfers out	-	(451,789)	(451,789)
<b>Total Contributions and Transfers</b>	<b>1,035,778</b>	<b>(320,614)</b>	<b>715,164</b>
<b>Change in Net Position</b>	<b>1,548,232</b>	<b>2,767,001</b>	<b>4,315,233</b>
<b>Net Position, at Beginning of Year</b>	<b>61,538,760</b>	<b>78,917,294</b>	<b>140,456,054</b>
<b>Net Position, at End of Year</b>	<b>\$ 63,086,992</b>	<b>\$ 81,684,295</b>	<b>\$ 144,771,287</b>

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, 2023

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 10,377,300	\$ 17,997,067	\$ 28,374,367
Payments to employees for salaries and related benefits	(2,799,897)	(3,954,823)	(6,754,720)
Payments to suppliers for goods and services	(5,373,672)	(6,120,131)	(11,493,803)
	2,203,731	7,922,113	10,125,844
<b>Net Cash Provided by Operating Activities</b>			
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers to other funds	-	(451,789)	(451,789)
	-	(451,789)	(451,789)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(1,751,105)	(7,593,276)	(9,344,381)
Proceeds from general obligation bonds	-	3,169,500	3,169,500
Principal payments on bonds and loans	(3,172,528)	(7,457,426)	(10,629,954)
Revolving loan drawdowns	-	3,466,462	3,466,462
Bond premium	-	247,457	247,457
Intergovernmental revenues	-	2,901,869	2,901,869
Capital contributions	630,914	144,285	775,199
Interest expense	(1,273,562)	(3,447,705)	(4,721,267)
	(5,566,281)	(8,568,834)	(14,135,115)
<b>Net Cash Used for Capital and Related Financing Activities</b>			
<b>Cash Flow From Investing Activities</b>			
Investment Income	365,670	939,710	1,305,380
	365,670	939,710	1,305,380
<b>Net Change in Cash and Short-Term Investments</b>	(2,996,880)	(158,800)	(3,155,680)
<b>Cash and Short-Term Investments, Beginning of Year</b>	17,338,121	41,112,247	58,450,368
<b>Cash and Short-Term Investments, End of Year</b>	\$ 14,341,241	\$ 40,953,447	\$ 55,294,688
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 1,175,142	\$ 1,712,202	\$ 2,887,344
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,573,747	5,035,803	7,609,550
Changes in assets, liabilities, and deferred outflows/inflows			
User fee receivable	(31,983)	(346,435)	(378,418)
Inventory	(35,721)	7,138	(28,583)
Deferred outflows	21,196	(83,737)	(62,541)
Accounts payable	(919,656)	1,035,580	115,924
Accrued liabilities	(19,370)	36,596	17,226
Accrued employee benefits	(13,152)	(28,105)	(41,257)
Total pension liability	405,471	923,942	1,329,413
Total OPEB Liability	18,999	35,025	54,024
Deferred inflows	(663,552)	(760,956)	(1,424,508)
Retainage	(148,685)	475,060	326,375
Other liabilities	(158,705)	-	(158,705)
Unearned revenue	-	(120,000)	(120,000)
	1,028,589	6,209,911	7,238,500
<b>Total Adjustments</b>			
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ 2,203,731	\$ 7,922,113	\$ 10,125,844
<b>Schedule of non-cash capital and relating financing activities</b>			
Debt forgiveness	\$ -	\$ 10,113	10,113

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, 2023

<b>Assets</b>	Private Purpose Trust Funds	Custodial Funds
Cash and short-term investments	\$ 251,181	\$ 765,743
Investments:		
Fixed income mutual funds	2,511,761	-
Equity mutual funds	8,643,955	-
Other assets	1,859	-
<b>Total Assets</b>	<b>11,408,756</b>	<b>765,743</b>
 <b>Net Position</b>		
Restricted for:		
Individuals, coalitions, and other governments	\$ 11,408,756	\$ 765,743

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, 2023**

	Private Purpose Trust Funds	Custodial Funds
<b>Additions</b>		
Property taxes collected for Rockingham County	\$ -	\$ 5,546,962
Fees collected for State of New Hampshire	-	1,493,306
Investment income	1,276,649	11
Contributions	1,197,554	921,163
	<u>2,474,203</u>	<u>7,961,442</u>
Total Additions		
<b>Deductions</b>		
Payments of taxes to Rockingham County	-	5,546,962
Payments of fees to State of New Hampshire	-	1,493,306
Payments to beneficiaries	381,793	808,281
	<u>381,793</u>	<u>7,848,549</u>
Total Deductions		
Change in Net Position	2,092,410	112,893
<b>Net Position</b>		
Beginning of year	<u>9,316,346</u>	<u>652,850</u>
End of year	<u>\$ 11,408,756</u>	<u>\$ 765,743</u>

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Portsmouth, New Hampshire (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the 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 GAAP, these financial statements present the City and applicable component units for which the City is considered to be financially accountable. In fiscal year 2023, it was determined that no entities met the component units requirements of GASB 14 (as amended).

*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.



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Grants and Contributions Fund* is used to account for funds of the City designated for special purposes.

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.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an 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 (enterprise) funds:

- *Water Fund* is used to account for the operation of a water treatment plant, City wells and water system.
- *Sewer 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 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 parks, scholarships, worthy poor, memorials, and commemorations.
- The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments, amounts held for coalitions, and student activity funds.

**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.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

Under New Hampshire RSA 48:16, whenever the City Treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the City Treasurer shall invest the same in accordance with the investment policy adopted by the mayor or city council under RSA 47:6, II. The treasurer may invest in participation units in the New Hampshire Public Deposit Investment Pool (NHPDIP) established pursuant to RSA 383:22, in deposits, including money market accounts or certificates of deposit, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U. S. C. Section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations.

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

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

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

*E. Leases*

In accordance with GASB Statement No. 87, *Leases*, the discounted value of future lease receipts is included in deferred inflows of resources. The present value of the leases is valued at inception and periodically revalued in accordance with GASB Statement No. 87 and presented as a deferred inflow of resources. These deferred inflows are amortized as lease revenue in a systematic and rational manner over the life of the lease. When the interest rate is not readily determined the City will use the prime rate at the date of inception as the estimated incremental borrowing rate.

*F. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 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).

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
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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.

*G. Inventory*

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

*H. Capital Assets*

Capital assets, which include buildings, improvements, infrastructure, machinery and equipment, land, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds Statement of Net Position. 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 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment, and infrastructure of the City is depreciated using the straight-line method over the following estimated useful lives:

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

*I. Compensated Absences*

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

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*J. Long-Term Liabilities*

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

*K. Fund Equity*

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

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

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

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists 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 use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

*L. Use of Estimates*

The preparation of basic financial statements in conformity with GAAP 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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

*M. 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.

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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 of each fiscal year. 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 City 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.

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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 City 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 establishes 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 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>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Excess (Deficiency)</u>
<u>General Fund</u>			
Revenues/Expenditures (GAAP Basis)	\$ 132,536,464	\$ 123,887,900	\$ 8,648,564
Other financing sources/uses (GAAP Basis)	<u>4,929</u>	<u>3,470,147</u>	<u>(3,465,218)</u>
Subtotal (GAAP Basis)	132,541,393	127,358,047	5,183,346
Reverse expenditures of prior year appropriation carryforwards	-	(3,001,003)	3,001,003
Reclassify use of overlay	27,365	27,365	-
Use of fund balance	3,450,000	-	3,450,000
Indirect costs from enterprise funds	1,604,422	1,604,422	-
Add end-of-year appropriation carryforwards	-	3,110,225	(3,110,225)
Other reconciling items	<u>(393,755)</u>	<u>871,929</u>	<u>(1,265,684)</u>
Budgetary Basis	<u>\$ 137,229,425</u>	<u>\$ 129,970,985</u>	<u>\$ 7,258,440</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
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*C. Deficit Fund Equity*

The City's Debt Service Fund had an unassigned fund balance deficit of \$4,223 at June 30, 2023. This deficit will be funded through special assessments not yet due.

**3. Deposits and Investments**

*A. Custodial Credit Risk*

The custodial credit risk for deposits or investments is the risk that, in the event of the failure of the bank or counterparty to a transaction, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The City's policy is to follow New Hampshire RSA 48:16 and 383:22. Under New Hampshire RSA 48:16, the City Treasurer shall deposit money in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits of the following types:

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

As of June 30, 2023, \$311,488 of the City's deposits and short-term investments was uninsured and uncollateralized. The City also held \$872,338, in NHPDIP, a state investment pool, which is not subject to custodial credit risk disclosure.

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



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*B. Investment Summary*

The following is a summary of the City's investments as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Fixed income mutual funds	\$ 4,794,839
Equity mutual funds	<u>16,663,964</u>
Total	<u>\$ 21,458,803</u>

*C. Credit Risk*

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

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

The Trustees of Trust Funds are also required to report annually to the New Hampshire Attorney General any securities retained under the provisions of RSA 31:25c.

As of June 30, 2023, \$4,794,839 of the City's investments were held in bond mutual funds, with average S&P credit rating of A-.

*D. Concentration of Credit Risk*

The Trustees of Trust Funds' policy on the concentration of credit risk is to limit the amount that may be invested in any one issue to \$15,000 or 10% of the value of the account, whichever is greater. The City does not have a formal policy on the concentration of credit risk exposure, since all investments are in mutual funds.

*E. Interest Rate Risk*

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

As of June 30, 2023, \$4,794,839 of the City's investments were held in bond mutual funds, with average effective duration of 4.35 years.

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*F. Foreign Currency Risk*

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

As of June 30, 2023, the City did not have any investments exposed to foreign currency risk.

*G. Fair Value*

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

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

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

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

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The City has the following fair value measurements as of June 30, 2023:

Investment Type	Amount	Fair value measurements using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Fixed income mutual funds	\$ 4,794,839	\$ 4,794,839	\$ -	\$ -
Equity mutual funds	16,663,964	16,663,964	-	-
Total	\$ 21,458,803	\$ 21,458,803	\$ -	\$ -

**4. Property Taxes Receivable**

Property taxes were committed in November and were due in two installments, on January 4, 2023 and June 1, 2023. Taxes unpaid by January 5, 2023 and June 2, 2023 accrued interest at 8% until August 30, 2023. A tax lien was recorded on all properties with taxes unpaid as of August 31, 2023, at which time interest began accruing at 14%.

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

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

Property taxes receivable at June 30, 2023 by levy year consist of the following:

Property Taxes:	
2023	\$ 1,792,843
Unredeemed Taxes:	
2022	191,407
2021	86,704
2020	190
Prior Years	<u>33,454</u>
Total	\$ <u>2,104,598</u>

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**5. User Fees Receivable**

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

User fees receivable and related allowance for doubtful accounts at June 30, 2023 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Billed user fees	\$ 901,495	\$ 1,727,040	\$ 2,628,535
Unbilled at year end	930,863	1,695,326	2,626,189
Less: Allowance for doubtful accounts	<u>(65,148)</u>	<u>(4,935)</u>	<u>(70,083)</u>
Net Amount	<u>\$ 1,767,210</u>	<u>\$ 3,417,431</u>	<u>\$ 5,184,641</u>

**6. Departmental and Other Receivables**

Departmental and other receivables represent ambulance, police detail, and other receivables.

	<u>Ambulance</u>	<u>Police Detail</u>	<u>Other</u>	<u>Total</u>
Gross receivable	\$ 616,639	\$ 274,579	\$ 3,627,153	\$ 4,518,371
Less: Allowance for doubtful accounts	<u>(53,773)</u>	<u>(54,402)</u>	<u>-</u>	<u>(108,175)</u>
Net Amount	<u>\$ 562,866</u>	<u>\$ 220,177</u>	<u>\$ 3,627,153</u>	<u>\$ 4,410,196</u>

**7. Contributions Receivable**

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.

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Contributions receivable at June 30, 2023 are due as follows:

	Water Fund	Sewer Fund	Total
Less than one year	\$ 591,918	16,706	\$ 608,624
One to five years	63,000	15,862	78,862
Total	\$ 654,918	\$ 32,568	\$ 687,486

**8. Intergovernmental Receivables**

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023, as well as state grants for school building and wastewater capital improvements.

**9. Leases Receivable**

At June 30, 2023, the City was the lessor in the following leasing arrangements:

The City leases a portion of land at 680 Peverly Hill Road to Message Center Management, Inc. (MCM). The agreement was initiated on July 14, 2000, and is currently on its fifth extension period, which ends on October 30, 2033. MCM pays the City on a monthly schedule and submits 60% of gross collected receipts that the cell tower generates to the City. The incremental borrowing rate is 3.25%.

The City leases five designated spaces in the Worth Lot to Bluestone Properties of Rye, LLC (Bluestone). The agreement was initiated on October 1, 2021, and continues for a period of 20 years. Bluestone pays the City annually \$3,750 per space for a total annual payment of \$18,750. For years 6 -20 the annual rate will change to equal the hourly rate charged by the City for parking spaces in the Worth Lot during the City’s enforcement times as established by the City Council. The incremental borrowing rate is 3.25%.

The City leases a portion of the City Hall Annex / Seybolt Building to the AIDS Response of the Seacoast. The agreement was initiated on August 23, 2018, and terminates on September 30, 2023. Monthly payments of \$1,820 to the City commenced on October 1, 2018, and were due on or before the 10th day of the month. Rent in subsequent years will be based on the square footage multiplied by the lessor’s annual operating cost per square foot. The incremental borrowing rate is 3.25%.

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In fiscal year 2022, the City took over five leases from the Foundation for Seacoast Health known collectively as the “Community Campus”. The five leases include contracts with the Krempels Center, Seacoast Community School, Seacoast Outright, Child Advocacy Center of Rockingham County, and Southern NH Services, Inc. The incremental borrowing rate is 3.50%.

The future minimum lease receipts to be received are as follows:

	Governmental Activities		
	Principal	Interest	Total
2024	\$ 410,165	\$ 53,595	\$ 463,760
2025	245,669	41,521	287,190
2026	124,684	36,260	160,944
2027	128,797	32,147	160,944
2028	133,046	27,898	160,944
2029-2034	591,646	71,364	663,010
2035 and thereafter	194,335	19,168	213,503
Total minimum lease payments	\$ <u>1,828,342</u>	\$ <u>281,953</u>	\$ <u>2,110,295</u>

**10. Interfund Accounts**

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. At June 30, 2023, interfund receivable and payable accounts were as follows:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 2,064,151	\$ -
Grants and Contribution Fund	-	482
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Community development	861	-
School lunch	-	453,950
School categorial revenues	-	1,287,174
Police grants	-	318,804
Housing subsidy	-	379
Debt service fund	-	4,223
Total	\$ <u>2,065,012</u>	\$ <u>2,065,012</u>

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The balance due to the 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 results 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, 2023 is as follows:

Fund	Advances to Other Funds	Advances from Other Funds
Governmental Funds:		
General Fund	\$ 339,760	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
City trust	-	339,760
Total	\$ 339,760	\$ 339,760

The advance from the General fund, to the City trust, 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 following table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is a schedule of interfund transfers made in fiscal year 2023:

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<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 166	\$ 3,470,147
Grants and Contributions Fund	191,017	166
Nonmajor Governmental Funds:		
Special Revenue Funds:		
School lunch	26,940	-
School categorical revenues	987,871	-
Prescott park	498,155	-
Parking and transportation	-	100,000
Conservation	194	-
Stormwater	643,578	-
Swimming pool	150,000	-
Community campus	395,788	-
City trust	-	22,178
Capital Project Funds:		
Vehicle/equipment replacement	731,000	-
Technology equipment	623,471	-
Permanent Funds:		
City trust	-	203,900
Subtotal Nonmajor Funds	<u>4,056,997</u>	<u>326,078</u>
<u>Business-Type Funds:</u>		
Sewer Fund	-	451,789
Grand Total	\$ <u><u>4,248,180</u></u>	\$ <u><u>4,248,180</u></u>

The majority of the transfers out of the General Fund represent the City's practice of funding capital with current year revenues, including a \$731,000 transfer into vehicle/equipment replacement fund and a \$623,471 transfer into the technology equipment fund. A transfer of \$987,871 to the school categorical revenues fund represents school department appropriations transferred for special education expenses. The transfer of \$643,578 to the stormwater fund was funded half by the General Fund and half by the Sewer Fund. Prior to 2019, stormwater functions were shown as part of the General Fund portion of public works. However, because of the combined nature of the City's sewer system, stormwater functions were also completed by the City's sewer division.

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



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**11. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Buildings	\$ 203,889	\$ 1,884	(405)	\$ 205,368
Improvements	1,257	-	-	1,257
Infrastructure	105,460	14,389	(991)	118,858
Machinery and equipment	<u>27,690</u>	<u>1,514</u>	<u>(591)</u>	<u>28,613</u>
Total capital assets, being depreciated	338,296	17,787	(1,987)	354,096
Less accumulated depreciation for:				
Buildings	(61,387)	(4,452)	405	(65,434)
Improvements	(1,188)	(48)	-	(1,236)
Infrastructure	(36,108)	(4,348)	991	(39,465)
Machinery and equipment	<u>(17,442)</u>	<u>(2,318)</u>	<u>591</u>	<u>(19,169)</u>
Total accumulated depreciation	<u>(116,125)</u>	<u>(11,166)</u>	<u>1,987</u>	<u>(125,304)</u>
Capital assets, being depreciated, net	222,171	6,621	-	228,792
Capital assets, not being depreciated:				
Land	25,815	-	-	25,815
Construction in progress	<u>21,948</u>	<u>5,474</u>	<u>(11,875)</u>	<u>15,547</u>
Total capital assets, not being depreciated	<u>47,763</u>	<u>5,474</u>	<u>(11,875)</u>	<u>41,362</u>
Governmental activities capital assets, net	<u>\$ 269,934</u>	<u>\$ 12,095</u>	<u>\$ (11,875)</u>	<u>\$ 270,154</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, being depreciated				
Buildings	\$ 78,745	\$ 9,263	(593)	\$ 87,415
Improvements	4	-	-	4
Infrastructure	136,181	10,541	(781)	145,941
Machinery and Equipment	<u>64,955</u>	<u>5,876</u>	<u>(2,780)</u>	<u>68,051</u>
Total capital assets, being depreciated	279,885	25,680	(4,154)	301,411
Less Accumulated depreciation for:				
Buildings	(16,945)	(1,542)	593	(17,894)
Infrastructure	(28,261)	(2,603)	781	(30,083)
Machinery and Equipment	<u>(21,986)</u>	<u>(3,464)</u>	<u>2,767</u>	<u>(22,683)</u>
Total accumulated depreciation	<u>(67,192)</u>	<u>(7,609)</u>	<u>4,141</u>	<u>(70,660)</u>
Capital assets, being depreciated, net	212,693	18,071	(13)	230,751
Capital Assets, not being depreciated:				
Land	3,730	-	-	3,730
Construction in progress	<u>44,555</u>	<u>7,924</u>	<u>(24,261)</u>	<u>28,218</u>
Total capital assets, not being depreciated	<u>48,285</u>	<u>7,924</u>	<u>(24,261)</u>	<u>31,948</u>
Business-type activities capital assets, net	<u>\$ 260,978</u>	<u>\$ 25,995</u>	<u>\$ (24,274)</u>	<u>\$ 262,699</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

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

Governmental Activities:	
General Government	\$ 457,840
Public Safety	992,426
Education	2,794,640
Public works	6,335,289
Culture and recreation	<u>586,393</u>
Total governmental activities	<u>\$ 11,166,588</u>
Business-Type Activities	
Water	\$ 2,573,747
Sewer	<u>5,035,803</u>
Total business-type activities	<u>\$ 7,609,550</u>

**12. Deferred Outflows of Resources**

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

**13. Accrued Liabilities**

Accrued liabilities represent accrued payroll and a reserve for insurance claims in governmental funds, and accrued payroll and accrued interest in proprietary funds. Governmental activities also include accrued interest in government-wide Statement of Net Position.

**14. Unearned Revenue**

This balance consists primarily of the unspent portion of the American Rescue Plan Act grant that was received prior to the City incurring eligible expenditures.

**15. 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.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

**16. Notes Payable**

The City had notes payable during the year ended June 30, 2023. The notes will be permanently funded upon completion of the projects. The following summarizes activity in notes payable for the year ended June 30, 2023:

<u>State Revolving Loan</u>	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Sagamore Avenue Sewer Extension	2.00%	\$ 1,026,116	\$ 3,373,884	-	\$ 4,400,000
Pease WWTF Extension and Upgrade	1.00%	-	92,578	-	92,578
<u>Taxable BAN</u>					
Hanover Parking Facility	3.25%	2,000,000	-	(2,000,000)	-
Community Campus	3.25%	8,423,820	-	(8,423,820)	-
Community Campus	4.50%	-	8,283,832	-	8,283,832
Subtotal		11,449,936	11,750,294	(10,423,820)	12,776,410
Premium of BANS		-	77,454	-	77,454
Total		\$ 11,449,936	\$ 11,827,748	\$ (10,423,820)	\$ 12,853,864

**17. Long-Term Debt**

*A. Long-Term Debt Supporting Activities*

General obligation bonds and state revolving loans are approved by City Council 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, total pension liability, and the total OPEB liability are repaid from the funds that the costs relate to, mostly general, water, and sewer funds.

*B. General Obligation Bonds and State Revolving Loans*

General obligation bonds and state revolving loans have been issued for both governmental and business-type activities. The City has outstanding general obligation bonds from public offerings totaling \$102,944,000, related to governmental activities. The City has general obligation bonds from public offerings and notes from direct borrowings related to business-type activities totaling \$75,281,000 and \$82,442,854, respectively, related to business-type activities. General obligation bonds and state revolving loans outstanding at June 30, 2023 are as follows:

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

<b>Governmental Activities</b>	Original <u>Issue</u>	Serial Maturity <u>Through</u>	Interest <u>Rate (%)</u>	Amount Outstanding as of <u>6/30/2023</u>
FY14 Facilities, Streets & Sidewalks	\$ 5,750,000	6/30/24	1.78	\$ 575,000
Middle School Construction	3,300,000	6/30/34	2.87	1,815,000
FY15 Capital Improvements	3,475,000	6/30/25	2.10	690,000
FY15 School Facility Improvements	750,000	6/30/25	2.10	150,000
Refunding Library	3,335,000	8/1/25	2.09	955,000
FY16 Streets Sidewalks and Facilities	6,100,000	6/15/26	1.87	1,830,000
FY16 School Facilities	500,000	5/15/26	1.87	150,000
Little Harbour School Facility Improvements	5,000,000	5/15/26	1.87	3,250,000
Commerce Way	1,524,710	5/15/26	1.87	515,000
Refunding of Fire Station 2 Construction & Land	2,332,000	5/15/26	1.87	1,135,000
Refunding of Fire Station 2	708,500	1/15/29	1.57	418,500
Elementary School Facilities	5,000,000	6/15/37	2.56	3,500,000
FY17 Street, Sidewalks, Facilities	6,850,000	6/15/27	1.63	2,740,000
Fire Station 3 Improvements	610,000	6/15/27	1.63	240,000
FY18 Elementary School Facilities	5,000,000	6/15/38	2.93	3,750,000
High School Athletic Field Lighting	550,000	6/15/28	2.23	275,000
Street Sidewalk and Facility	6,200,000	6/15/28	2.24	3,100,000
Foundry Place Parking Facility	23,149,000	6/15/39	2.42	19,490,000
FY18 Elementary School Facilities	4,508,500	6/15/39	2.45	3,595,000
FY18 Fire Boat	164,000	6/15/24	1.39	25,000
FY17 Street, Sidewalks, Facilities	2,802,000	6/15/29	1.53	1,660,000
FY18 Fire Apparatus	544,000	6/15/24	1.39	105,000
FY18 School Facility Improvements	426,000	6/15/29	1.52	245,000
FY18 Street, Sidewalks, and Facilities	2,018,000	6/15/29	1.53	1,190,000
North Mill Pond	425,600	4/1/31	1.48	335,000
Multi-Purpose Recreation Fields	2,605,600	4/1/41	1.48	2,340,000
City Hall Electrical Upgrades	547,200	4/1/41	1.48	485,000
Longmeadow Road Extension	364,000	4/1/41	1.48	325,000
Senior Center Construction	1,889,900	4/1/41	1.48	1,705,000
Elementary School Upgrades	1,833,000	4/1/41	1.48	1,645,000
City Wide Facility Upgrades	917,300	4/1/41	1.48	820,000
Bi-annual Sidewalk Improvements	364,000	4/1/41	1.48	325,000
City Wide Bridge Improvements	1,101,000	4/1/41	1.48	990,000
Maplewood Ave Bridge Improvements	454,800	4/1/41	1.48	405,000
Cate Street Connector	1,374,300	4/1/41	1.48	1,240,000
Bi-Annual Street Paving	1,833,000	4/1/41	1.48	1,645,000
Police Facility Upgrades	364,000	4/1/41	1.48	325,000
School Facilities Improvement	454,800	4/1/41	1.48	405,000
Refunding of the Middle School	5,773,500	4/1/41	1.48	4,485,000
Refunding of the Middle School	9,430,000	12/1/31	0.93	8,530,000
Prescott Park Master Plan	694,000	6/15/42	3.08	660,000
Pese Tradeport St Rehab	694,000	6/15/42	3.08	660,000
Ladder #2 Truck	1,188,500	6/15/32	3.08	1,070,000
School Facilities	459,800	6/15/42	3.08	435,000
Islington Street	1,518,500	6/15/42	3.08	1,440,000
Elementary School Upgrades	1,018,500	6/15/42	3.08	965,000
Police Station Upgrade	368,000	6/15/42	3.08	350,000
Banfield Rd Pedestrian Access	459,800	6/15/42	3.08	435,000
Willard Ave Reconstruction	1,111,500	6/15/42	3.08	1,055,000
Union street Reconstruction	925,800	6/15/42	3.08	875,000
Citywide Sidewalk Reconstruction	728,500	6/15/43	3.43	728,500
Street Paving Management and Rehabilitation	3,639,000	6/15/43	3.43	3,639,000
Pease Tradeport Street Rehabilitation	680,750	6/15/43	3.43	680,750
Police Facility Feasibility and Design	180,250	6/15/43	3.43	180,250
Police Station Upgrades	362,750	6/15/43	3.43	362,750
Greenland Rd Recreation Facility (Skatepark)	1,642,250	6/15/43	3.43	1,642,250
City Fuel Station Upgrades	910,500	6/15/43	3.43	910,500
Citywide Facilities	910,500	6/15/43	3.43	910,500
School Facilities	1,454,500	6/15/43	3.43	1,454,500
Elementary School Upgrades	1,363,000	6/15/43	3.43	1,363,000
Hanover Parking Facility Upgrade 1	1,811,250	6/15/42	3.43	1,811,250
Hanover Parking Facility upgrade 2	3,912,250	6/15/43	3.43	3,912,250
Total Governmental Funds				\$ <u>102,944,000</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
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<b>Business-Type Activities</b>	Original Issue	Serial Maturity Through	Interest Rate (%)	Amount Outstanding as of 6/30/2023
<u>Water:</u>				
Madbury WTP Design	\$ 2,000,000	6/1/28	2.49	\$ 500,000
Madbury WTP	5,000,000	6/1/32	2.72	2,250,000
Hobb's Hill Water Tank	3,500,000	6/1/34	2.87	1,925,000
Greenland Well & Water Line	4,800,000	6/15/35	2.99	2,880,000
Water Sys Pressure & Storage	4,100,000	6/15/36	1.87	2,665,000
Refunding of Madbury Plant	7,921,500	1/15/29	1.57	4,741,500
water line replacement & Storage Improvements	2,250,000	6/15/37	2.55	1,560,000
water line replacement	600,000	6/15/38	2.93	300,000
water line replacement	2,500,000	6/15/38	2.93	1,875,000
water line replacement FY18	426,000	6/15/29	1.52	245,000
pressure and Storage FY18	1,981,400	6/15/39	2.44	1,580,000
FY21 Annual waterline replacement	917,300	4/1/41	1.48	820,000
FY21 Madbury Well	687,000	4/1/41	1.48	615,000
FY21 Water Transmission Main Replacement	228,400	4/1/41	1.48	200,000
FY21 Maplewood Ave Area Construction	1,100,900	4/1/41	1.48	990,000
FY21 Pleasant street water main	699,400	4/1/41	1.48	630,000
FY21 new groundwater source	454,800	4/1/41	1.48	405,000
FY21 Water Transmission Main Replacement	547,200	4/1/41	1.48	485,000
FY21 Islington Street phase 1B	1,514,000	4/1/41	1.48	1,355,000
FY22 Reservoir Management	552,800	6/15/42	3.08	525,000
FY22 Annual Waterline replacement	925,800	6/15/42	3.08	875,000
FY22 Islington Phase 2	2,128,900	6/15/42	3.08	2,020,000
FY22 Willard Ave	1,664,000	6/15/42	3.08	1,580,000
FY22 Union Street	1,387,900	6/15/42	3.08	1,320,000
<u>Sewer:</u>				
Projects Phase II	8,898,110	12/1/24	1.87	889,811
Lower Court Utilities Upgrade	688,563	7/1/27	2.38	172,141
Phase III Sewer	5,508,137	12/1/27	2.38	1,377,034
Rye Line Pump Station	1,069,714	11/1/29	2.58	374,401
201 Facility Study	1,000,000	1/1/30	2.58	350,000
Bartlett Street	5,290,233	1/1/31	2.62	2,116,093
WWTP - PLANT	8,000,000	9/15/12	2.31	3,600,000
Lincoln 3C	3,929,000	6/15/33	2.38	1,950,000
Lincoln Separation	5,595,874	6/1/33	3.35	2,797,937
Peirce Island WWTP	10,000,000	6/1/34	2.87	5,500,000
Pease WWTP	3,500,000	6/1/34	2.87	1,925,000
Pease WWTP	1,000,000	6/15/35	2.99	600,000
Lafayette Pumping Stations	4,000,000	6/15/36	1.87	2,250,000
Sewer Line and Pumping Station	900,000	6/15/27	1.63	360,000
Pumping Station	2,500,000	6/15/37	2.56	1,750,000
Line and Pump Station	1,800,000	6/15/28	2.24	900,000
Sewer Line Replacement	3,000,000	6/15/37	2.24	2,250,000
FY18 Pease Wastewater Treatment	6,490,000	6/15/39	2.45	5,190,000
FY18 Consent Decree Mitigation, Annual sewer lines	766,100	6/15/29	1.48	795,000
FY21 Annual Sewerline Replacement	917,300	4/1/41	1.48	820,000
FY21 Pleasant street sewer	621,000	4/1/41	1.48	550,000
FY21 Maplewood Ave area	894,000	4/1/41	1.48	805,000
FY21 Mechanic Street Pump Station	3,202,700	4/1/41	1.48	2,970,000
FY21 Islington Phase 1B	1,514,000	4/1/41	1.48	1,355,000
Refunding Peirce Island Waste Water TP	1,260,000	12/1/31	0.09	1,140,000
FY22 Annual Sewerline Replacement	459,800	6/15/42	3.08	435,000
FY22 Mechanic St Pumping Station	1,849,500	6/15/42	3.08	1,755,000
FY22 Islington Street Phase 2	2,128,900	6/15/42	3.08	2,020,000
FY22 Willard Ave	2,775,500	6/15/42	3.08	2,635,000
FY22 Annual Union Street	1,018,500	6/15/42	3.08	965,000
Peirce Island Wastewater Treatment Facility	76,724,200	4/1/51	2.00	71,615,437
Service for Sagamore Ave Sewer Extension	271,250	6/15/43	3.43	271,250
FY23 Annual Sewer Line replacement	472,450	6/15/53	3.43	472,450
Main for Sagamore Ave Sewer Extension	372,750	6/15/53	3.43	372,750
Main for Sagamore Ave Area Sewer Extension	1,127,000	6/15/53	3.43	1,127,000
Peirce Island WW Treatment Plant	926,050	6/15/43	3.43	926,050
<b>Total Business-Type Activities</b>				<b>\$ 157,723,854</b>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

**C. Future Debt Service**

The annual payments to retire all general obligation bonds and state revolving loans outstanding as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	General Obligation Bonds (Public Offerings)	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 10,455,500	\$ 4,163,434
2025	9,800,000	3,703,596
2026	9,405,000	3,258,746
2027	8,300,000	2,835,771
2028	7,605,000	2,455,746
2029 - 2033	28,973,500	7,832,634
2034 - 2038	20,280,000	3,236,025
2039 - 2043	8,125,000	718,844
Total	\$ 102,944,000	\$ 28,204,796

<u>Year Ending June 30,</u>	Business-Type Activities					
	General Obligation Bonds (Public Offerings)		State Revolving Loans (Direct Borrowing)		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,174,500	\$ 2,810,430	\$ 4,310,226	\$ 1,732,363	\$ 10,484,726	\$ 4,542,793
2025	6,160,000	2,545,533	4,310,226	1,636,250	10,470,226	4,181,783
2026	6,135,000	2,277,733	3,865,320	1,540,137	10,000,320	3,817,870
2027	6,030,000	2,012,433	3,865,320	1,452,343	9,895,320	3,464,776
2028	5,915,000	1,770,858	3,865,320	1,364,549	9,780,320	3,135,407
2029 - 2033	23,911,500	5,714,114	16,187,946	5,629,410	40,099,446	11,343,524
2034 - 2038	14,515,000	2,207,832	12,788,471	4,092,311	27,303,471	6,300,143
2039 - 2043	5,840,000	540,906	12,788,471	2,813,464	18,628,471	3,354,370
2044 - 2048	300,000	96,000	12,788,471	1,534,617	13,088,471	1,630,617
2049 - 2053	300,000	36,000	7,673,083	306,923	7,973,083	342,923
Total	\$ 75,281,000	\$ 20,011,839	82,442,854	\$ 22,102,367	157,723,854	\$ 42,114,206

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

*D. Bond Authorizations/Unissued*

Bond authorizations not yet issued or rescinded as of June 30, 2023 are as follows:

Purpose	Amount
<b>Governmental activities:</b>	
Coakley landfill	\$ 4,641,897
2018 Streets and sidewalks	950,000
2019 Streets and sidewalks	4,775,000
2020 Street / sidewalks / facilities	800,000
2021 Fire apparatus	58,635
2021 Outdoor Pool / Islington Street	2,000,000
2022 Prescott Park / Streets and sidewalks	2,750,000
2022 Community Campus	8,283,832
2022 Police facility / rehabilitation	1,200,000
2023 Skatepark, Citywide facilities	5,300,000
2023 Fire Apparatus	800,000
2023 Skateboard Park	<u>1,083,500</u>
Subtotal governmental	32,642,864
<b>Business-type Activities:</b>	
2021 Water storage tanks painting	850,000
2022 Water SRF	7,300,000
2023 Other Projects	2,150,000
2022 Sewer SRF	3,250,000
2020 Sewer consent mitigation SRF	4,400,000
Sewer System Upgrades	<u>6,450,000</u>
Subtotal business-type	<u>24,400,000</u>
<b>Total Bond Authorizations / Unissued</b>	<b>\$ <u>57,042,864</u></b>

*E. Changes in Long-Term Liabilities*

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Governmental Activities:</b>						
General obligation bond (public offerings)	\$ 96,732	\$ 17,595	\$ (11,383)	\$ 102,944	\$ (10,455)	\$ 92,489
Unamortized premium	<u>11,844</u>	<u>1,760</u>	<u>(1,241)</u>	<u>12,363</u>	<u>(1,311)</u>	<u>11,052</u>
Subtotal bonds and loans payable	108,576	19,355	(12,624)	115,307	(11,766)	103,541
Total Pension Liability	82,805	24,043	-	106,848	-	106,848
Total OPEB liability	16,939	-	(232)	16,707	-	16,707
Landfill closure	1,440	-	-	1,440	(151)	1,289
Accrued employee benefits	<u>4,439</u>	<u>184</u>	<u>(585)</u>	<u>4,038</u>	<u>(485)</u>	<u>3,553</u>
Totals Governmental Activities	<u>\$ 214,199</u>	<u>\$ 43,582</u>	<u>\$ (13,441)</u>	<u>\$ 244,340</u>	<u>\$ (12,402)</u>	<u>\$ 231,938</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Business-Type Activities:</b>						
General obligation bond (public offerings)	\$ 78,133	\$ 3,170	\$ (6,022)	\$ 75,281	\$ (6,175)	\$ 69,106
State revolving loans (direct borrowing)	87,051	-	(4,608)	82,443	(4,310)	78,133
Unamortized premium	7,229	248	(578)	6,899	(588)	6,311
Subtotal bonds and loans payable	172,413	3,418	(11,208)	164,623	(11,073)	153,550
Total Pension Liability	4,766	1,329	-	6,095	-	6,095
Total OPEB liability	439	54	-	493	-	493
Accrued employee benefits	564	-	(41)	523	(42)	481
Totals Business-Type Activities	\$ 178,182	\$ 4,801	\$ (11,249)	\$ 171,734	\$ (11,115)	\$ 160,619

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

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

The \$1,439,396 reported as landfill postclosure care liability at June 30, 2023 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**19. Deferred Inflows of Resources**

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

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



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

**20. Governmental Fund 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, 2023:

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 management approval.

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

The following types of fund balances are reported at June 30, 2023:

	General	Grants and- Contributions Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Advance to Other Funds	\$ 339,760	\$ -	\$ 339,760	\$ 679,520
Inventory	-	-	63,529	63,529
City Trust	-	-	1,629,062	1,629,062
Library Trust	-	-	4,101	4,101
Sub-total - Nonspendable	<u>339,760</u>	<u>-</u>	<u>2,036,452</u>	<u>2,376,212</u>
<b>Restricted:</b>				
General government	-	311,037	-	311,037
Public works	-	3,972,631	-	3,972,631
Bonded projects and capital contributions	-	-	10,369,001	10,369,001
Community development	-	219,753	1,475,911	1,695,664
Education	-	-	821,907	821,907
School lunch	-	-	129,419	129,419
Police and fire	-	464,265	307,136	771,401
Recreation	-	187,557	460,441	647,998
Community campus	-	-	37,547	37,547
Trusts for education and recreation	-	-	741,426	741,426
Expendable permanent funds (City Trust)	-	-	7,890,001	7,890,001
Sub-Total - Restricted	<u>-</u>	<u>5,155,243</u>	<u>22,232,789</u>	<u>27,388,032</u>
<b>Committed:</b>				
Debt service	10,060,765	-	-	10,060,765
Health insurance	7,611,164	-	-	7,611,164
Tax appraisal	5,569,544	-	-	5,569,544
Compensated absences	739,529	-	-	739,529
Coakley landfill	619,645	-	-	619,645
Future Statewide Property Tax Coalition Fund	564,640	-	-	564,640
Subsequent year's expenditures	2,500,000	-	-	2,500,000
Parking and transportation	-	-	6,265,481	6,265,481
Portwalk Place services and repairs	-	-	100,000	100,000
Conservation	-	-	1,162,947	1,162,947
Stormwater	-	-	543,182	543,182
Recreation	-	-	201,322	201,322
Other capital project funds	-	-	2,109,009	2,109,009
Sub-Total - Committed	<u>27,665,287</u>	<u>-</u>	<u>10,381,941</u>	<u>38,047,228</u>
<b>Assigned:</b>				
Capital	5,647,293	-	-	5,647,293
Contingency	423,617	-	-	423,617
General government	1,738,796	-	-	1,738,796
Public safety	545,306	-	-	545,306
Education	372,396	-	-	372,396
Public works	397,614	-	-	397,614
Health	5,625	-	-	5,625
Culture and recreation	61,296	-	-	61,296
Other purposes	2,400	-	-	2,400
Sub-Total - Assigned	<u>9,194,343</u>	<u>-</u>	<u>-</u>	<u>9,194,343</u>
<b>Unassigned</b>	<u>18,168,567</u>	<u>-</u>	<u>(4,223)</u>	<u>18,164,344</u>
Total Fund Balance	<u>\$ 55,367,957</u>	<u>\$ 5,155,243</u>	<u>\$ 34,646,959</u>	<u>\$ 95,170,159</u>

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**21. Retirement System**

The City follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS). The following pension disclosures for the New Hampshire Retirement System pension plan are based upon an actuarial valuation performed as of June 30, 2021, using a measurement date of June 30, 2022.

*A. Plan Description*

Full-time employees participate in the 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 provides 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 if the governing body of the political subdivision has elected participation.

The NHRS, 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 annual report available at [www.nhrs.org](http://www.nhrs.org).

*B. Benefits Provided*

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

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

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*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 contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100 - A:16, III, which is 13.75% for employees, 19.48% for teachers, 30.67% for police, and 29.78% for fire. The City's contribution to NHRS for the year ended June 30, 2023 was \$11,400,765 (exclusive of a \$823,036 medical subsidy contribution), which was equal to its annual required contribution.

*D. Summary of Significant Accounting Policies*

For purposes of measuring the total pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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, 2023, the City reported a liability of \$112,944,015 for its proportionate share of the total pension liability. The total pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of June 30, 2021. The City's proportion of the total 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.

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At June 30, 2022, the City's proportion was 1.97%.

For the year ended June 30, 2023, the City recognized pension expense of \$12,164,842. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 12,028,394	\$ -
Changes in proportion and differences between employer contributions and share of contributions	1,642,522	816,631
Differences between expected and actual experience	2,119,758	433,573
Differences between projected and actual investment earnings	4,280,433	-
Changes of assumptions	6,007,720	-
	\$ 26,078,827	\$ 1,250,204

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	
2024	\$ (3,145,626)
2025	7,907,772
2026	(4,184,327)
2027	12,222,410
	\$ 12,800,229

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*F. Actuarial Assumptions and Other Inputs*

The collective total pension liability as of June 30, 2022, which was based on a roll-forward of the June 30, 2021 valuation was determined using the following actuarial assumptions:

Price inflation	2.00%
Wage inflation	2.75 % (2.25% for teachers)
Salary increases	5.4% average, including inflation
Investment rate of return	6.75%, net of investment expense, included inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (police and fire combined) and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

*G. Target Allocation*

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

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

Asset Class	Target Allocation Percentage	Weighted-Average Average Long Term Expected Real Rate of Return
Broad US equities	30.00 %	7.60%
Global Ex-US equity	20.00	7.90%
Total public equities	50.00	
Real estate equity	10.00	6.60%
Private equity	10.00	8.85%
Total private market equity	20.00	
Private debt	5.00	7.25%
Core US fixed income	25.00	3.60%
Inflation	-	2.25%
Total	<u>100.00 %</u>	

*H. Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City’s proportionate share of the total pension liability calculated using the discount rate of 6.75%, as well as what the City’s proportionate share of the total pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ <u>151,542,396</u>	\$ <u>112,944,015</u>	\$ <u>80,853,038</u>

*J. Pension Plan Fiduciary Net Position*

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

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

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

*A. City OPEB Plan*

General Information about the OPEB Plan

Plan Description

The City indirectly provides postemployment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees. This is a single-employer plan, that does not issue a standalone financial report.



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

**Benefits Provided**

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

**Plan Membership**

At June 30, 2022 (the last full valuation date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	55
Active employees	708
Total	763

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022. Interim year valuation results have been projected from the prior year’s valuation, with adjustments for actual premium changes. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increase	2.75% for wage inflation plus merit/productivity growth, which are based on the Employees, Police, Fire, and Teachers rates used in the New Hampshire Retirement System actuarial valuation as of June 30, 2021.
Discount rate	4.13% as of June 30, 2022; 4.09% as of July 1, 2022
Healthcare cost trend	7.0% for fiscal year ending June 30, 2023, decreasing 0.50% for 7 years, to an ultimate 4.5% in 2029

The discount rate was based on Bond Buyer Go 20 – Bond Municipal Bond Index at June 30, 2023.

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Mortality rates were based on the following:

- Police and fire participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- All other participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Surviving spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability of \$9,813,127 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance , beginning of year	\$ 9,724,949
Changes for the year:	
Service cost	542,429
Interest	410,682
Difference between expected and actual experience	(380,288)
Changes of assumptions	(27,543)
Benefit payments	(457,102)
Net Changes	88,178
Balance, end of year	\$ 9,813,127

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Changes in assumptions reflect a change in the discount rate from 4.09% in 2022 to 4.13% in 2023.

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

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

1% Decrease	Current Discount Rate (4.13%)	1% Increase
\$10,526,349	\$9,813,127	\$9,150,542

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$8,820,393	\$9,813,127	\$10,960,871

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

For the year ended June 30, 2023, the City recognized an OPEB expense of \$(321,443). At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,387,476
Changes of assumptions	505,883	2,670,446
Total	\$ 505,883	\$ 7,057,922

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

<u>Year Ended June 30:</u>		
2024	\$	(1,274,554)
2025		(1,274,548)
2026		(1,175,565)
2027		(1,066,392)
2028		(589,832)
Thereafter		<u>(1,171,148)</u>
Total	\$	<u>(6,552,039)</u>

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

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed in Note 22A, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer, defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan. NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

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

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

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

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Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The City contributed 0.31% of gross payroll for Group I employees, 1.54% of gross payroll for Group I teachers, and 3.21% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the medical subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions for the collective total OPEB liability are the same as the NHRS, which is disclosed in Note 21.

Total OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The City's proportionate share of the total NHRS Medical Subsidy (total OPEB liability) as of the measurement date of June 30, 2022, was \$7,386,400, representing 2.03%.

For the year ended June 30, 2023, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$440,050. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contribution subsequent to the measurement date	\$ 733,020	\$ -
Net difference between projected and actual OPEB investment earnings	<u>20,186</u>	<u>-</u>
Total	<u>\$ 753,206</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending June 30, 2024.

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

<u>Year Ended June 30:</u>	
2024	\$ (607,811)
2025	32,533
2026	(296,311)
2027	<u>891,775</u>
Total	<u>\$ 20,186</u>

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

The following presents the total OPEB liability calculated using the discount rate of 6.75%, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1%</u>	<u>Current</u>	<u>1%</u>
<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
\$8,019,196	\$7,386,400	\$6,835,285

*Healthcare Cost Trend Rate*

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

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

The following consolidates the City's total OPEB liability and related deferred outflows/(inflows) and OPEB expense, and the City's proportionate share of the NHRS Medical Subsidy total OPEB liability and related deferred outflows/(inflows) and OPEB expense at June 30, 2023:

	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>OPEB</u>	<u>Deferred</u>	<u>Deferred</u>	<u>OPEB</u>
	<u>Liability</u>	<u>Outflows of</u>	<u>Inflows of</u>	<u>Expense</u>
		<u>Resources</u>	<u>Resources</u>	
City OPEB Plan	\$ 9,813,127	\$ 505,883	\$ 7,057,922	(321,443)
Proportionate share of NHRS Medical Subsidy Plan	<u>7,386,400</u>	<u>753,206</u>	<u>-</u>	<u>440,050</u>
	<u>\$ 17,199,527</u>	<u>\$ 1,259,089</u>	<u>\$ 7,057,922</u>	<u>118,607</u>

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**23. Deferred Compensation Plans**

The City offers its employees voluntary participation in various 457(b) plans. The City does not contribute to such plans. The plans permit full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The investments are self-directed by employees.

**24. 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.

Banfield Realty LLC v. City, et al. – The new property owners of 375 Banfield Road brought suit in Federal Court against the City and numerous other partners for the contamination of the property. It is alleged that the City disposed of hazardous waste on the property in the late 1960s and early 1970s as part of an Urban Renew Project. The matter is being handled by outside counsel. The City contends it had no part in the disposal of any waste at the site.

It is anticipated that the City will incur increased attorney fees in the next calendar year as outside counsel prepares for trial. If there is a judgment against the City, the damages could be in the millions of dollars.

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.

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

In December 1991, the City Council authorized the issuance of \$8.9 million in bonds to pay for the costs of the project. To date, the City has borrowed \$4,258,103 from the State Revolving Loan Fund against this authorization and is paid in full. The City also received state aid payments in connection with the project in the total amount of \$943,644 which was paid over the life of the loan. The City awaits a final determination of the City's remaining liability and has \$4,641,897 remaining in the bond authority to pay its liability, if necessary.

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

Wastewater Treatment Facility – The City of Portsmouth is obligated under a Consent Decree (as amended) with the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (DES) to complete construction of an upgraded wastewater treatment facility and achieve secondary treatment permit limits by April 2020. All Consent Decree milestones for substantial completion and operation of the new Biological Aerated Filter treatment system have been met. There are ongoing performance obligations that remain under the Consent Decree relative to the City's Supplemental Compliance Plan for addressing its combined sewer overflows. Work is ongoing, but the majority of the Peirce Island Wastewater Treatment Facility commitments have been met.



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

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

In January of 2020, the New Hampshire Supreme Court ruled on both pending appeals. In the sewer line case, the Court vacated the jury award of \$3.57 million but ruled against the City on the trespass issues. The case has been remanded and litigation is likely to continue for some years. In the eminent domain matter, the Court upheld the decision of the Superior Court and the matter is before the New Hampshire Board of Tax and Land Appeals (BTLA) for a determination of damages owed by the City based on fair rental value of the land temporarily taken. The BTLA rejected the landowner's claim for over \$2 million in fees and damages and instead awarded the amount the City argued was due in damages approximately \$200,000. The landowner has exercised his statutory right to have the Superior Court hear the matter de novo.

The City is under contract to construct a sewer pump station in order to remove the sewer pipe from the plaintiff's property to resolve the trespass.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

SoBow Square, LLC v. City – In the downtown of the City of Portsmouth there is a building owned by the United States Government called the McIntyre Federal Building (McIntyre). The Federal Government has removed its operations entirely from the McIntyre Building. Years ago it had been anticipated that it would be conveyed to the City of Portsmouth for no consideration pursuant to Federal legislation and then more recently under the so-called Federal Monument Program. In connection with that process, the City of Portsmouth entered a Development Agreement dated August 29, 2019, with SoBow Square, LLC under which it was contemplated that after acquisition of the property by the City through the National Monument Program, it would then be the subject of a Ground Lease to SoBow Square, LLC and a major redevelopment. The City and SoBow Square, LLC were thus development partners for the project. When progress under the Development Agreement was not proceeding in a manner sought by SoBow Square, LLC that entity brought suit against the City of Portsmouth for breach of contract by complaint dated March 11, 2020. SoBow Square, LLC indicated in writing that its lawsuit was seeking in the “tens of millions” of dollars.

With the case pending in court, the parties engaged in serious settlement discussions for more than a year. However, when these discussions were not fruitful on, November 18, 2021 the Portsmouth City Council voted to terminate the Development Agreement. The lawsuit for breach of contract was resolved with a settlement agreement in April of 2022. Pursuant to the Settlement Agreement, the City agreed to pay SoBow Square a total of \$2-million. The Agreement also required the parties to continue to work in good faith to pursue the development of the McIntyre property through the National Monument Program.

At the end of March, 2023, the parties were at an impasse. The GSA declined to grant an additional extension for the parties to continue to work toward an agreement for submission to the National Monument Program.

On April 11, 2023, the City sued SoBow Square for breach of contract for failing to act in good faith as required by the Settlement Agreement. Hours later, SoBow Square filed suit against the City for breach of contract. Those matters have been consolidated and are scheduled for trial on September 3, 2024.

It is anticipated that the City will incur increased attorney fees in the next calendar year as outside counsel prepares for trial in this matter. If there is a judgment against the City, the damages could be in the millions of dollars.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Notes to Financial Statements**  
**June 30, 2023**

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

Encumbrances – At year-end the City’s General Fund has \$9,194,343 in encumbrances that will be honored in the next fiscal year.

**25. Subsequent Events**

The City has evaluated subsequent events through December 18, 2023, the date the financial statements were available to be issued and determined that any subsequent events that would have required disclosure have been considered in the preparation of these financial statements.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Required Supplementary Information

Schedule of Proportionate Share  
Of the Total Pension Liability  
(Unaudited)

New Hampshire Retirement System						
Fiscal Year	Measurement Date	Proportion of the Total Pension Liability	Proportionate Share of the Total Pension Liability	Covered Payroll	Proportionate Share of the Total Pension Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	1.97%	\$112,944,015	\$ 60,597,408	186.38%	65.12%
June 30, 2022	June 30, 2021	1.98%	\$ 87,571,335	\$ 56,437,810	155.16%	72.22%
June 30, 2021	June 30, 2020	1.95%	\$124,664,427	\$ 53,997,615	230.87%	58.72%
June 30, 2020	June 30, 2019	1.94%	\$ 93,399,589	\$ 49,698,886	187.93%	65.59%
June 30, 2019	June 30, 2018	1.92%	\$ 92,668,486	\$ 48,895,625	189.52%	64.73%
June 30, 2018	June 30, 2017	1.87%	\$ 92,175,747	\$ 48,508,941	190.02%	62.66%
June 30, 2017	June 30, 2016	1.86%	\$ 98,937,025	\$ 45,846,939	215.80%	58.30%
June 30, 2016	June 30, 2015	1.86%	\$ 73,723,357	\$ 43,883,269	168.00%	65.47%
June 30, 2015	June 30, 2014	1.84%	\$ 68,991,223	\$ 42,543,250	162.17%	66.32%
June 30, 2014	June 30, 2013	1.81%	\$ 78,091,156	\$ 45,393,514	172.03%	59.81%

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

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

*See independent Auditor's report.*

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Required Supplementary Information

Schedule of Pension Contributions

(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, 2023	\$ 11,400,765	\$ 11,400,765	\$ -	\$ 60,597,408	18.8%
June 30, 2022	\$ 11,392,339	\$ 11,392,339	\$ -	\$ 58,477,323	19.5%
June 30, 2021	\$ 9,075,480	\$ 9,075,480	\$ -	\$ 56,437,810	16.1%
June 30, 2020	\$ 8,665,646	\$ 8,665,646	\$ -	\$ 53,997,615	16.0%
June 30, 2019	\$ 8,447,361	\$ 8,447,361	\$ -	\$ 49,698,886	17.0%
June 30, 2018	\$ 8,134,040	\$ 8,134,040	\$ -	\$ 48,895,625	16.6%
June 30, 2017	\$ 8,074,117	\$ 8,074,117	\$ -	\$ 48,508,941	16.6%
June 30, 2016	\$ 6,866,210	\$ 6,866,210	\$ -	\$ 45,846,939	15.0%
June 30, 2015	\$ 6,662,274	\$ 6,662,274	\$ -	\$ 43,883,269	15.2%
June 30, 2014	\$ 6,243,378	\$ 6,243,378	\$ -	\$ 45,393,514	13.8%

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

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

*See Independent Auditor's Report.*

## CITY OF PORTSMOUTH, NEW HAMPSHIRE

### Required Supplementary Information

#### Schedule of Proportionate Share and Contributions of the Total OPEB Liability (Unaudited)

##### Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total OPEB Liability
June 30, 2023	June 30, 2022	1.95%	\$ 7,386,400	\$ 60,597,408	12.19%	10.64%
June 30, 2022	June 30, 2021	1.91%	\$ 7,653,044	\$ 56,437,810	13.56%	11.06%
June 30, 2021	June 30, 2020	1.88%	\$ 8,246,332	\$ 53,997,615	15.27%	7.74%
June 30, 2020	June 30, 2019	1.89%	\$ 8,296,898	\$ 49,698,886	16.69%	7.75%
June 30, 2019	June 30, 2018	1.89%	\$ 8,625,408	\$ 48,895,625	17.64%	7.53%
June 30, 2018	June 30, 2017	1.75%	\$ 8,021,348	\$ 48,508,941	16.54%	7.91%
June 30, 2017	June 30, 2016	1.75%	\$ 8,490,288	\$ 45,846,939	18.52%	5.21%

##### Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	\$ 823,086	\$ 823,086	-	\$ 60,597,408	1.36%
June 30, 2022	\$ 822,041	\$ 822,041	-	\$ 58,477,323	1.41%
June 30, 2021	\$ 915,833	\$ 915,833	-	\$ 56,437,810	1.62%
June 30, 2020	\$ 853,498	\$ 853,498	-	\$ 53,997,615	1.58%
June 30, 2019	\$ 833,310	\$ 833,310	-	\$ 49,698,886	1.68%
June 30, 2018	\$ 1,039,787	\$ 1,039,787	-	\$ 48,895,625	2.13%
June 30, 2017	\$ 1,019,071	\$ 1,019,071	-	\$ 45,846,939	2.22%

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

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

*See Independent Auditor's Report.*

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Required Supplementary Information

Other Post-Employment Benefits Plan – City Plan  
Schedule of Changes in the Total OPEB Liability

(Unaudited)

Schedule of Changes in Total OPEB Liability

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 542,429	\$ 893,568	\$ 860,752	\$ 1,032,861	\$ 982,172	\$ 1,004,806
Interest on unfunded liability - time value of money	410,682	309,905	371,203	593,708	646,717	590,211
Differences between expected and actual experience	(380,288)	(2,762,635)	(959,321)	(1,092,644)	(1,314,662)	(887,452)
Changes of assumptions	(27,543)	(1,653,469)	474,758	(2,719,864)	441,310	95,546
Benefit payments, including refunds of member contributions	<u>(457,102)</u>	<u>(636,101)</u>	<u>(532,415)</u>	<u>(668,753)</u>	<u>(536,933)</u>	<u>(574,642)</u>
Net change in total OPEB liability	88,178	(3,848,732)	214,977	(2,854,692)	218,604	228,469
Total OPEB liability - beginning	<u>9,724,949</u>	<u>13,573,681</u>	<u>13,358,704</u>	<u>16,213,396</u>	<u>15,994,792</u>	<u>15,766,323</u>
Total OPEB liability - ending	<u>\$ 9,813,127</u>	<u>\$ 9,724,949</u>	<u>\$ 13,573,681</u>	<u>\$ 13,358,704</u>	<u>\$ 16,213,396</u>	<u>\$ 15,994,792</u>
Covered employee payroll	\$ 58,735,065	\$ 57,679,936	\$ 56,136,191	\$ 54,633,763	\$ 45,387,789	\$ 44,280,770
Total OPEB liability as a percentage of covered employee payroll	16.7%	16.9%	24.2%	24.5%	35.7%	36.1%

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

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

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

*See Independent Auditor's 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 government to provide lunches at City of Portsmouth schools.
- School Categorical Revenues: to account for funds received from the federal and state government for special programs and projects at City of Portsmouth schools.
- Police Grants: to account for federal and state grants for the Police Department.
- Prescott Park: to account for maintenance costs associated with the park. The fund is funded by the Josie F. Prescott trust, Marine Maintenance trust, a transfer from the General Fund, and revenues generated from weddings and license agreements.
- Seizure: to account for Federal Equitable Sharing program funds received from seized funds and equipment.
- Parking and Transportation: to account for operations of the City's parking facility, parking enforcement, parking meter operations and parking administration funded by funds generated from these parking activities.
- Portwalk Place: to account for public works services, private street maintenance, parking enforcement services and reserve for future repair and maintenance costs of the private street.
- Housing Subsidy: to account for housing subsidy grants to provide assistance to first time homebuyers.
- Conservation: to account for Land Use Change Tax dedicated for the acquisition or preservation of open space.
- Stormwater: to account for funds dedicated to improving water quality in drainage areas by management of stormwater and combined sewer/stormwater systems.
- Recreation: to account for fees collected for sports and other recreational activities and related expenditures.
- Swimming Pool: to account for operations of the City's indoor swimming pool.

- Community Campus: to account for public works and recreation activity at the Community Campus Complex.
- 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 capital project funds are established for the following purposes:

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

### **PERMANENT FUNDS**

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

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

### **DEBT SERVICE FUNDS**

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

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

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	Special Revenue Funds				
<b>Assets</b>	Community Development	School Lunch	School Categorical Revenues	Police Grants	Prescott Park
Cash and short-term investments	\$ 1,136,296	\$ 589,072	\$ -	\$ -	\$ 45,778
Investments	-	-	-	-	-
Receivables:					
Departmental and other	-	58,487	35,078	-	4,917
Intergovernmental	-	-	2,074,003	531,497	-
Special assessments	-	-	-	-	-
Loans and interest	1,065,827	-	-	-	-
Leases	-	-	-	-	-
Due from other funds	861	-	-	-	-
Inventory	-	63,530	-	-	-
<b>Total Assets</b>	<b>\$ 2,202,984</b>	<b>\$ 711,089</b>	<b>\$ 2,109,081</b>	<b>\$ 531,497</b>	<b>\$ 50,695</b>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 32,912	\$ -	\$ -	\$ -	\$ 17,408
Accrued liabilities	-	-	-	-	8,105
Notes payable	-	-	-	-	-
Unearned revenue	-	64,191	-	-	-
Retainage payable	-	-	-	-	-
Due to other funds	-	453,950	1,287,174	318,804	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>32,912</b>	<b>518,141</b>	<b>1,287,174</b>	<b>318,804</b>	<b>25,513</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - long term receivables	1,008,191	-	-	-	2,500
Lease related	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,008,191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>
<b>Fund Balances</b>					
Nonspendable	-	63,529	-	-	-
Restricted	1,161,881	129,419	821,907	212,693	22,682
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,161,881</b>	<b>192,948</b>	<b>821,907</b>	<b>212,693</b>	<b>22,682</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,202,984</b>	<b>\$ 711,089</b>	<b>\$ 2,109,081</b>	<b>\$ 531,497</b>	<b>\$ 50,695</b>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

(continued)

Special Revenue Funds

Assets	Special Revenue Funds					
	Seizure	Parking and Transportation	Portwalk Place	Housing Subsidy	Conservation	Stormwater
Cash and short-term investments	\$ 85,860	\$ 6,393,860	\$ 132,314	\$ 314,409	\$ 1,162,947	\$ 576,343
Investments	-	-	-	-	-	-
Receivables:						
Departmental and other	-	-	-	-	-	-
Intergovernmental	8,583	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Loans and Interest	-	-	-	1,351,911	-	-
Leases	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 94,443</b>	<b>\$ 6,393,860</b>	<b>\$ 132,314</b>	<b>\$ 1,666,320</b>	<b>\$ 1,162,947</b>	<b>\$ 576,343</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 87,881	\$ 32,314	\$ -	\$ -	\$ 29,895
Accrued liabilities	-	40,498	-	-	-	3,266
Notes payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	379	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>128,379</b>	<b>32,314</b>	<b>379</b>	<b>-</b>	<b>33,161</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - long term receivables	-	-	-	1,351,911	-	-
Lease related	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,351,911</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	94,443	-	-	314,030	-	-
Committed	-	6,265,481	100,000	-	1,162,947	543,182
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>94,443</b>	<b>6,265,481</b>	<b>100,000</b>	<b>314,030</b>	<b>1,162,947</b>	<b>543,182</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 94,443</b>	<b>\$ 6,393,860</b>	<b>\$ 132,314</b>	<b>\$ 1,666,320</b>	<b>\$ 1,162,947</b>	<b>\$ 576,343</b>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

(continued)

*Special Revenue Funds*

<b>Assets</b>	Recreation	Swimming Pool	Community Campus	Library	Library Trust	City Trust	Sub-total
Cash and short-term investments	\$ 207,377	\$ 79,639	\$ 137,980	\$ 243,886	\$ 90,788	\$ 489,130	\$ 11,685,679
Investments	-	-	-	-	39,421	931,667	971,088
Receivables:							
Departmental and other	-	-	8,926	-	-	-	107,408
Intergovernmental	-	-	-	-	-	-	2,614,083
Special assessments	-	-	-	-	-	-	-
Loans and Interest	-	-	-	-	-	149	2,417,887
Leases	-	-	413,013	-	-	-	413,013
Due from other funds	-	-	-	-	-	-	861
Inventory	-	-	-	-	-	-	63,530
<b>Total Assets</b>	<b>\$ 207,377</b>	<b>\$ 79,639</b>	<b>\$ 559,919</b>	<b>\$ 243,886</b>	<b>\$ 130,209</b>	<b>\$ 1,420,946</b>	<b>\$ 18,273,549</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 6,055	\$ 9,384	\$ 30,172	\$ 3,902	\$ -	\$ -	\$ 249,923
Accrued liabilities	-	2,689	4,075	-	-	-	58,633
Notes payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	64,191
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	2,060,307
Advances from other funds	-	-	-	-	-	339,760	339,760
<b>Total Liabilities</b>	<b>6,055</b>	<b>12,073</b>	<b>34,247</b>	<b>3,902</b>	<b>-</b>	<b>339,760</b>	<b>2,772,814</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues - long term receivables	-	-	-	-	-	-	2,362,602
Lease related	-	-	488,125	-	-	-	488,125
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>488,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,850,727</b>
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	339,760	403,289
Restricted	-	67,566	37,547	239,984	130,209	741,426	3,973,787
Committed	201,322	-	-	-	-	-	8,272,932
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>201,322</b>	<b>67,566</b>	<b>37,547</b>	<b>239,984</b>	<b>130,209</b>	<b>1,081,186</b>	<b>12,650,008</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 207,377</b>	<b>\$ 79,639</b>	<b>\$ 559,919</b>	<b>\$ 243,886</b>	<b>\$ 130,209</b>	<b>\$ 1,420,946</b>	<b>\$ 18,273,549</b>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

(continued)

*Capital Projects*

<b>Assets</b>	School Renovations	Transportation Management	Transportation State	Vehicle/ Equipment Replacement	Technology Equipment	Building and Infrastructure	Sub-total
Cash and short-term investments	\$ 2,277	\$ 7,509,436	\$ 240,454	\$ 1,191,337	\$ 752,095	\$ 13,068,781	\$ 22,764,380
Investments	-	-	-	-	-	-	-
Receivables:							
Departmental and other	-	-	-	-	-	-	-
Intergovernmental	-	11,733	14,106	-	-	-	25,839
Special assessments	-	-	-	-	-	-	-
Loans and Interest	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,277</b>	<b>\$ 7,521,169</b>	<b>\$ 254,560</b>	<b>\$ 1,191,337</b>	<b>\$ 752,095</b>	<b>\$ 13,068,781</b>	<b>\$ 22,790,219</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 34,686	\$ 7,111	\$ -	\$ 81,872	\$ 816,787	\$ 940,456
Accrued liabilities	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	8,361,286	8,361,286
Unearned revenue	-	-	-	-	-	-	-
Retainage payable	-	626,346	-	-	-	384,121	1,010,467
Due to other funds	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>661,032</b>	<b>7,111</b>	<b>-</b>	<b>81,872</b>	<b>9,562,194</b>	<b>10,312,209</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues - long term receivables	-	-	-	-	-	-	-
Lease related	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,277	6,860,137	-	-	-	3,506,587	10,369,001
Committed	-	-	247,449	1,191,337	670,223	-	2,109,009
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>2,277</b>	<b>6,860,137</b>	<b>247,449</b>	<b>1,191,337</b>	<b>670,223</b>	<b>3,506,587</b>	<b>12,478,010</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,277</b>	<b>\$ 7,521,169</b>	<b>\$ 254,560</b>	<b>\$ 1,191,337</b>	<b>\$ 752,095</b>	<b>\$ 13,068,781</b>	<b>\$ 22,790,219</b>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

(continued)

	<u>Permanent Funds</u>				Total
	City	Library		Debt	Nonmajor
<b>Assets</b>	Trust	Trust	Sub-total	Service	Governmental
				Fund	Funds
Cash and short-term investments	\$ 189,079	\$ -	\$ 189,079	\$ -	\$ 34,639,138
Investments	9,327,898	4,101	9,331,999	-	10,303,087
Receivables:					
Departmental and other	454	-	454	-	107,862
Intergovernmental	-	-	-	-	2,639,922
Special assessments	-	-	-	561,252	561,252
Loans and Interest	1,632	-	1,632	-	2,419,519
Leases	-	-	-	-	413,013
Due from other funds	-	-	-	-	861
Inventory	-	-	-	-	63,530
<b>Total Assets</b>	<b>\$ 9,519,063</b>	<b>\$ 4,101</b>	<b>\$ 9,523,164</b>	<b>\$ 561,252</b>	<b>\$ 51,148,184</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,190,379
Accrued liabilities	-	-	-	-	58,633
Notes payable	-	-	-	-	8,361,286
Unearned revenue	-	-	-	-	64,191
Retainage payable	-	-	-	-	1,010,467
Due to other funds	-	-	-	4,223	2,064,530
Advances from other funds	-	-	-	-	339,760
Total Liabilities	-	-	-	4,223	13,089,246
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - long term receivables	-	-	-	561,252	2,923,854
Lease related	-	-	-	-	488,125
Total Deferred Inflows of Resources	-	-	-	561,252	3,411,979
<b>Fund Balances</b>					
Nonspendable	1,629,062	4,101	1,633,163	-	2,036,452
Restricted	7,890,001	-	7,890,001	-	22,232,789
Committed	-	-	-	-	10,381,941
Assigned	-	-	-	-	-
Unassigned	-	-	-	(4,223)	(4,223)
<b>Total Fund Balances</b>	<b>9,519,063</b>	<b>4,101</b>	<b>9,523,164</b>	<b>(4,223)</b>	<b>34,646,959</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,519,063</b>	<b>\$ 4,101</b>	<b>\$ 9,523,164</b>	<b>\$ 561,252</b>	<b>\$ 51,148,184</b>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds				
	Community Development	School Lunch	School Categorical Revenues	Police Grants	Prescott Park
<b>Revenues</b>					
Intergovernmental	\$ 822,141	\$ -	\$ 4,233,995	\$ 1,067,587	\$ -
Charges for services	-	938,201	-	-	23,604
Investment income (loss)	29,173	-	-	-	-
Fines and costs	-	-	-	-	-
Contributions	-	-	-	239	-
Special assessments	-	-	-	-	-
Other	258,218	-	-	-	2,500
<b>Total Revenues</b>	<b>1,109,532</b>	<b>938,201</b>	<b>4,233,995</b>	<b>1,067,826</b>	<b>26,104</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	1,047,845	-
Education	-	1,070,689	4,969,606	-	-
Public works	-	-	-	-	42,316
Culture and recreation	-	-	-	-	474,577
Community development	955,750	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>955,750</b>	<b>1,070,689</b>	<b>4,969,606</b>	<b>1,047,845</b>	<b>516,893</b>
Excess (deficiency) of revenues over (under) expenditures	153,782	(132,488)	(735,611)	19,981	(490,789)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers In	-	26,940	987,871	-	498,155
Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>26,940</b>	<b>987,871</b>	<b>-</b>	<b>498,155</b>
<b>Net change in fund balances</b>	<b>153,782</b>	<b>(105,548)</b>	<b>252,260</b>	<b>19,981</b>	<b>7,366</b>
Fund Balances, beginning of year	1,008,099	298,496	569,647	192,712	15,316
Fund Balances, end of year	\$ 1,161,881	\$ 192,948	\$ 821,907	\$ 212,693	\$ 22,682

(continued)



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

(continued)

	Special Revenue Funds					
	Seizure	Parking and Transportation	Portwalk Place	Housing Subsidy	Conservation	Stormwater
<b>Revenues</b>						
Intergovernmental	\$ 2,848	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	7,715,044	58,822	-	-	-
Investment income (loss)	1,822	-	-	-	-	-
Fines and costs	28,918	-	-	-	-	-
Contributions	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	24,889	167	-	9,312	-	-
<b>Total Revenues</b>	<b>58,477</b>	<b>7,715,211</b>	<b>58,822</b>	<b>9,312</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>						
Current:						
Public safety	29,825	-	-	-	-	-
Education	-	-	-	-	-	-
Public works	-	4,979,295	95,838	-	-	405,256
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	980,000	-	-	-	-
Interest	-	865,063	-	-	-	-
Capital outlay	-	169,675	-	-	-	-
<b>Total Expenditures</b>	<b>29,825</b>	<b>6,994,033</b>	<b>95,838</b>	<b>-</b>	<b>-</b>	<b>405,256</b>
Excess (deficiency) of revenues over (under) expenditures	28,652	721,178	(37,016)	9,312	-	(405,256)
<b>Other Financing Sources (Uses)</b>						
Issuance of bonds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfers In	-	-	-	-	194	643,578
Transfers Out	-	(100,000)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>643,578</b>
<b>Net change in fund balances</b>	<b>28,652</b>	<b>621,178</b>	<b>(37,016)</b>	<b>9,312</b>	<b>194</b>	<b>238,322</b>
Fund Balances, beginning of year	65,791	5,644,303	137,016	304,718	1,162,753	304,860
<b>Fund Balances, end of year</b>	<b>\$ 94,443</b>	<b>\$ 6,265,481</b>	<b>\$ 100,000</b>	<b>\$ 314,030</b>	<b>\$ 1,162,947</b>	<b>\$ 543,182</b>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

(continued)

Special Revenue Funds

	Recreation	Swimming Pool	Community Campus	Library	Library Trust	City Trust	Sub-total
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,126,571
Charges for services	334,433	362,895	-	49,640	-	73,451	9,556,090
Investment income (loss)	-	-	-	-	3,202	88,407	122,604
Fines and costs	-	-	-	-	-	-	28,918
Contributions	-	-	-	2,068	-	272,283	274,590
Special assessments	-	-	-	-	-	-	-
Other	-	-	350,788	-	-	-	645,874
<b>Total Revenues</b>	<b>334,433</b>	<b>362,895</b>	<b>350,788</b>	<b>51,708</b>	<b>3,202</b>	<b>434,141</b>	<b>16,754,647</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	-	1,077,670
Education	-	-	-	-	-	60,314	6,100,609
Public works	-	-	645,200	-	-	-	6,167,905
Culture and recreation	291,104	445,329	128,839	26,675	-	32,421	1,398,945
Community development	-	-	-	-	-	-	955,750
Debt service:							
Principal	-	-	-	-	-	-	980,000
Interest	-	-	-	-	-	-	865,063
Capital outlay	-	-	-	-	-	-	169,675
<b>Total Expenditures</b>	<b>291,104</b>	<b>445,329</b>	<b>774,039</b>	<b>26,675</b>	<b>-</b>	<b>92,735</b>	<b>17,715,617</b>
Excess (deficiency) of revenues over (under) expenditures	43,329	(82,434)	(423,251)	25,033	3,202	341,406	(960,970)
<b>Other Financing Sources (Uses)</b>							
Issuance of bonds	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Transfers In	-	150,000	395,788	-	-	-	2,702,526
Transfers Out	-	-	-	-	-	(22,178)	(122,178)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>150,000</b>	<b>395,788</b>	<b>-</b>	<b>-</b>	<b>(22,178)</b>	<b>2,580,348</b>
<b>Net change in fund balances</b>	<b>43,329</b>	<b>67,566</b>	<b>(27,463)</b>	<b>25,033</b>	<b>3,202</b>	<b>319,228</b>	<b>1,619,378</b>
Fund Balances, beginning of year	157,993	-	65,010	214,951	127,007	761,958	11,030,630
<b>Fund Balances, end of year</b>	<b>\$ 201,322</b>	<b>\$ 67,566</b>	<b>\$ 37,547</b>	<b>\$ 239,984</b>	<b>\$ 130,209</b>	<b>\$ 1,081,186</b>	<b>\$ 12,650,008</b>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

(continued)

	<i>Capital Projects</i>						
	School Renovations	Transportation Management	Transportation State	Vehicle/ Equipment Replacement	Technology Equipment	Building and Infrastructure	Sub-total
<b>Revenues</b>							
Intergovernmental	\$ -	\$ 387,694	\$ 14,107	\$ -	\$ -	\$ -	\$ 401,801
Charges for services	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-	-
Fines and costs	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>387,694</u>	<u>14,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,801</u>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	<u>20,375</u>	<u>2,787,829</u>	<u>24,745</u>	<u>687,209</u>	<u>579,591</u>	<u>4,531,399</u>	<u>8,631,148</u>
<b>Total Expenditures</b>	<u>20,375</u>	<u>2,787,829</u>	<u>24,745</u>	<u>687,209</u>	<u>579,591</u>	<u>4,531,399</u>	<u>8,631,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,375)</u>	<u>(2,400,135)</u>	<u>(10,638)</u>	<u>(687,209)</u>	<u>(579,591)</u>	<u>(4,531,399)</u>	<u>(8,229,347)</u>
<b>Other Financing Sources (Uses)</b>							
Issuance of bonds	-	5,048,250	-	-	-	12,547,250	17,595,500
Bond premium	-	501,750	-	-	-	1,257,750	1,759,500
Transfers In	-	-	-	731,000	623,471	-	1,354,471
Transfers Out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>5,550,000</u>	<u>-</u>	<u>731,000</u>	<u>623,471</u>	<u>13,805,000</u>	<u>20,709,471</u>
<b>Net change in fund balances</b>	<u>(20,375)</u>	<u>3,149,865</u>	<u>(10,638)</u>	<u>43,791</u>	<u>43,880</u>	<u>9,273,601</u>	<u>12,480,124</u>
Fund Balances, beginning of year	<u>22,652</u>	<u>3,710,272</u>	<u>258,087</u>	<u>1,147,546</u>	<u>626,343</u>	<u>(5,767,014)</u>	<u>(2,114)</u>
<b>Fund Balances, end of year</b>	<u>\$ 2,277</u>	<u>\$ 6,860,137</u>	<u>\$ 247,449</u>	<u>\$ 1,191,337</u>	<u>\$ 670,223</u>	<u>\$ 3,506,587</u>	<u>\$ 12,478,010</u>

(continued)

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

(continued)	<u>Permanent Funds</u>				<u>Total</u>
	<u>City Trust</u>	<u>Library Trust</u>	<u>Sub-total</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 6,528,372
Charges for services	-	-	-	-	9,556,090
Investment income (loss)	1,152,304	101	1,152,405	-	1,275,009
Fines and costs	-	-	-	-	28,918
Contributions	-	-	-	-	274,590
Special assessments	-	-	-	187,084	187,084
Other	-	-	-	-	645,874
<b>Total Revenues</b>	<u>1,152,304</u>	<u>101</u>	<u>1,152,405</u>	<u>187,084</u>	<u>18,495,937</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	1,077,670
Education	-	-	-	-	6,100,609
Public works	-	-	-	-	6,167,905
Culture and recreation	20,437	-	20,437	-	1,419,382
Community development	-	-	-	-	955,750
Debt service:					
Principal	-	-	-	160,000	1,140,000
Interest	-	-	-	27,000	892,063
Capital outlay	-	-	-	-	8,800,823
<b>Total Expenditures</b>	<u>20,437</u>	<u>-</u>	<u>20,437</u>	<u>187,000</u>	<u>26,554,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,131,867</u>	<u>101</u>	<u>1,131,968</u>	<u>84</u>	<u>(8,058,265)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	17,595,500
Bond premium	-	-	-	-	1,759,500
Transfers In	-	-	-	-	4,056,997
Transfers Out	(203,900)	-	(203,900)	-	(326,078)
<b>Total Other Financing Sources (Uses)</b>	<u>(203,900)</u>	<u>-</u>	<u>(203,900)</u>	<u>-</u>	<u>23,085,919</u>
<b>Net change in fund balances</b>	<u>927,967</u>	<u>101</u>	<u>928,068</u>	<u>84</u>	<u>15,027,654</u>
Fund Balances, beginning of year	<u>8,591,096</u>	<u>4,000</u>	<u>8,595,096</u>	<u>(4,307)</u>	<u>19,619,305</u>
<b>Fund Balances, end of year</b>	<u>\$ 9,519,063</u>	<u>\$ 4,101</u>	<u>\$ 9,523,164</u>	<u>\$ (4,223)</u>	<u>\$ 34,646,959</u>

(concluded)

## 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, coalitions, 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, 400th celebration in 2023, and to further Japanese-American relations.

### CUSTODIAL FUNDS

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

- Coalition Communities: represents contributions from local governments in the State of New Hampshire to ensure a fair and sustainable education funding solution, without the statewide property tax, that guarantees every NH schoolchild an equal education opportunity.
- School: represents primarily student activity funds, which are contributions from students and fundraising receipts used to pay for student-related activities.
- Taxes and Fees: Used to account for taxes and fees collected by the City on behalf of other governments.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2023**

	<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	\$ 1,773	\$ 249,408	\$ -	\$ -	\$ -	251,181
Investments:						
Fixed income mutual funds	21,547	2,315,346	21,869	151,374	1,625	2,511,761
Equity mutual funds	74,161	7,967,979	75,263	520,959	5,593	8,643,955
Other assets	15	1,643	15	185	1	1,859
<b>Total Assets</b>	<u>97,496</u>	<u>10,534,376</u>	<u>97,147</u>	<u>672,518</u>	<u>7,219</u>	<u>11,408,756</u>
<b>Net Position Held in Trust</b>	<u>\$ 97,496</u>	<u>\$ 10,534,376</u>	<u>\$ 97,147</u>	<u>\$ 672,518</u>	<u>\$ 7,219</u>	<u>\$ 11,408,756</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Changes Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Year Ended June 30, 2023**

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
<b>Additions</b>						
Investment income (loss)	12,392	1,163,738	12,571	87,014	934	1,276,649
Contributions	\$ 118,016	\$ 1,079,538	\$ -	\$ -	\$ -	\$ 1,197,554
Total Additions	<u>130,408</u>	<u>2,243,276</u>	<u>12,571</u>	<u>87,014</u>	<u>934</u>	<u>2,474,203</u>
<b>Deductions</b>						
Payments to beneficiaries	<u>175,678</u>	<u>204,692</u>	<u>178</u>	<u>1,233</u>	<u>12</u>	<u>381,793</u>
Change in Net Position	(45,270)	2,038,584	12,393	85,781	922	2,092,410
<b>Net Position</b>						
Beginning of year	<u>142,766</u>	<u>8,495,792</u>	<u>84,754</u>	<u>586,737</u>	<u>6,297</u>	<u>9,316,346</u>
End of year	\$ <u>97,496</u>	\$ <u>10,534,376</u>	\$ <u>97,147</u>	\$ <u>672,518</u>	\$ <u>7,219</u>	\$ <u>11,408,756</u>

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
 Combining Statement of Fiduciary Net Position  
 Custodial Funds  
 June 30, 2023

	Coalition Communities	School	Taxes and Fees	Total
<b>Assets</b>				
Cash and short-term investments	\$ <u>178,857</u>	\$ <u>586,886</u>	\$ <u>-</u>	\$ <u>765,743</u>
<b>Net Position</b>				
Restricted for Other Purposes	\$ <u>178,857</u>	\$ <u>586,886</u>	\$ <u>-</u>	\$ <u>765,743</u>



**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**Combining Statement of Changes Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2023**

	Coalition Communities	School	Taxes and Fees	Total
<b>Additions</b>				
Property taxes collected for Rockingham County	\$ -	\$ -	\$ 5,546,962	\$ 5,546,962
Fees collected for the State of New Hampshire	-	-	1,493,306	1,493,306
Investment income	11	-	-	11
Other	173,716	747,447	-	921,163
	<u>173,727</u>	<u>747,447</u>	<u>7,040,268</u>	<u>7,961,442</u>
Total Additions	173,727	747,447	7,040,268	7,961,442
<b>Deductions</b>				
Payments of taxes to Rockingham County	-	-	5,546,962	5,546,962
Payments of fees to State of New Hampshire	-	-	1,493,306	1,493,306
Payments to beneficiaries	89,147	719,134	-	808,281
	<u>89,147</u>	<u>719,134</u>	<u>7,040,268</u>	<u>7,848,549</u>
Total Deductions	89,147	719,134	7,040,268	7,848,549
Change in Net Position	84,580	28,313	-	112,893
<b>Net Position</b>				
Beginning of year	94,277	558,573	-	652,850
End of year	<u>\$ 178,857</u>	<u>\$ 586,886</u>	<u>\$ -</u>	<u>\$ 765,743</u>

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# CITY OF PORTSMOUTH, NEW HAMPSHIRE

## STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	124 - 128
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	129- 135
<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.	136- 139
<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.	140 - 141
<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.	142 - 144

## City of Portsmouth, New Hampshire

### Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2014	2015 <sup>(1)</sup>	2016	2017	2018 <sup>(2)</sup>	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net invested in capital assets	\$ 100,313,414	\$ 109,917,788	\$ 113,265,585	\$ 120,182,374	\$ 126,962,691	\$ 134,801,319	\$ 145,409,298	\$ 151,204,499	\$ 158,507,095	\$ 163,202,770
Restricted	17,107,717	16,604,810	17,379,705	23,682,016	27,866,299	23,358,486	14,219,166	16,115,655	15,727,416	23,588,317
Unrestricted	40,877,993	(27,370,090)	(20,874,844)	(26,597,332)	(47,851,018)	(48,314,956)	(47,163,662)	(55,502,650)	(46,878,577)	(37,663,383)
Total governmental activities net position	\$ 158,299,124	\$ 99,152,508	\$ 109,770,446	\$ 117,267,058	\$ 106,977,972	\$ 109,844,849	\$ 112,464,802	\$ 111,817,504	\$ 127,355,934	\$ 149,127,704
<b>Business-type activities</b>										
Net invested in capital assets	\$ 50,987,816	\$ 56,301,452	\$ 60,256,180	\$ 64,498,965	\$ 73,151,637	\$ 80,956,213	\$ 91,839,994	\$ 99,765,133	\$ 109,947,647	\$ 114,948,832
Restricted	975,288	812,740	650,192	487,644	325,096	162,549	-			
Unrestricted	27,699,734	26,835,174	30,326,890	33,436,307	33,845,169	35,188,457	35,917,199	34,778,323	30,508,407	29,822,455
Total business-type activities net position	\$ 79,662,838	\$ 83,949,366	\$ 91,233,262	\$ 98,422,916	\$ 107,321,902	\$ 116,307,219	\$ 127,757,193	\$ 134,543,456	\$ 140,456,054	\$ 144,771,287
<b>Primary government</b>										
Net invested in capital assets	\$ 151,301,230	\$ 166,219,240	\$ 173,521,765	\$ 184,681,339	\$ 200,114,328	\$ 215,757,532	\$ 237,249,292	\$ 250,969,632	\$ 268,454,742	\$ 278,151,602
Restricted	18,083,005	17,417,550	18,029,897	24,169,660	28,191,395	23,521,035	14,219,166	16,115,655	15,727,416	23,588,317
Unrestricted	68,577,727	(534,916)	9,452,046	6,838,975	(14,005,849)	(13,126,499)	(11,246,463)	(20,724,327)	(16,370,170)	(7,840,928)
Total primary government net position	\$ 237,961,962	\$ 183,101,874	\$ 201,003,708	\$ 215,689,974	\$ 214,299,874	\$ 226,152,068	\$ 240,221,995	\$ 246,360,960	\$ 267,811,988	\$ 293,898,991

Notes:

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

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

**City of Portsmouth, New Hampshire**

**Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)

	Fiscal Year									
	2014	2015 <sup>(1)</sup>	2016	2017	2018 <sup>(2)</sup>	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 11,652,734	\$ 12,330,468	\$ 12,673,140	\$ 13,503,790	\$ 15,088,352	\$ 16,128,724	\$ 16,600,160	\$ 16,340,029	\$ 17,256,619	\$ 15,741,384
Public safety	18,479,571	17,697,750	18,094,404	20,724,528	21,595,007	23,146,413	25,184,885	27,099,533	21,771,468	24,021,022
Education	47,492,836	49,212,516	50,084,302	54,271,573	55,519,796	57,309,963	57,810,208	64,043,879	60,176,866	65,177,969
Public works	11,337,941	12,367,464	12,653,506	14,283,986	15,615,743	16,596,453	17,308,970	17,265,865	18,139,049	24,231,392
Health and human Services	675,256	582,910	565,256	674,704	650,045	745,703	772,738	755,861	682,650	1,002,507
Culture and recreation	3,895,264	3,888,467	4,095,642	4,331,428	4,291,601	4,679,018	4,460,453	3,688,659	4,772,772	6,072,448
Community development	1,125,562	888,705	1,115,661	1,278,188	1,356,490	1,129,752	686,920	988,745	627,514	969,508
Interest	3,013,917	3,123,714	3,213,394	3,157,534	3,840,248	4,042,650	4,328,783	4,038,815	3,767,100	2,950,393
<b>Total governmental activities expenses</b>	<b>97,673,081</b>	<b>100,091,994</b>	<b>102,495,305</b>	<b>112,225,731</b>	<b>117,957,282</b>	<b>123,778,676</b>	<b>127,153,117</b>	<b>134,221,386</b>	<b>127,194,038</b>	<b>140,166,623</b>
Business-type activities:										
Water services	7,012,453	6,866,489	7,701,340	7,906,621	8,006,293	8,196,446	8,710,090	9,325,133	8,986,385	10,298,220
Sewer services	9,018,802	9,187,296	9,656,429	10,534,561	10,764,490	12,134,267	12,518,334	16,636,378	17,924,650	19,859,398
<b>Total business-type activities expenses</b>	<b>16,031,255</b>	<b>16,053,785</b>	<b>17,357,769</b>	<b>18,441,182</b>	<b>18,770,783</b>	<b>20,330,713</b>	<b>21,228,424</b>	<b>25,961,511</b>	<b>26,911,035</b>	<b>30,157,618</b>
<b>Total primary government expenses</b>	<b>\$ 113,704,336</b>	<b>\$ 116,145,779</b>	<b>\$ 119,853,074</b>	<b>\$ 130,666,913</b>	<b>\$ 136,728,065</b>	<b>\$ 144,109,389</b>	<b>\$ 148,381,541</b>	<b>\$ 160,182,897</b>	<b>\$ 154,105,073</b>	<b>\$ 170,324,241</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 7,421,658	\$ 7,620,989	\$ 8,468,071	\$ 9,118,467	\$ 9,238,699	\$ 10,174,313	\$ 9,443,267	\$ 10,459,791	\$ 9,853,149	\$ 10,728,289
Public safety	1,196,161	1,161,585	1,029,934	1,447,285	1,019,331	1,328,213	1,332,301	1,297,300	1,632,381	1,509,488
Education	416,624	453,266	439,435	521,698	586,097	615,001	427,586	463,641	1,362,520	938,201
Public Works	5,092,527	5,878,880	6,666,633	6,978,104	8,287,756	8,622,961	7,770,516	7,656,924	9,982,426	9,916,200
Health and Human Services	100,002	89,398	101,805	90,178	46,827	119,184	79,383	61,271	170,322	122,206
Culture and Recreation	955,544	969,031	1,047,332	1,046,097	1,037,737	1,013,455	689,334	192,584	870,160	1,208,983
Total charges for services	15,182,516	16,173,149	17,147,210	19,201,829	20,216,447	21,873,127	19,742,387	20,131,508	23,870,958	24,423,367
Operating grants and contributions	10,582,693	11,640,506	11,176,877	12,057,678	12,821,591	11,289,587	12,250,781	13,464,292	12,125,989	20,998,285
Capital grants and contributions	12,137,864	5,106,620	3,113,261	3,630,406	4,384,314	3,582,619	3,197,243	2,545,693	3,296,703	10,582,666
<b>Total governmental activities program revenues</b>	<b>37,903,073</b>	<b>32,920,275</b>	<b>32,037,348</b>	<b>34,889,913</b>	<b>37,422,352</b>	<b>36,745,333</b>	<b>35,190,411</b>	<b>36,141,493</b>	<b>39,293,650</b>	<b>56,004,318</b>
Business-type activities:										
Charges for services										
Water services	9,114,578	8,849,199	9,225,357	9,029,792	9,469,785	9,242,222	9,359,610	9,685,950	9,767,614	10,445,004
Sewer services	13,210,967	13,724,391	14,244,796	14,602,295	15,434,863	15,787,895	16,241,573	16,761,718	17,261,587	18,456,364
Total charges for services	22,325,545	22,573,590	23,470,153	23,632,087	24,904,648	25,030,117	25,601,183	26,447,668	27,029,201	28,901,368
Capital grants and contributions	719,148	638,259	876,799	1,397,118	2,035,271	3,030,126	7,630,606	5,700,008	5,331,115	4,731,280
<b>Total business-type activities program revenues</b>	<b>23,044,693</b>	<b>23,211,849</b>	<b>24,346,952</b>	<b>25,029,205</b>	<b>26,939,919</b>	<b>28,060,243</b>	<b>33,231,789</b>	<b>32,147,676</b>	<b>32,360,316</b>	<b>33,632,648</b>
<b>Total primary government program revenues</b>	<b>\$ 60,947,766</b>	<b>\$ 56,132,124</b>	<b>\$ 56,384,300</b>	<b>\$ 59,919,118</b>	<b>\$ 64,362,271</b>	<b>\$ 64,805,576</b>	<b>\$ 68,422,200</b>	<b>\$ 68,289,169</b>	<b>\$ 71,653,966</b>	<b>\$ 89,636,966</b>
<b>Net (Expenses)Revenue</b>										
Governmental activities	\$ (59,770,008)	\$ (67,171,719)	\$ (70,457,957)	\$ (77,335,818)	\$ (80,534,930)	\$ (87,033,343)	\$ (91,962,706)	\$ (98,079,893)	\$ (87,900,388)	\$ (84,162,303)
Business-type activities	7,013,438	7,158,064	6,989,183	6,588,023	8,169,136	7,729,530	12,003,365	6,186,165	5,449,281	3,475,030
<b>Total primary government net expense</b>	<b>\$ (52,756,570)</b>	<b>\$ (60,013,655)</b>	<b>\$ (63,468,774)</b>	<b>\$ (70,747,795)</b>	<b>\$ (72,365,794)</b>	<b>\$ (79,303,813)</b>	<b>\$ (79,959,341)</b>	<b>\$ (91,893,728)</b>	<b>\$ (82,451,107)</b>	<b>\$ (80,687,273)</b>
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Property taxes	\$ 72,594,154	\$ 73,416,098	\$ 77,272,916	\$ 78,955,625	\$ 81,811,278	\$ 84,827,646	\$ 88,733,646	\$ 89,201,149	\$ 97,948,515	\$ 99,370,967
Interest on taxes	279,531	289,805	208,972	168,675	88,770	104,157	164,713	191,444	168,752	147,262
Grants and contributions not restricted to specific programs	957,070	1,025,926	1,032,133	1,111,547	1,109,504	1,122,057	1,329,583	1,318,163	1,639,197	1,938,850
Special Assessment	-	-	-	1,870,839	-	-	-	-	-	-
Investment income (loss)	1,143,154	252,292	473,465	1,219,261	1,548,840	1,834,402	1,563,074	3,095,785	(1,152,365)	3,087,456
Other revenues	2,321,745	1,967,808	2,061,211	1,493,503	3,115,350	1,751,891	2,393,837	3,348,347	4,522,726	937,751
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Permanent fund contributions	17,731	34,330	27,198	12,980	865	260,067	397,806	277,707	311,993	451,789
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>77,313,385</b>	<b>76,986,259</b>	<b>81,075,895</b>	<b>84,832,430</b>	<b>87,674,607</b>	<b>89,900,220</b>	<b>94,582,659</b>	<b>97,432,595</b>	<b>103,438,818</b>	<b>105,934,075</b>
Business-type activities:										
Investment income	239	57,554	98,047	270,077	602,424	1,107,618	1,063,655	421,908	159,049	1,305,380
Other revenues	76,852	176,950	196,666	331,554	355,849	408,236	470,944	455,897	616,261	(13,388)
Special item-loss on disposal	-	-	-	-	-	-	(1,690,184)	-	-	-
Transfers in (out)	-	-	-	-	-	(260,067)	(397,806)	(277,707)	(311,993)	(451,789)
<b>Total business-type activities</b>	<b>77,091</b>	<b>234,504</b>	<b>294,713</b>	<b>601,631</b>	<b>958,273</b>	<b>1,255,787</b>	<b>(553,391)</b>	<b>600,098</b>	<b>463,317</b>	<b>840,203</b>
<b>Total primary government</b>	<b>\$ 77,390,476</b>	<b>\$ 77,220,763</b>	<b>\$ 81,370,608</b>	<b>\$ 85,434,061</b>	<b>\$ 88,632,880</b>	<b>\$ 91,156,007</b>	<b>\$ 94,029,268</b>	<b>\$ 98,032,693</b>	<b>\$ 103,902,135</b>	<b>\$ 106,774,278</b>
<b>Change in Net Assets/Position</b>										
Governmental activities	\$ 17,543,377	\$ 9,814,540	\$ 10,617,938	\$ 7,496,612	\$ 7,139,677	\$ 2,866,877	\$ 2,619,953	\$ (647,298)	\$ 15,538,430	\$ 21,771,770
Business-type activities	7,090,529	7,392,568	7,283,896	7,189,654	9,127,409	8,985,317	11,449,974	6,786,263	5,912,598	4,315,233
<b>Total primary government</b>	<b>\$ 24,633,906</b>	<b>\$ 17,207,108</b>	<b>\$ 17,901,834</b>	<b>\$ 14,686,266</b>	<b>\$ 16,267,086</b>	<b>\$ 11,852,194</b>	<b>\$ 14,069,927</b>	<b>\$ 6,138,965</b>	<b>\$ 21,451,028</b>	<b>\$ 26,087,003</b>

Notes:

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

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

## City of Portsmouth, New Hampshire

### Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>All governmental funds<sup>(1)</sup></b>										
Nonspendable	\$1,654,749	\$2,338,528	\$2,271,832	\$2,247,577	\$2,202,379	\$2,161,330	\$2,121,122	\$2,102,864	\$2,069,863	\$2,376,212
Restricted	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757	22,958,279	24,782,152	22,390,936	27,388,032
Committed	27,219,500	26,784,433	30,930,948	29,694,220	28,243,458	26,692,031	29,680,844	28,243,725	32,903,002	38,047,228
Assigned	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688	9,283,064	10,496,904	9,178,551	9,194,343
Unassigned	11,769,423	11,838,381	11,932,667	7,070,449	(4,041,649)	15,580,417	12,636,863	16,304,030	7,583,778	18,164,344
Total all governmental funds	<u>\$ 75,794,500</u>	<u>\$ 75,783,017</u>	<u>\$ 85,119,611</u>	<u>\$ 85,781,423</u>	<u>\$ 74,862,682</u>	<u>\$ 91,712,223</u>	<u>\$ 76,680,172</u>	<u>\$ 81,929,675</u>	<u>\$ 74,126,130</u>	<u>\$ 95,170,159</u>
<b>General Fund</b>										
Nonspendable <sup>(1)</sup>	\$0	\$672,927	\$610,160	\$567,160	\$524,160	\$480,160	\$443,160	\$430,160	\$385,160	\$339,760
Committed	26,173,686	24,544,530	27,956,594	26,964,585	25,642,234	22,665,499	21,917,043	21,324,259	23,464,101	27,665,287
Assigned	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688	9,283,064	10,496,904	9,178,551	9,194,343
Unassigned	11,790,868	12,509,746	13,158,179	14,505,641	15,152,954	15,630,897	16,152,597	16,363,998	17,156,799	18,168,567
Total General Fund	<u>\$ 44,620,852</u>	<u>\$ 45,348,534</u>	<u>\$ 50,612,247</u>	<u>\$ 51,023,046</u>	<u>\$ 50,261,945</u>	<u>\$ 49,290,244</u>	<u>\$ 47,795,864</u>	<u>\$ 48,615,321</u>	<u>\$ 50,184,611</u>	<u>\$ 55,367,957</u>
<b>All other governmental funds</b>										
Nonspendable	\$1,654,749	\$1,665,601	\$1,661,672	\$1,680,417	\$1,678,219	\$1,681,170	\$1,677,962	\$1,672,704	\$1,684,703	\$2,036,452
Restricted	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757	22,958,279	24,782,152	22,390,936	27,388,032
Committed	1,045,814	2,239,903	2,974,354	2,729,635	2,601,224	4,026,532	7,763,801	6,919,466	9,438,901	10,381,941
Unassigned	(21,445)	(671,365)	(1,225,512)	(7,435,192)	(19,194,603)	(50,480)	(3,515,734)	(59,968)	(9,573,021)	(4,223)
Total all other governmental funds	<u>\$ 31,173,648</u>	<u>\$ 30,434,483</u>	<u>\$ 34,507,364</u>	<u>\$ 34,758,377</u>	<u>\$ 24,600,737</u>	<u>\$ 42,421,979</u>	<u>\$ 28,884,308</u>	<u>\$ 33,314,354</u>	<u>\$ 23,941,519</u>	<u>\$ 39,802,202</u>

Notes:

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

**City of Portsmouth, New Hampshire**

**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Property taxes	\$ 72,964,294	\$ 73,635,672	\$ 77,428,695	\$ 78,902,463	\$ 81,974,427	\$ 84,798,383	\$ 88,562,993	\$ 89,282,013	\$ 97,702,123	\$ 99,271,033
Licenses and permits	5,140,721	5,311,858	6,045,153	6,327,360	6,576,275	7,404,735	6,851,868	7,910,700	7,258,604	7,856,515
Intergovernmental	16,682,012	17,205,342	14,929,762	15,670,972	17,581,956	15,713,798	16,075,492	17,173,853	16,846,876	25,463,358
Charges for service	9,189,608	9,929,357	11,148,661	11,931,836	12,731,491	13,578,037	12,103,306	11,600,103	15,399,948	16,226,843
Investment income (loss)	1,143,153	252,291	473,465	1,219,261	1,548,840	1,834,400	1,565,136	3,095,783	(1,152,364)	3,087,456
Interest on taxes	279,531	289,805	208,972	168,675	88,770	104,157	164,713	191,444	168,752	147,262
Fines and costs	747,940	836,479	804,327	890,796	905,279	753,042	807,423	632,675	999,885	1,197,525
Contributions	569,549	602,041	287,408	1,141,640	734,318	280,465	702,314	155,244	215,011	414,558
Special Assessment	-	-	-	187,084	187,084	187,084	179,357	194,810	187,084	187,084
Other	1,850,862	1,424,041	1,696,903	411,561	617,788	655,473	1,151,909	2,343,737	3,161,922	1,918,301
<b>Total revenues</b>	<b>108,567,670</b>	<b>109,486,886</b>	<b>113,023,346</b>	<b>116,851,648</b>	<b>122,946,228</b>	<b>125,309,574</b>	<b>128,164,511</b>	<b>132,580,362</b>	<b>140,787,841</b>	<b>155,769,935</b>
<b>Expenditures</b>										
General government	6,929,207	7,449,378	7,556,377	10,450,462	8,945,562	10,545,576	10,174,548	9,643,095	12,481,663	11,448,644
Public safety	17,162,643	17,415,808	17,892,961	18,730,211	19,845,067	20,940,213	22,730,785	24,016,634	22,569,807	23,282,245
Education	45,679,948	47,346,209	48,242,046	49,875,849	51,966,015	54,058,715	53,337,106	55,831,993	59,334,909	63,089,857
Public works	9,170,490	9,638,677	9,777,531	10,480,446	11,054,124	13,512,993	12,382,192	11,471,196	13,611,854	15,057,304
Health and human services	673,703	588,645	589,457	658,401	635,743	743,721	745,845	712,966	717,815	1,001,118
Culture and recreation	3,594,783	4,256,940	3,802,522	3,719,880	3,873,945	4,395,664	3,893,519	3,355,535	4,472,867	4,973,170
Community development	1,039,811	1,768,051	817,479	1,026,946	1,171,019	1,102,132	528,343	970,091	642,558	961,925
Debt service										
Principal	7,394,905	8,092,905	8,610,407	9,452,877	9,805,540	10,262,905	11,504,117	11,245,000	11,817,000	11,383,400
Interest	3,045,212	3,170,237	2,983,390	3,190,755	3,874,129	4,049,128	4,375,337	3,954,853	3,792,854	4,221,581
Capital outlay <sup>(1)</sup>	17,434,367	9,928,572	13,524,700	17,922,741	30,405,286	21,336,460	18,361,212	16,640,988	23,098,142	13,571,252
Intergovernmental	4,667,200	4,832,388	5,100,513	5,203,357	5,629,133	5,503,199	5,561,364	5,667,030	5,677,887	5,546,962
<b>Total expenditures</b>	<b>116,792,269</b>	<b>114,487,810</b>	<b>118,897,383</b>	<b>130,711,925</b>	<b>147,205,563</b>	<b>146,450,706</b>	<b>143,594,368</b>	<b>143,509,381</b>	<b>158,217,356</b>	<b>154,537,458</b>
<b>Excess of Revenues</b>										
Over(under) expenditures	(8,224,599)	(5,000,924)	(5,874,037)	(13,860,277)	(24,259,335)	(21,141,132)	(15,429,857)	(10,929,019)	(17,429,515)	1,232,477
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds/loans	9,050,000	4,600,000	13,648,000	12,860,000	11,750,000	33,611,500	-	14,528,500	8,438,400	17,595,500
Issuance of refunding bond	-	3,335,000	3,040,500	-	-	-	-	5,773,500	9,430,000	-
Bond/BAN/refunding premium	1,233,245	586,229	1,958,633	1,662,089	1,590,594	4,119,106	-	2,348,815	2,695,576	1,764,263
Transfers in	1,911,538	3,706,034	2,716,667	4,218,271	2,231,502	2,785,784	4,622,413	3,058,908	5,096,744	4,248,180
Payment to refunded bond escrow agent	-	(3,531,788)	(3,436,502)	-	-	-	-	(6,750,000)	(11,250,000)	-
Transfers out	(1,911,538)	(3,706,034)	(2,716,667)	(4,218,271)	(2,231,502)	(2,525,717)	(4,224,607)	(2,781,201)	(4,784,751)	(3,796,391)
<b>Total governmental activities</b>	<b>10,283,245</b>	<b>4,989,441</b>	<b>15,210,631</b>	<b>14,522,089</b>	<b>13,340,594</b>	<b>37,990,673</b>	<b>397,806</b>	<b>16,178,522</b>	<b>9,625,969</b>	<b>19,811,552</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,058,646</b>	<b>\$ (11,483)</b>	<b>\$ 9,336,594</b>	<b>\$ 661,812</b>	<b>\$ (10,918,741)</b>	<b>\$ 16,849,541</b>	<b>\$ (15,032,051)</b>	<b>\$ 5,249,503</b>	<b>\$ (7,803,546)</b>	<b>\$ 21,044,029</b>
Debt Service as a percentage of non-capitalized expenditures <sup>(2)</sup>	11.33%	10.99%	11.07%	11.48%	11.68%	11.64%	12.62%	11.92%	11.64%	10.90%

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

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

**City of Portsmouth, New Hampshire**

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

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position <sup>(1)(2)</sup>
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Special item loss on Disposal	Total		
2023	\$ 27,178,821	\$ 1,296,261	\$ 426,286	\$ 6,614,333	\$ 35,515,701	\$ 18,856,263	\$ 7,609,550	\$ 4,721,267	\$ 13,388	\$ 31,200,468	\$ 4,315,233	\$ 144,771,287
2022	25,353,300	1,223,538	409,913	6,148,875	33,135,626	15,706,938	7,250,213	4,265,877	-	27,223,028	5,912,598	140,456,054
2021	24,851,216	1,110,533	468,159	6,595,573	33,025,481	15,704,655	6,543,929	3,990,634	-	26,239,218	6,786,263	134,543,456
2020	23,808,307	1,285,215	497,587	9,175,279	34,766,388	13,383,457	4,606,859	3,635,914	1,690,184	23,316,414	11,449,974	127,757,193
2019	23,452,563	1,025,517	545,437	4,552,580	29,576,097	13,104,187	4,190,167	3,296,426	-	20,590,780	8,985,317	116,307,219
2018	23,534,582	911,770	458,296	2,993,544	27,898,192	12,009,200	3,823,387	2,938,196	-	18,770,783	9,127,409	107,321,902
2017	22,335,872	811,540	484,675	1,998,749	25,630,836	12,191,374	3,790,683	2,687,548	-	18,669,605	6,961,231	98,194,493
2016	22,283,052	751,904	435,197	1,171,512	24,641,665	10,947,720	3,457,903	2,952,146	-	17,357,769	7,283,896	91,233,262
2015	21,362,069	726,695	484,826	872,763	23,446,353	13,280,245	3,347,761	2,531,819	-	19,159,825	4,286,528	83,949,366
2014	20,961,597	867,053	496,895	796,239	23,121,784	10,590,342	3,132,231	2,308,682	-	16,031,255	7,090,529	79,662,838

Includes Water and Sewer Funds

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

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position <sup>(1)(2)</sup>
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Special item loss on Disposal	Total		
2023	\$ 9,056,883	\$ 1,158,020	\$ 230,101	\$ 1,646,652	\$ 12,091,656	\$ 6,696,115	\$ 2,573,747	\$ 1,273,562	-	\$ 10,543,424	\$ 1,548,232	\$ 63,086,992
2022	8,445,746	1,071,703	207,715	760,110	10,485,274	5,686,148	2,202,290	1,097,947	-	8,986,385	1,498,889	61,538,760
2021	8,414,656	917,705	335,829	5,259,964	14,928,154	6,176,478	2,110,415	1,038,240	-	9,325,133	5,603,021	60,039,871
2020	8,284,662	785,192	279,682	7,260,946	16,610,482	5,568,125	2,056,796	1,085,169	-	8,710,090	7,900,392	54,436,850
2019	8,135,894	750,021	356,307	2,692,257	11,934,479	5,217,921	1,901,401	1,077,124	-	8,196,446	3,738,033	46,536,458
2018	8,470,217	717,598	281,970	1,626,217	11,096,002	5,264,987	1,701,629	1,039,677	-	8,006,293	3,089,709	42,798,425
2017	8,129,970	627,915	271,907	857,856	9,887,648	5,215,935	1,737,531	1,052,899	-	8,006,365	1,881,283	39,708,716
2016	8,409,115	538,471	277,771	584,481	9,809,838	4,728,684	1,577,929	1,394,727	-	7,701,340	2,108,498	37,827,433
2015	7,998,954	552,155	298,090	276,604	9,125,803	5,852,601	1,521,953	937,092	-	8,311,646	814,157	35,718,935
2014	8,191,372	618,554	304,652	142,381	9,256,959	4,712,670	1,419,960	879,823	-	7,012,453	2,244,506	34,904,778

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

Fiscal Year	Revenue					Expenses					Increase (Decrease) Total Net Position	Total Net Position <sup>(1)(2)</sup>
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Special item loss on Disposal	Total		
2023	\$ 18,121,938	\$ 138,241	\$ 196,185	\$ 4,967,681	\$ 23,424,045	\$ 12,160,148	\$ 5,035,803	\$ 3,447,705	\$ 13,388	\$ 20,657,044	\$ 2,767,001	\$ 81,684,295
2022	16,907,554	151,835	202,198	5,388,765	22,650,352	10,020,790	5,047,923	3,167,930	-	18,236,643	4,413,709	78,917,294
2021	16,436,560	192,828	132,330	1,335,609	18,097,327	9,528,177	4,433,514	2,952,394	-	16,914,085	1,183,242	74,503,585
2020	15,523,645	500,023	217,905	1,914,333	18,155,906	7,815,332	2,550,063	2,550,745	1,690,184	14,606,324	3,549,582	73,320,343
2019	15,316,669	275,496	189,130	1,860,323	17,641,618	7,886,266	2,288,766	2,219,302	-	12,394,334	5,247,284	69,770,761
2018	15,064,365	194,172	176,326	1,367,327	16,802,190	6,744,213	2,121,758	1,898,519	-	10,764,490	6,037,700	64,523,477
2017	14,205,902	183,625	212,768	1,140,893	15,743,188	6,975,439	2,053,152	1,634,649	-	10,663,240	5,079,948	58,485,777
2016	13,873,937	213,433	157,426	587,031	14,831,827	6,219,036	1,879,974	1,557,419	-	9,656,429	5,175,398	53,405,829
2015	13,363,115	174,540	186,736	596,159	14,320,550	7,427,644	1,825,808	1,594,727	-	10,848,179	3,472,371	48,230,431
2014	12,770,225	248,499	192,243	653,858	13,864,825	5,877,672	1,712,271	1,428,859	-	9,018,802	4,846,023	44,758,060

Notes:

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

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



## City of Portsmouth, New Hampshire

### General Government Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Payment in Lieu of Tax</b>	<b>Tax Interest &amp; Penalties</b>	<b>Total</b>
2023	\$ 99,075,296	\$ 195,737	\$ 147,262	\$ 99,418,295
2022	97,517,180	184,943	168,752	97,870,876
2021	89,075,575	206,438	191,444	89,473,457
2020	88,359,248	203,745	164,713	88,727,706
2019	84,620,658	177,725	104,157	84,902,540
2018	81,800,573	173,854	88,770	82,063,197
2017	80,717,918	168,577	168,675	81,055,170
2016	77,191,614	119,625	208,972	77,520,211
2015	73,492,844	142,828	289,805	73,925,477
2014	72,721,967	143,413	279,531	73,144,911

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
2023	\$ 97,918,521	\$ 96,125,679	98.2%	1,792,842	-	\$ 1,792,842	96,125,679	98.2%	8,951	118	1.3%
2022	95,219,836	93,159,897	97.8%	2,059,939	1,868,532	191,407	95,028,429	99.8%	8,878	125	1.4%
2021	91,850,101	89,821,119	97.8%	2,028,982	1,942,278	86,704	91,763,397	99.9%	8,859	92	1.0%
2020	90,571,793	89,137,643	98.4%	1,434,150	1,433,960	190	90,571,603	100.0%	8,688	125	1.4%
2019	87,304,835	85,503,865	97.9%	1,800,970	1,800,970	-	87,304,835	100.0%	8,655	101	1.2%
2018	83,756,100	82,251,487	98.2%	1,504,613	1,504,613	-	83,756,100	100.0%	8,624	110	1.3%
2017	80,406,957	78,768,028	98.0%	1,638,929	1,638,929	-	80,406,957	100.0%	8,567	113	1.3%
2016	78,413,113	76,816,032	98.0%	1,597,081	1,597,081	-	78,413,113	100.0%	8,536	112	1.3%
2015	74,936,960	73,219,903	97.7%	1,717,057	1,717,057	-	74,936,960	100.0%	8,559	121	1.4%
2014	72,401,876	70,320,311	97.1%	2,081,565	2,081,565	-	72,401,876	100.0%	8,540	133	1.6%

Data Source:

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

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

## City of Portsmouth, New Hampshire

### Assessed and Estimated Full Value of Real Property

Last Ten Fiscal Years

Fiscal Year	Local Assessed Value <sup>(1)</sup>					Total Assessed Value	Less Exemptions to Assessed Value <sup>(1)</sup>	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate per \$1,000 of Assessed Value	Total Equalized Valuation <sup>(2)</sup>	Ratio of Total Assessed Value to Total Estimated Full Value
	Current Use/ Conservation	Residential	Commercial/ Industrial	Utilities							
2023	\$ 52,266	\$ 3,772,620,400	\$ 2,562,033,428	\$ 189,888,485	\$ 6,524,594,579	\$ 31,397,800	6,493,196,779	\$ 14.35	\$ 9,336,287,605	69.9%	
2022	57,801	3,708,945,500	2,524,388,137	192,443,479	6,425,834,917	27,193,900	6,398,641,017	14.14	8,166,077,195	78.7%	
2021	58,305	3,656,301,000	2,490,947,009	183,462,251	6,330,768,565	29,178,600	6,301,589,965	13.80	7,194,930,723	88.0%	
2020	59,114	3,563,876,900	2,436,618,949	171,160,012	6,171,714,975	19,874,499	6,151,840,476	13.96	6,784,387,454	91.0%	
2019	57,811	3,184,983,200	2,213,485,956	189,760,510	5,588,287,477	20,613,200	5,567,674,277	14.85	6,139,020,401	91.0%	
2018	60,090	3,111,438,500	2,152,216,919	250,037,813	5,513,753,322	45,409,300	5,468,344,022	14.35	5,800,517,168	95.1%	
2017	56,064	2,579,500,900	2,026,331,316	212,424,771	4,818,313,051	46,608,500	4,771,704,551	15.95	5,713,043,888	84.3%	
2016	57,856	2,538,551,208	2,016,983,163	219,583,616	4,775,175,843	47,333,200	4,727,842,643	15.71	5,166,602,923	92.4%	
2015	57,450	2,362,869,900	1,670,440,660	198,604,095	4,231,972,105	49,603,300	4,182,368,805	16.94	4,924,402,209	85.9%	
2014	61,620	2,327,198,200	1,612,709,460	206,444,495	4,146,413,775	49,810,200	4,096,603,575	16.77	4,526,473,144	91.6%	

Data Sources:

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

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

## City of Portsmouth, New Hampshire

### Principal Taxpayers

#### Current Year and Nine Years Ago

Taxpayer	Type of Business	FY 2023 Assessed Value	Rank	Percentage of Total Taxable Assessed Value	FY2014 Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service Co of NH	Utility	\$ 123,589,679	1	1.90%	\$ 171,965,017	1	4.20%
HCA Health Services of NH Inc.	Hospital	92,081,200	2	1.42%	80,374,800	2	1.96%
Arbor View & The Pines LLC (formerly TGM Beechstone LLC)	Apartment Complex	59,034,000	3	0.91%	42,722,200	3	1.04%
Cate Street Development	Mixed Use	50,886,900	4	0.78%			
Northern Utilities	Utility	49,872,600	5	0.77%	32,251,478	6	0.79%
Hanover Apartments LLC	Apartments	43,097,200	6	0.66%			
Service Credit Union	Bank/Office Building	36,388,700	7	0.56%	39,575,360	4	0.97%
Liberty Mutual Insurance	Office Building	36,144,900	8	0.56%	35,443,700	5	0.87%
Vaughan Street Hotel LLC	Hotel	34,473,000	9	0.53%			
Port Owner Harbor LLC (formerly Harborside Assoc)	Hotel	33,646,200	10	0.52%	19,485,600	10	0.48%
Inishmaan Assoc LTD Partnership	Apartments				23,578,000	7	0.58%
Bromley Portsmouth LLC	Shopping Center				21,644,000	8	0.53%
DSQ Holding LLC	Retail				20,976,100	9	0.51%
Fairpoint	Telephone						
Total Principal Taxpayers		\$ 559,214,379		8.61%	\$ 488,016,255		11.91%
Total Net Assessed Taxable Value		\$ 6,493,196,779			\$ 4,096,603,575		

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	
2023	\$ 7.59	\$ 5.40	\$ 1.36	\$ 6.76	\$ 14.35	\$ 0.85	\$ 15.20	\$ 10.65
2022	7.02	5.18	1.94	7.12	14.14	0.89	15.03	11.73
2021	6.83	5.07	1.90	6.97	13.80	0.90	14.70	12.83
2020	7.22	4.83	1.91	6.74	13.96	0.90	14.86	13.43
2019	7.68	4.96	2.21	7.17	14.85	0.99	15.84	14.30
2018	7.27	4.95	2.13	7.08	14.35	1.03	15.38	14.42
2017	8.13	5.41	2.41	7.82	15.95	1.09	17.04	14.15
2016	8.07	5.33	2.31	7.64	15.71	1.08	16.79	15.28
2015	8.80	5.61	2.53	8.14	16.94	1.16	18.10	15.28
2014	8.72	5.56	2.49	8.05	16.77	1.14	17.91	16.11

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
2023	\$ 8,417,077	\$ 18,197,169	1,579,537	1,082,825	\$ 4.54/5.46	\$ 15.78/17.36	\$ 20.32/22.82
2022	8,332,074	17,114,440	1,624,340	1,079,390	4.40/5.30	14.89/16.38	19.29/21.68
2021	7,638,428	16,335,509	1,530,214	1,111,400	4.32/5.20	14.32/15.75	18.64/20.95
2020	8,222,671	16,880,687	1,648,450	1,148,426	4.32/5.20	13.77/15.14	18.09/20.34
2019	8,069,988	16,633,110	1,656,322	1,176,180	4.23/5.10	13.24/14.56	17.47/19.66
2018	8,022,640	15,630,407	1,669,361	1,152,772	4.15/5.00	12.73/14.00	16.88/19.00
2017	8,021,380	14,710,029	1,688,000	1,125,000	4.15/5.00	12.24/13.47	16.39/18.47
2016	7,805,987	14,126,590	1,642,974	1,123,800	4.15/5.00	11.77/12.95	15.92/17.95
2015	7,433,983	13,899,608	1,565,239	1,160,278	4.15/5.00	11.21/12.34	15.36/17.34
2014	7,300,831	13,100,514	1,538,972	1,151,863	4.15/5.00	10.68/11.75	14.83/16.75

Data Source:

City of Portsmouth Budget and Budget Resolutions

Notes:

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

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

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

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

<sup>(5)</sup> 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 %	Fiscal Year	County Tax Levy	Portsmouth Share <sup>(1)</sup>	Portsmouth's Share \$ Change	Portsmouth's Share % Change
2022	\$ 9,241,627,093	\$ 94,590,142	\$ 9,336,217,235	\$ 85,901,322,178	10.8685373%	2023	\$ 49,791,743	\$ 5,546,962	\$ (130,924)	-2.3%
2021	8,082,803,530	83,273,665	8,166,077,195	73,301,969,899	11.1403243%	2022	49,791,743	5,677,886	10,856	0.2%
2020	7,119,904,456	75,026,267	7,194,930,723	63,095,343,828	11.4032673%	2021	49,457,963	5,667,030	105,665	1.9%
2019	6,714,405,427	69,982,027	6,784,387,454	59,209,498,814	11.4582754%	2020	50,297,338	5,561,365	58,166	1.1%
2018	6,073,124,791	65,895,610	6,139,020,401	55,521,693,803	11.0569761%	2019	49,130,196	5,503,199	(125,934)	-2.2%
2017	5,731,071,264	69,445,904	5,800,517,168	51,784,538,619	11.2012530%	2018	48,369,198	5,629,133	425,776	8.2%
2016	5,651,979,770	61,064,118	5,713,043,888	49,090,222,780	11.6378447%	2017	46,916,696	5,203,357	102,846	2.0%
2015	5,118,914,757	47,688,166	5,166,602,923	46,585,299,985	11.0906293%	2016	46,013,873	5,100,511	268,123	5.5%
2014	4,871,579,273	52,822,935	4,924,402,208	44,425,117,020	11.0847253%	2015	44,809,156	4,832,388	165,188	3.5%
2013	4,481,154,370	45,318,774	4,526,473,144	41,972,510,217	10.7843756%	2014	43,873,563	4,667,200	240,257	5.4%

Data Sources:

NH Department of Revenue Administration Equalization Surveys

County Tax Warrants

Adopted Rockingham County Budgets

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

**City of Portsmouth, New Hampshire**

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Issued Debt at June 30</b>										
City Depts.	\$ 27,511,103	\$ 27,609,999	\$ 31,358,500	\$ 34,413,500	\$ 35,683,500	\$ 59,080,500	\$ 52,648,499	\$ 58,619,200	\$ 58,733,600	\$ 66,931,500
City-Unamortized Bond Premium	1,741,039	2,162,776	3,527,421	4,171,793	4,641,543	7,707,108	6,977,488	7,407,982	7,245,697	7,906,790
Landfill	1,097,144	884,238	671,332	458,427	245,522	32,617	-	-	-	-
School Dept.	51,915,000	49,055,000	50,397,607	50,962,635	51,850,000	52,014,500	46,975,000	43,311,300	37,998,300	36,012,500
School-Unamortized Bond Premium	4,198,367	3,865,809	3,926,897	3,773,863	3,750,262	3,848,033	3,348,330	3,879,238	4,598,712	4,456,462
<b>Total Governmental Funds</b>	<b>86,462,654</b>	<b>83,577,822</b>	<b>89,881,757</b>	<b>93,780,218</b>	<b>96,170,827</b>	<b>122,682,758</b>	<b>109,949,317</b>	<b>113,217,720</b>	<b>108,576,309</b>	<b>115,307,252</b>
Water Fund	24,971,873	28,040,824	29,724,796	29,832,268	30,674,740	30,644,612	28,104,684	31,716,156	35,514,028	32,341,500
Water-Unamortized Bond Premium	883,158	993,224	2,288,399	2,236,248	2,305,220	2,394,747	2,204,744	2,578,164	2,900,589	2,655,385
Sewer Fund	52,926,789	50,381,197	50,785,603	50,340,010	51,079,418	54,544,925	49,688,232	52,408,090	129,670,279	125,382,353
Sewer-Unamortized Bond Premium	2,414,740	2,323,564	2,567,959	2,664,321	2,951,701	3,695,439	3,430,885	3,818,690	4,328,402	4,243,390
<b>Total Business-type Activities</b>	<b>81,196,560</b>	<b>81,738,809</b>	<b>85,366,757</b>	<b>85,072,847</b>	<b>87,011,079</b>	<b>91,279,723</b>	<b>83,428,545</b>	<b>90,521,100</b>	<b>172,413,298</b>	<b>164,622,628</b>
<b>Total Issued Debt at June 30</b>	<b>167,659,214</b>	<b>165,316,631</b>	<b>175,248,514</b>	<b>178,853,065</b>	<b>183,181,906</b>	<b>213,962,480</b>	<b>193,377,862</b>	<b>203,738,820</b>	<b>280,989,607</b>	<b>279,929,880</b>
<b>Authorized Unissued Debt June 30</b>										
City Depts.	1,600,000	24,800,000	23,352,000	23,200,000	31,130,000	13,875,000	25,825,000	16,025,000	33,007,456	28,000,967
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.	-	5,025,000	5,025,000	5,000,000	5,000,000	2,000,000	2,000,000	500,000	-	-
<b>Total Governmental Funds</b>	<b>6,241,897</b>	<b>34,466,897</b>	<b>33,018,897</b>	<b>32,841,897</b>	<b>40,771,897</b>	<b>20,516,897</b>	<b>32,466,897</b>	<b>21,166,897</b>	<b>37,649,353</b>	<b>32,642,864</b>
Water Fund	13,162,303	-	-	-	-	-	4,623,000	1,450,000	8,150,000	10,300,000
Sewer Fund	3,110,425	-	75,000,000	75,000,000	81,900,000	81,900,000	89,045,000	86,300,000	8,966,957	14,100,000
<b>Total Authorized Unissued Debt June 30</b>	<b>22,514,625</b>	<b>34,466,897</b>	<b>108,018,897</b>	<b>107,841,897</b>	<b>122,671,897</b>	<b>102,416,897</b>	<b>126,134,897</b>	<b>108,916,897</b>	<b>54,766,310</b>	<b>57,042,864</b>
<b>Gross Debt June 30</b>										
City Depts.	30,852,142	54,572,775	58,237,921	61,785,293	71,455,043	80,662,608	85,450,987	82,052,182	98,986,753	102,839,257
Coakley Landfill	5,739,041	5,526,135	5,313,229	5,100,324	4,887,419	4,674,514	4,641,897	4,641,897	4,641,897	4,641,897
School Dept.	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533	52,323,330	47,690,538	42,597,012	40,468,962
<b>Total Governmental Funds</b>	<b>92,704,551</b>	<b>118,044,719</b>	<b>122,900,654</b>	<b>126,622,115</b>	<b>136,942,724</b>	<b>143,199,655</b>	<b>142,416,214</b>	<b>134,384,617</b>	<b>146,225,662</b>	<b>147,950,116</b>
Water Fund	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359	34,932,428	35,744,320	46,564,617	45,296,885
Sewer Fund	58,451,954	52,704,761	128,353,562	128,004,331	135,931,119	140,140,364	142,164,117	142,526,780	142,965,638	143,725,743
<b>Total Gross Debt June 30</b>	<b>\$ 190,173,839</b>	<b>\$ 199,783,528</b>	<b>\$ 283,267,411</b>	<b>\$ 286,694,962</b>	<b>\$ 305,853,803</b>	<b>\$ 316,379,377</b>	<b>\$ 319,512,759</b>	<b>\$ 312,655,717</b>	<b>\$ 335,755,917</b>	<b>\$ 336,972,744</b>
<b>Base Value for Debt Limits <sup>(1)</sup></b>	<b>\$ 4,481,154,370</b>	<b>\$ 4,871,579,273</b>	<b>\$ 5,118,914,757</b>	<b>\$ 5,651,979,770</b>	<b>\$ 5,731,071,264</b>	<b>\$ 6,073,124,791</b>	<b>\$ 6,714,405,427</b>	<b>\$ 7,119,904,456</b>	<b>\$ 8,082,803,530</b>	<b>\$ 9,241,627,093</b>
<b>Legal Debt Limits (% of Base Value)</b>										
City - 3% <sup>(2)</sup>	\$ 134,434,631	\$ 146,147,378	\$ 153,567,443	\$ 169,559,393	\$ 171,932,138	\$ 182,193,744	\$ 201,432,163	\$ 213,597,134	\$ 242,484,106	\$ 277,248,813
School - 7% <sup>(2)</sup>	313,680,806	341,010,549	358,324,033	395,638,584	401,174,988	425,118,735	470,008,380	498,393,312	565,796,247	646,913,897
Water - 10% <sup>(2)</sup>	448,115,437	487,157,927	511,891,476	565,197,977	573,107,126	607,312,479	671,440,543	711,990,446	808,280,353	924,162,709
<b>Debt Against Legal Debt Limits</b>										
City Depts.	\$ 30,852,142	\$ 54,572,775	\$ 58,237,921	\$ 61,785,293	\$ 71,455,043	\$ 80,662,608	\$ 85,450,987	\$ 82,052,182	\$ 98,986,753	\$ 102,839,257
School Dept.	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533	52,323,330	47,690,538	42,597,012	40,468,962
Water Fund	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359	34,932,428	35,744,320	46,564,617	45,296,885
Exempt from Legal Debt Limits <sup>(3)</sup>	64,190,995	58,230,896	133,666,791	133,104,655	140,818,538	144,814,878	146,806,014	147,168,677	147,607,535	148,367,640
<b>Total Debt at June 30</b>	<b>\$ 190,173,839</b>	<b>\$ 199,783,528</b>	<b>\$ 283,267,411</b>	<b>\$ 286,694,962</b>	<b>\$ 305,853,803</b>	<b>\$ 316,379,377</b>	<b>\$ 319,512,759</b>	<b>\$ 312,655,717</b>	<b>\$ 335,755,917</b>	<b>\$ 336,972,744</b>
<b>Unused Capacity of Legal Debt Limits</b>										
City Depts.	\$ 103,582,489	\$ 91,574,603	\$ 95,329,522	\$ 107,774,100	\$ 100,477,095	\$ 101,531,136	\$ 115,981,176	\$ 131,544,952	\$ 143,497,353	\$ 174,409,556
School Dept.	257,567,439	283,064,740	298,974,529	335,902,086	340,574,726	367,256,202	417,685,050	450,702,774	523,199,235	606,444,935
Water Fund	409,098,103	458,123,879	479,878,281	533,129,461	540,127,166	574,273,120	636,508,115	676,246,126	761,715,736	878,865,824
<b>% of Legal Debt Limits Used</b>										
City Depts.	22.9%	37.3%	37.9%	36.4%	41.6%	44.3%	42.4%	38.4%	40.8%	37.1%
School Dept.	17.9%	17.0%	16.6%	15.1%	15.1%	13.6%	11.1%	9.6%	7.5%	6.3%
Water Fund	8.7%	6.0%	6.3%	5.7%	5.8%	5.4%	5.2%	5.0%	5.8%	4.9%

Data Source  
Audited Financial Statements

Notes:

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

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

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



# City of Portsmouth, New Hampshire

## Ratios of Outstanding Debt by Debt Type

Last Ten Fiscal Years

### Governmental Activities - General Obligation Debt and State Revolving Loans

Fiscal Year	City Departments	School Department	Total Debt	Debt per Capita	% of Debt to Personal Income
2023	\$ 74,838,290	\$ 40,468,962	115,307,252	\$ 5,176	9.4%
2022	65,979,297	42,597,012	108,576,309	4,879	9.1%
2021	66,027,182	47,190,538	113,217,720	5,021	9.4%
2020	59,625,987	50,323,330	109,949,317	4,951	9.8%
2019	66,820,225	55,862,533	122,682,758	5,535	11.6%
2018	40,570,565	55,600,262	96,170,827	4,392	9.2%
2017	39,043,720	54,736,498	93,780,218	4,357	9.5%
2016	35,557,253	54,324,504	89,881,757	4,181	9.3%
2015	30,657,013	52,920,809	83,577,822	3,894	9.1%
2014	30,349,286	56,113,367	86,462,654	4,063	10.2%

### Business-Type Activities - General Obligation Debt and State Revolving Loans

Fiscal Year	Water Fund	Sewer Fund	Total Debt	Debt per capita	% of Debt to Personal Income
2023	\$ 34,996,885	\$ 129,625,743	\$ 164,622,628	\$ 7,390	13.4%
2022	38,414,617	133,998,681	172,413,298	7,748	14.5%
2021	34,294,320	56,226,780	90,521,100	4,015	7.5%
2020	30,309,428	53,119,117	83,428,545	3,757	7.5%
2019	33,039,359	58,240,364	91,279,723	4,118	8.6%
2018	32,979,960	54,031,119	87,011,079	3,973	8.3%
2017	32,068,516	53,004,331	85,072,847	3,952	8.6%
2016	32,013,195	53,353,562	85,366,757	3,971	8.8%
2015	29,034,048	52,704,761	81,738,809	3,808	8.9%
2014	25,855,031	55,341,529	81,196,560	3,816	9.6%

Fiscal Year	Total Debt Primary Government	Debt per capita	% of Debt to Personal Income
2023	\$ 279,929,880	\$ 12,566	22.9%
2022	280,989,607	12,628	23.7%
2021	203,738,820	9,036	16.9%
2020	193,377,862	8,708	17.3%
2019	213,962,480	9,653	20.2%
2018	183,181,906	8,365	17.5%
2017	178,853,065	8,309	18.2%
2016	175,248,514	8,153	18.1%
2015	165,316,631	7,702	18.0%
2014	167,659,214	7,879	19.8%

Data Source:

Finance Department Records

**City of Portsmouth, New Hampshire**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2023**

	<b>End of Fiscal Year</b>	<b>Net General Obligation Debt Outstanding <sup>(1)</sup></b>	<b>Percentage Applicable to Portsmouth <sup>(2)</sup></b>	<b>Amount Applicable to Portsmouth</b>
Rockingham County	2023	\$26,705,431	10.8685373%	\$ 2,902,490
			Subtotal, Overlapping Debt	<u>2,902,490</u>
City of Portsmouth Direct Debt				<u>113,217,720</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 116,120,210</u></u>

Data Sources:

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

## City of Portsmouth, New Hampshire

### Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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
2023	\$ 115,307,252	5,176	1.2%	2023	\$ 82,179,775	3,689	0.9%	2023	\$ 197,487,027	8,865	2.1%
2022	108,576,309	4,879	1.3%	2022	85,362,091	3,836	1.0%	2022	193,938,400	8,716	2.4%
2021	113,217,720	5,021	1.6%	2021	75,166,354	3,334	1.0%	2021	188,384,074	8,355	2.6%
2020	109,949,317	4,951	1.6%	2020	65,597,129	2,954	1.0%	2020	175,546,446	7,905	2.6%
2019	122,650,141	5,533	2.0%	2019	70,650,185	3,187	1.2%	2019	193,300,325	8,721	3.1%
2018	95,925,305	4,381	1.7%	2018	63,583,421	2,904	1.1%	2018	159,508,726	7,284	2.7%
2017	93,321,791	4,336	1.6%	2017	58,847,067	2,734	1.0%	2017	152,168,858	7,070	2.7%
2016	89,210,425	4,150	1.7%	2016	56,342,856	2,621	1.1%	2016	145,553,281	6,771	2.8%
2015	82,693,584	3,853	1.7%	2015	49,916,787	2,326	1.0%	2015	132,610,371	6,179	2.7%
2014	85,365,510	4,012	1.9%	2014	46,542,896	2,187	1.0%	2014	131,908,406	6,199	2.9%

Data Source:

Finance Department Records

## City of Portsmouth, New Hampshire

### Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rates <sup>(2)</sup>		
				City of Portsmouth	State of NH	US
2023	22,277 <sup>(1)</sup>	\$ 1,224,499,859	\$ 54,967 <sup>(3)</sup>	1.7%	1.7%	3.5%
2022	22,252 <sup>(1)</sup>	1,187,010,688	53,344 <sup>(3)</sup>	1.8%	2.0%	3.6%
2021	22,548 <sup>(1)</sup>	1,202,800,512	53,344 <sup>(3)</sup>	2.4%	2.9%	5.9%
2020	22,206 <sup>(1)</sup>	1,118,094,306	50,351 <sup>(3)</sup>	7.5%	9.1%	11.2%
2019	22,166 <sup>(1)</sup>	1,060,332,776	47,836 <sup>(3)</sup>	2.0%	2.5%	3.7%
2018	21,898 <sup>(1)</sup>	1,047,512,728	47,836 <sup>(3)</sup>	2.2%	2.7%	4.0%
2017	21,524 <sup>(1)</sup>	984,615,380	45,745 <sup>(3)</sup>	2.0%	2.9%	4.4%
2016	21,496 <sup>(1)</sup>	968,652,752	45,062 <sup>(3)</sup>	1.9%	2.8%	4.9%
2015	21,463 <sup>(1)</sup>	916,985,212	42,724 <sup>(3)</sup>	2.7%	3.8%	5.3%
2014	21,280 <sup>(1)</sup>	847,752,640	39,838 <sup>(3)</sup>	3.2%	4.3%	6.3%

Data Sources:

<sup>(1)</sup> NH Office of Strategic Initiatives State Data Center population estimates (formerly the NH Office of Energy and Planning)

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

<sup>(3)</sup> U.S. Census Bureau-American Community Survey 5-Year Estimates.

\* Prior year population numbers are subject to change per the New Hampshire Department of Business and Economic Affairs

City of Portsmouth, New Hampshire

Principal Employers  
Current Year and Nine Years Ago

Employer	Type of Business	2023			2014		
		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	1,407	1	4.23 %	1,459	1	4.98 %
Lonza Biologics	Biotechnology	1,400	2	4.21	792	4	2.71
HCA Hospital	Hospital	1,340	3	4.03	980	3	3.35
Liberty Mutual	Insurance	1,090	4	3.28	1,013	2	3.46
City of Portsmouth (FT)	Municipal services	882	5	2.65	700	5	2.39
Sprague Energy	Utility	672	6	2.02			-
Bottomline technologies	Software	502	7	1.51	365	7	1.25
Service Credit Union	Banking	378	8	1.14			-
Amadeus	Software	362	9	1.09			-
Epredia/Thermo Fischer	Laboratory equipment	274	10	0.82			
John Hancock	Finance				400	6	1.37
Newmarket International	Software				274	8	0.94
Teledyne D.G. O'Brien	Manufacturer				260	9	0.89
Direct Capital	Finance				250	10	0.85
Total Principal Employers		8,307		24.97 %	6,493		22.19 %
Total City Employment <sup>(1)</sup>		<u>33,269</u>			<u>29,274</u>		

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Taxable property parcels assessed	8,540	8,559	8,536	8,601	8,625	8,815	8,857	8,859	8,949	8,950
Registered Voters	15,894	18,807	17,069	17,939	18,127	19,416	21,563	21,563	17,429	17,673
Votes Cast:										
Municipal Election	4,755		4,673		5,050		5,813		6,099	
State Primary		2,273		3,525		5,181		6,218		3,902
State General Election		9,339		13,556		11,338		14,771		11,772
Presidential Primary			9,842				9,168			
Presidential General				13,556				14,771		
Building Permits	2,433	2,502	3,086	3,259	3,123	2,873	2,634	4,228	4,353	5,649
Estimated construction value	\$73,323,755	\$73,308,353	\$126,249,200	\$134,395,844	\$211,585,486	\$157,936,179	\$ 134,866,113	\$ 212,826,565	\$ 144,822,449	\$ 171,553,531
Public Safety										
Police										
Service Calls	34,098	34,743	34,107	43,594	47,673	47,371	34,286	37,767	38,634	45,282
Number of Arrests	1,144	1,033	1,063	1,103	1,428	1,075	822	826	1,008	1,639
Traffic Activity:										
Number of MV Stops										
Summons/Citation	278	273	343	2,022	1,223	912	552	560	485	442
Written Warning	2,003	2,532	3,339	4,662	3,708	3,590	1,526	1,325	1,385	2,348
Verbal Warning or No Action	2,381	3,627	4,414	4,833	5,165	5,964	3,775	4,310	6,521	5,261
Total MV Stops	4,662	6,432	8,096	11,517	10,096	10,466	5,853	6,195	8,391	8,051
Accidents	692	734	678	663	684	609	510	419	533	554
DWI arrests	49	68	55	100	76	80	46	66	84	153
Fire and EMS										
Fire Rescue	2,418	2,776	2,670	2,845	2,851	2,755	2,201	2,547	2,647	2,923
Ambulance	3,124	3,211	3,452	3,576	3,654	3,448	3,235	3,331	3,548	3,728
Education <sup>(2)</sup>										
High School Fall Enrollment	1,075	1,077	1,110	1,117	1,076	1,131	1,129	1,105	1,049	1,031
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	43,371	39,371	48,268	43,997	54,422	51,873	40,589	34,863	35,573	42,507
Streets resurfaced (miles)	9.70	6.50	3.80	2.10	11.95	2.80	2.80	3.70	7.30	2.85
Human Services - General Assistance										
Number of applicants	616	423	348	303	353	526	469	263	65	117
Culture and Recreation										
Public Library										
Circulation of materials	424,828	421,739	413,734	411,840	413,120	435,022	297,500	232,498	330,792	328,163
Annual visits	329,771	321,131	352,962	378,351	346,121	325,580	238,937	126,101	108,132	157,681
Water System:										
Water main breaks	37	31	29	21	25	19	24	15	16	13
Daily average production (millions of gallons)	4.7	4.5	4.6	3.9	4.4	4.0	4.0	3.9	3.8	3.8
Peak daily production (millions of gallons)	5.6	6.0	6.3	6.1	6.0	6.8	6.5	3.2	6.4	6.2
Precipitation (inches)					36.2	47.8	39.82	33.80	45.02	44.92
Sewage System:										
Daily average treatment - Peirce Island (millions of gallons)	3.6	4.0	3.8	4.1	3.7	4.7	4.0	3.5	4.1	4.2
Daily average treatment - Pease WWTF (millions of gallons)	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7

Data Source:

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

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

# City of Portsmouth, New Hampshire

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	30	30	30	30	30	31	30	33	35	35
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	19	19	19	19	19	20	20	19	19	19
Number of boats	1	1	1	1	1	2	2	2	2	2
Education										
High School Buildings	1	1	1	1	1	1	1	1	1	1
Middle School Buildings	1	1	1	1	1	1	1	1	1	1
Elementary School Buildings	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets	105	105	105	105	105	105	105	105	105	105
Number of bridges	15	15	15	15	15	15	15	15	15	15
Culture and Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	3	3	3	3	3	3	4
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	6	6	6
Water system:										
Miles of water mains	174	174	174	174	190	189	190	190	190	191
Number of service connections	8,023	8,038	8,096	8,100	8,200	8,261	9,800	8,541	8,626	8,661
Storage capacity in gallons (millions of gallons)	10	10	10	10	10	11	11	11	11	11
Maximum daily capacity of plant (millions of gallons)	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Number of fire hydrants	1,013	1,017	1,034	1,036	1,040	1,028	1,040	1,035	1,035	1,035
Sewage System:										
Miles of sanitary sewers	106	107	106	106	106	112	112	107	107	107
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,392	6,404	6,427	6,475	6,459	6,495	6,495	6,717	6,751	6,792
Maximum daily capacity of treatment (millions of gallons)	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3

Data Source:  
Various city departments

**City of Portsmouth, New Hampshire**

**City Government Employees by Function - Full Time Employees**  
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
Executive	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.8	4.8
Human Resources	4.0	4.0	3.0	3.0	3.0	2.0	4.0	4.0	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	5.0	5.0	5.4	5.4	5.4	5.6	6.6	6.6	6.6	6.6
Information Technology	-	-	-	-	-	1.0	1.0	1.0	1.0	6.0
Economic Development	-	-	-	-	-	-	-	-	-	1.0
Finance	18.0	19.0	20.0	22.1	22.3	24.2	24.3	22.3	23.3	22.3
Planning	7.5	8.5	8.5	8.5	8.5	8.6	8.5	7.5	6.8	7.3
Inspection	4.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	7.0	8.0
Health	1.5	1.5	1.5	1.5	1.5	1.5	2.5	2.5	3.0	4.0
<b>Total General Government</b>	<b>45.0</b>	<b>48.0</b>	<b>48.4</b>	<b>50.4</b>	<b>50.7</b>	<b>54.0</b>	<b>58.0</b>	<b>55.0</b>	<b>58.6</b>	<b>67.1</b>
<b>Public Safety</b>										
Police - Sworn Officers:										
General Fund Funded	59.2	60.2	60.2	62.2	64.2	64.2	66.2	66.2	66.2	69.2
Grant Funded	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Dispatch	10.0	10.0	11.0	11.0	11.0	11.0	11.0	10.0	9.0	9.0
Police - Non-sworn employees:										
General Fund Funded	9.0	9.0	9.0	11.0	12.0	12.0	14.0	14.0	14.0	14.0
Grant Funded	-	-	-	-	-	-	-	-	-	-
<b>Total Police Department</b>	<b>80.0</b>	<b>81.0</b>	<b>82.0</b>	<b>86.0</b>	<b>89.0</b>	<b>89.0</b>	<b>93.0</b>	<b>92.0</b>	<b>91.0</b>	<b>94.0</b>
Fire and Rescue	60.0	60.0	61.0	61.0	61.0	61.0	65.0	65.0	65.0	65.0
Fire Clerical	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Public Safety</b>	<b>141.0</b>	<b>142.0</b>	<b>144.0</b>	<b>148.0</b>	<b>151.0</b>	<b>151.0</b>	<b>159.0</b>	<b>158.0</b>	<b>157.0</b>	<b>160.0</b>
<b>Education</b>										
General Fund Funded										
Administrators	13.2	13.2	13.7	13.7	13.7	14.7	15.4	14.6	14.6	15.6
Teachers	240.96	242.6	243.5	245.4	249.0	254.4	257.5	257.1	254.0	258.4
Clerical	20.7	20.7	20.9	20.9	20.9	20.9	21.1	21.1	20.2	20.2
Paraprofessional/Tutors	42.7	41.9	44.0	43.2	48.8	50.0	46.4	47.1	46.3	48.3
School custodians	24.9	25.9	25.9	25.9	25.9	26.0	26.0	26.0	26.0	26.0
Security	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Technicians	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
System maintenance	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
<b>Total General Fund Funded</b>	<b>354.4</b>	<b>356.2</b>	<b>360.0</b>	<b>361.1</b>	<b>371.3</b>	<b>379.0</b>	<b>380.3</b>	<b>379.9</b>	<b>374.1</b>	<b>381.5</b>
Grant and other Funding	85.6	94.2	88.0	87.9	88.9	83.7	85.9	85.9	85.9	90.5
<b>Total Education</b>	<b>440.0</b>	<b>450.4</b>	<b>448.0</b>	<b>449.0</b>	<b>460.2</b>	<b>462.7</b>	<b>466.3</b>	<b>465.8</b>	<b>460.0</b>	<b>472.0</b>
<b>Public Works</b>										
General Fund functions	59.3	58.1	54.2	55.9	56.8	54.0	52.9	53.6	53.9	54.9
Parking Fund	11.3	10.7	15.8	16.2	17.2	25.5	25.3	24.1	26.3	27.3
Community Campus	-	-	-	-	-	-	-	-	1.0	1.0
Prescott Park	-	-	-	1.2	1.4	2.2	2.2	2.2	2.2	3.2
Stormwater	-	-	-	-	-	5.0	5.0	5.0	5.0	5.0
Water	22.6	22.9	26.9	26.5	25.8	27.7	29.0	29.2	29.5	29.7
Sewer	27.4	27.4	28.7	30.0	32.7	32.3	34.6	34.8	35.5	37.2
<b>Total Public Works</b>	<b>120.5</b>	<b>119.1</b>	<b>125.5</b>	<b>129.7</b>	<b>133.9</b>	<b>146.7</b>	<b>148.8</b>	<b>148.8</b>	<b>153.2</b>	<b>158.2</b>
<b>Culture and Recreation</b>										
Recreation	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Indoor Pool Fund	-	-	-	-	-	-	-	-	1.0	1.0
Senior Services	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Library	15.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0	17.0	16.0
<b>Total Culture and Recreation</b>	<b>19.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>24.0</b>	<b>23.0</b>
<b>Human Services</b>										
Welfare	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Human Services</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Community Development</b>										
Community Development	1.3	1.6	2.3	1.6	1.2	1.1	1.0	1.0	1.0	1.0
UDAG	2.2	2.2	1.2	1.0	1.0	1.0	1.0	1.0	1.0	-
<b>Total Community Development</b>	<b>3.4</b>	<b>3.8</b>	<b>3.5</b>	<b>2.6</b>	<b>2.2</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.0</b>
<b>Total All Functions</b>	<b>769.9</b>	<b>784.2</b>	<b>790.3</b>	<b>800.7</b>	<b>820.0</b>	<b>838.4</b>	<b>856.0</b>	<b>851.5</b>	<b>855.7</b>	<b>882.3</b>
<b>Total General Fund Positions</b>	<b>617.8</b>	<b>623.4</b>	<b>625.7</b>	<b>634.6</b>	<b>650.0</b>	<b>658.2</b>	<b>670.4</b>	<b>666.7</b>	<b>667.5</b>	<b>686.5</b>
<b>Percent of Total</b>										
General Government	5.8%	6.1%	6.1%	6.3%	6.2%	6.4%	6.8%	6.5%	6.8%	7.6%
Public Safety	18.3%	18.1%	18.2%	18.5%	18.4%	18.0%	18.6%	18.6%	18.3%	18.1%
Education	57.1%	57.4%	56.7%	56.1%	56.1%	55.2%	54.5%	54.7%	53.7%	53.5%
Public Works	15.7%	15.2%	15.9%	16.2%	16.3%	17.5%	17.4%	17.5%	17.9%	17.9%
Culture and Recreation	2.5%	2.6%	2.5%	2.5%	2.6%	2.5%	2.5%	2.5%	2.8%	2.6%
Human Services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Community Development	0.4%	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%
<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:  
Funded Full Time Positions as of the close of the fiscal year.