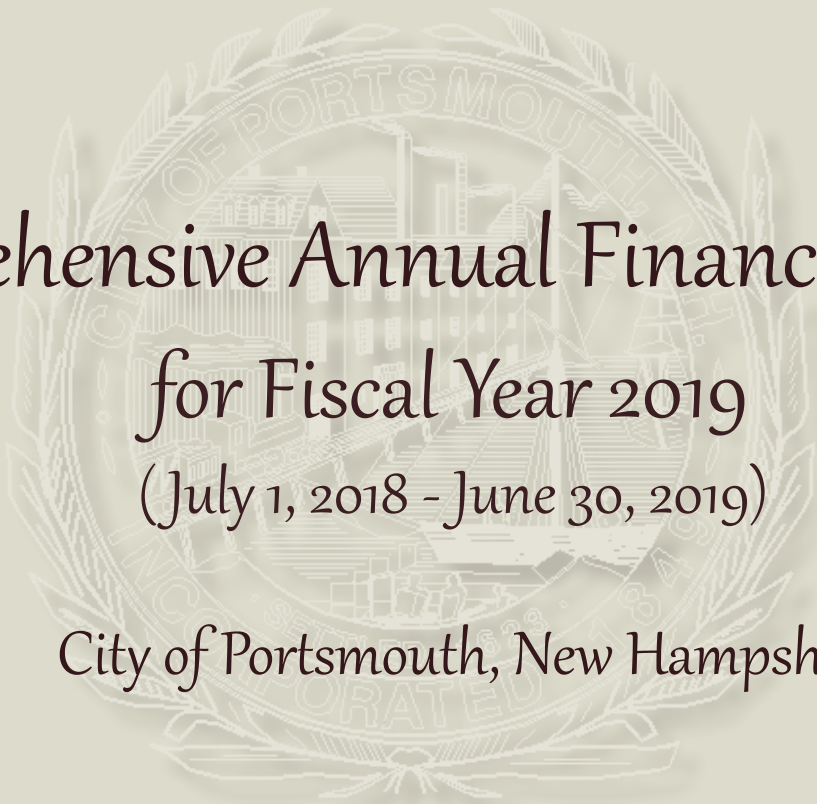




*Comprehensive Annual Financial Report
for Fiscal Year 2019
(July 1, 2018 - June 30, 2019)*

City of Portsmouth, New Hampshire



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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019



**Prepared by:
The Finance Department**

**Judith Belanger
Director of
Finance and Administration**

**Andrew Purgiel
Deputy Finance Director**

City of Portsmouth, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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CITY OF PORTSMOUTH

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

December 17, 2019

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

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

The Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth for the Fiscal Year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

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

INDEPENDENT AUDIT

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

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

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

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

GOVERNMENT PROFILE

HISTORY

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

ORGANIZATION OF THE GOVERNMENT

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

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

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

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

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

SERVICES PROVIDED

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

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

BUDGET PROCESS

The City's fiscal year begins on July 1st of each year and ends the following June 30th. 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 15th) 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 30th. If the City Council takes no action on or prior to June 30th, the budget submitted by the City Manager is deemed to have been adopted by the City Council per the City Charter.

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

ECONOMIC CONDITIONS

EMPLOYMENT

Portsmouth serves as the economic and cultural hub of seacoast New Hampshire. Despite its relatively small population (22,000), it has the fourth largest number of companies in the state behind the considerably larger cities of Manchester, Nashua and Concord. Consequently, Portsmouth businesses provide employment for much of the New Hampshire Seacoast workforce.

According to the NH Employment Security Office, the total average quarterly employment at the end of 2018 for Portsmouth businesses was 33,431 jobs compared to 33,019 at the end of 2017, an increase of 412 jobs. The average weekly wage increased slightly from \$1,303 to \$1,389 during the same time period.

As in previous years, unemployment rates in Portsmouth remained low with figures approaching full employment. As of June 30, 2019, the unemployment rate was 2%, down slightly from the 2.2% rate reported in June 2018. The respective rates for the state of New Hampshire, New England and the nation in June 2019 were 2.5%, 3.1%, and 3.7%. The following chart illustrates how Portsmouth's unemployment rate consistently ranks below the state, region and nation from June 30, 2013 – June 30, 2019.

Annual Average Unemployment Rate (%) (Source NH Economic & Labor Market Information Bureau)							
	2013	2014	2015	2016	2017	2018	2019
U.S.	7.1	6.3	5.3	4.9	4.4	4.2	3.7
New England	7.0	5.7	4.8	4.4	4.1	3.7	3.1
State of NH	5.2	4.3	3.8	2.8	2.9	2.7	2.5
Portsmouth	4.2	3.2	2.7	1.9	2.0	2.2	2.0
Rates are reported as of 6/30 of the given Fiscal Year.							

BUILDING PERMITS

In FY19, 2,873 permit applications were processed for projects with a construction value of over \$157 million, as illustrated by the following table. Permit application fees were up over 52% from the prior year while the total number of inspections performed was up by 22%. As in the previous years, most of the permits issued in FY19 for residential projects were for renovations versus construction of new dwelling units.

FY 18 Permit Application Data:		FY 19 Permit Application Data:	
Residential	1,876	Residential	1,896
Commercial	1,247	Commercial	977
Total Permits Issued:	3,123	Total Permits Issued:	2,873
Total Fees Collected:	\$1,055,704	Total Fees Collected:	\$1,607,252
Total Construction Value:	\$211,585,486	Total Construction Value:	\$157,936,179
Inspections Performed	5,480	Inspections Performed	6,672

Year to Year Change	Chg. In # of Permits	Chg. In Construction Value
FY 18	↓ 4%	↑ 57%
FY 19	↓ 8%	↓ 25%

UNIQUE ECONOMIC DRIVERS

Portsmouth benefits from two unique economic drivers that contribute significantly to the local economy and regional workforce. These economic assets are 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. It is conveniently located off Interstate 95, just 50 miles from the major cities of Boston, Portland and Manchester. In FY 2019, \$7 million dollars was paid to the City in exchange for municipal services provided to the Tradeport as per the Municipal Services Agreement. Along with being a Foreign Trade Zone, Pease is home to Portsmouth International Airport, a customs-ready facility with commercial and passenger flights, cargo services and business charter flights.

The following Fiscal Year activity at the Tradeport was reported by Pease Development Authority Executive Director David Mullen in June 2019:

- Approximately 4.9 million square feet of commercial/industrial space has been developed at Pease to date.
- 250+ companies now employ over 10,500 direct hires with another 5,125 indirect hires employed by from vendors/contractors to Pease-based companies.
- Annual wages are estimated at \$700 million.
- NH Meals and Rooms taxes collected from Pease based business are estimated at \$16 million.

- Total new construction underway is 205,000 square feet.
- Current vacancy rate is 2.3%.
- The largest planned development in the works is the expansion of biopharmaceutical manufacturer Lonza. The firm will expand over the long term from the 17 acres currently occupied to a 54 acre campus eventually employing over 2,200 workers, an increase of 1,100 jobs.
- Wentworth Douglass Hospital continues its expansion of the local health care facilities with the near completion of a mini-campus that will feature state of the art medical equipment, labs and specialty practices in a modern office environment.

At the Boston/Pease International Airport, Allegiant Airlines continues to operate its low cost domestic service successfully. For the local Air National Guard unit, the airport is an important strategic location. Within the next year the Guard will host twelve new KC-46A refuelers and new plane simulators which will add 100 projected new hires.

Going forward, strategic goals for the airport include:

- Establishing a regional connection to a hub network for increased demand.
- Establishing an international low cost carrier route.
- Increasing corporate air activity and air cargo logistics distribution centers

2. Portsmouth Naval Shipyard (PNSY)

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

- The Seacoast Shipyard Association's regional economic impact report of the PNSY for calendar year 2018 shows an economic impact of \$882,613,734.
- The Shipyard employs a total of 6,972 employees with a civilian payroll of \$548 million up from 6,450 employees with a payroll of \$525 million in calendar year 2017.
- Projected new hires will accommodate an increased workload consistent with the Navy's scheduled maintenance plan for Los Angeles Class and Virginia Class nuclear submarines.
- The shipyard purchased \$120 million of goods and services in 2018; an increase of \$15 million over calendar year 2017.
- Total contracted facility services purchased in 2018 was \$169 million up from \$91 million in 2017 making it a significant source of direct and indirect expenditures in the region.

REAL ESTATE MARKET ACTIVITY

In the first five months of 2019, there were 26 sales within the City over \$1 million; with 72% of them being residential properties and the top sale being \$4.57 million for a commercial redevelopment downtown.

Colliers International real estate advisory firm reported that the average office vacancy rate for the Portsmouth submarket for properties over 10,000 square feet was 4.38%, down from 4.92% for the quarter ending June 30, 2018. Vacancy rates for industrial properties over 10,000 square feet was 2.18% overall for the same period. This compares to respective office and industrial vacancy rates of 4.92% and 0.92% for the second quarter 2019. The current average asking lease rate for Class A office space in the submarket is \$25.90 per square foot (gross). The average asking lease rate for Class B office space in the submarket

was \$20.24 per square foot. The average asking lease rate for industrial space over 10,000 square feet remained steady over the year at \$8.02 triple net.

The City's residential market remains strong however, lack of inventory impacts sales price and volume. According to the New Hampshire Housing Finance Authority, in calendar year 2018 sales of residential properties declined 20% to 164. This reduced inventory combined with strong demand resulted in an 8.4% increase in sales prices from \$435,000 in 2017 to \$468,000 in 2018 for the median single family, non-condominium home. For all homes, the median price in 2018 was \$449,500 compared to \$410,000 in 2017. Prices for all homes has increased 32.2% from 2015-2018.

Average monthly gross rent for a two-bedroom unit in Portsmouth was \$1,720 in June 2019 up 3% from \$1,671 in 2018. The increase in value has significant impacts for workforce housing.

DEVELOPMENT ACTIVITY

Substantial commercial construction activity is ongoing in the downtown and includes: near completion of the 24,000 square foot mixed-use development at 173-174 Market Street; the new 143-room AC Hotel at 299 Vaughan Street; a 78,000 square foot mixed use retail/restaurant/residential project at 46-64 Maplewood Avenue; and the 31,500 square foot headquarters of the Provident Bank with upper level residential use on Maplewood Avenue.

In the heart of the downtown, Tuscan Kitchen completed and opened the renovation of its new Tuscan Market in Market Square. A new proposed 3-story, 50,000 square foot mixed use building is anticipated to be done in tandem with the redevelopment of the historic bank building at 3 Pleasant Street. The new property will be called Brick Market and

feature a maritime theme and include commercial and office space with underground parking.

Land use application review continues on the Deer Street Associates proposal for a large multi-lot mixed use development that will include a hotel, office, bank, multi-family residences, retail and restaurant uses with on-site parking near the new Foundry Place Garage off Deer Street. Associated with this proposal is a community public space abutting the City's new Foundry Place Parking Facility.

Outside of the downtown notable development activity includes: three new Class A office buildings at 135, 215 and 236 Commerce Way in the Portsmouth Business Park; a 28,000 square foot residential facility at 3510 Lafayette Road; a 60,000 square foot medical office complex off Borthwick Avenue; a mixed use redevelopment of the former Frank Jones Brewery; and a 24,000 square foot residential project at 30 Cate Street in the Islington Street corridor.

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

Work continues on the application by the City of Portsmouth with partner Redgate/Kane to the US General Service Administration for acquisition of the Federal McIntyre Building under the Federal Historic Surplus Property Program. Located on a prime two-acre parcel

in the City's central business district this project will transform an inaccessible federal property to a vibrant mixed-use project that will include significant public gathering spaces as well as office, retail, and residential uses.

CREATIVE ECONOMY

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

These cultural and economic assets attract media attention and the City has been recognized for these qualities in both on-line and traditional media. An illustrative list of articles follows:

- "2019 #1 Best Place to Live in New Hampshire" – Niche.com
- "2019 Best City for Entrepreneurs" – Fitsmallbusiness.com
- "2019 Best Places to Retire in New Hampshire" – Niche.com
- Portsmouth was included in Livability.com's "5 Presidential Campaign Stops That are Also Awesome Places to Live," March 2019
- Portsmouth listed second in the "10 Best Places to Live in New Hampshire for 2019" by HomeSnack Jan.2019

- Portsmouth included in an article highlighting 35 picture perfect holiday towns to visit. By BobVila.com Dec 2018
- Portsmouth's Vintage Christmas event featured in Yankee Magazine "Ten Best Christmas Towns"
- Niche.com ranks Portsmouth 2018 Best Place to Live for Millennials,
- SmartAsset, a NY-based financial technology company includes Portsmouth in list of top ten cities in NH where it is easiest to sell a home. August 2018
- Portsmouth is the lone NH City listed in Architectural Digest's list of "The Prettiest Town in Every U.S. State."

The City of Portsmouth continues to lead the region in job growth and low unemployment rates. It is a regional employment hub with a diverse spectrum of businesses and a strong market for investment in the commercial and residential market. Portsmouth is heralded as a destination for arts, cultural and culinary excellence.

Continued development at Pease International Tradeport and in the City's central core have added to the tax base and resulted in the City being a state leader in career opportunities and low unemployment. While job opportunity growth and low unemployment are positive aspects of the economy, to sustain economic vitality workforce development efforts are critical to continued business growth and overall prosperity. Commitment to this task and continued sound fiscal management will position the City for future growth and resilience to economic fluctuations.

MAJOR CITY ACCOMPLISHMENTS & INITIATIVES

The following describes completed and continued major financial, citywide infrastructure upgrades, economic and community development initiatives for FY2019 as well as City awards as a result of the continued efforts and dedication of the City.

CITYWIDE AWARDS

Conservation Partner Award

The City of Portsmouth's Water Division received a "Conservation Partner Award" from the Southeast Land Trust (SELT) for its efforts to obtain a 71-acre conservation easement for property adjacent to the Bellamy Reservoir. This reservoir supplies over sixty percent of the water serving the City's regional drinking water system. To support this effort, SELT helped the City apply for, and receive, a grant from the newly established New Hampshire Groundwater and Drinking Water Trust Fund. The grant funds, together with 50% matching funds from the City's Water Enterprise Fund, made conserving this property in Madbury possible. The conservation easement on the property is an important step toward the continued long-term protection of the Bellamy Reservoir and the quality of the drinking water supply for the City of Portsmouth and the Seacoast area. The City hopes that this project will be the keystone parcel for further land protection efforts in the Bellamy watershed.

Arbor Day Foundation Awards

The Arbor Day Foundation recently awarded Portsmouth's Parks and Greenery Division of the Public Works Department two awards

1) Tree City USA designation, and 2) Tree Growth Award.

The Tree City USA recognition marks the City's twentieth award and has achieved this award by meeting the program's four requirements: establishing and maintaining a tree board or department, establishing a tree-care ordinance, funding an annual community forestry budget of at least two dollars per capita, and an Arbor Day observance and proclamation.

Portsmouth was also awarded its first Tree Growth Award as a result of the Parks and Greenery Division's high-achieving levels of education, partnerships, planning and management, as well as tree planting and maintenance. The Cities of Portsmouth and Nashua were the only communities in New Hampshire to receive a Tree Growth Award. As part of the City's Parks & Greenery education initiative, the City hosted an annual event on Arbor Day alongside community members and other arborists. The program included public demonstrations and discussions on techniques to prune trees and improve tree health.

Along with the public education initiative, the City's Parks and Greenery staff work to capitalize on public/private partnerships when possible, in order to implement new tree growth and improve public spaces. Recently, crews worked with Eversource to improve an open space area next to Marsh Lane, off of Maplewood Avenue; this included clearing the area of debris and planting a variety of trees in the area, resulting in what will continue to grow to be a small arboretum of unique tree species for the community to enjoy.

New England Water Works Association

The City of Portsmouth's Water Division has been named a recipient of the New England Water Works Association's (NEWWA) Public Communications Award. This award recognizes excellence in communications through comprehensive public outreach materials and programs. The Portsmouth Water Division provides various material to the public aimed to better highlight information on water efficiency, supply levels, quality and more. Most recently, the City updated the structure of its Annual Water Quality Report to consist of three comprehensive reports that each examine the water systems serving Portsmouth, New Castle and Pease Tradeport.

Silver Walk Friendly Community Designation

The Walk Friendly Communities (WFC) program has awarded the City of Portsmouth with its Silver Level Walk Friendly accreditation. The Walk Friendly Communities award designations from bronze to platinum are awarded to participating communities with a commitment to improving and sustaining walkability and pedestrian safety through comprehensive programs, plans, and policies. The Walk Friendly Community Program, the first to highlight walkability initiatives and programs, is a nationally recognized program developed to encourage cities and towns across the United States to develop and support walking environments with an emphasis on safety, mobility, access and comfort. This program distinguishes communities leading the way in walkability and seeks to share their stories to inspire other communities to move towards their own innovative solutions. In the ten years since the program began, it has recognized 73 cities across 32 States with Walk Friendly designations.

With a population of just under 22,000 people, Portsmouth is the smallest Silver Level Walk Friendly Community, devoting more energy and staff time to pedestrian issues than many other larger communities to create safer, comfortable and inviting places to walk. This includes a wide scope of policies, plans and infrastructure improvements that include the:

- Walk Friendly Community Policy
- Bicycle and Pedestrian Plan
- Complete Streets Program
- Safe Routes to School Program

Commute Smart Award

The City of Portsmouth was one of nineteen area organizations recognized by CommuteSMART Seacoast, the regional Transportation Management Association, for supporting and promoting sustainable commuting for its employees over the prior year. CommuteSMART Seacoast partners with area employers to help them educate and encourage their employees about commuting options such as public transit, carpooling, bicycling, walking or teleworking.

Organizations receiving this award did so based on a 19-point scoring system that included such items as providing transit schedules on site, providing new employees information about sustainable commuting options, offering preferential parking for carpools, offering on-site bike sharing and bike parking, and designating a point of contact for employee commute questions.

The gold level CommuteSMART award was given to the Naval Shipyard and Harbour Light Strategic Marketing. The City earned a silver award, alongside Heinemann Publishing, Hubspot, IAPP, NH DES, Oak Point Associates, Portsmouth High School, Rockingham planning Commission and Strafford Regional Planning Commission. The bronze award went to Coast,

Colonial Bicycle, Lonza, Mad*Pow, Medtronic, Pax World, Pease Development Authority and TMS Architects.

CITY INFRASTRUCTURE

Foundry Place Facility

The City opened a second parking garage at 100 Foundry Place on Halloween day 2018. The new 600-space garage brings needed available parking to both residents and visitors, as well as both aesthetic and cultural improvements to the North End area of the City. This City funded project was the first in which a portion of the project's budget was set aside to solicit artists for artwork, resulting in two public art installations that the community can now enjoy.

Senior Activity Center

In February 2019 the City of Portsmouth took ownership of the Paul A. Doble Army Reserve Center at 125 Cottage Street. The Doble Facility had been identified in 2012 as the Senior Center Blue Ribbon Committee's first choice to house a new city senior center. The Senior Services Division of the Recreation Department, working together with the Community Development and Public Works Departments, is planning an adaptive reuse of the Doble facility to accommodate the existing Senior Activity Center Program. The new facility will provide more than double the amount of space available to the Senior Center in its current location and will incorporate some Council on Aging-recommended design features. The Department of Public Works (DPW) put out a Request for Proposals (RFP) and identified an estimated 8-10 month timeline to complete construction (expected in Summer 2020) after mobilization.

Funding for this project comes from a combination of sources, including the U.S. Department of Housing and Urban

Development (HUD) Community Development Block Grant (CDBG) Program. In addition, the City Council approved a \$2.5 million bond and authorized to request \$1.525 million in funds from the Daniel Street Trust from the Trustees of the Trust Funds for the reconstruction of the new facility.

Prescott Park Master Plan

The City recognizes the incredible value that Prescott Park brings to Portsmouth's residents and visitors alike. The Blue Ribbon Committee for the Prescott Park master plan sought to create a document that concretely outlined the infrastructure investments desired within the park to keep it functional. In the Prescott Park Master plan, completed in February of 2018, the group wanted to focus on the functional infrastructure investments and recreational changes to be made to the park's character such as changes made to its waterfront. Despite having 23 miles of shoreline in Portsmouth, there is very little public open space immediately adjacent to the waterfront in the City.

The Prescott Park Master Plan is intended to be a living document that guides both the operations and ongoing capital improvement at Prescott Park. By taking a constructive look at the facility in its entirety, resources could be allocated most efficiently and with greatest impact, ensuring that each effort of improvement, executed as resources become available, will contribute to the singular vision established through the master planning process. In addition, investments are proposed to be made in a logical sequence that responds to a current set of priorities. In FY19 the Public Works Department commenced the implementation of the adopted Master Plan. A design consultant was selected and work began on the preliminary design of the first phase of this significant park upgrade.

City Hall Façade

In 2019 the Department of Public Works completed a major renovation to the north side, 1962 portion, of the City Hall Complex. This project, upon completion, removed the brick façade and windows from this section of City Hall. The construction included a new vapor barrier, insulation, brick veneer and windows. The completed project improved the esthetic as well as the energy efficiency of the building. The City Hall Façade Project was driven by a structural inspection which revealed that the brick masonry veneer ties to the City Hall and Police Department buildings were failing, indicating that the facade required replacement. As part of this project a new Police Department entrance and the renovated records keeping area was completed.

Rock St Park

On August 27, 2019, Mayor Jack Blalock welcomed neighborhood residents to a celebration of the renovation and reopening of the Rock Street Neighborhood Park. Two public listening sessions were held in regards to this project in January 2019. Construction was underway in the spring of 2019 and substantially completed by early July. The landscape architect's vision, based on the neighborhood input, was "to create a more open, safe and sunny space with a central gathering spot and where the park perimeter is visually reinforced with the existing sitting walls and views into and out of the park are improved." The park renovation incorporated new landscaping and paving, plus neighborhood requests for better lighting, more seating areas, a new basketball hoop and play equipment for our youngest residents (toddler swing and stepping rocks). The project also relocated the artwork of Peter Happny, Rock Street area resident and local blacksmith

to a frame and threshold piece created by Happny and local artist Jane Fithian. The City utilized funding from the Federal Community Development Block Grant (CDBG, funded by the Department of Housing and Urban Development (HUD)) as well as funds from the City's General Fund that were identified in the City's Capital Improvement Plan (CIP) to make safety and sustainable living improvements at the park.

Streets & Sidewalks

In 2019 the Department of Public works completed the installation of new sidewalks on Spinney Road, Middle Road, Middle Street and Stark Street. In addition, the Department completed the first phase of the Pleasant Street Area Improvements Project which included new water, sewer and drain pipes, as well as new sidewalks, curbing and streetscape along Pleasant Street.

TRANSPORTATION

Maplewood Ave Downtown

The City has completed a preliminary engineering design plan to develop a "complete street" for the Downtown portion of Maplewood Avenue between Congress Street and Raynes Avenue. This project was identified as a high priority in the City's 2014 Bicycle and Pedestrian Plan with the goal to enhance the comfort, appeal, and safety for all travelers along this approximately half-mile corridor. The project will incorporate sidewalk widening, on-street parking, street trees, street lighting, other streetscape improvements, the addition of bike amenities, crosswalk improvements, travel lane reductions, signal upgrades, and other traffic calming measures as well as related underground utility work.

Islington Corridor Reconstruction Project

In FY 2019 the City began construction of the first phase of the Islington Corridor Reconstruction Project. This project includes a comprehensive full road reconstruction of Islington Street from Maplewood Avenue to Spinney Road. The first phase will be the section from Bartlett Street to Spinney Road. The streetscape design includes provisions for "complete streets" and is based on the previously completed Islington Street Corridor Study. The utility component of this project will include replacement of water, sewer, and drain utilities under the roadway.

Market Street Gateway Project - Phase II

In FY 2019 the City began the final phase of the Market Street Gateway project. This multiphase project seeks to improve Market Street from Kearsarge Way to Russell Street as the major entry for visitors to the City. The project will redesign Market Street to be bicycle and pedestrian-friendly by seeking to lower vehicle speeds, provide new multi-use paths, establish new parks and public spaces as well as adding landscaping and lighting. Construction of the first phase of this project, from Kearsarge Way to the Albacore Submarine Museum, is nearly complete.

McDonough Street Area Improvements Program

In FY 2019 the City began the final phase of the McDonough Street Area Improvements program. This final phase completes the McDonough Street neighborhood construction project that began in 2009. The project area includes Pearl Street, Rock Street, Hanover Street, Parker Street, Tanner Street, Hill Street, and a portion of Bridge Street.

McIntyre Update

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

In FY19, the City made substantial progress on the path towards acquiring this 2.1 acre site in the downtown central business district. It entered into a Development Agreement with a private partner for future redevelopment of the site, and submitted an application to the National Park Service to receive the property through the Historic Monument Program, a public-benefit conveyance. The City expects to receive transfer of the property in 2020.

WATER, WASTEWATER AND STORMWATER

Pease Tradeport Water Treatment System

The City of Portsmouth entered into an agreement with the United States Air Force to fund the \$14 million design and construction of a new treatment system to remove PFAS contaminants from the Pease wells. The design was completed in late 2018 and construction began in April 2019. Preliminary and final design of the system included piloting a new resin filter treatment technology which showed improved treatment capability in conjunction with the carbon filtering. A revised proposal was submitted to the Air Force during the design process to include resins in the final design for the system intended to treat all three Pease Tradeport Wells. Upon completion

in early 2021, this system will be capable of treating up to 1,200 gallons-per-minute (1.7 million gallons-per-day) of well water.

Stormwater Division

To ensure compliance with the United States Environmental Protection Agency's (USEPA) new Municipal Separate Storm Sewer System (MS4) Permit, the City created a Stormwater Special Revenue Fund. Prior to the establishment of this Fund, Stormwater functions were accounted for in the General Fund Public Works Department as well as the Sewer Division Enterprise Fund. The Stormwater Division performs routine maintenance of the City's stormwater infrastructure, catch basins and treatment systems. A dedicated street sweeper collected over 300 tons of material in 2018. Personnel in the GIS Department, together with interns, are actively inspecting and mapping the system to assess compliance with stormwater requirements. Public outreach will also be a major effort of this program to involve the general public and private property owners in helping to keep the waters in and around Portsmouth clean.

Newington Booster Station Upgrade

Construction of a new booster pump station and tank aeration system located at the existing Newington Booster Station began in FY19 and will be nearly complete as of Fall FY20. New pumps and controls were installed, replacing outdated equipment installed in the late 1950's, enabling more reliable and efficient operation of the water system. A new tank aeration system was also installed in the booster tank. The new system will reduce the total trihalomethanes in the tank and improve water quality in the water system. Finally, new bulk storage tanks will be installed which will allow more efficient delivery and transport of

the liquid chlorine needed in the Portsmouth water system at various well sites.

Madbury Well 5 Permit

Madbury Well 5 was constructed in 2017 and permitted in 2019 at the Madbury wellfield. This well will enable water system operators to operate the four groundwater wells in the wellfield in a more efficient and sustainable manner, another step toward improving our water system's integrated water management plan.

Peirce Island Wastewater Treatment Upgrade

The Peirce Island Wastewater Treatment Facility (WWTF) Upgrade Project entered its 4th calendar year of construction during FY19. The new Headworks Building, standby generator and electrical service are now online. Portions of the Grit Building are also online. Significant work continues on the Grit Building, the Biological Aerated Filter (BAF) Building and the Solids Building. Future work will include construction of the new Operations/Lab Building.

Project Summary as of May 31, 2019:

- Construction commenced in September 2016
- Construction cost expended as of 5/31/2019: \$59,779,446.37
- Percent completed: 67.3% by time & 80.1% by cost
- Area of WWTF site: 3.7 acres
- Buildings or tanks to be constructed: 5
- Total number of construction trucks to date: 11,000 round trips
- Maximum number of trucks in 1 day to date: 75 round trips
- Amount of rock removed for the BAF: 9,800 cubic yards
- Amount of concrete placed: 13,500 cubic yards

- Amount of reinforcing steel installed: over 3,400,000 lbs.
- Number of construction staff on-site daily: 70 - 80
- Amount of utility pipe installed to date: 3 miles.

Pease Wastewater Treatment Facility Upgrade

The Pease Wastewater Treatment Facility began construction of a new Headworks Building in July 2018. The new Headworks Building will house equipment that provides preliminary treatment to raw wastewater entering the treatment facility. This includes removal of rags and other debris through a wastewater screen, removal of sand and other debris in a grit removal device and raw wastewater pumping to lift the wastewater to the next phase of treatment. The project will also include new odor control system for the entire wastewater treatment facility. This will be done by incorporating two new carbon odor control system (carbon vessel, fans and ductwork); one system for the septage receiving, headworks and primary clarifiers and a second system for sludge storage and processing. Construction will take two years to complete.

Water and Sewer Pipe Replacements and Upgrades:

The City continued its program to replace aging pipes in the water and sewer infrastructure systems FY19. The total amount of piping that has been upgraded in these systems since 1990 includes 43 miles of water and 22 miles of sewer.

LONG-TERM FINANCIAL PLANNING

STATEWIDE EDUCATION PROPERTY TAX

The Statewide Education Property Tax assessment process remain essentially the same for FY20. Each Fall, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. Historically Portsmouth has raised tax revenue above the State determined cost of an adequate education and has been able to retain this revenue for local education costs. Prior to FY06, Portsmouth was a “Donor” community, forced to raise an additional \$11,750,318 in SWEPT for the State to distribute to other “Receiver” communities. In 2018 and 2019 bills were introduced that would require communities that collect excess SWEPT to pay it over to the State to deposit in the general fund or educational trust fund. The City actively opposed these bills along with other former Donor communities and these bills did not pass. Education funding was a priority issue for the Legislature in 2019. The Legislature created a School Funding Commission to study education funding. This Commission is not a legislative committee but is a fully funded Commission comprised of various stakeholders concerned with the State’s funding of an adequate education. The City will monitor the activities of the Commission and any proposed legislation which is a product of the Commission’s findings, along with any other education funding bills that would recommend a change to the education funding formula. It is significant to note that in 2019 the issue of whether SWEPT is constitutional was raised in the case of *Contoocook Valley School District v. State of New Hampshire*, which found RSA 198:40-a (Cost of an Opportunity for an Adequate

Education a/k/a base adequacy) unconstitutional as applied to the Petitioners (ConVal). The Court did not reach ConVal’s claim that SWEPT is unconstitutional but held that after the legislature adjusts the education formula consistent with its order, the constitutionality of SWEPT could be challenged based on the new education funding formula. As of this writing, both the Attorney General’s Office on behalf of the State (supporting the constitutionality of the current education funding formula) and ConVal have appealed this decision to the Supreme Court of New Hampshire. The City’s Legislative Subcommittee, comprised of the Mayor and three City Councilors, works with City Staff and the Portsmouth Delegates to monitor legislation on education funding. In addition, City Staff also monitors the Legislature’s activity on education funding in collaboration with a coalition of former “Donor” communities.

BOND RATING

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

RELEVANT FINANCIAL POLICIES

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

LEAVE AT TERMINATION

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

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

As of the close of the current fiscal year, citywide liability for accrued employee benefits was \$6,396,799, a net decrease of \$566,884 as compared to prior year.

UNASSIGNED FUND BALANCE

City Council adopted in Fiscal Year 1998 a Fund Balance Ordinance which was amended in 2012 to comply with the fund balance model established by Governmental Accounting Standards Boards (GASB) Statement No. 54. The operational objective of the Ordinance was further amended in 2013 to recognize that the financial management goal of the City of Portsmouth

is to annually maintain an Unassigned Fund Balance between 10% and 17% of total general fund appropriations. As of June 30, 2019, the Unassigned Fund Balance is 13.68% 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 FY18, the amount of net annual debt remains within the policy limits at 8.05%.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Portsmouth for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018.

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

The Certificate of Achievement award is valid for a period of one year only. The City has received this award for its' Fiscal Years ending June 30, 1988, 1989, and for twenty-four consecutive years from 1995 to 2018. The City

believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)* for the publication of the annual citizens' report for the fiscal year ended June 30, 2018. This is the City's second consecutive award. In order to achieve this award, the government unit must produce a high quality popular annual financial report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The City of Portsmouth also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning July 1, 2019. In order to receive this award, a governmental unit must publish a budget document judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

This award is valid for one year only. The City has received this award for fourteen consecutive years; fiscal year beginning July 1, 2006, to 2019.

The preparation of the Comprehensive Annual Financial Report would not have been possible without the dedication and professional efforts of the staff in the Finance Department and diligent efforts of department heads and other City staff. I would like to express my sincere appreciation to all who assisted and contributed to the preparation of this report.

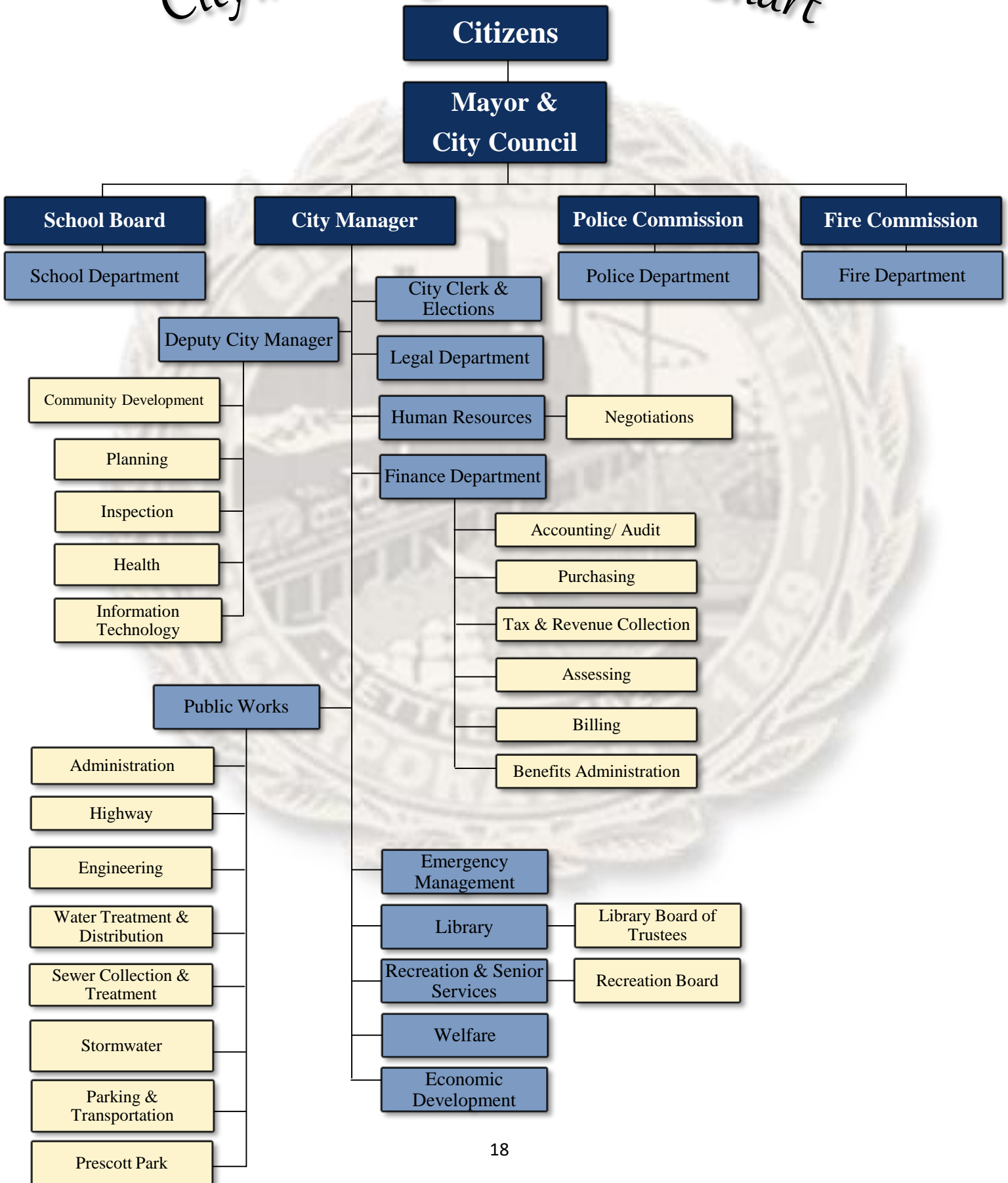
This Comprehensive Annual Financial Report reflects the City's commitment to improve and maintain financial statements in conformity with the highest standards of accountability. The strong financial position and excellent financial results reflected in this report, would not have been possible without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

Sincerely,



Judith Belanger
Director of Finance & Administration

City of Portsmouth, New Hampshire Citywide Organizational Chart



City of Portsmouth, New Hampshire Directory of Officials

Directory of Officials

City Council

Jack Blalock, Mayor

Cliff Lazenby, Assistant Mayor

Doug Roberts
Nancy Pearson
M. Chris Dwyer

Josh Denton
Rebecca Perkins
Ned Raynolds
Rick Becksted

Board of Education

Stephen Zadravec, Superintendent

Patrick Ellis, Chairperson

Kristin Jeffrey, Vice Chairperson

Ann Walker
Roseann Vozella Clark
Gary Epler

Nancy Novelline-Clayburgh
Tara Kennedy
Brian French
Jeffrey Landry

Police Commission

Chief Robert Merner
Joseph Onosko, Chair
James Splaine
Arthur Hilson
Stefany Shaheen

Fire Commission

Chief Steven Achilles
Jennifer Mosher-Matthes, Chair
Michael Hughes, Vice Chair
Richard Gamester, Clerk

Principal Executive Officers

John P. Bohenko, City Manager

Nancy Colbert Puff, Deputy City Manager

Robert Sullivan, City Attorney

Judith Belanger, Director of Finance and Administration

Andrew Purgiel, Deputy Finance Director

Peter Rice, Director of Public Works and Facilities

Brian Goetz, Deputy Public Works Director

Kelli Barnaby, City Clerk

Dianna Fogarty, Human Resources Director

Becky Benvenuti, Revenue Administrator

Rosann Maurice-Lentz, City Assessor

Melvin Wilson Jr., Recreation Director

Steven Butzel, Library Director

Robert Marsilia, Chief Building Inspector

Kimberly McNamara, Public Health Director

Juliet Walker, Planning Director

Ellen Tully, Welfare Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Portsmouth
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Melanson Heath

December 17, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

The City of Portsmouth's (the City's) management offers readers this narrative overview and analysis of the financial activities of the City of Portsmouth for the fiscal year ended June 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows minus liabilities and deferred inflows for governmental and business activities exceeded liabilities by \$226,152,068. This is an increase of \$11,852,194 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$91,712,223, an increase of \$16,849,541 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,630,897, an increase of \$477,944 in comparison with the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

- ***The Statement of Net Position-*** presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference reported as "net position" instead

of fund balances as shown on the Fund Statements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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

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

Fund Financial Statements

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

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

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

in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 55 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Summary of Net Position (000s)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 105,994	\$ 114,442	\$ 72,171	\$ 71,897	\$ 178,165	\$ 186,339
Capital assets	241,042	226,165	213,471	182,440	454,513	408,605
Total assets	<u>347,036</u>	<u>340,607</u>	<u>285,642</u>	<u>254,337</u>	<u>632,678</u>	<u>594,944</u>
Deferred outflows of resources	<u>20,395</u>	<u>19,548</u>	<u>824</u>	<u>916</u>	<u>21,219</u>	<u>20,464</u>
Total assets and deferred outflows	<u>\$ 367,431</u>	<u>\$ 360,155</u>	<u>\$ 286,466</u>	<u>\$ 255,253</u>	<u>\$ 653,897</u>	<u>\$ 615,408</u>
Long-term liabilities	\$ 242,861	\$ 215,371	\$ 96,445	\$ 92,406	\$ 339,306	\$ 307,777
Other liabilities	<u>8,537</u>	<u>33,960</u>	<u>73,454</u>	<u>55,386</u>	<u>81,991</u>	<u>89,346</u>
Total liabilities	251,398	249,331	169,899	147,792	421,297	397,123
Deferred inflows of resources	6,189	3,846	260	139	6,449	3,985
Net position:						
Net investment in capital assets	134,801	126,963	76,006	70,902	210,807	197,865
Restricted	23,358	27,866	163	325	23,521	28,191
Unrestricted	<u>(48,315)</u>	<u>(47,851)</u>	<u>40,138</u>	<u>36,095</u>	<u>(8,177)</u>	<u>(11,756)</u>
Total net position	<u>109,844</u>	<u>106,978</u>	<u>116,307</u>	<u>107,322</u>	<u>226,151</u>	<u>214,300</u>
Total liabilities, deferred inflows and net position	<u>\$ 367,431</u>	<u>\$ 360,155</u>	<u>\$ 286,466</u>	<u>\$ 255,253</u>	<u>\$ 653,897</u>	<u>\$ 615,408</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 \$210,807,533, an increase of \$12,943,205 as compared to prior year. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$23,521,035 or 10% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of (\$8,176,500) represents amounts without constraints established by enabling legislation, external agreements or other legal requirements. That amount is reduced by a deficit in governmental activities primarily resulting from the City's unfunded net pension and net OPEB liabilities as discussed in the Notes 21 and 22. The City's governmental activities will continue to report a deficit until the funding mechanisms and asset returns improve at the state system.

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

	Summary of Changes in Net Position (000s)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 28,244	\$ 26,866	\$ 25,030	\$ 24,905	\$ 53,274	\$ 51,771
Operating grants and contributions	4,919	6,172	-	-	4,919	6,172
Capital grants and contributions	3,583	4,384	3,030	2,035	6,613	6,419
General revenues:						
Property taxes	84,828	81,811	-	-	84,828	81,811
Interest on taxes	104	89	-	-	104	89
Grants and contributions not restricted to specific programs	1,122	1,110	-	-	1,122	1,110
Investment income	1,834	1,549	1,108	602	2,942	2,151
Other	1,751	3,115	407	356	2,158	3,471
Total revenues	126,385	125,096	29,575	27,898	155,960	152,994
Expenses:						
General government	16,129	15,088	-	-	16,129	15,088
Public safety	23,146	21,595	-	-	23,146	21,595
Education	57,310	55,520	-	-	57,310	55,520
Public works	16,596	15,616	-	-	16,596	15,616
Health and human services	746	650	-	-	746	650
Culture and recreation	4,679	4,292	-	-	4,679	4,292
Community development	1,130	1,356	-	-	1,130	1,356
Interest on long-term debt	4,043	3,840	-	-	4,043	3,840
Water operations	-	-	8,196	8,006	8,196	8,006
Sewer operations	-	-	12,134	10,764	12,134	10,764
Total expenses	123,779	117,957	20,330	18,770	144,109	136,727
Change in net position before permanent fund contributions and transfers	2,606	7,139	9,245	9,128	11,851	16,267
Contributions to permanent fund principal	-	1	-	-	-	1
Transfers in (out)	260	-	(260)	-	-	-
Change in net position	2,866	7,140	8,985	9,128	11,851	16,268
Net position - beginning of year	106,978	99,838	107,322	98,194	214,300	198,032
Net position - end of year	\$ 109,844	\$ 106,978	\$ 116,307	\$ 107,322	\$ 226,151	\$ 214,300

Governmental Activities. Governmental activities for the year resulted in an increase in net position of \$2,866,877 which is a decrease of \$4,272,800 from the prior year change. Governmental activities realized the following significant transactions

- Property tax increased by \$3,016,368 or 3.7% from the prior year.
- All other revenues combined resulted in a net decrease of \$1,726,976 from the prior year primarily due to an increase in charges from services of \$1,377,880, decrease in operating and capital grants and contributions of \$1,253,204, increase from interest on investments of \$285,562, and a decrease in other revenues of \$1,363,459.
- Overall governmental expenses experienced a net increase of \$5,821,394 or 5% from prior year primarily due cost of living adjustments and other personnel expenses such as retirement and health insurance premiums.

Business-Type Activities. Business-type activities for the year resulted in an increase in net position of \$8,985,317 which is a decrease of \$142,092 or 1.6% from the prior year. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$7,995,830 represent a decrease of \$1,076,231 from the prior year. Charges for services in the business-type activities experienced a slight increase of \$125,469. The water fund experienced a decrease in operating revenues of \$227,563 or 2.4% as a result of a drop in consumption. The sewer fund experienced an increase of \$353,032 or 2.3% as a result of a rate increase.
- Non-operating revenues of \$1,515,854 represent an increase of \$557,581 primarily due to an increase in investment income.
- Non-operating expenses of \$3,296,426 represent an increase of \$358,230 from interest expense.
- Capital grants and contributions of \$3,030,126 represents an increase of \$994,855 due to contributions made by the U.S. Air Force for well and water source projects at Pease.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$91,712,223, an increase of \$16,849,541 in comparison with the prior year.

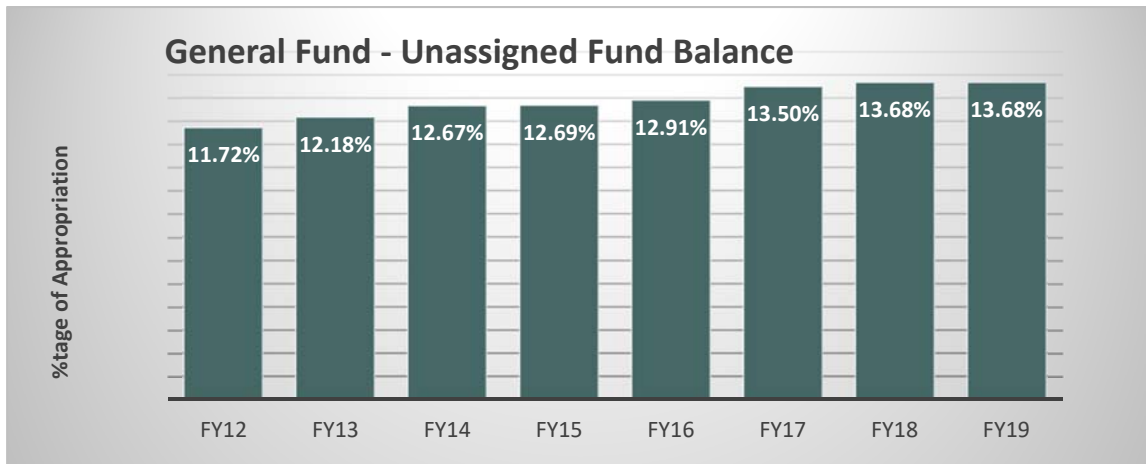
General Fund

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

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

Unassigned fund balance at the end of the fiscal year was \$15,630,897 or 13.68% of the final general fund budget. This is an increase of \$477,944 or 3.15% from prior year.

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



Total fund balance for the general fund at the end of the current fiscal year, was \$49,290,244 or 43.1% of the final general fund budget. This is a decrease of \$971,701 or 1.9% from prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$2,273,000 from budgetary use of fund balance.
- A decrease of fund balance of \$1,286,114 for supplemental appropriations.
- A net increase to fund balance of \$3,993,573 from revenues and other financing sources exceeding final budget estimates net of budgeted use of Fund Balance. This amount does not include the tax adjustment.
- A net increase of \$1,165,530 from remaining departmental appropriations.
- A decrease of fund balance of \$2,267,562 due to an increase in abatement liabilities from FY18.
- A decrease of fund balance of \$289,547 from expenditures exceeding appropriations in the Leave at Termination Stabilization Account.

- A decrease of fund balance of \$860,512 from expenditures exceeding appropriations in the Health Insurance Stabilization Account.
- An increase of \$1,171,091 to fund balance from year end carry forwards.

Non-major Funds

At the end of the current fiscal year, total fund balance of non-major governmental funds was \$42,421,979, which is a net increase of \$17,821,242 from prior year. A reclassification of major governmental funds to non-major funds is discussed in Note 24. The primary increase is due to the retirement of a \$22 million bond anticipation note for the Foundry Parking Facility.

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 \$8,985,317 to a total of \$116,307,219. The water fund increased by \$3,738,033 and the sewer fund increased by \$5,247,284 mainly attributed to revenue raised for future rate stabilization and capital projects.

Unrestricted net position of the water and sewer funds at the end of the year increased by \$4,043,287 to a total of \$40,138,456. The water fund unrestricted net position is \$12,070,700, while the sewer fund unrestricted net position is \$28,067,756.

Restricted for debt service of \$162,549 is related to the Pease Wastewater Treatment Plant debt which is contributed from the Pease Development Authority.

Net investment in capital assets increased by \$5,104,577, of which the water fund capital assets increased by \$1,532,555 and the sewer fund capital assets increased by \$3,572,022.

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 FY19 increased by 2%. This is the first increase in the water rates since FY11. The first ten units (one unit equals 100 cubic feet or 748 gallons) of water consumed per month were billed at \$4.23 per unit; all units over ten units per month were billed at a rate of \$5.10 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 \$5.10 per unit, water consumed over 10 units up to 20 units were billed at \$9.61 per unit, and units over 20 units per month were billed at a rate of \$11.86 per unit.

Sewer, which is measured by water consumption, had a rate increase of 4% over prior year. The first ten units were billed at \$13.24 per unit; and all units over ten units per month were billed at a rate of \$14.56 per unit.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one supplemental appropriation during FY19 of \$1,286,114 from bond premium to be applied to Municipal Complex Improvements.

The difference between the final amended budget and actual results is a positive variance of \$5,159,103 with revenues exceeding estimated budgets by \$3,993,573 and expenditures were less than the estimated budget by \$1,165,530. Significant variances include:

- Positive variance in Licenses and Permits of \$1,656,535 is mainly attributed to an excess of \$668,306 as a result of an increase number of motor vehicle registrations and \$931,252 in building, electrical and plumbing permits resulting from renovations and new construction citywide.
- Negative variance in Intergovernmental of \$69,989 mainly attributed to decline in area agreement School tuition enrollment by nearly 3%.
- Positive variance in Charges for Services of \$370,900 is mainly attributed to an excess of \$100,046 for Ambulance Fees and \$86,535 from the Municipal Service Agreement with Pease Development Authority.
- Positive variance in Investment Income of \$636,087.
- Current operating expenditures resulting in a positive variance of \$502,267 is attributed to surpluses of \$125,039 in the Police Department, \$72,283 in the Fire Department, \$79,893 in Library, and, \$225,052 in other General Government departments mainly due to vacancies and other operating savings; \$76,000 surplus in street light electricity and street light supplies and, a negative variance of \$80,026 from welfare direct assistance.
- Non-operating expenditures resulting in a net positive variance of \$663,263 is mainly attributed to \$407,046 surplus in debt related expenditures as a result of the timing of issuing debt, and \$238,267 from County Tax.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$454,512,867 (net of accumulated depreciation), an increase of \$45,907,475 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment.

	Capital Assets (000s) (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2019	2018	2019	2018	2019	2018		
Land	\$ 23,402	\$ 18,285	\$ 3,292	\$ 2,871	\$ 26,694	\$ 21,156	\$ 5,538	26.18%
Building and improvement	137,647	106,696	19,336	20,155	156,983	126,851	30,132	23.75%
Machinery and equipment	9,326	8,273	12,294	12,220	21,620	20,493	1,127	5.50%
Infrastructure	65,605	63,320	81,862	74,331	147,467	137,651	9,816	7.13%
Construction in Progress	<u>5,062</u>	<u>29,591</u>	<u>96,687</u>	<u>72,863</u>	<u>101,749</u>	<u>102,454</u>	<u>(705)</u>	<u>-0.69%</u>
Total Assets	<u>\$ 241,042</u>	<u>\$ 226,165</u>	<u>\$ 213,471</u>	<u>\$ 182,440</u>	<u>\$ 454,513</u>	<u>\$ 408,605</u>	<u>\$ 45,908</u>	<u>11.24%</u>

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

- Construction in progress for governmental activities totaled \$5,061,592 at year end of which \$1,246,227, \$720,162, and \$593,521 are attributed to Pleasant Street, Market Street extension, and Maplewood Avenue reconstruction activity respectively, \$324,016 for Peverly Hill Road Sidewalks, \$174,878 for upgrades to the former Dobles Center converting to the new Senior Center, and \$314,131 for continued construction of multi-purpose fields off of Peverly Hill Road, and the remainder to various streets, sidewalks and infrastructure projects.
- Governmental funds capitalization of assets totaled \$48,032,014 summarized as follows:
 - City Hall exterior wall replacement \$4,413,969.
 - Andrew Jarvis/Lafayette intersection upgrades in the amount of \$1,200,467.
 - Construction of the New Foundry Parking garage \$20,780,752.
 - Replacement of field lighting at Leary Field for \$1,088,924.
 - Woodbury Ave signal upgrades \$1,665,136.
 - Dondero Elementary School Upgrades of \$8,927,172.
 - General government vehicles capitalized during the current year which included Public Works of \$168,749 and Fire of \$175,267.
- Construction in progress in the water fund totaled \$11,230,543 at year end primarily due to \$1,771,085 for Pease Well Design/Construction, \$1,049,403 for the Pleasant Street waterline, \$1,904,707 for the Maplewood Avenue waterline projects and \$3,271,439 for upgrades to the Newington Booster.

- The water fund had increases to capital assets of \$5,601,657 during the year which primarily consisted of \$420,929 for the Bellamy Reservoir Easement, \$994,958 for the Foundry Place waterline installation, \$665,023 Woodbury Ave waterline upgrade, \$1,039,509 Greenland Well improvements, \$790,998 for System Pressure and Storage improvements, and \$935,623 for the Caron Filtration System.
- Construction in progress in the sewer fund totaled \$85,456,070 at year end primarily due to \$76,008,268 for the design and construction of the Peirce Island wastewater treatment plant, \$5,248,367 for upgrades to the Pease wastewater treatment plant, \$1,468,100 for Goose Bay Drive sewer line, and \$1,555,167 for the Maplewood Avenue sewerline.
- The sewer fund had increases to capital assets of \$5,795,268 during the year which primarily consisted of \$3,364,328 for the Lafayette Road Pump Station Improvements, \$585,676 for Infiltration Evaluation, \$1,165,932 for the construction of the Foundry Place sewerline, and \$389,588 in equipment and vehicles.

Additional information on the City of Portsmouth’s capital assets can be found in Note 10 on pages 71-72 of this report.

Long-term Debt. At the end of the current fiscal year, total bonded debt and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$213,962,480 as shown in the table below, all of which was backed by the full faith and credit of the government.

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

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

	Outstanding Debt (000s)					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 111,096	\$ 87,534	\$ 64,560	\$ 58,327	\$ 175,656	\$ 145,861
State revolving fund loans	32	245	20,630	23,428	20,662	23,673
Unamortized premium	11,555	8,392	6,090	5,256	17,645	13,648
Total Debt	<u>\$ 122,683</u>	<u>\$ 96,171</u>	<u>\$ 91,280</u>	<u>\$ 87,011</u>	<u>\$ 213,963</u>	<u>\$ 183,182</u>

The City of Portsmouth’s total debt increased by \$30,780,574 or 16.8% during the current fiscal year. The key factors in this net increase are:

- Reductions of outstanding debt principal in the amount of \$17,086,027.

- The issuance of General Obligation bonds and loans of \$43,870,000 for the following projects:
 - \$23,149,000 for the construction of the Foundry Place Parking Facility.
 - \$4,934,500 for improvements to School Facilities.
 - \$708,000 for a Fire Boat and Fire Apparatus.
 - \$4,820,000 for City Street, Sidewalk and Facility Improvements.
 - \$3,100,000 for Water line replacement.
 - \$7,851,100 for Pease Wastewater Treatment Facility and Consent Decree Mitigation, Annual Sewer Line Replacements.
 - \$2,407,400 for Water Line Replacements and Water System Pressure and Storage Improvements.

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

The general debt limit of the City is 3 percent of “base valuation”, (see below), except for landfill closures, school, water and sewer purposes, which have their own independent limits. The debt limit for school purposes is 7 percent, for water purposes is 10 percent of a base valuation, and debt for landfill closure and sewer purposes are exempt from the debt limit and are not counted toward the 3 percent limitation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes can also be excluded from the City’s debt limit. As of June 30, 2019, the City’s net general obligation bonded debt was well below the legal limits.

The base valuation for computing debt limit for the City of Portsmouth is \$6,073,124,791. The debt limit and outstanding debt is as follows:

Debt Limit Calculation						
Purpose	Percent of Allowable Debt <u>Limit</u>	Maximum Debt Limit	Bonds Outstanding including Unamortized		Total Gross Debt <u>as of June 30, 2019</u>	% of Legal Debt Service Used
			Bond Premiums <u>as of June 30, 2019</u>	Authorized Unissued <u>as of June 30, 2019</u>		
Municipal	3.00%	\$ 182,193,744	\$ 66,787,609	\$ 13,875,000	\$ 80,662,609	44%
Landfill closure ⁽¹⁾	N/A	-	32,617	4,641,897	4,674,514	N/A
School	7.00%	425,118,735	55,862,533	2,000,000	57,862,533	14%
Water	10.00%	607,312,479	33,039,359	-	33,039,359	5%
Sewer ⁽¹⁾	N/A	-	58,240,362	81,900,000	140,140,362	N/A
Total		<u>\$ 1,214,624,958</u>	<u>\$ 213,962,480</u>	<u>\$ 102,416,897</u>	<u>\$ 316,379,377</u>	

⁽¹⁾ Exempt from Debt Limit

Additional information on long-term debt can be found in Note 17 on pages 73-77 of this report.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET AND RATES

As of June 30, 2019, the City of Portsmouth's unemployment rate was 2% down slightly from the 2.2% rate in FY18. The state's unemployment average for the same period was 2.5%, the average rate for New England was 3.1% and the nation's average rate was 3.7%.

The budget and tax rate for the General Fund for FY20 has been approved by the Department of Revenue Administration. The total budget is \$118,638,630, an increase of \$4,343,423 or 3.8% from the prior year final budget. The tax rate has been set at \$14.86 per \$1,000 of assessed value. This is a decrease of \$.98 or 6.19% from prior year.

The City of Portsmouth has appropriated \$1,950,000 for debt service payments and \$150,000 for abatements from committed fund balance and an additional \$400,000 from unassigned fund balance for a total of \$2,500,000 in the fiscal year 2020 budget to maintain a moderate tax rate.

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

- The water rate increased by 2% over FY19 as follows:

WATER USER RATES	<u>FY19</u>	<u>FY20</u>
First Tier Rate (10 units or less)	\$4.23	\$4.32
Second Tier Rate (over 10 units)	\$5.10	\$5.20

- Irrigation user rates were adjusted as follows:

IRRIGATION USER RATES	<u>FY19</u>	<u>FY20</u>
First Tier Rate (10 units or less)	\$5.10	\$5.20
Second Tier Rate (over 10 units)	\$9.61	\$9.81
Third Tier Rate (over 20 units)	\$11.86	\$12.11

- The sewer rate increase by 4% over FY19 as follows:

SEWER USER RATES	<u>FY19</u>	<u>FY20</u>
First Tier Rate (10 units or less)	\$13.24	\$13.77
Second Tier Rate (over 10 units)	\$14.56	\$15.14

REQUESTS FOR INFORMATION

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

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 87,931,374	\$ 65,293,964	\$ 153,225,338
Investments	8,746,324	-	8,746,324
Receivables, net of allowance for uncollectibles:			
Property taxes	1,800,970	-	1,800,970
User fees	-	3,700,158	3,700,158
Departmental and other	981,417	-	981,417
Contributions	-	1,205,323	1,205,323
Intergovernmental	1,166,419	1,313,371	2,479,790
Special assessment	187,069	-	187,069
Loans and interest	20,111	-	20,111
Inventory	48,108	234,305	282,413
Other assets	<u>72,853</u>	<u>-</u>	<u>72,853</u>
Total current assets	100,954,645	71,747,121	172,701,766
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	423,811	-	423,811
Contributions	-	423,417	423,417
Special assessment	1,122,518	-	1,122,518
Loans	3,493,319	-	3,493,319
Capital assets:			
Land and construction in progress	28,463,529	99,978,608	128,442,137
Other capital assets, net of accumulated depreciation	<u>212,578,708</u>	<u>113,492,022</u>	<u>326,070,730</u>
Total noncurrent assets	<u>246,081,885</u>	<u>213,894,047</u>	<u>459,975,932</u>
Total Assets	347,036,530	285,641,168	632,677,698
Deferred Outflows of Resources			
Related to pensions	18,738,955	790,613	19,529,568
Related to OPEB	<u>1,655,783</u>	<u>33,690</u>	<u>1,689,473</u>
Total Deferred Outflows of Resources	<u>20,394,738</u>	<u>824,303</u>	<u>21,219,041</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 367,431,268</u>	<u>\$ 286,465,471</u>	<u>\$ 653,896,739</u>

(continued)

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities			
Current:			
Accounts payable	\$ 2,357,718	\$ 4,194,089	\$ 6,551,807
Accrued liabilities	1,253,124	1,564,745	2,817,869
Notes payable	-	62,974,950	62,974,950
Deposits held in custody	-	39,667	39,667
Retainage payable	1,612,781	4,316,476	5,929,257
Unearned revenue	309,244	87,000	396,244
Tax refunds payable	2,358,863	-	2,358,863
Other current liabilities	644,775	276,671	921,446
Current portion of long-term liabilities:			
Bonds and loans payable	12,733,441	7,851,177	20,584,618
Other liabilities	700,852	44,506	745,358
Total current liabilities	<u>21,970,798</u>	<u>81,349,281</u>	<u>103,320,079</u>
Noncurrent:			
Bonds and loans payable, net of current portion	109,949,317	83,428,545	193,377,862
Net pension liability	88,685,809	3,982,677	92,668,486
Net OPEB liability	24,212,897	625,907	24,838,804
Other liabilities, net of current portion	6,578,978	511,856	7,090,834
Total noncurrent liabilities	<u>229,427,001</u>	<u>88,548,985</u>	<u>317,975,986</u>
Total Liabilities	251,397,799	169,898,266	421,296,065
Deferred Inflows of Resources			
Related to pensions	4,200,531	201,637	4,402,168
Related to OPEB	1,988,089	58,349	2,046,438
Total Deferred Inflows of Resources	6,188,620	259,986	6,448,606
Net Position			
Net investment in capital assets	134,801,319	76,006,214	210,807,533
Restricted externally or constitutionally for:			
Grants	5,544,065	-	5,544,065
Debt	1,306,229	162,549	1,468,778
Permanent funds:			
Nonexpendable	1,633,062	-	1,633,062
Expendable	6,454,767	-	6,454,767
Restricted by enabling legislation	8,420,363	-	8,420,363
Unrestricted	(48,314,956)	40,138,456	(8,176,500)
Total Net Position	<u>109,844,849</u>	<u>116,307,219</u>	<u>226,152,068</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 367,431,268</u>	<u>\$ 286,465,471</u>	<u>\$ 653,896,739</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, 2019

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
Governmental Activities					
General government	\$ 16,128,724	\$ 10,174,313	\$ 30,197	\$ 213,834	\$ (5,710,380)
Public safety	23,146,413	1,328,213	664,851	-	(21,153,349)
Education	57,309,963	6,985,823	3,664,706	2,030,907	(44,628,527)
Public works	16,596,453	8,622,961	481,847	730,531	(6,761,114)
Health and human services	745,703	119,184	-	-	(626,519)
Culture and recreation	4,679,018	1,013,455	76,914	6,640	(3,582,009)
Community development	1,129,752	-	250	600,707	(528,795)
Interest on long-term debt	4,042,650	-	-	-	(4,042,650)
Total Governmental Activities	<u>123,778,676</u>	<u>28,243,949</u>	<u>4,918,765</u>	<u>3,582,619</u>	<u>(87,033,343)</u>
Business-Type Activities					
Water services	8,196,446	9,242,222	-	2,151,456	3,197,232
Sewer services	12,134,267	15,787,895	-	878,670	4,532,298
Total Business-Type Activities	<u>20,330,713</u>	<u>25,030,117</u>	<u>-</u>	<u>3,030,126</u>	<u>7,729,530</u>
Total	\$ <u>144,109,389</u>	\$ <u>53,274,066</u>	\$ <u>4,918,765</u>	\$ <u>6,612,745</u>	\$ <u>(79,303,813)</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Change in Net Position:			
Net (expenses) revenues from previous page	\$ (87,033,343)	\$ 7,729,530	\$ (79,303,813)
General Revenues and Transfers			
Property taxes	84,827,646	-	84,827,646
Interest on taxes	104,157	-	104,157
Grants and contributions not restricted to specific programs	1,122,057	-	1,122,057
Investment income	1,834,402	1,107,618	2,942,020
Other revenues	1,751,891	408,236	2,160,127
Transfers in (out)	<u>260,067</u>	<u>(260,067)</u>	<u>-</u>
Total general revenues and transfers	<u>89,900,220</u>	<u>1,255,787</u>	<u>91,156,007</u>
Change in net position	2,866,877	8,985,317	11,852,194
Net Position			
Beginning of year	<u>106,977,972</u>	<u>107,321,902</u>	<u>214,299,874</u>
End of year	<u>\$ 109,844,849</u>	<u>\$ 116,307,219</u>	<u>\$ 226,152,068</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and short-term investments	\$ 51,550,362	\$ 36,381,012	\$ 87,931,374
Investments	-	8,746,324	8,746,324
Receivables:			
Property taxes	2,224,781	-	2,224,781
Departmental and other	691,455	289,962	981,417
Intergovernmental	-	1,166,419	1,166,419
Special assessment	-	1,309,587	1,309,587
Loans and interest	-	3,513,430	3,513,430
Due from other funds	898,026	-	898,026
Advances to other funds	480,160	-	480,160
Inventory	-	48,108	48,108
Other assets	72,853	-	72,853
Total Assets	\$ 55,917,637	\$ 51,454,842	\$ 107,372,479
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 1,270,361	\$ 1,087,357	\$ 2,357,718
Accrued liabilities	817,887	120,344	938,231
Unearned revenue	250,984	58,260	309,244
Retainage payable	6,427	1,606,354	1,612,781
Tax refunds liability	2,358,863	-	2,358,863
Due to other funds	-	898,026	898,026
Advances from other funds	-	480,160	480,160
Other liabilities	644,776	-	644,776
Total Liabilities	5,349,298	4,250,501	9,599,799
Deferred Inflows of Resources			
Unavailable revenues - taxes	759,324	-	759,324
Unavailable revenues - other	518,771	4,782,362	5,301,133
Total Deferred Inflows of Resources	1,278,095	4,782,362	6,060,457
Fund Balances			
Nonspendable	480,160	1,681,170	2,161,330
Restricted	-	36,764,757	36,764,757
Committed	22,665,499	4,026,532	26,692,031
Assigned	10,513,688	-	10,513,688
Unassigned	15,630,897	(50,480)	15,580,417
Total Fund Balances	49,290,244	42,421,979	91,712,223
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 55,917,637	\$ 51,454,842	\$ 107,372,479

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, 2019

Total governmental fund balances	\$	91,712,223
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		241,042,237
Revenues are reported on the accrual basis of accounting and are not deferred until collection.		6,060,457
Deferred inflows and outflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related inflows and outflows consist of:		
Deferred inflows		18,738,955
Deferred outflows		(4,200,531)
Deferred inflows and outflows of OPEB resources are not financial resources nor are they available to pay current-period expenditures. OPEB related inflows and outflows consist of:		
Deferred inflows		1,655,783
Deferred outflows		(1,988,089)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(314,893)
Long-term liabilities, including bonds payable, net pension liability and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(88,685,809)
General obligation bonds & loans payable, including unamortized premiums		(122,682,758)
Net OPEB liability		(24,212,897)
Compensated absences payable		(5,840,434)
Estimated liability for landfill postclosure care costs		<u>(1,439,395)</u>
Net position of governmental activities	\$	<u>109,844,849</u>

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, 2019

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Property taxes	\$ 84,798,383	\$ -	\$ 84,798,383
Licenses and permits	7,404,735	-	7,404,735
Intergovernmental	3,634,811	5,708,165	9,342,976
Charges for services	12,531,285	7,417,574	19,948,859
Investment income	1,336,087	498,313	1,834,400
Interest on taxes	104,157	-	104,157
Fines and costs	741,808	11,234	753,042
Contributions	-	280,465	280,465
Special assessment	-	187,084	187,084
Other	359,604	295,869	655,473
	<u>110,910,870</u>	<u>14,398,704</u>	<u>125,309,574</u>
Expenditures			
General government	9,784,995	760,581	10,545,576
Public safety	20,149,066	791,147	20,940,213
Education	48,444,232	5,614,483	54,058,715
Public works	6,698,908	6,814,085	13,512,993
Health and human services	743,721	-	743,721
Culture and recreation	2,897,844	1,497,820	4,395,664
Community development	-	1,102,132	1,102,132
Debt service:			
Principal	10,127,905	135,000	10,262,905
Interest	3,340,761	708,367	4,049,128
Capital outlay	1,675,933	19,660,527	21,336,460
Intergovernmental	5,503,199	-	5,503,199
	<u>109,366,564</u>	<u>37,084,142</u>	<u>146,450,706</u>
Excess (deficiency) of revenues over (under) expenditures	1,544,306	(22,685,438)	(21,141,132)
Other Financing Sources (Uses)			
Issuance of bonds	-	33,611,500	33,611,500
Bond premium	4,314	4,114,792	4,119,106
Transfers in	5,396	2,780,388	2,785,784
Transfers out	(2,525,717)	-	(2,525,717)
	<u>(2,516,007)</u>	<u>40,506,680</u>	<u>37,990,673</u>
Net change in fund balances	(971,701)	17,821,242	16,849,541
Fund Balances, at Beginning of Year, as reclassified	50,261,945	24,600,737	74,862,682
Fund Balances, at End of Year	\$ <u>49,290,244</u>	\$ <u>42,421,979</u>	\$ <u>91,712,223</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, 2019

Net changes in fund balances - total governmental funds \$ 16,849,541

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

Capital outlay purchases	23,503,195
Depreciation	(8,625,953)

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.

120,145

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

Issuance of long-term debt	(33,611,500)
Premium received on issuance of long-term debt	(4,114,792)
Repayments of debt	10,262,905
Bond premium amortization	951,456

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

6,477

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

Net pension liability	(677,198)
Pension related deferred inflows and outflows of resources	(1,045,808)
Net other post employment benefits liability	(780,397)
OPEB related deferred inflows and outflows of resources	(450,429)

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

Compensated absences	<u>479,235</u>
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Change in net position of governmental activities \$ 2,866,877

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues and other sources:				
Taxes	\$ 86,137,863	\$ 86,137,863	\$ 87,444,879	\$ 1,307,016
Licenses and permits	5,748,200	5,748,200	7,404,735	1,656,535
Intergovernmental	10,075,622	10,075,622	10,005,633	(69,989)
Charges for services	5,789,563	5,789,563	6,160,463	370,900
Investment income	700,000	700,000	1,336,087	636,087
Interest and penalties	200,000	200,000	104,157	(95,843)
Fines and costs	745,742	745,742	741,808	(3,934)
Other revenues	152,791	152,791	335,882	183,091
Other financing sources:				
Bond premiums	-	-	4,314	4,314
Transfers in	1,186,312	1,186,312	1,191,708	5,396
Use of fund balance:				
To reduce taxes	2,273,000	2,273,000	2,273,000	-
For municipal complex improvements	-	1,286,114	1,286,114	-
Total Revenues and Other Sources	113,009,093	114,295,207	118,288,780	3,993,573
Expenditures and other uses:				
Current:				
General administrative	6,637,758	6,701,111	6,599,113	101,998
Other general administrative	1,138,825	1,075,472	988,597	86,875
Public works	6,844,223	6,844,223	6,795,406	48,817
Community services	3,462,297	3,462,297	3,455,211	7,086
Regulatory services	1,560,062	1,560,062	1,512,426	47,636
Emergency management	12,014	12,014	392	11,622
Police department	11,280,229	11,280,229	11,155,190	125,039
Fire department	8,966,305	8,966,305	8,894,022	72,283
School department	48,086,136	48,086,136	48,085,225	911
Non-operating	25,021,244	26,307,358	25,644,095	663,263
Total Expenditures and Other Uses	113,009,093	114,295,207	113,129,677	1,165,530
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 5,159,103	\$ 5,159,103

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
Assets			
Current:			
Cash and short-term investments	\$ 17,826,217	\$ 47,467,747	\$ 65,293,964
Receivables, net of allowance for uncollectibles:			
User fees	1,420,612	2,279,546	3,700,158
Contributions	775,258	430,065	1,205,323
Intergovernmental	60,822	1,252,549	1,313,371
Inventory	178,118	56,187	234,305
Total current assets	20,261,027	51,486,094	71,747,121
Noncurrent:			
Contribution receivables, net of current portion	235,640	187,777	423,417
Capital assets:			
Land and construction in progress	12,231,072	87,747,536	99,978,608
Capital assets, net of accumulated depreciation	51,559,517	61,932,505	113,492,022
Total noncurrent assets	64,026,229	149,867,818	213,894,047
Total Assets	84,287,256	201,353,912	285,641,168
Deferred Outflows of Resources			
Related to pensions	378,084	412,529	790,613
Related to OPEB	16,646	17,044	33,690
Total Deferred Outflows of Resources	394,730	429,573	824,303
Total Assets and Deferred Outflows of Resources	\$ 84,681,986	\$ 201,783,485	\$ 286,465,471
Liabilities			
Current:			
Accounts payable	\$ 1,246,079	\$ 2,948,010	\$ 4,194,089
Accrued liabilities	305,994	1,258,751	1,564,745
Deposits held in custody	15,429	24,238	39,667
Retainage payable	579,677	3,736,799	4,316,476
Unearned revenue	67,000	20,000	87,000
Notes payable	-	62,974,950	62,974,950
Other current liabilities	244,930	31,741	276,671
Current portion of long-term liabilities:			
Bonds and loans payable	2,729,931	5,121,246	7,851,177
Other liabilities	19,695	24,811	44,506
Total current liabilities	5,208,735	76,140,546	81,349,281
Noncurrent:			
Bonds and loans payable, net of current portion	30,309,428	53,119,117	83,428,545
Net pension liability	1,949,692	2,032,985	3,982,677
Net OPEB liability	322,029	303,878	625,907
Other liabilities, net of current portion	226,516	285,340	511,856
Total noncurrent liabilities	32,807,665	55,741,320	88,548,985
Total Liabilities	38,016,400	131,881,866	169,898,266
Deferred Inflows of Resources			
Related to pensions	98,710	102,927	201,637
Related to OPEB	30,418	27,931	58,349
Total Deferred Inflows of Resources	129,128	130,858	259,986
Net Position			
Net investment in capital assets	34,465,758	41,540,456	76,006,214
Restricted for debt service	-	162,549	162,549
Unrestricted	12,070,700	28,067,756	40,138,456
Total Net Position	46,536,458	69,770,761	116,307,219
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 84,681,986	\$ 201,783,485	\$ 286,465,471

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 8,135,894	\$ 15,316,669	\$ 23,452,563
Licenses and permits	750,021	275,496	1,025,517
Departmental revenue	356,307	189,130	545,437
Other revenue	-	6,600	6,600
	9,242,222	15,787,895	25,030,117
Total Operating Revenues			
Operating Expenses			
Personnel services	3,134,161	3,538,144	6,672,305
Non-personnel services	2,083,760	4,088,055	6,171,815
Depreciation	1,901,401	2,288,766	4,190,167
	7,119,322	9,914,965	17,034,287
Total Operating Expenses			
Operating Income	2,122,900	5,872,930	7,995,830
Nonoperating Revenues (Expenses)			
Investment income	337,728	769,890	1,107,618
Bond premium amortization	203,073	205,163	408,236
Interest expense	(1,077,124)	(2,219,302)	(3,296,426)
	(536,323)	(1,244,249)	(1,780,572)
Total Nonoperating Revenues (Expenses), net			
Income Before Contributions and Transfers	1,586,577	4,628,681	6,215,258
Capital contributions	2,151,456	878,670	3,030,126
Transfers out	-	(260,067)	(260,067)
	3,738,033	5,247,284	8,985,317
Change in Net Position			
Net Position at Beginning of Year	42,798,425	64,523,477	107,321,902
Net Position at End of Year	\$ 46,536,458	\$ 69,770,761	\$ 116,307,219

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, 2019

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 9,415,298	\$ 16,148,388	\$ 25,563,686
Payments to employees for salaries and related benefits	(3,144,537)	(3,526,915)	(6,671,452)
Payments to suppliers for goods and services	(1,043,030)	(5,034,920)	(6,077,950)
Other miscellaneous operating revenues	<u>-</u>	<u>6,600</u>	<u>6,600</u>
Net Cash Provided By Operating Activities	5,227,731	7,593,153	12,820,884
Cash Flows From Noncapital Financing Activities:			
Transfers to other funds	<u>-</u>	<u>(260,067)</u>	<u>(260,067)</u>
Net Cash Used For Noncapital Financing Activities	-	(260,067)	(260,067)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(9,409,740)	(25,742,960)	(35,152,700)
Proceeds from general obligation bonds	2,407,400	7,851,100	10,258,500
Principal payments on bonds and loans	(2,437,528)	(4,385,593)	(6,823,121)
Proceeds from revolving loan	-	17,281,856	17,281,856
Proceeds from premium	292,600	948,900	1,241,500
Capital contributions	2,055,421	2,640,025	4,695,446
Interest expense	<u>(1,104,895)</u>	<u>(1,706,644)</u>	<u>(2,811,539)</u>
Net Cash Used For Capital and Related Financing Activities	(8,196,742)	(3,113,316)	(11,310,058)
Cash Flows From Investing Activities			
Investment income	<u>337,728</u>	<u>769,890</u>	<u>1,107,618</u>
Net Cash Provided by Investing Activities	337,728	769,890	1,107,618
Net Change in Cash and Short-Term Investments	(2,631,283)	4,989,660	2,358,377
Cash and Short-Term Investments, Beginning of Year	<u>20,457,500</u>	<u>42,478,087</u>	<u>62,935,587</u>
Cash and Short-Term Investments, End of Year	<u>\$ 17,826,217</u>	<u>\$ 47,467,747</u>	<u>\$ 65,293,964</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 2,122,900	\$ 5,872,930	\$ 7,995,830
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,901,401	2,288,766	4,190,167
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	174,995	335,350	510,345
Inventory	(24,341)	5,506	(18,835)
Deferred outflows	50,468	41,023	91,491
Accounts payable	527,738	(952,371)	(424,633)
Accrued liabilities	3,916	14,094	18,010
Retainage payable	537,333	-	537,333
Compensated absences	(55,453)	(32,196)	(87,649)
Net pension liability	(90,300)	(94,158)	(184,458)
Net OPEB liability	20,603	21,665	42,268
Deferred inflows	60,390	60,801	121,191
Other liabilities	<u>(1,919)</u>	<u>31,743</u>	<u>29,824</u>
Net Cash Provided By Operating Activities	<u>\$ 5,227,731</u>	<u>\$ 7,593,153</u>	<u>\$ 12,820,884</u>
Noncash Investing and Financing Activities			
Capital contributions not yet received	\$ 60,822	\$ 300,916	\$ 361,738

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, 2019

	Private Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
Assets		
Cash and short-term investments	\$ 744,348	\$ 467,138
Investments:		
Fixed income	1,837,354	-
Equities	5,594,932	-
Other assets	<u>80</u>	<u>-</u>
Total Assets	\$ <u><u>8,176,714</u></u>	\$ <u><u>467,138</u></u>
Liabilities		
Other liabilities	\$ <u>-</u>	\$ <u>467,138</u>
Total Liabilities	<u>-</u>	<u>467,138</u>
Net Position		
Restricted for other purposes	<u>8,176,714</u>	<u>-</u>
Total Net Position	\$ <u><u>8,176,714</u></u>	\$ <u><u>-</u></u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Private Purpose Trust Fund</u>
Additions	
Investment income	\$ 442,022
Contributions	<u>146,077</u>
Total additions	588,099
Deductions	
Payments to beneficiaries	<u>253,825</u>
Total deductions	<u>253,825</u>
Net increase	334,274
Net position restricted for other purposes	
Beginning of year	<u>7,842,440</u>
End of year	<u>\$ 8,176,714</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation governed by an elected City Council, including a Mayor, eight members, and an appointed City Manager. As required by generally accepted accounting principles, these financial statements present the City and applicable component units for which the City is considered to be financially accountable. In fiscal year 2019, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-

wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

The City also reports the following fiduciary funds:

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

D. Cash and Investments

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

Under New Hampshire RSA 48:16, whenever the City treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure,

the City treasurer shall invest the same in accordance with the investment policy adopted by the mayor and board of aldermen or city council under RSA 47:6, II. The treasurer may invest in participation units in the public deposit investment pool established pursuant to RSA 383:22, in deposits, including money market accounts or certificates of deposit, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U. S. C. Section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations.

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

Investments are carried at fair value.

E. Interfund Receivables and Payables

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

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

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

F. Inventories

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

G. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, land, construction in progress, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual

cost of more than \$10,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

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

indicates that portion of fund balance that is available for appropriation in future periods.

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

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

K. Use of Estimates

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

L. Mandated Fund Balance

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

Specific City Council ordinances are as follows:

Section 1:1401 - Mandated Fund Balance

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

Section 1:1402 - Operational Objective

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

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

B. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Excess (Deficiency)</u>
Revenues/Expenditures (GAAP Basis)	\$ 110,910,870	\$ 109,366,564	\$ 1,544,306
Other financing sources/uses (GAAP Basis)	<u>9,710</u>	<u>2,525,717</u>	<u>(2,516,007)</u>
Subtotal (GAAP Basis)	110,920,580	111,892,281	(971,701)
Reverse expenditures of prior year appropriation carryforwards	-	(2,919,008)	2,919,008
Reclassify use of overlay	2,646,496	2,646,496	-
Use of fund balance	3,559,114	-	3,559,114
Indirect costs from enterprise funds	1,186,312	1,186,312	-
Add end-of-year appropriation carryforwards	-	4,132,789	(4,132,789)
Other reconciling items	<u>(23,722)</u>	<u>(3,809,193)</u>	<u>3,785,471</u>
Budgetary Basis	<u>\$ 118,288,780</u>	<u>\$ 113,129,677</u>	<u>\$ 5,159,103</u>

C. Deficit Fund Equity

The City's Debt Service nonmajor fund had an unassigned fund balance deficit of \$3,358 at June 30, 2019. This deficit will be funded through special assessments not yet due. The School Lunch nonmajor special revenue fund had an unassigned fund balance deficit of \$47,122 at June 30, 2019, which will be funded through future user charges, intergovernmental reimbursements, or a general fund subsidy.

3. Cash and Investments

The following is a summary of the City's investments as of June 30, 2019:

<u>Investment Type</u>	<u>Amount</u>
Bond Mutual Funds	\$ 1,034,765
US Treasury Notes	2,782,613
Equity Mutual Funds	<u>12,361,232</u>
Total investments	<u>\$ 16,178,610</u>

A. Custodial Credit Risk

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

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

As of June 30, 2019, \$661,893 of the City's cash bank balance of \$154,576,572 was exposed to custodial credit risk as uninsured and/or uncollateralized. The uninsured amount is covered under a custodian's fiduciary liability policy of up to \$1,000,000 when combined with investments. Additionally, the City held \$824,433 in NHPDIP, a state investment pool not subject to custodial credit risk disclosure.

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

The City's investments are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is also the counterparty to these securities. This risk is managed by the custodian's

fiduciary liability policy and securities are held in a separately identifiable trust accounts.

B. Credit Risk

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

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

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

As of June 30, 2019, \$1,034,765 of the City's investments were held in bond mutual funds, with average S&P credit rating of BBB. The City's investment balance of \$2,782,613 in US Treasury Notes had an implied credit rating of AAA.

C. Concentration of Credit Risk

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

The City had the following investments in a single issuer which are greater than 5% of total investments:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
SPDR S&P 500 (MKT) ETF	\$ 9,690,389	60.00%
Vanguard FTSE Development Markets	<u>1,745,742</u>	9.00%
Total	<u>\$ 11,436,131</u>	

D. Interest Rate Risk

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

As of June 30, 2019, \$1,034,765 of the City's investments were held in bond mutual funds, with average effective duration of 1.98 years. The City's investment balance of \$2,782,613 in US Treasury Notes had average effective duration of 2.92 years.

E. Foreign Currency Risk

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

F. Fair Value

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

The City has the following fair value measurements as of June 30, 2019:

<u>Investment Type</u>	<u>Fair value measurements using:</u>		
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
Investments by fair value level:			
Debt securities:			
US Treasury notes	\$ 2,782,613	\$ -	\$ 2,782,613
Invesco bullet shares 2021 corporate bond EFT	515,637	-	515,637
Invesco bullet shares 2022 corporate bond EFT	519,128	-	519,128
Equity mutual funds:			
SPDR S&P 500 EFT	9,690,389	9,690,389	-
Invesco diversified dividend A	34,183	34,183	-
Vanguard FTSE developed markets	1,475,742	1,475,742	-
Vanguard emerging market EFT	690,219	690,219	-
iShares Russell 2000 MKT	470,699	470,699	-
Total	\$ 16,178,610	\$ 12,361,232	\$ 3,817,378

4. Property Taxes Receivable

Property taxes were committed in November and were due in two installments, on December 26, 2018 and June 3, 2019. Taxes unpaid by December 27, 2018 and June 4, 2019 accrued interest at 12% until August 30, 2019. A tax lien was recorded on all properties with taxes unpaid as of August 30, 2019, at which time interest began accruing at 18%. The City may foreclose on properties two years after the lien date. Per NH RSA 76:13, interest rate charged on delinquent property taxes from 12% to 8% per annum, and on payments in redemption of real estate sold at tax sale or subject to a tax lien from 18% to 14% per annum. The lower interest rates apply to taxes assessed on or after April 1, 2019.

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, 2019 by levy year consist of the following:

Property Taxes:	
2018	\$ 1,800,970
Unredeemed Taxes:	
2017	205,968
2016	93,709
2014	41,603
Prior Years	<u>82,531</u>
Total	<u>\$ 2,224,781</u>

5. User Fees Receivable

User fees receivable in water and sewer funds include amounts due from customers for water and sewer usage. User fees receivable are reported net of an allowance for doubtful accounts estimated at up to 100% of accounts receivable depending on the aging of the receivables. Water and sewer delinquent receivables are lienied in a similar manner as property taxes, described in Note 4.

User fees receivable and related allowance for doubtful accounts at June 30, 2019 consist of the following:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
Billed user fees	\$ 767,099	\$ 906,804	\$ 1,673,903
Unbilled at year end	810,417	1,420,377	2,230,794
Less: Allowance for doubtful accounts	<u>(156,904)</u>	<u>(47,635)</u>	<u>(204,539)</u>
Net Amount	<u>\$ 1,420,612</u>	<u>\$ 2,279,546</u>	<u>\$ 3,700,158</u>

6. Departmental and Other Receivables

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

	<u>Ambulance</u>	Police <u>Detail</u>	<u>Other</u>	<u>Total</u>
Gross receivable	\$ 1,101,091	\$ 174,847	\$ 335,886	\$ 1,611,824
Less: Allowance for doubtful accounts	<u>(582,320)</u>	<u>(48,087)</u>	<u>-</u>	<u>(630,407)</u>
Total	<u>\$ 518,771</u>	<u>\$ 126,760</u>	<u>\$ 335,886</u>	<u>\$ 981,417</u>

7. Contribution Receivables

Contributions receivable, as reported in business-type funds represent agreements between the City and the contributors, for which the City has met its purpose restrictions requirements. Receivables at June 30, 2019 include the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Capital contributions receivable	\$ 1,010,898	\$ 455,293	\$ 1,466,191
Contributions restricted for bonds payable	<u>-</u>	<u>162,549</u>	<u>162,549</u>
Total	<u>\$ 1,010,898</u>	<u>\$ 617,842</u>	<u>\$ 1,628,740</u>

Contributions receivable at June 30, 2019 are due as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Less than one year	\$ 775,258	\$ 430,065	\$ 1,205,323
One to five years	214,640	179,660	394,300
More than five years	<u>21,000</u>	<u>8,117</u>	<u>29,117</u>
Total	<u>\$ 1,010,898</u>	<u>\$ 617,842</u>	<u>\$ 1,628,740</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2019.

9. Interfund Fund Receivables/Payables and Transfers

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

payable accounts must be utilized. The following is an analysis of the June 30, 2019 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
General fund	\$ 898,026	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
School lunch	-	14,976
School categorical revenues	-	815,735
Police grants	-	51,397
Swimming pool	-	12,560
Debt service fund	-	3,358
Total	<u>\$ 898,026</u>	<u>\$ 898,026</u>

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

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2019 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
General fund	\$ 480,160	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
City Trust	-	480,160
Total	<u>\$ 480,160</u>	<u>\$ 480,160</u>

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

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

governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2019:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 5,396	\$ 2,525,717
Nonmajor Funds:		
Special Revenue Funds:		
School lunch	114,500	-
School categorical revenues	822,791	-
Miscellaneous grants and contributions	68,106	-
Prescott Park	264,000	-
Parking and transportation	-	496,708
Housing subsidy	250,000	-
Conservation	525	-
Stormwater	520,134	-
Swimming pool	150,000	-
Library	10,476	-
City Trust	-	1,546,000
Capital Project Funds:		
Transportation state	-	5,396
Vehicle/equipment replacement	652,298	-
Technology equipment	465,430	-
Building and infrastructure	<u>1,953,708</u>	<u>-</u>
Permanent Funds		
City Trust	-	443,476
Subtotal Nonmajor Funds	<u>5,271,968</u>	<u>2,491,580</u>
<u>Business-Type Funds:</u>		
Sewer Fund	<u>-</u>	<u>260,067</u>
Total Enterprise Funds	<u>-</u>	<u>260,067</u>
Grand Total	<u>\$ 5,277,364</u>	<u>\$ 5,277,364</u>

The majority of the transfers out of the General fund represent the City's practice of funding capital with current year revenues, including the \$652,298 transfer into vehicle/equipment replacement fund and the \$465,430 transfer into the technology equipment fund. The \$1,953,708 into the building and infrastructure fund is funded by a transfer from the City Trust (with the remaining amount coming from the general fund) to be used for senior center construction costs. The transfer of \$822,791 to the school categorical revenues fund represents school department appropriations transferred for special education expenses. The transfer of \$520,134 to the stormwater fund was funded half by the general fund and half by the sewer fund to fund the first year of operation of this new fund.

Other transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them,

(2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

10. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Buildings	\$ 152,181	\$ 34,610	\$ -	\$ 186,791
Improvements	4,134	-	-	4,134
Infrastructure	90,445	5,613	(13)	96,045
Machinery and equipment	<u>23,946</u>	<u>2,693</u>	<u>(657)</u>	<u>25,982</u>
Total capital assets, being depreciated	270,706	42,916	(670)	312,952
Less accumulated depreciation for:				
Buildings	(45,814)	(3,576)	-	(49,390)
Improvements	(3,805)	(82)	-	(3,887)
Infrastructure	(27,125)	(3,328)	13	(30,440)
Machinery and equipment	<u>(15,673)</u>	<u>(1,640)</u>	<u>657</u>	<u>(16,656)</u>
Total accumulated depreciation	<u>(92,417)</u>	<u>(8,626)</u>	<u>670</u>	<u>(100,373)</u>
Total capital assets, being depreciated, net	178,289	34,290	-	212,579
Capital assets, not being depreciated:				
Land	18,285	5,117	-	23,402
Construction in progress	<u>29,591</u>	<u>3,536</u>	<u>(28,065)</u>	<u>5,062</u>
Total capital assets, not being depreciated	<u>47,876</u>	<u>8,653</u>	<u>(28,065)</u>	<u>28,464</u>
Governmental activities capital assets, net	<u>\$ 226,165</u>	<u>\$ 42,943</u>	<u>\$ (28,065)</u>	<u>\$ 241,043</u>
Business-Type Activities				
Capital assets, being depreciated:				
Buildings	\$ 37,064	\$ -	\$ (20)	\$ 37,044
Improvements	4	-	-	4
Infrastructure	93,887	9,451	-	103,338
Machinery and equipment	<u>30,564</u>	<u>1,525</u>	<u>(1,781)</u>	<u>30,308</u>
Total capital assets, being depreciated	161,519	10,976	(1,801)	170,694
Less accumulated depreciation for:				
Buildings	(16,913)	(819)	20	(17,712)
Infrastructure	(19,556)	(1,920)	-	(21,476)
Machinery and equipment	<u>(18,344)</u>	<u>(1,451)</u>	<u>1,781</u>	<u>(18,014)</u>
Total accumulated depreciation	<u>(54,813)</u>	<u>(4,190)</u>	<u>1,801</u>	<u>(57,202)</u>
Total capital assets, being depreciated, net	106,706	6,786	-	113,492
Capital assets, not being depreciated:				
Land	2,871	421	-	3,292
Construction in progress	<u>72,863</u>	<u>33,565</u>	<u>(9,741)</u>	<u>96,687</u>
Total capital assets, not being depreciated	<u>75,734</u>	<u>33,986</u>	<u>(9,741)</u>	<u>99,979</u>
Business-type activities capital assets, net	<u>\$ 182,440</u>	<u>\$ 40,772</u>	<u>\$ (9,741)</u>	<u>\$ 213,471</u>

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

Governmental Activities	
General government	\$ 322
Public safety	731
Education	2,583
Public works	4,256
Culture and recreation	485
Community development	<u>249</u>
Total governmental activities	\$ <u>8,626</u>
Business-Type Activities	
Water	\$ 1,901
Sewer	<u>2,289</u>
Total business-type activities	\$ <u>4,190</u>

11. Deferred Outflows of Resources

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

12. Accounts Payable

Accounts payable represent additional 2019 expenditures paid after June 30, 2019.

13. Accrued Liabilities

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

14. Tax Refunds Payable

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

15. Other Liabilities

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

16. Notes Payable

The City had notes payable during the year ended June 30, 2019 in the governmental funds and sewer enterprise fund.

The following are changes in notes payable for the year ended June 30, 2019:

	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Parking Garage Land Acquisition and Construction						
Bond anticipation note	3.00%	6/21/2019	\$ 22,000,000	\$ -	\$ (22,000,000)	\$ -
Total Governmental Activities			22,000,000	-	(22,000,000)	-
Water Pollution Control State Revolving Loan						
State revolving loan	2.23%	6/1/2021	45,693,094	17,281,856	-	62,974,950
Total Business-Type Activities			45,693,094	17,281,856	-	62,974,950
Grand total notes payable			\$ 67,693,094	\$ 17,281,856	\$ (22,000,000)	\$ 62,974,950

17. Long-Term Debt

A. Long-Term Debt Supporting Activities

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

Compensated absences, net pension liability, and net OPEB 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. General obligation bonds and state revolving loans currently outstanding are as follows:

	Original	Serial	Interest	Amount
	Issue	Maturities	Rate %	Outstanding
Governmental Activities		Through		as of
				<u>6/30/19</u>
Coakley Landfill OU2	\$ 652,330	07/01/19	1.02	\$ 32,616
Capital Improvements 2010	1,800,000	05/15/20	3.27	180,000
School Improvements 2010	500,000	05/15/20	3.27	50,000
Middle School Construction	15,000,000	05/15/30	3.27	8,250,000
Middle School Construction	22,500,000	12/01/31	2.68	14,625,000
Capital Improvements 2011	6,400,000	12/01/21	2.68	1,920,000
Refunding High School	17,325,000	09/15/22	1.40	6,685,000
Streets Sidewalks, Bridge 2013	2,267,000	06/15/23	2.38	900,000
School Improvements 2013	500,000	06/15/23	2.38	200,000
Facilities, Streets and Sidewalks 2014	5,750,000	06/01/24	1.78	2,875,000
Middle School Construction	3,300,000	06/01/34	2.87	2,475,000
Capital Improvements 2015	3,475,000	06/30/25	2.10	2,075,000
School Facility Improvements 2015	750,000	06/30/25	2.10	450,000
Refunding Library 2015	3,335,000	08/01/25	2.09	2,290,000
Streets, Sidewalks, Bridge 2016	6,100,000	06/15/26	1.87	4,270,000
Fire Apparatus 2016	523,290	06/15/21	1.87	205,000
School Facilities 2016	500,000	05/15/26	1.87	350,000
Little Harbour School Facility				
Improvement 2016	5,000,000	05/15/26	1.87	4,250,000
Commerce Way 2016	1,524,710	05/15/26	1.87	1,120,000
Refunding Fire Station 2 Construction				
and Land	2,332,000	05/15/26	1.87	2,080,000
Refunding Fire Station 2 Improvements	708,500	01/15/29	1.57	708,500
Elementary School Facilities 2017	5,000,000	06/15/37	2.56	4,500,000
Street, Sidewalks, Facilities 2017	6,850,000	06/15/27	1.63	5,480,000
Fire Apparatus 2017	400,000	06/15/22	1.26	240,000
Fire Station 3 Improvements 2017	610,000	06/15/27	1.63	480,000
FY18 Elementary School Facilities	5,000,000	06/15/38	2.93	4,750,000
High School Athletic Field Lighting	550,000	06/15/28	2.23	495,000
Street Sidewalk and Facility	6,200,000	06/15/28	2.24	5,580,000
Foundry Place Parking Facility	23,149,000	06/15/39	2.42	23,149,000
FY18 Elementary School Facilities	4,508,500	06/15/39	2.45	4,508,500
FY18 Fire Boat	164,000	06/15/24	1.39	164,000
FY17 Street, Sidewalks, and Facilities	2,802,000	06/15/29	1.53	2,802,000
FY18 Fire Apparatus	544,000	06/15/24	1.39	544,000
FY18 School Facility Improvements	426,000	06/15/29	1.52	426,000
FY18 Street, Sidewalks, and Facilities	2,018,000	06/15/29	1.53	2,018,000
Total Governmental Activities				\$ <u>111,127,616</u>

Business-Type Activities	Original Issue	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 6/30/19
Water:				
Upgrade to Motor Control	\$ 300,000	01/01/22	3.98	\$ 45,000
Corrosion Control Program	288,000	01/01/22	3.80	43,200
Constitution Avenue	4,800,000	01/01/22	3.70	960,000
Spinney Tank	1,162,560	12/01/22	3.73	232,512
Madbury WTP Design	2,000,000	06/01/28	2.49	900,000
Madbury WTP	5,000,000	06/01/32	2.72	3,250,000
Hobb's Hill Water Tank	3,500,000	06/01/34	2.87	2,625,000
Greenland Well & Water Line	4,800,000	06/15/35	2.99	3,840,000
Water System Pressure and Storage	4,100,000	06/15/36	1.87	3,485,000
Refunding Madbury Plant	7,921,500	01/15/29	1.57	7,921,500
Water Line Replacement and Storage	2,250,000	06/15/37	2.55	2,020,000
Water Line Replacement	600,000	06/15/38	2.93	540,000
Water Line Replacement	2,500,000	06/15/38	2.93	2,375,000
Water Line Replacement FY18	426,000	06/15/29	1.52	426,000
Pressure and Storage FY18	1,981,400	06/15/39	2.44	1,981,400
Sewer:				
Waste Water Treatment Plant Pease	6,586,836	03/01/20	1.02	321,454
Sewer Projects Phase I	4,931,361	08/01/21	1.36	739,704
Sewer Projects Phase II	8,898,110	12/01/24	1.87	2,669,434
Lower Court Utilities Upgrade	688,563	07/01/27	2.38	309,853
Phase III Sewer	5,508,137	12/01/27	2.38	2,478,657
Sewer-Rye Line Pump Station	1,069,714	11/01/29	2.58	588,342
Sewer-201 Facility Study	1,000,000	01/01/30	2.58	550,000
Bartlett Street	5,290,233	01/01/31	2.62	3,174,139
Sewer PIWWTP	3,000,000	01/01/31	2.68	1,950,000
Sewer WWTP - Plant	8,000,000	09/15/12	2.31	5,200,000
State St Utilities Upgrade	1,500,433	09/01/21	1.36	450,130
Lincoln 3C	3,929,000	06/15/33	2.38	2,730,000
Lincoln Separation	5,595,874	06/01/33	3.35	3,917,111
Pierce Island WWTP	10,000,000	06/01/34	2.87	7,500,000
Pease WWTP 2014	3,500,000	06/01/34	2.87	2,625,000
Pease WWTP 2015	1,000,000	06/15/35	2.99	800,000
Lafayette Pumping Station	4,000,000	06/15/36	1.87	3,250,000
Sewer Line and Pump Station	900,000	06/15/27	1.63	720,000
Pumping Station	2,500,000	06/15/37	2.56	2,250,000
Sewer Line and Pump Station	1,800,000	06/15/28	2.24	1,620,000
Sewer Line Replacement	3,000,000	06/15/37	2.24	2,850,000
FY18 Pease Wastewater Treatment	6,490,000	06/15/39	2.45	6,490,000
FY18 Consent Decree Mitigation, Annual Sewer Lin	1,361,100	06/15/29	1.53	1,361,100
Total Business-Type Activities				\$ 85,189,536

C. Future Debt Service

The annual payments to retire all general obligation bonds and state revolving loans outstanding as of June 30, 2019 are as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		State Revolving Loans (Direct Borrowing)		Total	
	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2020	\$ 11,471,500	\$ 4,356,275	\$ 32,616	\$ 333	\$ 11,504,116	\$ 4,356,608
2021	11,245,000	3,875,953	-	-	11,245,000	3,875,953
2022	11,155,000	3,399,553	-	-	11,155,000	3,399,553
2023	10,450,000	2,939,953	-	-	10,450,000	2,939,953
2024	8,565,000	2,542,503	-	-	8,565,000	2,542,503
2025 - 2029	32,518,500	7,840,841	-	-	32,518,500	7,840,841
2030 - 2034	17,245,000	2,791,869	-	-	17,245,000	2,791,869
2035 - 2039	8,445,000	588,294	-	-	8,445,000	588,294
Total	\$ 111,095,000	\$ 28,335,241	\$ 32,616	\$ 333	\$ 111,127,616	\$ 28,335,574

Year Ending June 30,	Business-Type Activities					
	General Obligation Bonds		State Revolving Loans (Direct Borrowing)		Total	
	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2020	\$ 4,598,500	\$ 2,460,250	\$ 2,798,121	\$ 547,010	\$ 7,396,621	\$ 3,007,260
2021	4,590,000	2,271,695	2,476,671	481,178	7,066,671	2,752,873
2022	4,590,000	2,090,495	2,476,671	418,624	7,066,671	2,509,119
2023	4,590,000	1,889,095	2,050,659	356,071	6,640,659	2,245,166
2024	4,590,000	1,693,195	1,752,531	300,054	6,342,531	1,993,249
2025 - 2029	22,121,500	5,659,519	6,573,200	875,799	28,694,700	6,535,318
2030 - 2034	14,580,000	2,143,818	2,501,683	176,793	17,081,683	2,320,611
2035 - 2039	4,900,000	369,375	-	-	4,900,000	369,375
Total	\$ 64,560,000	\$ 18,577,442	\$ 20,629,536	\$ 3,155,529	\$ 85,189,536	\$ 21,732,971

D. Bond Authorizations/Unissued

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2019 are as follows:

Purpose	Amount
<u>Governmental activities</u>	
Coakley landfill	\$ 4,641,897
2019 Streets and sidewalks	6,525,000
2018 Streets and sidewalks	1,450,000
Multi-purpose recreational field	3,400,000
Senior Center	2,500,000
2019 School facilities	<u>2,000,000</u>
Subtotal governmental	20,516,897
<u>Business-type activities</u>	
Pierce Island wastewater treatment facility upgrade	<u>81,900,000</u>
Subtotal business-type	<u>81,900,000</u>
Total Bond Authorizations/unissued	\$ <u>102,416,897</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
General obligation bonds	\$ 87,534	\$ 33,611	\$ (10,050)	\$ 111,095	\$ (11,472)	\$ 99,623
State revolving loans (direct borrowing)	245	-	(213)	32	(32)	-
Unamortized premium	8,392	4,115	(952)	11,555	(1,229)	10,326
Subtotal bonds and loans payable	96,171	37,726	(11,215)	122,682	(12,733)	109,949
Net pension liability	88,009	677	-	88,686	-	88,686
Net OPEB liability	23,433	780	-	24,213	-	24,213
Other:						
Landfill closure	1,440	-	-	1,440	-	1,440
Accrued employee benefits	6,319	561	(1,040)	5,840	(701)	5,139
Subtotal other	7,759	561	(1,040)	7,280	(701)	6,579
Totals	\$ 215,372	\$ 39,744	\$ (12,255)	\$ 242,861	\$ (13,434)	\$ 229,427

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Business-Type Activities						
General obligation bonds	\$ 58,327	\$ 10,258	\$ (4,025)	\$ 64,560	\$ (4,598)	\$ 59,962
State revolving loans (direct borrowing)	23,428	-	(2,798)	20,630	(2,798)	17,832
Unamortized premium	5,256	1,242	(408)	6,090	(455)	5,635
Subtotal bonds and loans payable	87,011	11,500	(7,231)	91,280	(7,851)	83,429
Net pension liability	4,167	-	(184)	3,983	-	3,983
Net OPEB liability	584	42	-	626	-	626
Other:						
Accrued employee benefits	644	-	(87)	557	(45)	512
Totals	\$ 92,406	\$ 11,542	\$ (7,502)	\$ 96,446	\$ (7,896)	\$ 88,550

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

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

G. Prior Year Defeasance of Debt

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

Defeased debt still outstanding at June 30, 2019 was \$9,330,139.

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, 2019 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

19. Deferred Inflows of Resources

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

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

20. Governmental Funds - Balances

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

The following types of fund balances are reported at June 30, 2019:

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

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

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

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

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

The following types of fund balances are reported at June 30, 2019:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Advance to other funds	\$ 480,160	\$ -	\$ 480,160
Inventory	-	48,108	48,108
Nonexpendable permanent funds:			
City Trust	-	1,629,062	1,629,062
Library Trust	-	4,000	4,000
Total Nonspendable	480,160	1,681,170	2,161,330
Restricted			
Bonded projects and capital contributions	-	15,865,382	15,865,382
Community development	-	1,041,712	1,041,712
Education	-	288,174	288,174
Police and fire	-	869,724	869,724
Public works improvements	-	530,435	530,435
Telecommunications tower license	-	807,662	807,662
US route 1 and constitution ave expansion	-	500,000	500,000
Woodbury ave turning lane and signals	-	226,943	226,943
Highway Block Grant	-	81,559	81,559
Foundry Place - Environmental Escrow	-	3,672	3,672
Ocean road improvements	-	500,000	500,000
Parking and transportation	-	6,412,050	6,412,050
Portwalk place services and repairs	-	140,750	140,750
Conservation	-	1,195,261	1,195,261
Recreation	-	630,814	630,814
Legal	-	30,565	30,565
Planning	-	118,984	118,984
Library	-	22,718	22,718
Trusts for education and recreation	-	1,043,585	1,043,585
Expendable permanent funds:			
City Trust	-	6,454,135	6,454,135
Library Trust	-	632	632
Total Restricted	-	36,764,757	36,764,757
Committed			
Debt service	11,382,387	-	11,382,387
Health insurance	6,655,236	-	6,655,236
Tax appraisal	2,001,460	-	2,001,460
Compensated absences	1,428,591	-	1,428,591
Claremont coalition	578,180	-	578,180
Coakley landfill	619,645	-	619,645
Capital	-	4,026,532	4,026,532
Total Committed	22,665,499	4,026,532	26,692,031
Assigned			
Encumbered for:			
Finance	53,947	-	53,947
Human resources	43,391	-	43,391
Planning	27,428	-	27,428
Legal	71,545	-	71,545
Police	197,269	-	197,269
Fire	313,991	-	313,991
Education	25,693	-	25,693
Public works	742,493	-	742,493
Recreation	37,087	-	37,087
Capital	6,112,832	-	6,112,832
Assessing	79,353	-	79,353
Library	15,000	-	15,000
Contingency	531,272	-	531,272
General administration	160,264	-	160,264
Landfill monitoring	1,911	-	1,911
Revaluation	128,307	-	128,307
Municipal complex	1,357,640	-	1,357,640
IT upgrades and replacements	214,265	-	214,265
Use of unassigned fund balance for FY20	400,000	-	400,000
Total Assigned	10,513,688	-	10,513,688
Unassigned	15,630,897	(50,480)	15,580,417
Total Fund Balance	\$ 49,290,244	\$ 42,421,979	\$ 91,712,223

21. Retirement System

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

A. Plan Description

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

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

B. Benefits Provided

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

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

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit 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	12	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The City's contributions to NHRS for the year ended June 30, 2019 was \$8,134,040 (exclusive of a \$851,810 medical subsidy contribution), which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a liability of \$92,668,486 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At the most recent measurement date of June 30, 2018, City's proportion was 1.92%, which was an increase of 0.05% from its previous year proportion.

For the year ended June 30, 2019, the City recognized pension expense of \$10,162,319. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Contributions subsequent to measurement date	\$ 8,354,008	\$ -
Changes in proportion and differences between employer contributions and share of contributions	4,022,782	(1,507,399)
Difference between expected and actual experience	739,661	(750,339)
Net difference between projected and actual investment earnings	-	(2,144,430)
Changes in assumption	<u>6,413,117</u>	<u>-</u>
Total	<u>\$ 19,529,568</u>	<u>\$ (4,402,168)</u>

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended:

2020	\$ 4,621,495
2021	3,409,547
2022	(1,270,594)
2023	<u>12,944</u>
Total	<u>\$ 6,773,392</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Salary increases	5.60% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

G. Target Allocation

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	<u>7.00</u>	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.25%
Opportunistic	<u>5.00</u>	2.15%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	3.25%
Total	<u><u>100.00</u></u> %	

H. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan

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

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

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

	Current	
1% Decrease	Discount Rate	1% Increase
<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
\$ 123,296,180	\$ 92,668,486	\$ 67,001,543

J. Pension Plan Fiduciary Net Position

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

22. Other Post-Employment Benefits (GASB 75)

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

A. City OPEB Plan

All the following OPEB disclosures for the City OPEB Plan are based on a measurement date of June 30, 2019.

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

Plan Membership

At July 1, 2018 (the last full valuation date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	50
Active employees	<u>708</u>
Total	<u><u>758</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	3.25% 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, 2017
Discount rate	3.51%
Healthcare cost trend rates	9.0% for fiscal year ending June 30, 2019, decreasing 0.5% for 8 years, to an ultimate 5% in 2027

The discount rate was based on Bond Buyer Go 20 – Bond Municipal Bond Index at June 30, 2019.

Mortality rates were based on RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.51%. 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 \$16,213,396 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Changes in the Total OPEB Liability

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

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 15,994,792
Changes for the year:	
Service cost	982,172
Interest	646,717
Differences between expected and actual experience	(1,314,662)
Changes in assumptions	441,310
Benefit payments	<u>(536,933)</u>
Net Changes	<u>218,604</u>
Balances, end of year	<u><u>\$ 16,213,396</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

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

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

<u>1%</u> <u>Decrease</u>	Current Discount <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 17,505,382	\$ 16,213,396	\$ 15,018,259

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

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

<u>1%</u> <u>Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1%</u> <u>Increase</u>
\$ 14,450,919	\$ 16,213,396	\$ 18,263,083

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

For the year ended June 30, 2019, the City recognized an OPEB expense of \$1,420,731. At June 30, 2019, 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>
Difference between expected and actual experience	\$ -	\$ (1,815,917)
Change in assumptions	<u>457,806</u>	<u>-</u>
Total	<u>\$ 457,806</u>	<u>\$ (1,815,917)</u>

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

<u>Fiscal Year Ended:</u>	
2020	\$ (208,158)
2021	(208,158)
2022	(208,158)
2023	(208,158)
2024	(208,158)
Thereafter	<u>(317,321)</u>
Total	\$ <u><u>(1,358,111)</u></u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

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

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The City contributed 0.30% of gross payroll for Group I employees, 1.66% of gross payroll for Group I teachers, and 4.10% of gross payroll for Group II fire and police department members. Employees are not required to contribute. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the medical subsidy plan.

Actuarial Assumptions and Other Inputs

The City's proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date as of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

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

The actuarial assumptions used in June 30, 2017 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

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

The City's proportionate share of the total NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$8,625,408, representing 1.89%.

For the year ended June 30, 2019, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$1,263,465. At June 30, 2019, the City reported deferred outflows and (inflows) resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 851,810	\$ -
Changes in proportion	329,227	(203,114)
Differences between expected and actual experience	50,630	-
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>(27,407)</u>
Total	<u>\$ 1,231,667</u>	<u>\$ (230,521)</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, 2020.

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

<u>Fiscal Year Ended:</u>	
2020	\$ 168,191
2021	(8,551)
2022	(8,551)
2023	<u>(1,753)</u>
Total	<u>\$ 149,336</u>

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

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

<u>1% Decrease</u>	Current Discount <u>Rate</u>	<u>1% Increase</u>
\$ 8,977,362	\$ 8,625,408	\$ 7,639,521

Healthcare Cost Trend Rate

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

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

The following consolidates the City's total OPEB liability and related deferred outflows/(inflows) and OPEB expense, and the City's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/(inflows) and OPEB expense at June 30, 2019:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total OPEB Expense
City OPEB Plan	\$ 16,213,396	\$ 457,806	\$ (1,815,917)	\$ 1,420,731
Proportionate share of NHRS Medical Subsidy Plan	<u>8,625,408</u>	<u>1,231,667</u>	<u>(230,521)</u>	<u>1,263,465</u>
Total	<u>\$ 24,838,804</u>	<u>\$ 1,689,473</u>	<u>\$ (2,046,438)</u>	<u>\$ 2,684,196</u>

23. Commitments and Contingencies

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

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

In December 1992, a total of 27 responsible parties, including the City, entered into 2 Consent Decrees (Decrees) with the United States Environmental Protection Agency (EPA). The Decrees commit the City to expend a significant amount as its share of the costs to remedy conditions at the site and to monitor and maintain the site once the remedial steps have been completed. The Decrees estimated the total cost of the cleanup to be approximately \$22 million, with the City's share of these costs estimated to be approximately \$8.9 million, to be contributed over a number of years as needed by the

project. Liability amongst the responsible parties is joint and several and is in no way limited by the estimate in the Decrees. Should one of the responsible parties default on its obligations, the remaining parties will assume the liability for the defaulting party.

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

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

Wastewater Treatment Facility – The City of Portsmouth is obligated under a Consent Decree (as amended) with the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (DES) to complete construction of an upgraded wastewater treatment facility and achieve secondary treatment permit limits by April 2020. Construction commenced in September 2016 and substantial completion is anticipated in May 2020. Borrowing authorization for up to \$81.9 million was approved for the construction effort.

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

Each of the parties to the sewer lien case have now filed appeals to the New Hampshire Supreme Court. The issues before the Court are complex and capable of resolution in a variety of different manners. However, it is not expected that the City’s potential liability in this case will increase beyond the amount determined by the Superior Court and other results are entirely possible.

Separate from but related to the Greenleaf Avenue Realty Trust Litigation, the City of Portsmouth took by eminent domain a portion of the property at 150 Greenleaf Avenue in order to acquire the rights to maintain the sewer line, detain water for storm-water purposes, and protect wetlands. The owner has successfully contested the City’s right to take that action at the superior court level. That determination is now on appeal to the New Hampshire Supreme Court along with the decision concerning the sewer line described in the previous paragraph. Litigation in both matters is likely to take years to resolve.

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

Encumbrances – At year-end the City’s general fund has \$10,113,688 in encumbrances that will be honored in the next fiscal year.

24. Reclassification

The City’s major governmental funds for fiscal year 2019, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

Fund Financial Statements:

	Fund Balance 6/30/2018 (as previously reported)	Reclassification	Fund Balance 6/30/2018 (as reclassified)
Building and Infrastructure Fund	\$ (13,047,950)	\$ 13,047,950	\$ -
Debt Service Fund	(5,242)	5,242	-
Nonmajor Governmental Funds	<u>37,653,929</u>	<u>(13,053,192)</u>	<u>24,600,737</u>
Total	<u>\$ 24,600,737</u>	<u>\$ -</u>	<u>\$ 24,600,737</u>

25. New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the City beginning with its fiscal year ending June 30, 2020. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the City beginning with its fiscal year ending June 30, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

JUNE 30, 2019
(Unaudited)

New Hampshire Retirement System

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

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

See Independent Auditors' Report.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</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, 2019	June 30, 2018	\$ 8,134,040	\$ 8,134,040	\$ -	\$ 49,698,886	16.4%
June 30, 2018	June 30, 2017	\$ 8,074,117	\$ 8,074,117	\$ -	\$ 48,895,625	16.5%
June 30, 2017	June 30, 2016	\$ 6,866,210	\$ 6,866,210	\$ -	\$ 46,508,941	14.8%
June 30, 2016	June 30, 2015	\$ 6,662,274	\$ 6,662,274	\$ -	\$ 45,846,939	14.5%
June 30, 2015	June 30, 2014	\$ 6,243,379	\$ 6,243,379	\$ -	\$ 43,883,269	14.2%

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

See Independent Auditors' Report.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

SCHEDULE OF PROPORTIONATE SHARE AND CONTRIBUTIONS
OF THE NET OPEB LIABILITY (GASB 75)

JUNE 30, 2019
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2019	June 30, 2018	1.89%	\$ 8,625,408	\$ 49,698,886	17.36%	8.15%
June 30, 2018	June 30, 2017	1.75%	\$ 8,021,347	\$ 48,895,625	16.41%	7.91%
June 30, 2017	June 30, 2016	1.75%	\$ 8,490,288	\$ 46,508,941	18.26%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2018	\$ 833,310	\$ 833,310	-	\$51,963,140	1.60%
June 30, 2018	June 30, 2017	\$ 1,039,787	\$ 1,039,787	-	\$49,698,886	2.09%

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

See Independent Auditors' Report.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (GASB 75)

(Unaudited)

Schedule of Changes in Total OPEB Liability

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 982,172	\$ 1,004,806
Interest on unfunded liability - time value of money	646,717	590,211
Differences between expected and actual experience	(1,314,662)	(887,452)
Changes of assumptions	441,310	95,546
Benefit payments, including refunds of member contributions	<u>(536,933)</u>	<u>(574,642)</u>
Net change in total OPEB liability	218,604	228,469
Total OPEB liability - beginning	<u>15,994,792</u>	<u>15,766,323</u>
Total OPEB liability - ending	(a) \$ <u><u>16,213,396</u></u>	(a) \$ <u><u>15,994,792</u></u>

^(a) Does not include New Hampshire Retirement System Medical Subsidy

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

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

See Independent Auditors' Report.

Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

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

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

CAPITAL PROJECT FUNDS

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

The current funds were established for the following purposes:

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

PERMANENT FUNDS

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

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

DEBT SERVICE FUNDS

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

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

	Special Revenue Funds			
	Community Development	School Lunch	School Categorical Revenues	Miscellaneous Grants and Contributions
Assets				
Cash and short-term investments	\$ 669,795	\$ 7,831	\$ -	\$ 4,073,370
Investments	-	-	-	-
Receivables:				
Departmental and other	-	18,283	208,672	47,637
Intergovernmental	-	-	895,237	39,566
Special assessment	-	-	-	-
Loans and interest	2,247,741	-	-	5,129
Inventory	-	48,108	-	-
Total Assets	\$ 2,917,536	\$ 74,222	\$ 1,103,909	\$ 4,165,702
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 9,162	\$ -	\$ -	\$ 43,369
Accrued liabilities	3,700	-	-	-
Unearned revenue	-	58,260	-	-
Retainage payable	-	-	-	1,615
Due to other funds	-	14,976	815,735	-
Advances from other funds	-	-	-	-
Total Liabilities	12,862	73,236	815,735	44,984
Deferred Inflows of Resources				
Unavailable revenues	2,207,567	-	-	5,130
Fund Balances				
Nonspendable	-	48,108	-	-
Restricted	697,107	-	288,174	4,115,588
Committed	-	-	-	-
Unassigned	-	(47,122)	-	-
Total Fund Balances	697,107	986	288,174	4,115,588
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,917,536	\$ 74,222	\$ 1,103,909	\$ 4,165,702

Special Revenue Funds							
<u>Police Grants</u>	<u>Prescott Park</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Stormwater</u>
\$ -	\$ 32,814	\$ 39,881	\$ 6,461,645	\$ 140,750	\$ 195,880	\$ 848,733	\$ 222,453
-	-	-	-	-	-	-	-
-	14,917	-	-	-	-	-	-
225,087	-	6,529	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,260,078	-	-
-	-	-	-	-	-	-	-
<u>\$ 225,087</u>	<u>\$ 47,731</u>	<u>\$ 46,410</u>	<u>\$ 6,461,645</u>	<u>\$ 140,750</u>	<u>\$ 1,455,958</u>	<u>\$ 848,733</u>	<u>\$ 222,453</u>
\$ 56,415	\$ 22,634	\$ -	\$ 153,155	\$ -	\$ -	\$ -	\$ 29,022
2,115	13,130	-	77,923	-	-	-	11,948
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,397	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>109,927</u>	<u>35,764</u>	<u>-</u>	<u>231,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,970</u>
-	-	-	-	-	1,260,078	-	-
-	-	-	-	-	-	-	-
115,160	11,967	46,410	6,230,567	140,750	195,880	848,733	181,483
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>115,160</u>	<u>11,967</u>	<u>46,410</u>	<u>6,230,567</u>	<u>140,750</u>	<u>195,880</u>	<u>848,733</u>	<u>181,483</u>
<u>\$ 225,087</u>	<u>\$ 47,731</u>	<u>\$ 46,410</u>	<u>\$ 6,461,645</u>	<u>\$ 140,750</u>	<u>\$ 1,455,958</u>	<u>\$ 848,733</u>	<u>\$ 222,453</u>

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust</u>	<u>City Trust</u>	<u>Subtotals</u>
Assets						
Cash and short-term investments	\$ 99,249	\$ 158,362	\$ 144,780	\$ 154,812	\$ 870,321	\$ 14,120,676
Investments	-	-	-	29,551	652,942	682,493
Receivables:						
Departmental and other	-	-	-	-	-	289,509
Intergovernmental	-	-	-	-	-	1,166,419
Special assessment	-	-	-	-	-	-
Loans and interest	-	-	-	-	482	3,513,430
Inventory	-	-	-	-	-	48,108
Total Assets	<u>\$ 99,249</u>	<u>\$ 158,362</u>	<u>\$ 144,780</u>	<u>\$ 184,363</u>	<u>\$ 1,523,745</u>	<u>\$ 19,820,635</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 15,043	\$ 19,721	\$ 19	\$ -	\$ -	\$ 348,540
Accrued liabilities	-	10,207	-	-	-	119,023
Unearned revenue	-	-	-	-	-	58,260
Retainage payable	-	-	-	-	-	1,615
Due to other funds	-	12,560	-	-	-	894,668
Advances from other funds	-	-	-	-	480,160	480,160
Total Liabilities	15,043	42,488	19	-	480,160	1,902,266
Deferred Inflows of Resources						
Unavailable revenues	-	-	-	-	-	3,472,775
Fund Balances						
Nonspendable	-	-	-	-	-	48,108
Restricted	84,206	115,874	144,761	184,363	1,043,585	14,444,608
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(47,122)
Total Fund Balances	<u>84,206</u>	<u>115,874</u>	<u>144,761</u>	<u>184,363</u>	<u>1,043,585</u>	<u>14,445,594</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 99,249</u>	<u>\$ 158,362</u>	<u>\$ 144,780</u>	<u>\$ 184,363</u>	<u>\$ 1,523,745</u>	<u>\$ 19,820,635</u>

Capital Project Funds

<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Building and Infrastructure</u>	<u>Subtotals</u>
\$ 28,154	\$ 12,357,664	\$ 56,412	\$ 2,309,138	\$ 156,776	\$ 7,328,647	\$ 22,236,791
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 28,154</u>	<u>\$ 12,357,664</u>	<u>\$ 56,412</u>	<u>\$ 2,309,138</u>	<u>\$ 156,776</u>	<u>\$ 7,328,647</u>	<u>\$ 22,236,791</u>
\$ -	\$ 377,268	\$ -	\$ -	\$ 20,546	\$ 341,003	\$ 738,817
-	-	-	-	-	1,321	1,321
-	-	-	-	-	-	-
-	493,061	-	-	-	1,111,678	1,604,739
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	870,329	-	-	20,546	1,454,002	2,344,877
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,154	11,487,335	-	-	-	4,349,893	15,865,382
-	-	56,412	2,309,138	136,230	1,524,752	4,026,532
-	-	-	-	-	-	-
<u>28,154</u>	<u>11,487,335</u>	<u>56,412</u>	<u>2,309,138</u>	<u>136,230</u>	<u>5,874,645</u>	<u>19,891,914</u>
<u>\$ 28,154</u>	<u>\$ 12,357,664</u>	<u>\$ 56,412</u>	<u>\$ 2,309,138</u>	<u>\$ 156,776</u>	<u>\$ 7,328,647</u>	<u>\$ 22,236,791</u>

(continued)

(continued)

	Permanent Funds			Debt	Total
	City	Library	Subtotals	Service	Nonmajor
	Trust	Trust		Fund	Governmental
					Funds
Assets					
Cash and short-term investments	\$ 23,545	\$ -	\$ 23,545	\$ -	\$ 36,381,012
Investments	8,059,199	4,632	8,063,831	-	8,746,324
Receivables:					
Departmental and other	453	-	453	-	289,962
Intergovernmental	-	-	-	-	1,166,419
Special assessment	-	-	-	1,309,587	1,309,587
Loans and interest	-	-	-	-	3,513,430
Inventory	-	-	-	-	48,108
Total Assets	\$ 8,083,197	\$ 4,632	\$ 8,087,829	\$ 1,309,587	\$ 51,454,842
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,087,357
Accrued liabilities	-	-	-	-	120,344
Unearned revenue	-	-	-	-	58,260
Retainage payable	-	-	-	-	1,606,354
Due to other funds	-	-	-	3,358	898,026
Advances from other funds	-	-	-	-	480,160
Total Liabilities	-	-	-	3,358	4,250,501
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	1,309,587	4,782,362
Fund Balances					
Nonspendable	1,629,062	4,000	1,633,062	-	1,681,170
Restricted	6,454,135	632	6,454,767	-	36,764,757
Committed	-	-	-	-	4,026,532
Unassigned	-	-	-	(3,358)	(50,480)
Total Fund Balances	8,083,197	4,632	8,087,829	(3,358)	42,421,979
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,083,197	\$ 4,632	\$ 8,087,829	\$ 1,309,587	\$ 51,454,842

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue Funds			
	Community Development	School Lunch	School Categorical Revenues	Miscellaneous Grants and Contributions
Revenues				
Intergovernmental	\$ 571,132	\$ 299,664	\$ 3,365,042	\$ 854,843
Charges for services	-	598,587	-	-
Investment income	8,553	-	-	203
Fines and costs	-	-	-	5,488
Contributions	-	-	-	227,713
Special assessment	-	-	-	-
Other	<u>41,523</u>	<u>-</u>	<u>-</u>	<u>97,544</u>
 Total Revenues	 621,208	 898,251	 3,365,042	 1,185,791
Expenditures				
Current:				
General government	-	-	-	432,373
Public safety	-	-	-	41,165
Education	-	1,015,202	4,447,451	-
Public works	-	-	-	1,803,797
Culture and recreation	-	-	-	155,109
Community development	812,595	-	-	4,484
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>812,595</u>	 <u>1,015,202</u>	 <u>4,447,451</u>	 <u>2,436,928</u>
 Excess (deficiency) of revenues over (under) expenditures	 (191,387)	 (116,951)	 (1,082,409)	 (1,251,137)
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	114,500	822,791	68,106
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>114,500</u>	 <u>822,791</u>	 <u>68,106</u>
 Net change in fund balances	 (191,387)	 (2,451)	 (259,618)	 (1,183,031)
 Fund Balances, beginning of year	 <u>888,494</u>	 <u>3,437</u>	 <u>547,792</u>	 <u>5,298,619</u>
 Fund Balances, end of year	 <u>\$ 697,107</u>	 <u>\$ 986</u>	 <u>\$ 288,174</u>	 <u>\$ 4,115,588</u>

Special Revenue Funds							
<u>Police Grants</u>	<u>Prescott Park</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Stormwater</u>
\$ 616,099	\$ -	\$ 1,385	\$ -	\$ -	\$ -	\$ -	\$ -
-	36,125	-	6,032,176	47,317	-	-	-
-	-	-	-	-	-	-	-
-	-	5,746	-	-	-	-	-
1,292	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,125	36,966	2,870	-	115,641	-	-
617,391	37,250	44,097	6,035,046	47,317	115,641	-	-
-	-	-	-	-	-	30,000	-
543,157	-	56,541	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,627,115	15,930	-	-	338,651
-	317,723	-	-	-	-	-	-
-	-	-	-	-	285,053	-	-
-	-	-	-	-	-	-	-
-	-	-	658,167	-	-	-	-
52,113	-	-	159,010	-	-	-	-
595,270	317,723	56,541	5,444,292	15,930	285,053	30,000	338,651
22,121	(280,473)	(12,444)	590,754	31,387	(169,412)	(30,000)	(338,651)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	264,000	-	-	-	250,000	525	520,134
-	-	-	(496,708)	-	-	-	-
-	264,000	-	(496,708)	-	250,000	525	520,134
22,121	(16,473)	(12,444)	94,046	31,387	80,588	(29,475)	181,483
93,039	28,440	58,854	6,136,521	109,363	115,292	878,208	-
\$ 115,160	\$ 11,967	\$ 46,410	\$ 6,230,567	\$ 140,750	\$ 195,880	\$ 848,733	\$ 181,483

(continued)

(continued)

	Special Revenue Funds					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust</u>	<u>City Trust</u>	<u>Subtotals</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,708,165
Charges for services	140,922	428,316	65,872	-	68,259	7,417,574
Investment income	-	-	-	2,955	66,058	77,769
Fines and costs	-	-	-	-	-	11,234
Contributions	-	-	6,296	-	30,618	265,919
Special assessment	-	-	-	-	-	-
Other	-	-	-	-	-	295,669
Total Revenues	140,922	428,316	72,168	2,955	164,935	13,776,330
Expenditures						
Current:						
General government	-	-	-	-	-	462,373
Public safety	-	-	-	-	-	640,863
Education	-	-	-	-	61,781	5,524,434
Public works	-	-	-	-	-	6,785,493
Culture and recreation	202,786	591,134	87,812	182	141,260	1,496,006
Community development	-	-	-	-	-	1,102,132
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	658,167
Capital outlay	-	-	-	-	-	211,123
Total Expenditures	202,786	591,134	87,812	182	203,041	16,880,591
Excess (deficiency) of revenues over (under) expenditures	(61,864)	(162,818)	(15,644)	2,773	(38,106)	(3,104,261)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfers in	-	150,000	10,476	-	-	2,200,532
Transfers out	-	-	-	-	(1,546,000)	(2,042,708)
Total Other Financing Sources (Uses)	-	150,000	10,476	-	(1,546,000)	157,824
Net change in fund balances	(61,864)	(12,818)	(5,168)	2,773	(1,584,106)	(2,946,437)
Fund Balances, beginning of year	146,070	128,692	149,929	181,590	2,627,691	17,392,031
Fund Balances, end of year	\$ <u>84,206</u>	\$ <u>115,874</u>	\$ <u>144,761</u>	\$ <u>184,363</u>	\$ <u>1,043,585</u>	\$ <u>14,445,594</u>

Capital Project Funds						
<u>School Renovations</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Building and Infrastructure</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	14,546	14,546
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	14,546	14,546
-	-	-	-	-	-	-
-	-	-	-	292,656	5,552	298,208
-	-	-	14,809	135,475	-	150,284
3,279	-	-	-	86,770	-	90,049
-	25,712	-	-	-	2,880	28,592
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,469,340	-	344,016	2,529	14,633,519	19,449,404
3,279	4,495,052	-	358,825	517,430	14,641,951	20,016,537
(3,279)	(4,495,052)	-	(358,825)	(517,430)	(14,627,405)	(20,001,991)
-	4,542,000	-	708,000	-	28,361,500	33,611,500
-	808,000	-	72,000	-	3,234,792	4,114,792
-	-	-	652,298	465,430	1,953,708	3,071,436
-	-	(5,396)	-	-	-	(5,396)
-	5,350,000	(5,396)	1,432,298	465,430	33,550,000	40,792,332
(3,279)	854,948	(5,396)	1,073,473	(52,000)	18,922,595	20,790,341
31,433	10,632,387	61,808	1,235,665	188,230	(13,047,950)	(898,427)
\$ 28,154	\$ 11,487,335	\$ 56,412	\$ 2,309,138	\$ 136,230	\$ 5,874,645	\$ 19,891,914

(continued)

(continued)

	Permanent Funds			Debt	Total
	City	Library		Service	Nonmajor
	<u>Trust</u>	<u>Trust</u>	<u>Subtotals</u>	<u>Fund</u>	<u>Funds</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,708,165
Charges for services	-	-	-	-	7,417,574
Investment income	420,470	74	420,544	-	498,313
Fines and costs	-	-	-	-	11,234
Contributions	-	-	-	-	280,465
Special assessment	-	-	-	187,084	187,084
Other	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>295,869</u>
Total Revenues	420,670	74	420,744	187,084	14,398,704
Expenditures					
Current:					
General government	-	-	-	-	760,581
Public safety	-	-	-	-	791,147
Education	-	-	-	-	5,614,483
Public works	-	-	-	-	6,814,085
Culture and recreation	1,814	-	1,814	-	1,497,820
Community development	-	-	-	-	1,102,132
Debt service:					
Principal	-	-	-	135,000	135,000
Interest	-	-	-	50,200	708,367
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,660,527</u>
Total Expenditures	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>185,200</u>	<u>37,084,142</u>
Excess (deficiency) of revenues over (under) expenditures	418,856	74	418,930	1,884	(22,685,438)
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	33,611,500
Bond premium	-	-	-	-	4,114,792
Transfers in	-	-	-	-	5,271,968 ⁽¹⁾
Transfers out	<u>(443,476)</u>	<u>-</u>	<u>(443,476)</u>	<u>-</u>	<u>(2,491,580) ⁽¹⁾</u>
Total Other Financing Sources (Uses)	<u>(443,476)</u>	<u>-</u>	<u>(443,476)</u>	<u>-</u>	<u>40,506,680</u>
Net change in fund balances	(24,620)	74	(24,546)	1,884	17,821,242
Fund Balances, beginning of year	<u>8,107,817</u>	<u>4,558</u>	<u>8,112,375</u>	<u>(5,242)</u>	<u>24,600,737</u>
Fund Balances, end of year	<u>\$ 8,083,197</u>	<u>\$ 4,632</u>	<u>\$ 8,087,829</u>	<u>\$ (3,358)</u>	<u>\$ 42,421,979</u>

(1) Transfers in and out were netted on page 47 to eliminate activity within nonmajor governmental funds.

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

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

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

AGENCY FUNDS

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

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2019

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
Assets						
Cash and short-term investments	\$ 138,116	\$ 17,695	\$ 73,602	\$ 509,466	\$ 5,469	\$ 744,348
Investments:						
Fixed income	-	1,837,354	-	-	-	1,837,354
Equities	-	5,594,932	-	-	-	5,594,932
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>80</u>
 Total Assets	 <u>\$ 138,116</u>	 <u>\$ 7,449,981</u>	 <u>\$ 73,602</u>	 <u>\$ 509,546</u>	 <u>\$ 5,469</u>	 <u>\$ 8,176,714</u>
 Net position held in trust	 <u>\$ 138,116</u>	 <u>\$ 7,449,981</u>	 <u>\$ 73,602</u>	 <u>\$ 509,546</u>	 <u>\$ 5,469</u>	 <u>\$ 8,176,714</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2019

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
Additions						
Investment income	\$ 3,954	\$ 406,018	\$ 4,008	\$ 27,744	\$ 298	\$ 442,022
Contributions	<u>126,627</u>	<u>19,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,077</u>
Total Additions	130,581	425,468	4,008	27,744	298	588,099
Deductions						
Payments to beneficiaries	<u>126,836</u>	<u>125,295</u>	<u>212</u>	<u>1,466</u>	<u>16</u>	<u>253,825</u>
Net increase	3,745	300,173	3,796	26,278	282	334,274
Net Position						
Beginning of year	<u>134,371</u>	<u>7,149,808</u>	<u>69,806</u>	<u>483,268</u>	<u>5,187</u>	<u>7,842,440</u>
End of year	<u><u>\$ 138,116</u></u>	<u><u>\$ 7,449,981</u></u>	<u><u>\$ 73,602</u></u>	<u><u>\$ 509,546</u></u>	<u><u>\$ 5,469</u></u>	<u><u>\$ 8,176,714</u></u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2019

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
Claremont Coalition				
Assets - cash and short-term investments	\$ <u>51,271</u>	\$ <u>10,505</u>	\$ <u>-</u>	\$ <u>61,776</u>
Liabilities - other liabilities	\$ <u>51,271</u>	\$ <u>10,505</u>	\$ <u>-</u>	\$ <u>61,776</u>
School				
Assets - cash and short-term investments	\$ <u>385,202</u>	\$ <u>790,064</u>	\$ <u>(769,904)</u>	\$ <u>405,362</u>
Liabilities - other liabilities	\$ <u>385,202</u>	\$ <u>790,064</u>	\$ <u>(769,904)</u>	\$ <u>405,362</u>
Totals				
Assets - cash and short-term investments	\$ <u>436,473</u>	\$ <u>800,569</u>	\$ <u>(769,904)</u>	\$ <u>467,138</u>
Liabilities - other liabilities	\$ <u>436,473</u>	\$ <u>800,569</u>	\$ <u>(769,904)</u>	\$ <u>467,138</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATISTICAL SECTION

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

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

City of Portsmouth, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019
Governmental Activities										
Net invested in capital assets	\$ 71,574,714	\$ 75,937,883	\$ 78,587,672	\$ 85,565,006	\$ 100,313,414	\$ 109,917,788	\$ 113,265,585	\$ 120,182,374	\$ 126,962,691	\$ 134,801,319
Restricted	14,696,926	15,701,688	17,147,890	17,238,560	17,107,717	16,604,810	17,379,705	23,682,016	27,866,299	23,358,486
Unrestricted	29,747,020	33,595,065	36,242,831	37,952,181	40,877,993	(27,370,090)	(20,874,844)	(26,597,332)	(47,851,018)	(48,314,956)
Total governmental activities net position	\$ 116,018,660	\$ 125,234,636	\$ 131,978,393	\$ 140,755,747	\$ 158,299,124	\$ 99,152,508	\$ 109,770,446	\$ 117,267,058	\$ 106,977,972	\$ 109,844,849
Business-type activities										
Net invested in capital assets	\$ 38,650,422	\$ 43,749,770	\$ 42,709,386	\$ 47,882,518	\$ 50,987,816	\$ 56,301,452	\$ 60,256,180	\$ 64,498,965	\$ 70,901,637	\$ 76,006,214
Restricted	1,625,478	1,462,931	1,300,383	1,137,835	975,288	812,740	650,192	487,644	325,096	162,549
Unrestricted	12,193,230	13,546,674	21,966,267	23,551,956	27,699,734	26,835,174	30,326,890	33,436,307	36,095,169	40,138,456
Total business-type activities net position	\$ 52,469,130	\$ 58,759,375	\$ 65,976,036	\$ 72,572,309	\$ 79,662,838	\$ 83,949,366	\$ 91,233,262	\$ 98,422,916	\$ 107,321,902	\$ 116,307,219
Primary government										
Net invested in capital assets	\$ 110,225,136	\$ 119,687,653	\$ 121,297,058	\$ 133,447,524	\$ 151,301,230	\$ 166,219,240	\$ 173,521,765	\$ 184,681,339	\$ 197,864,328	\$ 210,807,533
Restricted	16,322,404	17,164,619	18,448,273	18,376,395	18,083,005	17,417,550	18,029,897	24,169,660	28,191,395	23,521,035
Unrestricted	41,940,250	47,141,739	58,209,098	61,504,137	68,577,727	(534,916)	9,452,046	6,838,975	(11,755,849)	(8,176,500)
Total primary government net position	\$ 168,487,790	\$ 183,994,011	\$ 197,954,429	\$ 213,328,056	\$ 237,961,962	\$ 183,101,874	\$ 201,003,708	\$ 215,689,974	\$ 214,299,874	\$ 226,152,068

Notes:

⁽¹⁾As restated in conformity with GASB Statement 68.

⁽²⁾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									
	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019
Expenses										
Governmental activities:										
General government	\$ 10,689,349	\$ 10,919,895	\$ 11,717,003	\$ 11,905,707	\$ 11,652,734	\$ 12,330,468	\$ 12,673,140	\$ 13,503,790	\$ 15,088,352	\$ 16,128,724
Public safety	16,915,999	16,579,407	16,854,982	17,576,460	18,479,571	17,697,750	18,094,404	20,724,528	21,595,007	23,146,413
Education	41,474,811	43,416,528	44,280,725	44,546,643	47,492,836	49,212,516	50,084,302	54,271,573	55,519,796	57,309,963
Public works	9,303,285	9,659,576	9,834,737	10,303,800	11,337,941	12,367,464	12,653,506	14,283,986	15,615,743	16,596,453
Health and human Services	693,053	644,424	601,503	689,895	675,256	582,910	565,256	674,704	650,045	745,703
Culture and recreation	3,620,162	3,694,425	3,804,755	3,634,914	3,895,264	3,888,467	4,095,642	4,331,428	4,291,601	4,679,018
Community development	1,330,221	764,771	981,022	863,416	1,125,562	888,705	1,115,661	1,278,188	1,356,490	1,129,752
Interest	2,527,611	2,702,329	3,781,050	3,095,996	3,013,917	3,123,714	3,213,394	3,157,534	3,840,248	4,042,650
Total governmental activities expenses	86,554,491	88,381,355	91,855,777	92,616,831	97,673,081	100,091,994	102,495,305	112,225,731	117,957,282	123,778,676
Business-type activities:										
Water services	5,223,793	5,365,583	5,905,875	6,621,011	7,012,453	6,866,489	7,701,340	7,906,621	8,006,293	8,196,446
Sewer services	6,632,817	7,081,798	8,052,017	8,456,885	9,018,802	9,187,296	9,656,429	10,534,561	10,764,490	12,134,267
Total business-type activities expenses	11,856,610	12,447,381	13,957,892	15,077,896	16,031,255	16,053,785	17,357,769	18,441,182	18,770,783	20,330,713
Total primary government expenses	\$ 98,411,101	\$ 100,828,736	\$ 105,813,669	\$ 107,694,727	\$ 113,704,336	\$ 116,145,779	\$ 119,853,074	\$ 130,666,913	\$ 136,728,065	\$ 144,109,389
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 6,186,248	\$ 6,259,000	\$ 6,702,933	\$ 6,800,409	\$ 7,421,658	\$ 7,620,989	\$ 8,468,071	\$ 9,118,467	\$ 9,238,699	\$ 10,174,313
Public safety	834,164	1,235,321	1,248,411	1,127,299	1,196,161	1,161,585	1,023,934	1,447,285	1,019,331	1,328,213
Education	5,895,619	5,882,803	5,817,036	5,958,503	5,884,555	6,462,707	6,684,384	6,620,461	7,235,719	6,985,823
Public Works	3,818,291	3,918,395	4,396,016	4,654,656	5,092,527	5,878,880	6,666,633	6,978,104	8,287,756	8,622,961
Health and Human Services	13,008	48,054	22,152	85,079	100,002	89,398	101,805	90,178	46,827	119,184
Culture and Recreation	600,894	543,575	506,975	874,509	955,544	969,031	1,047,332	1,046,097	1,037,737	1,013,455
Total charges for services	17,348,224	17,887,148	18,693,523	19,500,455	20,650,447	22,182,590	23,992,159	25,300,592	26,866,069	28,243,949
Operating grants and contributions	6,172,231	7,168,204	6,876,190	4,929,483	5,114,762	5,631,065	4,931,928	5,958,915	6,171,969	4,918,765
Capital grants and contributions	6,966,317	2,619,401	2,561,524	3,032,801	12,137,864	5,106,620	3,113,261	3,630,406	4,384,314	3,582,619
Total governmental activities program revenues	30,486,772	27,674,753	28,131,237	27,462,739	37,903,073	32,920,275	32,037,348	34,889,913	37,422,352	36,745,333
Business-type activities:										
Charges for services										
Water services	6,727,586	8,914,913	9,057,948	8,839,035	9,114,578	8,849,199	9,225,357	9,029,792	9,469,785	9,242,222
Sewer services	6,010,072	7,249,404	10,422,913	11,962,934	13,210,967	13,724,391	14,244,796	14,602,295	15,434,863	15,787,895
Total charges for services	12,737,658	16,164,317	19,480,861	20,801,969	22,325,545	22,573,590	23,470,153	23,632,087	24,904,648	25,030,117
Capital grants and contributions	3,378,786	2,487,884	1,642,521	784,754	719,148	638,259	876,799	1,397,118	2,035,271	3,030,126
Total business-type activities program revenues	16,116,444	18,652,201	21,123,382	21,586,723	23,044,693	23,211,849	24,346,952	25,029,205	26,939,919	28,060,243
Total primary government program revenues	\$ 46,603,216	\$ 46,326,954	\$ 49,254,619	\$ 49,049,462	\$ 60,947,766	\$ 56,132,124	\$ 56,384,300	\$ 59,919,118	\$ 64,362,271	\$ 64,805,576
Net (Expenses)Revenue										
Governmental activities	\$ (56,067,719)	\$ (60,706,602)	\$ (63,724,540)	\$ (65,154,092)	\$ (59,770,008)	\$ (67,171,719)	\$ (70,457,957)	\$ (77,335,818)	\$ (80,534,930)	\$ (87,033,343)
Business-type activities	4,259,834	6,204,820	7,165,490	6,508,827	7,013,438	7,158,064	6,989,183	6,588,023	8,169,136	7,729,530
Total primary government net expense	\$ (51,807,885)	\$ (54,501,782)	\$ (56,559,050)	\$ (58,645,265)	\$ (52,756,570)	\$ (60,013,655)	\$ (63,468,774)	\$ (70,747,795)	\$ (72,365,794)	\$ (79,303,813)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes	\$ 63,648,465	\$ 65,993,838	\$ 67,341,676	\$ 69,226,282	\$ 72,594,154	\$ 73,416,098	\$ 77,272,916	\$ 78,955,625	\$ 81,811,278	\$ 84,827,646
Interest on taxes	270,299	300,578	266,690	371,247	279,531	289,805	208,972	168,675	88,770	104,157
Grants and contributions not restricted	-	-	-	-	-	-	-	-	-	-
to specific programs	1,110,062	1,143,748	1,238,571	989,067	957,070	1,025,926	1,032,133	1,111,547	1,109,504	1,122,057
Special Assessment	-	-	-	-	-	-	-	1,870,839	-	-
Investment income (loss)	1,084,222	1,520,906	478,214	861,855	1,143,154	252,292	473,465	1,219,261	1,548,840	1,834,402
Other revenues	476,898	960,388	267,608	1,045,112	2,321,745	1,967,808	2,061,211	1,493,503	3,115,350	1,751,891
Gain on sale of capital asset	-	-	-	1,426,433	-	-	-	-	-	-
Permanent fund contributions	3,625	3,120	11,538	11,450	17,731	34,330	27,198	12,980	865	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	260,067
Total governmental activities	66,593,571	69,922,578	69,604,297	73,931,446	77,313,385	76,986,259	81,075,895	84,832,430	87,674,607	89,900,220
Business-type activities:										
Investment income	65,045	50,705	42,733	17,408	239	57,554	98,047	270,077	602,424	1,107,618
Other revenues	2,360	34,720	8,438	70,038	76,852	176,950	196,666	331,554	355,849	408,236
Transfers in (out)	-	-	-	-	-	-	-	-	-	(260,067)
Total business-type activities	67,405	85,425	51,171	87,446	77,091	234,504	294,713	601,631	958,273	1,255,787
Total primary government	\$ 66,660,976	\$ 70,008,003	\$ 69,655,468	\$ 74,018,892	\$ 77,390,476	\$ 77,220,763	\$ 81,370,608	\$ 85,434,061	\$ 88,632,880	\$ 91,156,007
Change in Net Assets/Position										
Governmental activities	\$ 10,525,852	\$ 9,215,976	\$ 5,879,757	\$ 8,777,354	\$ 17,543,377	\$ 9,814,540	\$ 10,617,938	\$ 7,496,612	\$ 7,139,677	\$ 2,866,877
Business-type activities	4,327,239	6,290,245	7,216,661	6,596,273	7,090,529	7,392,568	7,283,896	7,189,654	9,127,409	8,985,317
Total primary government	\$ 14,853,091	\$ 15,506,221	\$ 13,096,418	\$ 15,373,627	\$ 24,633,906	\$ 17,207,108	\$ 17,901,834	\$ 14,686,266	\$ 16,267,086	\$ 11,852,194

Notes:

⁽¹⁾As restated in conformity with GASB Statement 68.

⁽²⁾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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All governmental funds⁽¹⁾										
Reserved for encumbrances	\$ 6,468,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for inventory	21,287	-	-	-	-	-	-	-	-	-
Reserved for advances	43,500	-	-	-	-	-	-	-	-	-
Reserve for perpetual permanent funds	1,588,492	-	-	-	-	-	-	-	-	-
Total Reserved	8,121,280	-	-	-	-	-	-	-	-	-
Designated Unreserved	18,289,507	-	-	-	-	-	-	-	-	-
Undesignated	42,890,153	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,632,425	1,616,387	1,652,765	1,654,749	2,338,528	2,271,832	2,247,577	2,202,379	2,161,330
Restricted	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757
Committed	-	22,466,249	26,363,315	25,056,206	27,219,500	26,784,433	30,930,948	29,694,220	28,243,458	26,692,031
Assigned	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688
Unassigned	-	10,329,071	10,470,953	11,007,797	11,769,423	11,838,381	11,932,667	7,070,449	(4,041,649)	15,580,417
Total all governmental funds	\$ 69,300,940	\$ 66,829,637	\$ 81,740,918	\$ 73,735,854	\$ 75,794,500	\$ 75,783,017	\$ 85,119,611	\$ 85,781,423	\$ 74,862,682	\$ 91,712,223
General Fund										
Reserved for encumbrances	\$ 6,468,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for advances	43,500	-	-	-	-	-	-	-	-	-
Total Reserved	6,511,501	-	-	-	-	-	-	-	-	-
Designated Unreserved	18,289,507	-	-	-	-	-	-	-	-	-
Undesignated	10,069,956	-	-	-	-	-	-	-	-	-
Nonspendable ⁽²⁾	-	28,000	6,000	-	-	672,927	610,160	567,160	524,160	480,160
Committed	-	19,960,221	22,631,684	22,624,205	26,173,686	24,544,530	27,956,594	26,964,585	25,642,234	22,665,499
Assigned	-	5,294,862	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688
Unassigned	-	10,329,071	10,470,953	11,027,473	11,790,868	12,509,746	13,158,179	14,505,641	15,152,954	15,630,897
Total General Fund	\$ 34,870,964	\$ 35,612,154	\$ 39,087,354	\$ 40,185,463	\$ 44,620,852	\$ 45,348,534	\$ 50,612,247	\$ 51,023,046	\$ 50,261,945	\$ 49,290,244
All other governmental funds										
Inventory	\$ 21,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for perpetual permanent funds	1,588,492	-	-	-	-	-	-	-	-	-
Total Reserved	1,609,779	-	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Special revenue funds	9,347,520	-	-	-	-	-	-	-	-	-
Capital projects funds	20,179,357	-	-	-	-	-	-	-	-	-
Permanent funds	3,293,320	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,604,425	1,610,387	1,652,765	1,654,749	1,665,601	1,661,672	1,680,417	1,678,219	1,681,170
Restricted	-	27,107,030	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757
Committed	-	2,506,028	3,731,631	2,432,001	1,045,814	2,239,903	2,974,354	2,729,635	2,601,224	4,026,532
Unassigned	-	-	-	(19,676)	(21,445)	(671,365)	(1,225,512)	(7,435,192)	(19,194,603)	(50,480)
Total all other governmental funds	\$ 34,429,976	\$ 31,217,483	\$ 42,653,564	\$ 33,550,391	\$ 31,173,648	\$ 30,434,483	\$ 34,507,364	\$ 34,758,377	\$ 24,600,737	\$ 42,421,979

Notes:

⁽¹⁾ FY 2011 fund balances reflect implementation of GASB Statement 54.

⁽²⁾ 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Real estate taxes	\$ 63,840,741	\$ 65,792,501	\$ 67,203,467	\$ 69,355,426	\$ 72,964,294	\$ 73,635,672	\$ 77,428,695	\$ 78,902,463	\$ 81,974,427	\$ 84,798,383
Licenses and permits	4,111,438	4,097,592	4,517,610	4,669,868	5,140,721	5,311,858	6,045,153	6,327,360	6,576,275	7,404,735
Intergovernmental	13,942,037	9,933,900	10,270,965	7,936,593	11,214,081	11,195,901	8,684,813	9,572,209	10,932,334	9,342,976
Charges for service	12,326,877	12,887,711	13,309,488	13,885,548	14,657,539	15,938,798	17,393,610	18,030,599	19,381,113	19,948,859
Investment income	1,084,222	1,520,906	478,213	861,856	1,143,153	252,291	473,465	1,219,261	1,548,840	1,834,400
Interest on taxes	270,299	300,578	266,690	371,247	279,531	289,805	208,972	168,675	88,770	104,157
Fines and costs	892,889	853,011	848,243	809,832	747,940	836,479	804,327	890,796	905,279	753,042
Contributions	306,795	871,594	217,658	2,526,208	569,549	602,041	287,408	1,141,640	734,318	280,465
Special Assessment	-	-	-	-	-	-	-	187,084	187,084	187,084
Other	441,635	954,176	456,282	715,816	1,850,862	1,424,041	1,696,903	411,561	617,788	655,473
Total revenues	97,216,933	97,211,969	97,568,616	101,132,394	108,567,670	109,486,886	113,023,346	116,851,648	122,946,228	125,309,574
Expenditures										
General government	6,300,028	6,167,661	5,925,769	6,669,587	6,929,207	7,449,378	7,556,377	10,450,462	8,945,562	10,545,576
Public safety	15,980,896	15,791,806	16,145,072	16,246,164	17,162,643	17,415,808	17,892,961	18,730,211	19,845,067	20,940,213
Education	40,600,275	42,223,687	43,426,320	43,274,802	45,679,948	47,346,209	48,242,046	49,875,849	51,966,015	54,058,715
Public works	8,027,090	7,862,765	7,617,764	8,724,410	9,170,490	9,638,677	9,777,531	10,480,446	11,054,124	13,512,993
Health and human services	692,997	642,402	607,995	663,744	673,703	588,645	589,457	658,401	635,743	743,721
Culture and recreation	3,064,439	3,207,984	3,268,232	3,194,516	3,594,783	4,256,940	3,802,522	3,719,880	3,873,945	4,395,664
Community development	2,569,207	799,099	1,649,106	743,466	1,039,811	1,768,051	817,479	1,026,946	1,171,019	1,102,132
Debt service										
Principal	6,107,905	6,327,905	6,327,905	8,257,905	7,394,905	8,092,905	8,610,407	9,452,877	9,805,540	10,262,905
Interest	2,397,714	2,754,978	3,264,915	3,091,322	3,045,212	3,170,237	2,983,390	3,190,755	3,874,129	4,049,128
Capital outlay ⁽¹⁾	12,982,848	9,703,505	21,714,928	16,796,251	17,434,367	9,928,572	13,524,700	17,922,741	30,405,286	21,336,460
Intergovernmental	3,949,898	4,201,480	4,181,246	4,426,943	4,667,200	4,832,388	5,100,513	5,203,357	5,629,133	5,503,199
Total expenditures	102,673,297	99,683,272	114,129,252	112,089,110	116,792,269	114,487,810	118,897,383	130,711,925	147,205,563	146,450,706
Excess of Revenues										
Over(under) expenditures	(5,456,364)	(2,471,303)	(16,560,636)	(10,956,716)	(8,224,599)	(5,000,924)	(5,874,037)	(13,860,277)	(24,259,335)	(21,141,132)
Other Financing Sources (Uses)										
Issuance of bonds/loans	17,300,000	-	29,400,000	2,767,000	9,050,000	4,600,000	13,648,000	12,860,000	11,750,000	33,611,500
Issuance of refunding bond	-	-	17,325,000	-	-	3,335,000	3,040,500	-	-	-
Bond/BAN premium	512,701	-	4,369,900	184,652	1,233,245	586,229	1,958,633	1,662,089	1,590,594	4,119,106
Transfers in	1,429,660	3,058,431	2,905,868	1,919,914	1,911,538	3,706,034	2,716,667	4,218,271	2,231,502	2,785,784
Payment to refunded bond escrow agent	-	-	(19,622,983)	-	-	(3,531,788)	(3,436,502)	-	-	-
Transfers out	(1,429,660)	(3,058,431)	(2,905,868)	(1,919,914)	(1,911,538)	(3,706,034)	(2,716,667)	(4,218,271)	(2,231,502)	(2,525,717)
Total governmental activities	17,812,701	-	31,471,917	2,951,652	10,283,245	4,989,441	15,210,631	14,522,089	13,340,594	37,990,673
Net Change in Fund Balances	\$ 12,356,337	\$ (2,471,303)	\$ 14,911,281	\$ (8,005,064)	\$ 2,058,646	\$ (11,483)	\$ 9,336,594	\$ 661,812	\$ (10,918,741)	\$ 16,849,541
Debt Service as a percentage of non-capitalized expenditures ⁽²⁾										
	9.70%	10.14%	10.49%	12.00%	11.33%	10.99%	11.07%	11.48%	11.68%	11.64%

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

⁽²⁾ 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 ⁽¹⁾⁽²⁾
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2019	\$ 23,452,563	\$ 1,025,517	\$ 545,437	\$ 4,552,580	\$ 29,576,097	\$ 13,104,187	\$ 4,190,167	\$ 3,296,426	\$ 20,590,780	\$ 8,985,317	\$ 116,307,219
2018	23,534,582	911,770	458,296	2,993,544	27,898,192	12,009,200	3,823,387	2,938,196	18,770,783	9,127,409	107,321,902
2017	22,335,872	811,540	484,675	1,998,749	25,630,836	12,191,374	3,790,683	2,687,548	18,669,605	6,961,231	98,194,493
2016	22,283,052	751,904	435,197	1,171,512	24,641,665	10,947,720	3,457,903	2,952,146	17,357,769	7,283,896	91,233,262
2015	21,362,069	726,695	484,826	872,763	23,446,353	13,280,245	3,347,761	2,531,819	19,159,825	4,286,528	83,949,366
2014	20,961,597	867,053	496,895	796,239	23,121,784	10,590,342	3,132,231	2,308,682	16,031,255	7,090,529	79,662,838
2013	19,622,020	631,727	548,222	872,200	21,674,169	9,810,340	2,950,004	2,317,552	15,077,896	6,596,273	72,572,309
2012	18,421,963	642,677	413,611	1,696,302	21,174,553	9,428,113	2,612,231	1,917,548	13,957,892	7,216,661	65,976,036
2011	15,267,463	624,333	272,521	2,573,309	18,737,626	8,586,943	2,073,581	1,786,857	12,447,381	6,290,245	58,759,375
2010	11,909,267	568,783	259,608	3,446,191	16,183,849	8,026,190	1,995,862	1,834,558	11,856,610	4,327,239	52,469,130

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 ⁽¹⁾⁽²⁾
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2019	\$ 8,135,894	\$ 750,021	\$ 356,307	\$ 2,692,257	\$ 11,934,479	\$ 5,217,921	\$ 1,901,401	\$ 1,077,124	\$ 8,196,446	\$ 3,738,033	\$ 46,536,458
2018	8,470,217	717,598	281,970	1,626,217	11,096,002	5,264,987	1,701,629	1,039,677	8,006,293	3,089,709	42,798,425
2017	8,129,970	627,915	271,907	857,856	9,887,648	5,215,935	1,737,531	1,052,899	8,006,365	1,881,283	39,708,716
2016	8,409,115	538,471	277,771	584,481	9,809,838	4,728,684	1,577,929	1,394,727	7,701,340	2,108,498	37,827,433
2015	7,998,954	552,155	298,090	276,604	9,125,803	5,852,601	1,521,953	937,092	8,311,646	814,157	35,718,935
2014	8,191,372	618,554	304,652	142,381	9,256,959	4,712,670	1,419,960	879,823	7,012,453	2,244,506	34,904,778
2013	8,023,896	431,680	383,459	102,743	8,941,778	4,212,763	1,370,019	1,038,229	6,621,011	2,320,767	32,660,272
2012	8,321,997	465,232	268,109	78,336	9,133,674	3,859,673	1,198,958	847,244	5,905,875	3,227,799	30,339,505
2011	8,302,713	422,694	189,506	141,291	9,056,204	3,730,792	731,813	902,977	5,365,582	3,690,622	27,111,706
2010	6,115,419	430,914	181,253	123,570	6,851,156	3,598,521	686,804	938,468	5,223,793	1,627,363	23,421,084

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 ⁽¹⁾⁽²⁾
	Charges for Services	Licenses and Permits	Departmental	Other	Total	Operations & Maintenance	Depreciation	Interest Expense	Total		
2019	\$ 15,316,669	\$ 275,496	\$ 189,130	\$ 1,860,323	\$ 17,641,618	\$ 7,886,266	\$ 2,288,766	\$ 2,219,302	\$ 12,394,334	\$ 5,247,284	\$ 69,770,761
2018	15,064,365	194,172	176,326	1,367,327	16,802,190	6,744,213	2,121,758	1,898,519	10,764,490	6,037,700	64,523,477
2017	14,205,902	183,625	212,768	1,140,893	15,743,188	6,975,439	2,053,152	1,634,649	10,663,240	5,079,948	58,485,777
2016	13,873,937	213,433	157,426	587,031	14,831,827	6,219,036	1,879,974	1,557,419	9,656,429	5,175,398	53,405,829
2015	13,363,115	174,540	186,736	596,159	14,320,550	7,427,644	1,825,808	1,594,727	10,848,179	3,472,371	48,230,431
2014	12,770,225	248,499	192,243	653,858	13,864,825	5,877,672	1,712,271	1,428,859	9,018,802	4,846,023	44,758,060
2013	11,598,124	200,047	164,763	769,457	12,732,391	5,597,577	1,579,985	1,279,323	8,456,885	4,275,506	39,912,037
2012	10,099,966	177,445	145,502	1,617,966	12,040,879	5,568,440	1,413,273	1,070,304	8,052,017	3,988,862	35,636,531
2011	6,964,750	201,639	83,015	2,432,018	9,681,422	4,856,151	1,341,768	883,880	7,081,799	2,599,623	31,647,669
2010	5,793,848	137,869	78,355	3,322,621	9,332,693	4,427,669	1,309,058	896,090	6,632,817	2,699,876	29,048,046

Notes:

⁽¹⁾Restated in 2015 in conformity with GASB Statement 68.

⁽²⁾Restated in 2017 in conformity with GASB Statement 75.

City of Portsmouth, New Hampshire

General Government Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Payment in Lieu of Tax	Tax Interest & Penalties	Total
2019	\$ 84,620,658	\$ 177,725	\$ 104,157	\$ 84,902,540
2018	81,800,573	173,854	88,770	82,063,197
2017	80,717,918	168,577	168,675	81,055,170
2016	77,191,614	119,625	208,972	77,520,211
2015	73,492,844	142,828	289,805	73,925,477
2014	72,721,967	143,413	279,531	73,144,911
2013	69,241,043	114,383	371,247	69,726,673
2012	67,008,930	194,537	266,690	67,470,157
2011	65,639,699	152,802	300,578	66,093,079
2010	63,633,412	207,329	270,299	64,111,040

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
2019	\$ 87,304,835	\$ 85,800,222	98.3%	\$ 1,800,970	\$ -	\$ 1,800,970	\$ 85,800,222	98.3%	8,655	101	1.2%
2018	83,756,100	82,251,487	98.2%	1,504,613	1,298,645	205,968	83,550,132	99.8%	8,624	110	1.3%
2017	80,406,957	78,768,028	98.0%	1,638,929	1,545,220	93,709	80,313,248	99.9%	8,567	113	1.3%
2016	78,413,113	76,816,032	98.0%	1,597,081	1,597,081	-	78,413,113	100.0%	8,536	112	1.3%
2015	74,936,960	73,219,903	97.7%	1,717,057	1,675,454	41,603	74,895,357	99.9%	8,559	121	1.4%
2014	72,401,876	70,320,311	97.1%	2,081,565	2,040,457	41,108	72,360,767	99.9%	8,540	133	1.6%
2013	70,007,505	67,688,563	96.7%	2,318,942	2,318,942	-	70,007,505	100.0%	8,522	172	2.0%
2012	67,841,808	65,297,485	96.2%	2,544,323	2,544,323	-	67,841,808	100.0%	8,457	208	2.5%
2011	67,027,315	64,531,067	96.3%	2,496,248	2,496,248	-	67,027,315	100.0%	8,360	214	2.6%
2010	64,141,858	61,788,074	96.3%	2,353,785	2,320,608	33,177	64,108,682	99.9%	8,321	204	2.5%

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 ⁽¹⁾					Total Assessed Value	Less Exemptions to Assessed Value ⁽¹⁾	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate per \$1,000 of Assessed Value	Total Equalized Valuation ⁽²⁾	Ratio of Total Assessed Value to Total Estimated Full Value
	Current Use/ Conservation	Residential	Commercial/ Industrial	Utilities							
2019	\$ 57,811	\$ 3,184,983,200	\$ 2,213,485,956	\$ 189,760,510	\$ 5,588,287,477	\$ 20,613,200	\$ 5,567,674,277	\$ 14.85	\$ 6,139,020,401	91.0%	
2018	60,090	3,111,438,500	2,152,216,919	250,037,813	5,513,753,322	45,409,300	5,468,344,022	14.35	5,800,517,168	95.1%	
2017	56,064	2,579,500,900	2,026,331,316	212,424,771	4,818,313,051	46,608,500	4,771,704,551	15.95	5,713,043,888	84.3%	
2016	57,856	2,538,551,208	2,016,983,163	219,583,616	4,775,175,843	47,333,200	4,727,842,643	15.71	5,166,602,923	92.4%	
2015	57,450	2,362,869,900	1,670,440,660	198,604,095	4,231,972,105	49,603,300	4,182,368,805	16.94	4,924,402,209	85.9%	
2014	61,620	2,327,198,200	1,612,709,460	206,444,495	4,146,413,775	49,810,200	4,096,603,575	16.77	4,526,473,144	91.6%	
2013	79,920	2,303,569,472	1,588,643,960	200,685,995	4,092,979,347	49,212,300	4,043,767,047	16.46	4,281,196,422	95.6%	
2012	79,620	2,272,393,300	1,552,957,800	194,836,478	4,020,267,198	48,822,500	3,971,444,698	16.22	4,174,795,440	96.3%	
2011	105,400	2,258,277,800	1,514,466,100	181,789,500	3,954,638,800	51,607,000	3,903,031,800	16.33	4,088,268,814	96.7%	
2010	76,300	2,192,502,720	1,495,856,932	173,122,669	3,861,558,621	54,022,100	3,807,536,521	16.05	4,161,741,642	92.8%	

Data Sources:

⁽¹⁾ State MS-1 Report of Assessed Values

⁽²⁾ NH Department of Revenue Administration's annual Equalization Survey

City of Portsmouth, New Hampshire

Principal Taxpayers Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>FY 2019 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>FY 2010 Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Public Service Co of NH	Utility	\$ 109,104,791	1	1.96%	\$ 162,062,011	1	4.26%
HCA Health Services of NH Inc.	Hospital	84,923,200	2	1.53%	48,266,300	2	1.27%
Arbor View & The Pines LLC (10 Years ago TGM Beechstone LLC)	Apartment Complex	50,878,800	3	0.91%	36,550,800	4	0.96%
Northern Utilities	Utility	47,633,154	4	0.86%			
Service Credit Union	Bank	35,846,300	5	0.64%			
Liberty Mutual Insurance	Office Building	35,000,000	6	0.63%	39,410,400	3	1.04%
Hanover Apartments LLC	Apartments	33,931,300	7	0.61%			
Inishmaan Assoc LTD Partnership	Apartments	30,595,400	8	0.55%	20,450,800	7	0.54%
Harborside Assoc.	Hotel	28,326,700	9	0.51%	23,624,700	5	0.62%
Chatham Portsmouth LLC	Hotel	26,194,700	10	0.47%			
DSQ Holding LLC	Retail				20,898,500	6	0.55%
Bromley Portsmouth LLC	Retail				19,938,800	8	0.52%
Harbour Place Group LLC	Office Building				18,623,500	9	0.49%
Bed Bath and Beyond Inc	Retail				17,070,100	10	0.45%
Total Principal Taxpayers		\$ 482,434,345		8.66%	\$ 406,895,911		10.69%
Total Net Assessed Taxable Value		\$ 5,567,674,277			\$ 3,807,536,521		

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 ⁽¹⁾	Total School	Total Direct	County		Total
2019	\$ 7.68	\$ 4.96	\$ 2.21	\$ 7.17	\$ 14.85	\$ 0.99	\$ 15.84	\$ 14.30
2018	7.27	4.95	2.13	7.08	14.35	1.03	15.38	14.42
2017	8.13	5.41	2.41	7.82	15.95	1.09	17.04	14.15
2016	8.07	5.33	2.31	7.64	15.71	1.08	16.79	15.28
2015	8.80	5.61	2.53	8.14	16.94	1.16	18.10	15.28
2014	8.72	5.56	2.49	8.05	16.77	1.14	17.91	16.11
2013	8.55	5.49	2.42	7.91	16.46	1.09	17.55	16.48
2012	8.42	5.34	2.46	7.80	16.22	1.05	17.27	16.33
2011	8.50	5.40	2.43	7.83	16.33	1.08	17.41	16.51
2010	8.01	5.72	2.32	8.04	16.05	1.04	17.09	15.54

Data Source:
NH State Department of Revenue Administration

Notes:

⁽¹⁾ 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 ⁽¹⁾		Billable Volume Used for Setting Rates ⁽²⁾		Rates per HCF ^{(4) (5)}		
	Water	Sewer	Water	Sewer ⁽³⁾	Water	Sewer	Combined
2019	\$ 8,069,988	\$ 16,633,110	1,656,322	1,176,180	\$ 4.23/5.10	\$ 13.24/14.56	\$ 17.47/19.66
2018	8,022,640	15,630,407	1,669,361	1,152,772	4.15/5.00	12.73/14.00	16.88/19.00
2017	8,021,380	14,710,029	1,688,000	1,125,000	4.15/5.00	12.24/13.47	16.39/18.47
2016	7,805,987	14,126,590	1,642,974	1,123,800	4.15/5.00	11.77/12.95	15.92/17.95
2015	7,433,983	13,899,608	1,565,239	1,160,278	4.15/5.00	11.21/12.34	15.36/17.34
2014	7,300,831	13,100,514	1,538,972	1,151,863	4.15/5.00	10.68/11.75	14.83/16.75
2013	7,549,916	10,389,358	1,577,620	1,020,971	4.15/5.00	9.54/10.49	13.69/15.49
2012	7,369,573	8,907,408	1,577,620	1,020,971	4.15/5.00	8.29/9.11	12.44/14.11
2011	7,914,865	6,702,250	1,687,128	1,157,405	4.15/5.00	5.50/6.05	9.65/11.05
2010	6,242,731	6,116,404	1,691,523	1,121,714	3.30/3.90	5.00/5.50	8.30/8.90

Data Source:
City of Portsmouth Budget and Budget Resolutions

Notes:

- ⁽¹⁾ Amount to be raised by rate equals the net cash requirement budget, i.e., appropriations less other revenue sources.
- ⁽²⁾ Billable Volume is the estimated billable water consumption in hundred cubic feet units (HCF).
- ⁽³⁾ Sewer charges are based on the amount of water consumed.
- ⁽⁴⁾ One hundred cubic feet (HCF) equals 748 gallons.
- ⁽⁵⁾ 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 ⁽¹⁾	Portsmouth's Share \$ Change	Portsmouth's Share % Change
2018	\$ 6,073,124,791	\$ 65,895,610	\$ 6,139,020,401	\$ 55,521,693,803	11.0569761%	2019	\$ 49,130,196	\$ 5,503,199	\$ (125,934)	-2.2%
2017	5,731,071,264	69,445,904	5,800,517,168	51,784,538,619	11.2012530%	2018	48,369,198	5,629,133	425,776	8.2%
2016	5,651,979,770	61,064,118	5,713,043,888	49,090,222,780	11.6378447%	2017	46,916,696	5,203,357	102,846	2.0%
2015	5,118,914,757	47,688,166	5,166,602,923	46,585,299,985	11.0906293%	2016	46,013,873	5,100,511	268,123	5.5%
2014	4,871,579,273	52,822,935	4,924,402,208	44,425,117,020	11.0847253%	2015	44,809,156	4,832,388	165,188	3.5%
2013	4,481,154,370	45,318,774	4,526,473,144	41,972,510,217	10.7843756%	2014	43,873,563	4,667,200	240,257	5.4%
2012	4,238,460,159	42,736,264	4,281,196,423	40,244,948,862	10.6378478%	2013	43,141,885	4,426,943	245,697	5.9%
2011	4,129,016,814	45,778,625	4,174,795,439	40,684,633,568	10.2613569%	2012	41,991,666	4,181,246	(20,234)	-0.5%
2010	4,044,429,991	43,838,823	4,088,268,814	41,057,907,008	9.9573240%	2011	42,232,608	4,201,480	251,582	6.4%
2009	4,112,257,420	49,484,222	4,161,741,642	41,833,160,979	9.9484274%	2010	41,779,570	3,949,898	321,481	8.9%

Data Sources:

NH Department of Revenue Administration Equalization Surveys

County Tax Warrants

Adopted Rockingham County Budgets

⁽¹⁾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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Issued Debt at June 30										
City Depts.	\$ 27,385,000	\$ 24,020,000	\$ 27,555,001	\$ 25,727,000	\$ 27,511,103	\$ 27,609,999	\$ 31,358,500	\$ 34,413,500	\$ 35,683,500	\$ 59,080,500
City-Unamortized Bond Premium	148,923	141,161	847,236	954,977	1,741,039	2,162,776	3,527,421	4,171,793	4,641,543	7,707,108
Landfill	1,948,760	1,735,855	1,522,951	1,310,048	1,097,144	884,238	671,332	458,427	245,522	32,617
School Dept.	40,600,000	37,850,000	55,925,000	52,475,000	51,915,000	49,055,000	50,397,607	50,962,635	51,850,000	52,014,500
School-Unamortized Bond Premium	1,012,662	941,592	4,526,586	4,186,573	4,198,367	3,865,809	3,926,897	3,773,863	3,750,262	3,848,033
Total Governmental Funds	71,095,345	64,688,608	90,376,774	84,653,598	86,462,654	83,577,822	89,881,757	93,780,218	96,170,827	122,682,758
Water Fund	22,028,464	20,929,382	19,606,919	23,037,202	24,971,873	28,040,824	29,724,796	29,832,268	30,674,740	30,644,612
Water-Unamortized Bond Premium	596,597	565,192	533,796	502,396	883,158	993,224	2,288,399	2,236,248	2,305,220	2,394,747
Sewer Fund	20,814,451	20,336,083	33,813,720	36,705,514	52,926,789	50,381,197	50,785,603	50,340,010	51,079,418	54,544,925
Sewer-Unamortized Bond Premium	-	-	772,748	870,421	2,414,740	2,323,564	2,567,959	2,664,321	2,951,701	3,695,439
Total Business-type Activities	43,439,512	41,830,657	54,727,183	61,115,533	81,196,560	81,738,809	85,366,757	85,072,847	87,011,079	91,279,723
Total Issued Debt at June 30	114,534,857	106,519,264	145,103,957	145,769,131	167,659,214	165,316,631	175,248,514	178,853,065	183,181,906	213,962,480
Authorized Unissued Debt June 30										
City Depts.	-	6,900,000	-	1,600,000	1,600,000	24,800,000	23,352,000	23,200,000	31,130,000	13,875,000
Landfill	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897
School Dept.	22,500,000	22,500,000	-	3,300,000	-	5,025,000	5,025,000	5,000,000	5,000,000	2,000,000
Total Governmental Funds	27,141,897	34,041,897	4,641,897	9,541,897	6,241,897	34,466,897	33,018,897	32,841,897	40,771,897	20,516,897
Water Fund	18,475,000	18,162,303	18,162,303	13,162,303	13,162,303	-	-	-	-	-
Sewer Fund	19,066,245	19,996,531	16,206,299	8,706,299	3,110,425	-	75,000,000	75,000,000	81,900,000	81,900,000
Total Authorized Unissued Debt June 30	64,683,142	72,200,731	39,010,499	31,410,499	22,514,625	34,466,897	108,018,897	107,841,897	122,671,897	102,416,897
Gross Debt June 30										
City Depts.	27,533,923	31,061,161	28,402,237	28,281,977	30,852,142	54,572,775	58,237,921	61,785,293	71,455,043	80,662,608
Coakley Landfill	6,590,657	6,377,752	6,164,848	5,951,945	5,739,041	5,526,135	5,313,229	5,100,324	4,887,419	4,674,514
School Dept.	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533
Total Governmental Funds	98,237,242	98,730,505	95,018,671	94,195,495	92,704,551	118,044,719	122,900,654	126,622,115	136,942,724	143,199,655
Water Fund	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359
Sewer Fund	39,880,696	40,332,614	50,020,019	46,282,234	58,451,954	52,704,761	128,353,562	128,004,331	135,931,119	140,140,364
Total Gross Debt June 30	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962	\$ 305,853,803	\$ 316,379,377
Base Value for Debt Limits ⁽¹⁾										
	\$ 4,112,257,420	\$ 4,044,429,991	\$ 4,129,016,814	\$ 4,238,460,159	\$ 4,481,154,370	\$ 4,871,579,273	\$ 5,118,914,757	\$ 5,651,979,770	\$ 5,731,071,264	\$ 6,073,124,791
Legal Debt Limits (% of Base Value)										
City - 3% ⁽²⁾	\$ 123,367,723	\$ 121,332,900	\$ 123,870,504	\$ 127,153,805	\$ 134,434,631	\$ 146,147,378	\$ 153,567,443	\$ 169,559,393	\$ 171,932,138	\$ 182,193,744
School - 7% ⁽²⁾	287,858,019	283,110,099	289,031,177	296,692,211	313,680,806	341,010,549	358,324,033	395,638,584	401,174,988	425,118,735
Water - 10% ⁽²⁾	411,225,742	404,442,999	412,901,681	423,846,016	448,115,437	487,157,927	511,891,476	565,197,977	573,107,126	607,312,479
Debt Against Legal Debt Limits										
City Depts.	\$ 27,533,923	\$ 31,061,161	\$ 28,402,237	\$ 28,281,977	\$ 30,852,142	\$ 54,572,775	\$ 58,237,921	\$ 61,785,293	\$ 71,455,043	\$ 80,662,608
School Dept.	64,112,662	61,291,592	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533
Water Fund	41,100,061	39,656,877	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359
Exempt from Legal Debt Limits ⁽³⁾	46,471,353	46,710,366	56,957,615	52,234,179	64,190,995	58,230,896	133,666,791	133,104,655	140,818,538	144,814,878
Total Debt at June 30	\$ 179,217,999	\$ 178,719,995	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962	\$ 305,853,803	\$ 316,379,377
Unused Capacity of Legal Debt Limits										
City Depts.	\$ 95,833,800	\$ 90,271,739	\$ 95,468,267	\$ 98,871,827	\$ 103,582,489	\$ 91,574,603	\$ 95,329,522	\$ 107,774,100	\$ 100,477,095	\$ 101,531,136
School Dept.	223,745,357	221,818,508	228,579,591	236,730,638	257,567,439	283,064,740	298,974,529	335,902,086	340,574,726	367,256,202
Water Fund	370,125,681	364,786,122	374,598,663	387,144,115	409,098,103	458,123,879	479,878,281	533,129,461	540,127,166	574,273,120
% of Legal Debt Limits Used										
City Depts.	22.3%	25.6%	22.9%	22.2%	22.9%	37.3%	37.9%	36.4%	41.6%	44.3%
School Dept.	22.3%	21.6%	20.9%	20.2%	17.9%	17.0%	16.6%	15.1%	15.1%	13.6%
Water Fund	10.0%	9.8%	9.3%	8.7%	8.7%	6.0%	6.3%	5.7%	5.8%	5.4%

Data Source
Audited Financial Statements

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

City of Portsmouth, New Hampshire

Ratios of Outstanding Debt by Debt Type

Last Ten Fiscal Years

Governmental Activities - General Obligation Debt and State Revolving Loans

Fiscal Year	City Departments	School Department	Total Debt	Debt per Capita	% of Debt to Personal Income
2019	\$ 66,820,225	\$ 55,862,533	\$ 122,682,758	\$ 5,535	11.6%
2018	40,570,565	55,600,262	96,170,827	4,392	9.2%
2017	39,043,720	54,736,498	93,780,218	4,357	9.5%
2016	35,557,253	54,324,504	89,881,757	4,181	9.3%
2015	30,657,013	52,920,809	83,577,822	3,894	9.1%
2014	30,349,286	56,113,367	86,462,654	4,063	10.2%
2013	27,992,025	56,661,573	84,653,598	3,979	10.1%
2012	29,925,188	60,451,586	90,376,774	4,262	10.8%
2011	25,897,016	38,791,592	64,688,608	3,047	8.5%
2010	29,482,683	41,612,662	71,095,345	3,440	9.0%

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
2019	\$ 33,039,359	\$ 58,240,364	\$ 91,279,723	\$ 4,118	8.6%
2018	32,979,960	54,031,119	87,011,079	3,973	8.3%
2017	32,068,516	53,004,331	85,072,847	3,952	8.6%
2016	32,013,195	53,353,562	85,366,757	3,971	8.8%
2015	29,034,048	52,704,761	81,738,809	3,808	8.9%
2014	25,855,031	55,341,529	81,196,560	3,816	9.6%
2013	23,539,598	37,575,935	61,115,533	2,873	7.3%
2012	20,140,715	34,586,468	54,727,183	2,581	6.6%
2011	21,494,574	20,336,083	41,830,657	1,970	5.5%
2010	22,625,061	20,814,451	43,439,512	2,102	5.5%

Fiscal Year	Total Debt Primary Government	Debt per capita	% of Debt to Personal Income
2019	\$ 213,962,480	\$ 9,653	20.2%
2018	183,181,906	8,365	17.5%
2017	178,853,065	8,309	18.2%
2016	175,248,514	8,153	18.1%
2015	165,316,631	7,702	18.0%
2014	167,659,214	7,879	19.8%
2013	145,769,131	6,852	17.4%
2012	145,103,957	6,843	17.4%
2011	106,519,264	5,017	14.0%
2010	114,534,857	5,542	14.5%

Data Source:
Finance Department Records

City of Portsmouth, New Hampshire

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

	<u>End of Calendar Year</u>	<u>Net General Obligation Debt Outstanding ⁽¹⁾</u>	<u>Percentage Applicable to Portsmouth ⁽²⁾</u>	<u>Amount Applicable to Portsmouth</u>
Rockingham County	2019	\$11,087,202	11.0569761%	\$ 1,225,909
			Subtotal, Overlapping Debt	<u>1,225,909</u>
City of Portsmouth Direct Debt				<u>122,682,758</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 123,908,667</u></u>

Data Sources:

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

City of Portsmouth, New Hampshire

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Governmental Activities				Business Type Activities				Primary Government			
Fiscal Year	General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value	Fiscal Year	General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value	Fiscal Year	General Obligation Bonds	Debt per Capita	% of Debt to Estimated Actual Value
2019	\$ 122,650,141	\$ 5,533	2.0%	2019	\$ 70,650,185	\$ 3,187	1.2%	2019	\$ 193,300,325	\$ 8,721	3.1%
2018	95,925,305	4,381	1.7%	2018	63,583,421	2,904	1.1%	2018	159,508,726	7,284	2.7%
2017	93,321,791	4,336	1.6%	2017	58,847,067	2,734	1.0%	2017	152,168,858	7,070	2.7%
2016	89,210,425	4,150	1.7%	2016	56,342,856	2,621	1.1%	2016	145,553,281	6,771	2.8%
2015	82,693,584	3,853	1.7%	2015	49,916,787	2,326	1.0%	2015	132,610,371	6,179	2.7%
2014	85,365,510	4,012	1.9%	2014	46,542,896	2,187	1.0%	2014	131,908,406	6,199	2.9%
2013	83,343,550	3,918	1.9%	2013	29,216,820	1,373	0.7%	2013	112,560,370	5,291	2.6%
2012	88,853,823	4,190	2.1%	2012	26,763,387	1,262	0.6%	2012	115,617,210	5,452	2.8%
2011	62,952,753	2,965	1.5%	2011	16,988,874	800	0.4%	2011	79,941,627	3,765	2.0%
2010	69,146,585	3,346	1.7%	2010	18,987,116	919	0.5%	2010	88,133,701	4,264	2.1%

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 ⁽³⁾		
				City of Portsmouth	State of NH	US
2019	22,166 ⁽¹⁾	\$ 1,060,332,776	\$ 47,836 ⁽⁵⁾	2.0%	2.5%	3.7%
2018	21,898 ⁽¹⁾	1,047,512,728	47,836 ⁽⁵⁾	2.2%	2.7%	4.0%
2017	21,524 ⁽¹⁾	984,615,380	45,745 ⁽⁵⁾	2.0%	2.9%	4.4%
2016	21,496 ⁽¹⁾	968,652,752	45,062 ⁽⁵⁾	1.9%	2.8%	4.9%
2015	21,463 ⁽¹⁾	916,985,212	42,724 ⁽⁵⁾	2.7%	3.8%	5.3%
2014	21,280 ⁽¹⁾	847,752,640	39,838 ⁽⁵⁾	3.2%	4.3%	6.3%
2013	21,273 ⁽¹⁾	836,964,912	39,344 ⁽⁵⁾	4.2%	5.2%	7.1%
2012	21,206 ⁽¹⁾	834,328,864	39,344 ⁽⁵⁾	4.2%	5.4%	8.4%
2011	21,233 ⁽⁴⁾	761,372,914	35,858 ⁽⁴⁾	4.5%	5.2%	9.3%
2010	20,668 ⁽¹⁾	792,039,096	38,322 ⁽²⁾	4.7%	5.9%	9.6%

Data Sources:

⁽¹⁾ NH Office of Energy and Planning population estimates.

⁽²⁾ Trended amounts based on 2002-2005 US Dept. of Commerce, Bureau of Economic Analysis information for Rockingham County

⁽³⁾ NH Employment Security ELMI Data as of June 30.

⁽⁴⁾ 2010 Census.

⁽⁵⁾ U.S. Census Bureau-American Community Survey 5-Year Estimates.

City of Portsmouth, New Hampshire

Principal Employers

Current Year and Nine Years Ago

Employer	Type of Business	2019			2010		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
US Dept of State Consular Center ⁽²⁾	Passport/Visa services	1,604	1	4.85 %			%
Liberty Mutual	Insurance	1,000	2	3.02	837	3	2.89
HCA Hospital	Hospital	1,000	2	3.02	1,100	1	3.80
Lonza Biologics	Biotechnology	950	4	2.87	575	6	1.99
City of Portsmouth (FT)	Municipal services	838	5	2.53	721	4	2.49
Bottomline technologies	Software	532	6	1.61	278	10	0.96
Service Credit Union	Banking	513	7	1.55			
John Hancock	Finance	400	8	1.21	400	7	1.38
Highliner Foods	Food Processor	394	9	1.19			
Amadeus	Software	362	10	1.09			
Erie Scientific/Thermo Fisher	Laboratory equipment				350	8	1.21
US Dept of State National Passport Center ⁽²⁾	Passport Services				901	2	3.11
US Dept of State National Visa Center ⁽²⁾	Visa services				721	4	2.49
Direct Capital	Commercial Leasing				326	9	1.13
Newmarket International	Software						
LabCorp	Medical Lab						
Total Principal Employers		7,593		22.94 %	6,209		21.45 %
Total City Employment ⁽¹⁾		33,104			27,086		

Data Source:

NH Employment Security-NH Community Profiles

Notes

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

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

City of Portsmouth, New Hampshire

Operating Indicators by Function

Last Ten Fiscal Years

Function ⁽¹⁾	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Taxable property parcels assessed	8,321	8,360	8,457	8,522	8,540	8,559	8,536	8,601	8,625	8,815
Registered Voters	17,945	18,463	13,858	17,047	15,894	18,807	17,069	17,939	18,127	19,416
Votes Cast:										
Municipal Election	3,904		3,654		4,755		4,673		5,050	
State Primary		2,812		3,318		2,273		3,525		5,181
State General Election		8,434				9,339		13,556		11,338
Presidential Primary			4,832				9,842			
Presidential General				13,215				13,556		
Building Permits	1,981	2,146	2,184	2,265	2,433	2,502	3,086	3,259	3,123	2,873
Estimated construction value	\$51,243,703	\$40,900,000	\$105,094,218	\$54,033,264	\$73,323,755	\$73,308,353	\$126,249,200	\$134,395,844	\$211,585,486	\$157,936,179
Public Safety										
Police ⁽²⁾										
Service Calls	33,742	31,115	36,782	38,673	39,963	40,820	40,019	49,423	53,065	51,942
Number of Arrests	1,266	1,189	1,137	1,113	1,144	1,033	1,063	1,103	1,428	1,075
Traffic Activity:										
Number of MV Stops										
Summons/Citation	798	838	458	345	278	273	343	2,022	1,223	912
Written Warning	2,560	3,072	1,784	1,683	2,003	2,532	3,339	4,662	3,708	3,590
Verbal Warning or No Action	2,325	3,166	2,994	2,403	2,381	3,627	4,414	4,833	5,165	5,964
Total MV Stops	5,683	7,076	5,236	4,431	4,662	6,432	8,096	11,517	10,096	10,466
Accidents	703	1,057	1,112	1,121	692	734	678	663	684	609
DWI arrests	89	68	51	57	49	68	55	100	76	80
Fire and EMS										
Fire Rescue	2,570	2,472	2,473	2,553	2,418	2,776	2,670	2,845	2,851	2,755
Ambulance	2,562	2,970	3,026	3,134	3,124	3,211	3,452	3,576	3,654	3,448
Education ⁽³⁾										
High School Fall Enrollment	1,072	1,120	1,100	1,129	1,075	1,077	1,110	1,117	1,076	1,131
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	58,291	52,806	57,218	48,357	43,371	39,371	48,268	43,997	54,422	51,873
Streets resurfaced (miles)	2.80	0.86	6.69	5.75	9.70	6.50	3.80	2.10	11.95	2.80
Human Services - General Assistance										
Number of applicants	681	628	597	684	616	423	348	303	353	526
Culture and Recreation										
Public Library										
Circulation of materials	488,630	476,721	474,687	449,548	424,828	421,739	413,734	411,840	413,120	435,022
Annual visits	455,834	295,682	275,698	295,485	329,771	321,131	352,962	378,351	346,121	325,580
Water System:										
Water main breaks	41	10	27	29	37	31	29	21	25	19
Daily average consumption (millions of gallons)	4.4	4.5	4.6	4.4	4.7	4.5	4.6	3.9	4.4	4.0
Peak daily consumption (millions of gallons)	5.0	5.2	7.1	7.1	5.6	6.0	6.3	6.1	6.0	6.8
Precipitation (inches)									36.2	47.8
Sewage System:										
Daily average treatment (millions of gallons)	6.0	5.2	5.2	4.7	3.6	4.0	3.8	4.1	3.7	4.7
Daily average treatment - Pease WWTF (millions of gallons)	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.7	0.7

Data Source:

⁽¹⁾ Various City departments

⁽²⁾ 2012 eliminated "traffic car"

⁽³⁾ NH Department of Education

City of Portsmouth, New Hampshire

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	30	30	30	30	30	30	30	30	30	31
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	18	19	19	19	19	19	19	19	19	20
Number of boats	1	1	1	1	1	1	1	1	1	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	2
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	3	2	2	2	2	2	2	3	3	3
Number of boat dock facilities	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	10	10	10	10	10	10
Water system:										
Miles of water mains	175	175	175	176	174	174	174	174	190	189
Number of service connections	7,915	7,955	7,963	8,035	8,023	8,038	8,096	8,100	8,200	8,261
Storage capacity in gallons (millions of gallons)	9.5	9.5	10.4	10	10	10	10	10	10	11
Maximum daily capacity of plant (millions of gallons)	4.2	4.2	4.2	5.0	4.5	4.5	4.5	4.5	4.5	4.5
Number of fire hydrants	1,081	1,087	970	970	1,013	1,017	1,034	1,036	1,040	1,028
Sewage System:										
Miles of sanitary sewers	107	108	108	108	106	107	106	106	106	112
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,293	6,310	6,342	6,244	6,392	6,404	6,427	6,475	6,459	6,495
Maximum daily capacity of treatment (millions of gallons)	24.0	24.0	24.0	24.0	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 Equivalents
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Executive	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Finance	17.8	17.0	17.6	17.6	17.8	20.3	21.4	22.6	22.6	22.9
Human Resources	3.0	3.4	3.4	4.0	5.0	5.0	4.0	4.0	4.0	3.0
City Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	6.0	5.0	5.0	5.5	5.5	6.0	6.6	8.0	8.0	7.6
Information Technology	-	-	-	-	-	-	-	-	-	-
Planning	6.2	6.2	5.0	6.0	7.5	7.5	8.5	8.5	8.5	8.6
Inspection	4.5	4.5	4.5	4.5	5.1	5.1	5.7	5.8	5.6	5.6
Health	1.5	1.5	1.5	1.5	1.5	1.5	2.2	2.2	2.2	2.2
Total General Government	44.0	42.6	42.0	44.1	47.3	50.4	53.4	56.0	55.9	55.9
Public Safety										
Police - Sworn Officers:										
General Fund Funded	64.1	64.0	61.0	59.6	59.2	60.2	58.7	60.7	64.2	63.0
Grant Funded	2.9	1.0	1.0	2.4	1.8	1.8	3.3	3.3	1.8	3.0
Dispatch	10.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	11.0	11.0
Parking Enforcement										
Police - Non-sworn employees:										
General Fund Funded	10.4	9.0	9.0	8.9	9.0	10.8	10.8	11.4	13.9	14.0
Grant Funded	0.6	2.0	2.0	2.1	0.5	0.5	0.5	0.6	0.6	0.6
Total Police Department	88.0	86.0	83.0	83.0	80.5	83.3	84.3	87.0	91.5	91.6
Fire and Rescue	61.0	59.0	59.0	60.0	60.0	60.0	60.0	60.0	60.0	62.8
Fire Clerical	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.3
Total Public Safety	150.5	146.5	143.5	144.5	142.0	144.8	145.8	148.5	153.0	155.7
Education										
General Fund Funded										
Administrators	14.1	14.1	12.2	13.2	13.2	13.2	13.7	13.7	13.7	14.4
Teachers	253.2	241.9	233.9	241.8	240.96	243.00	243.5	245.4	246.7	254.8
Clerical	22.8	22.5	21.7	20.7	20.7	20.7	20.9	20.9	20.9	31.1
Paraprofessional	46.5	40.0	45.4	43.2	42.7	41.0	44.0	43.2	49.4	45.1
School custodians	24.3	23.9	23.9	25.4	24.9	26.0	25.9	25.9	25.9	25.9
Security	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3
Technicians	6.9	7.8	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
System maintenance	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total General Fund Funded	373.8	356.2	349.0	356.3	354.4	355.9	360.0	361.1	369.6	384.6
Grant and other Funding	54.1	93.2	95.8	91.3	85.6	94.2	88.0	88.0	88.9	83.7
Total Education	427.9	449.4	444.8	447.6	440.0	450.1	448.0	449.1	458.5	468.3
Public Works										
General Fund functions	60.7	60.7	58.5	58.5	59.3	58.1	54.2	54.4	55.9	52.2
Parking Fund	16.9	16.9	16.9	17.5	18.7	18.2	23.8	26.3	28.6	42.3
Prescott Park	-	-	-	-	-	-	-	-	-	2.2
Stormwater	-	-	-	-	-	-	-	-	-	5.0
Water	24.8	24.3	23.3	22.3	22.6	22.9	26.9	26.5	25.8	27.4
Sewer	23.4	22.8	22.8	24.0	27.4	27.4	29.6	30.3	31.2	32.0
Total Public Works	125.8	124.7	121.5	122.3	128.0	126.6	134.5	137.4	141.5	161.1
Culture and Recreation										
Recreation	7.5	4.5	4.5	5.2	5.3	4.4	4.0	3.9	4.5	4.8
Senior Services	-	-	-	-	-	1.4	1.6	1.8	1.8	1.9
Public Library	15.0	20.2	20.2	21.7	20.9	20.9	20.9	21.8	23.3	23.4
Total Culture and Recreation	22.5	24.7	24.7	26.9	26.2	26.7	26.6	27.5	29.6	30.1
Human Services										
Welfare	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Human Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Community Development										
Community Development	2.1	2.1	1.4	1.3	1.3	1.6	2.3	1.9	1.2	1.1
UDAG	1.0	1.1	1.1	1.2	1.2	2.2	1.2	1.0	1.0	1.0
Total Community Development	3.1	3.2	2.5	2.5	2.4	3.8	3.5	2.9	2.2	2.1
Total All Functions	775.2	792.5	780.4	789.4	787.4	803.8	813.1	822.8	842.2	874.7
Percent of Total										
General Government	5.7%	5.4%	5.4%	5.6%	6.0%	6.3%	6.6%	6.8%	6.6%	6.4%
Public Safety	19.4%	18.5%	18.4%	18.3%	18.0%	18.0%	17.9%	18.0%	18.2%	17.8%
Education	55.2%	56.7%	57.0%	56.7%	55.9%	56.0%	55.1%	54.6%	54.4%	53.5%
Public Works	16.2%	15.7%	15.6%	15.5%	16.3%	15.7%	16.5%	16.7%	16.8%	18.4%
Culture and Recreation	2.9%	3.1%	3.2%	3.4%	3.3%	3.3%	3.3%	3.3%	3.5%	3.4%
Human Services	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Community Development	0.4%	0.4%	0.3%	0.3%	0.3%	0.5%	0.4%	0.3%	0.3%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
 Budgeted Positions per City of Portsmouth Budget.