

For NHDOT use only:	
Application #:	_____
LOI Submitted:	<input type="checkbox"/>
Workshop Attended:	<input type="checkbox"/>
Application Received on:	_____

**NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
CONGESTION MITIGATION & AIR QUALITY PROGRAM**

APPLICATION FOR FUNDING

Sponsor Information (*Sponsor is the municipality or organization that is applying.*)

Contact is the person who will be in responsible charge of the project)

Sponsor Name:

Mailing Address:

Telephone:

Email:

Contact Name and Title:

Telephone:

Email:

Governing Regional Planning Commission:

Executive Council District:

RPC and Executive Council information is important because final selections may be adjusted to provide regional equity

Project Information

CMAQ Activities: *Check the CMAQ activity(s) that your project is proposing.*

- Non-Transit related alternative fuel projects such as refueling or charging facilities.
- Projects that improve traffic flow, including efforts to provide signal system optimization, construct HOV lanes, streamline intersections, add turning lanes, improve transportation systems management and operations,
- Projects that implement ITS technology, including efforts to improve incident and emergency response or improve mobility, such as through real time traffic, transit, and multimodal traveler information
- Transit capital investments, including transit vehicle acquisitions and construction of new facilities or improvements to facilities that increase transit capacity,
- Transit operating assistance for new services or the incremental cost of expanded services.
- Transportation-focused (non-recreational) bicycle transportation and pedestrian improvements that provide a reduction in single-occupant vehicle travel
- Rail network Improvements

Description of work being proposed:

(Clearly describe purpose and need for project as well as project goals and objectives)

Map: *(If you are proposing an infrastructure project, A map is required as part of the application. Map must be scanned as a pdf file. Map should include street names, State route numbers, project details, identification of resources, north arrow, and a scale)*

MAP SUBMITTED

Resources within project limits:

(List all cultural, archeological, and natural resources, as well as any known hazardous materials in project limits)

Project Details

Road Name(s) *(List all roads in project limits as applicable or N/A if not along any public road)*

State Route Number: *(List all State route numbers or N/A if on a municipal road)*

Railroad: *(List name of railroad corridor and identify if project impacts a rail line or service in any way. Put N/A if not impacting a railroad corridor)*

Other: *(If off-road path, describe beginning and ending termination locations)*

Length of Project: *(If more than one location, provide total length of proposed improvement)*

Width of proposed improvement: *(If width is not consistent, provide an average width for majority of improvements)*

Surface Type: *(List Paved, Concrete, Gravel, Stone Dust, etc. for all proposed improvements)*

Ownership: *(List the entity that owns the land in the limits of your proposed improvements)*

**Project Cost Estimate – Infrastructure Projects fill in A through E,
For Non-Infrastructure Projects ONLY FILL IN E**

Identify the estimated project costs under each of the phases below.

A) Design/Engineering: \$
(Costs for engineering study, preliminary design, environmental review, identifying and establishing right-of-way, easements preparation, final design, and bid phase services)

B) Right-Of-Way: \$
(Cost of easement acquisition and/or land acquisition)

C) Construction: \$
(Cost of constructing project, materials, and labor)

D) Construction Engineering: \$
(Cost of engineering oversight for the project. Oversight needs to be almost fulltime.)

E) Project Total: \$
(Non-infrastructure projects fill in only this box) (Max \$3,000,000)

Identify the amount of federal funding you are applying for.

If you are adding funds that will be in addition to the amount of federal funds and match for your project those are considered non-participating funds. In this case you put the additional funds in the non-participating box. This is usually done if you want to do additional work that may not be eligible under the CMAQ program but you want the work done under the overall contract. Or if total project cost exceeds the \$3M cap.

Federal \$
(\$3,000,000 Max. for federal amount requested)

80%
(CMAQ funds are 80% with a 20% match))

Match \$
(Enter amount of local match)

20%

Non-Participating \$
(Additional funds added to project that are not CMAQ)

Reason for non-participating funds

Funding Total \$
(Max.\$3,000,000)

9/15/2022

5. Evaluation Criteria (*Applications will be scored on criteria approved by the New Hampshire Department of Transportation*)

5-1) Project Readiness and Support (15 points maximum): *Does the applicant have LPA certified staff, have prior FHWA experience, and is project identified in local, regional, and/or statewide plan or a business plan? Please provide information and documentation that addresses the following:*

- Letter of Support from Sponsor's Governing Body (0 or 5 points)
- Current LPA Certified staff or prior experience with federal projects (0 or 5 points)
- How many local or regional plans is the proposed work in? If a private organization, is it part of a business plan (0 to 5 points)

5-2) Financial Readiness: (15 points maximum) *(CMAQ is a reimbursement program. Sponsor will have to gross appropriate funds for entire project before federal funds are authorized and eligible work can get started. Projects are reimbursed 80% of each reimbursement request.) Does the applicant have funding available to complete the project at time of application, or is there commitment to request funding at next annual town meeting (or equivalent)? Please provide information and documentation that addresses the following:*

- Are funds already gross appropriated? (0 or 5 points)
- Will sponsor receive approval to fully fund project within 6 months of project award? How? (0 or 5 points)
- Do the Sponsor's most recent financial audits and/or statements show any negative comments, material weaknesses, etc.? (0 to 5 points)

5-3) Stewardship / Sustainability: (Maximum 25 points) *What is the long-term maintenance plan for the project? Please provide information and documentation that addresses the following:*

- Infrastructure – How will the project sponsor maintain the completed facility/improvements? Does the sponsor have similar facilities, existing equipment, operations plan that is already in place that would accommodate this improvement as well? Who will maintain the project? Paid staff, volunteers, contracted labor? How will maintenance be funded? Is it part of a budget line or capital improvement?
- For capital purchases provide vehicle maintenance plan and expected life of purchase
- For Transit routes provide plan for continued sustainability after funding is complete

5-4) Air Quality Benefits: (Maximum 35 points) *Points will be awarded based on relative rank for air quality analysis. A cost/benefit factor will be calculated for each project and by category the top b/c factor will get 35 points and the bottom 0 and all others spaced relatively in between. Standardized air quality analysis templates have been created for each of the following project types:*

Check the box next to the category that your air quality analysis will be developed from.

- **Bike and Pedestrian projects**

- **Road/Intersection projects that mitigate congestion and air pollution**

- **ITS-related projects**

- **Alternative fuel projects (not transit related)**

- **Transit Capital Purchase**

- **New or expanded transit service**

- **Rail**

- **Other**

(Projects must demonstrate an Air Quality benefit. NHDOT staff will work with you as the applicant after the application is submitted to complete this air quality analysis. The project must show a reduction in CO, Ozone or PM2.5 to be eligible)

In the box below describe what your air quality analysis will be based on.

5-5) Regional Ranking: (Maximum 10 points) *Projects will be reviewed by the governing Regional Planning Commission and ranked. Those rankings will be used to assign points on a linear scale for final project rankings. Leave these boxes blank. They will be filled out by the Department.*

Ranking Points

6) Application Submission Information: The application is an adobe .pdf form. It must be saved as a pdf and copied to our Department FTP site. **DO NOT PRINT AND SCAN THE FORM.** We harvest data from the form boxes so the form must be saved as a pdf. Any supporting documents like the Map, Letter of support and other supporting documentation need to be submitted with the application in pdf format and saved to the FTP site. Please combine all supporting documents into one pdf if possible. This keeps submissions easier. Directions on accessing the Department FTP site are below. A tutorial on accessing the FTP site and copying files will be on the CMAQ website.

APPLICATIONS ARE DUE BY 11:59PM FRIDAY JANUARY 6, 2023!

Failure to meet this deadline will result in your project being removed from the scoring process.

Submission Guidelines

Format: Application form **must** be saved electronically as a pdf and then copied to the Department FTP site. All supporting maps, letters and other documents must be saved as a pdf and saved to the Department FTP site with the application form. **READ THE FTP TUTORIAL!**

Naming Convention: The FTP site has one folder for all submissions, **CMAQ Applications**. To keep track of the applications and attachments it is **essential** you follow the following naming convention. Name of town/city followed by filename and number if more than one application form a town/city. If you are an organization or business, put the name of your organization/business in place of the town/city above. If possible, combine all supporting material into one pdf.

Example: **ConcordApplication01.pdf ConcordSupportingMaterial01.pdf**
MybusCompanyApplication01.pdf MybusCompanySupportingMaterial01.pdf

Failure to follow this naming convention will cause confusion and could result in applications and/or attachments being lost.

A TUTORIAL DOCUMENT WILL BE PUT ON THE CMAQ WEBSITE. THIS DOCUMENT WILL SHOW HOW TO ACCESS THE FTP SITE, HOW TO COPY FILES TO THE SITE AND TO EXPLAIN THE REQUIRED NAMING CONVENTION

Submission: *All files must be received on or before*
11:59 PM Friday January 6, 2023

Direct any questions to: Tom Jameson, email: thomas.e.jameson@dot.nh.gov
phone: 603-271-3462

Examples of CMAQ Eligible Projects and Programs

- Diesel engine retrofits and other advanced truck technologies
- Idle reduction
- Congestion reduction and traffic flow improvements
- Freight and intermodal
- Transportation control measures
- Bicycle and pedestrian facilities and programs
- Travel demand management
- Public education and outreach activities
- Transportation management associations
- Carpooling and vanpooling
- Carsharing
- Extreme low temperature cold start program
- Training
- Inspection and maintenance programs
- Alternative fuels and vehicles
- Innovative projects



Proposed elimination of signal at Coakley Road/Cottage Street and Route 1 Bypass. Construct median to prohibit left turns.

Existing multi-use path

City to construct connector roadway between Coakley Road and Borthwick Avenue

City to construct multi-use path to connect with existing multi-use path and provide pedestrian connection across the Route 1 Bypass for Coakley Road pedestrians.

Existing multi-use path

Future Rail Trail to Hampton



City of

Portsmouth

New Hampshire



Annual Comprehensive Financial Report Fiscal Year 2021

(July 1, 2020 - June 30, 2021)

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021



**Prepared by:
The Finance Department**

**Judith Belanger
Director of
Finance and Administration**

**Andrew Purgiel
Deputy Finance Director**

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City of Portsmouth, New Hampshire
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

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CITY OF PORTSMOUTH

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

December 15, 2021

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 Annual Comprehensive Financial Report of the City of Portsmouth for the Fiscal Year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

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

INDEPENDENT AUDIT

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

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

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

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

GOVERNMENT PROFILE

HISTORY

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

ORGANIZATION OF THE GOVERNMENT

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

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

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

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

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

SERVICES PROVIDED

The City of Portsmouth provides the full range of municipal services normally associated with a municipality including police and fire protection, emergency medical services, 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.

IMPLEMENTATION OF GASB 84

The City implemented for year-ended June 30, 2021, GASB-84 reporting for custodial funds. These custodial funds include the additions and deductions on behalf of Rockingham County for County taxes and the State of New

Hampshire for motor vehicle registrations and vital records.

ECONOMIC CONDITIONS

This report covers the period of July 1, 2020 through June 30, 2021. During this reporting period the COVID-19 pandemic still impacted the global, national, and local economies. However, with a robust vaccination effort underway and restrictions being relaxed, there were indicators that the local economy was beginning to recover by the close of this reporting period. This report outlines the local economic indicators during this unprecedented period in the City's history.

EMPLOYMENT

Portsmouth serves as the economic and cultural hub of seacoast New Hampshire. Despite its relatively small population (22,548), it is home to the third-largest number of companies in the state behind the considerably larger cities of Manchester (pop. 110,712) and Nashua (pop. 88,872).

Employment data for the 1st and 2nd quarters of 2021 was not available at the publication of this report, but the most recent data indicates unemployment rates are improving. According to the NH Employment Security Office, the total average quarterly employment at the end of the fourth quarter of 2020 for Portsmouth businesses was 32,245 compared to 33,745 jobs at the end of 2019, a decrease of 1,500 jobs. Despite the decrease in jobs, the average weekly wage increased from \$1,338 to \$1,609 (or \$271 per week) over the reporting period. These employment fluctuations and higher wage rates reflect the tight labor market post COVID-19 pandemic which has resulted from various factors such as lack of childcare, business contraction, a spike in income from higher unemployment

insurance checks, and concern around work safety as the COVID-19 vaccination rates stall.

The City’s unemployment rate has steadily declined from the record levels achieved as a result of mandated business closures in 2020 during the pandemic and has returned to pre-pandemic levels of 2019. The adjacent chart illustrates the impact of the pandemic on the workforce by comparing the months of January through June for the pre-pandemic year of 2019, 2020 and 2021.

Portsmouth Unemployment 2019-2021			
Month	2019	2020	2021
January	2.50%	2.4%	3.6%
February	2.30%	2.3%	2.7%
March	2.30%	2.60%	2.80%
April	2.20%	16.50%	2.20%
May	2.10%	13.00%	1.80%
June	2.10%	7.50%	2.40%

Source: NH Economic & Labor Market Information Bureau (NH ELM I)

As of June 30, 2021 the Portsmouth unemployment rate was 2.4%; significantly lower than the 7.5% posted for June 30, 2020 indicating that businesses were returning to pre-pandemic employment. The respective rates for the state of New Hampshire, New England, and the nation in June 2021 were 2.9%, 5.3%, and 5.9%. The following chart illustrates how Portsmouth’s unemployment rate consistently ranks below the state, region, and nation from June 30, 2015 – June 30, 2021.

Annual Average Unemployment Rate (%)							
(Source NH Economic & Labor Market Information Bureau)							
	2015	2016	2017	2018	2019	2020	2021
U.S.	5.3	4.9	4.4	4.2	3.7	11.2	5.9
New England	4.8	4.4	4.1	3.7	3.1	13.5	5.3
State of NH	3.8	2.8	2.9	2.7	2.5	9.1	2.9
Portsmouth	2.7	1.9	2.0	2.2	2.1	7.5	2.4
Reported rates are for June 30th of each year							

BUILDING PERMITS

The City experienced an uptick in building activity during the past fiscal year as evidenced by the numbers and value of permit applications. In FY20, 4,017 permits were issued with construction value of just under \$135 million. In FY21, 4,228 or 5% more permits were issued with a construction value of \$212.8 million, a 57% increase over FY20. Similarly, permit application fees increased by \$658,401 or 59% over FY20.

UNIQUE ECONOMIC DRIVERS

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

1. Pease International Tradeport

Pease International Tradeport is a former Air Force Base that was redeveloped as an international business park within the City of Portsmouth in the late 1990's. The Tradeport is conveniently located off Interstate 95, just 50 miles from the major cities of Boston, Portland, and Manchester. In FY 2021, \$7.47 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.

With over 270 companies and 10,750 direct hires, Tradeport businesses play a significant role in the region's economic vitality. It is home to eight of the City's top twenty employers including the National Passport and Visa Centers, Lonza Biologics, Bottomline Technologies, High Liner Seafoods, John Hancock, Amadeus and Sprague Energy.

The recent success of Lonza in the biopharmaceutical sector and its work with Moderna on a COVID-19 vaccine is particularly notable. Lonza continues work on the expansion of cell therapy and mono-1 products with a phased \$200 million capital improvement investment including an increase of one million square feet in office manufacturing/ warehousing plus two, 4-story parking facilities. Initially, 150 new skilled jobs will be created. In May 2021, the company announced another 32,000 square foot expansion to accommodate up to eight, 2,000 liter single use bioreactors. The project, which is scheduled for completion in 2023, will improve production speed and efficiency and add another 250 future hires on top of its 1,200 person workforce.

The Tradeport is also home to the Pease International Airport, which is an asset to the entire region. Its proximity to Boston, Massachusetts's Logan International Airport, the Portland, Maine International Airport and the Manchester, New Hampshire Regional Airport creates a unique opportunity to capture both passenger and airplane service companies. Diversity of services include the New Hampshire Air National Guard (NHANG) 15th Refueling Division of the National Guard, the commercial air services, corporate aviation technical services and the unique cargo capacity provided at the facility. Currently, passenger flights are available on Allegiant Airlines and on several charter and private jets that operate out of the airport.

The airport just completed a \$19 million terminal expansion project that adds capacity for 12,000 additional passengers and includes an additional gate and jet bridge, two-lane security checkpoint and better baggage screening.

The Air National Guard is also a critical component of the Tradeport. The twelve new KC-46A refuelers that recently joined the fleet are a great addition to the base and to the local economy with approximately one hundred new hires and the visiting pilots scheduled to train on the new plane simulators.

2. Portsmouth Naval Shipyard (PNSY)

The Portsmouth Naval Shipyard (PNSY) is located in Kittery, Maine, just across the Piscataqua River from the City. It is a major submarine overhaul and refueling facility as well as the U.S. Government's oldest continuously operating naval shipyard. The Shipyard is also the largest regional employer with a highly skilled, technical workforce. The following is a summary of the Seacoast Shipyard Association's most current regional economic impact report of the PNSY for the calendar year 2020.

- Overall, the Shipyard had an economic impact of \$947,819,044 down 18% from \$1,159,014,069 in calendar year 2019.
- The Shipyard employs a total of 7,639 employees with a civilian payroll of \$671 million up from 7,310 employees with a payroll of \$594 million in calendar year 2019.
- The shipyard purchased \$123 million of goods and services in 2020; equal to the purchase total in calendar year 2019.
- Total contracted facility services purchased in 2020 was \$106 million which was 73% lower than the \$395 million in 2020 when several contracts came online.

REAL ESTATE MARKET ACTIVITY

For the second quarter of 2021 Colliers International real estate advisory firm reported that for the Portsmouth submarket, average modified gross office market asking rent for properties over 10,000 square feet was \$24 per

square foot. Class A rents registered \$27 per square foot, down from \$28 per square foot for the same period in 2020. Class B rents brought \$20 per square foot, down from \$22 per square foot in 2020. The average occupancy rate for all office classes was 91.5% which is 5% below the rate of 96.5% for the second quarter of 2020 illustrating the upheaval created by the COVID-19 pandemic when most offices switched to remote work where possible. The future of these vacancy rates is difficult to predict as companies grapple with an increase in remote workers and a need to reconfigure office space to provide more square footage per employee given the need for more social distancing of staff. Colliers summarizes the current situation as follows: "the office market has begun to establish its direction for the immediate future. Even though more companies have called employees back to the office, there has been a dramatic increase in the overall office vacancy rate statewide."

The local industrial market continues to be in high demand. Lease rates and sale prices for industrial spaces are at historic highs due to a lack of inventory properties and the cost of new construction. According to the Colliers report, the Portsmouth submarket has the lowest industrial property vacancy rate of all six New Hampshire submarkets.

Average industrial property rents for the 2021 second quarter were \$8.49 per square foot, up from \$8.20 per square foot for the same period in 2020. Warehousing/distribution and manufacturing properties are trending slightly higher at \$9.07 per square foot and \$8.75 per square foot respectively. Both rates are up from 8.28 per square foot and \$8.46 per square foot. in 2020. Available properties were at almost full occupancy with an occupancy rate of 98.9% for the 13,367,189 square foot inventory.

Properties in the residential market are in high demand for both multi and single family dwellings. According to the New Hampshire Housing Finance Authority, the average monthly gross rent for a two-bedroom unit in Portsmouth increased 7% to \$1,881 in 2021 compared to \$1,761 in June 2020. The current multi-family vacancy rate in Portsmouth of 0.6% has created an ongoing challenge for people seeking housing.

Likewise, the single family residential market is experiencing historically low inventory and historically high prices. Further fueling the demand for housing is the pandemic-induced dispersion of remote workers relocating to the area. According to the Seacoast Board of Realtors, in June 2021 there were 35 homes listed for sale compared to 205 in June 2020. According to Realtor.com, in July 2021 there were 109 homes for sale, ranging from \$180K to \$3.7M with a median home price sale of \$677,000.

DEVELOPMENT ACTIVITY

Development activity has not decreased in the past year as evidenced by building permit figures. Several new development projects are in the permit approval queue and many previously approved projects are underway.

In the City's Business District (CBD), construction is almost complete on the 78,000 sq. ft. mixed-use retail/restaurant/residential project at 46-64 Maplewood Avenue. One block away at 111 Maplewood Avenue, the 54,000 sq ft, 4-story office headquarters for Heinemann Publishing is complete with a majority of the space leased.

Two significant mixed-use projects are proposed along the North Mill Pond. At 53 Green Street, development firm Carthartes has proposed a 5-story mixed use project with first

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

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

In the center of downtown Market Square, a 2-building project dubbed "Brick Market" continues construction and is scheduled for completion in early 2022. The project involves the rehabilitation of the existing 7,400 square foot historic bank building at 3 Pleasant Street for mixed-use. Behind the former bank building will be a new 100,000 square foot contemporary, mixed-use building that will house offices on the upper floors and a public market on the ground floor. The development will offer commercial and office space with underground parking and feature a maritime theme. Wide sidewalks are planned for outdoor dining and musician and artisan use.

Across the street from the Brick Market, planning continues on the application by the City of Portsmouth with partner Redgate/Kane to the US General Service Administration for the acquisition of the federal McIntyre Building under the federal Historic Surplus Property

Program for a mixed-use, urban infill development.

On Pleasant Street, local developer Mark McNabb has proposed converting the historic Treadwell Mansion into micro-apartments for downtown service industry workers.

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

Also on the Route 1 corridor, at the site of the former Tuscan Kitchen restaurant, NNE Hospitality Group has proposed a new golf-themed restaurant and bar called, “The Tour,” which will offer food, drinks and five indoor golf simulators for golf enthusiasts.

Other notable developments proposed or underway include:

- Expansion (19,000 square feet) of NovoCure global oncology company to 135 Commerce Way at Portsmouth Business Park. It will now occupy 79,000 square feet and employ 250 local employees.
- Construction is underway to expand the Portsmouth Regional Hospital Intensive Care Unit adding eleven new ICU beds and eight beds to the Med Surge unit. The \$22 million investment will add 35 full-time jobs.
- Redevelopment of the former Wrens Nest Motel into 75 apartments.

- New fifty-unit multi-family development at 3400 Lafayette Road in 13 new buildings by Green & Company.
- Fifty-six unit single family home development with two pocket parks off Peverly Hill Road by Green & Company.

CREATIVE ECONOMY

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

The COVID-19 pandemic disproportionately impacted this business sector. Closures mandated by the Governor’s COVID-19 Emergency Orders resulted in significant workforce reductions as a result of cancellation of events and shows. Fortunately, many venues benefited from federal and state relief programs and creatively shifted to online entertainment options to subsist through the closure period, but some smaller venues and other offerings have struggled to resume operations.

Recognizing the direct and indirect economic impacts of the city’s creative businesses, the Mayor established a Blue Ribbon Committee on Arts and Non-Profits to assist in the recovery of this important industry in the City. Through collaboration, outreach and the impact of vaccination, the spring and summer of 2021 has seen the return of live outdoor and indoor performances and other events. A

further indication of recovery is that many of the larger performance venues have begun booking national touring artists/shows.

Despite the pandemic, the City continued to attract media attention as an excellent destination location to enjoy safe activities. Although less numerous than in non-pandemic years, the City was the subject in both on-line and traditional media as demonstrated in the following list of articles in FY 20/21:

- WOKQ 5 Outstanding Restaurants to Enjoy Outdoor Dining; May 2021
<https://wokq.com/5-restaurants-on-the-seacoast-with-out-doorwaterfront-dining/>
- MSN accolade: "10 Most Charming Small Towns in NH" <https://www.msn.com/en-us/travel/tripideas/the-10-most-charming-small-towns-in-new-hampshire/ss-BB1eBpGj?li=BBnb7Kw> March 2021
- Portsmouth listed in the top 20 northeast destinations:
<https://www.getawaymavens.com/most-popular-destinations-in-the-northeast-us-2020/> Dec. 2020
- Portsmouth ranked as an awesome place to retire: <https://blog.cheapism.com/awesome-places-to-retire/#slide=25> Nov 2020
- Portsmouth included in FamilyMinded.com article: Best Family Vacation in Every State in article on
https://www.familyminded.com/s/best-family-vacation-every-state-eaaf8d3e397d4fb3?utm_campaign=vacatione-achsate-af03d74f36c84725&utm_source=tab&utm_medium=cpc&utm_term=msn-msn-home; Sept.2020

The indicators in this report demonstrate that Portsmouth is a resilient community that has

responded to the negative impacts of the COVID-19 pandemic through adherence to health guidelines, capitalization of federal and state relief programs, astute fiscal management and community collaboration on recovery.

The downward trend of unemployment claims, jobs opportunities plus robust development activity and significant commercial and residential real estate investment are positive signs of recovery. Add to this the return of brisk activity downtown at restaurants and retail stores and at arts and culture venues bodes well for the third and fourth quarters of 2021 if the virus variants are kept in check.

MAJOR CITY ACCOMPLISHMENTS & INITIATIVES

The following describes completed and continued major financial, citywide infrastructure upgrades, economic and community development initiatives for FY21 as well as City awards as a result of the continued efforts and dedication of the City.

CITYWIDE AWARDS

Chamber Collaborative of Greater Portsmouth: Pandemic Powerhouse



The annual Chamber Collaborative of Greater Portsmouth award ceremony, held virtually, culminated in the Pandemic Powerhouse Award given to “the person or business that faced the pandemic with the ‘hell or high water’ attitude to make it their business to help other businesses - they won’t let the pandemic get them down.” The 2020 Pandemic Powerhouse award was presented to the staff of the City of Portsmouth.

Arbor Day Foundation Awards

The Arbor Day Foundation awarded the City of Portsmouth's Department of Public Works with its 22th Tree City USA designation as well as its third Tree Growth Award.



Portsmouth has achieved the Tree City USA recognition for twenty two years by meeting the program's four requirements: 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 holding an Arbor Day observance and proclamation.

In addition to being named a Tree City USA, the City's Department of Public Works' Parks and Greenery group was awarded a third consecutive Tree Growth Award, due to its high-achieving levels of education, partnerships, planning and management, as well as tree planting and maintenance.

For Arbor Day 2021, the Parks & Greenery Division planted a dawn redwood in front of City Hall. The team planted seventeen other species and a total of 100 trees in different locations around the city.

Water Fluoridation Quality Award

Each year, the Center for Disease Control (CDC) recognizes water systems that achieve optimal fluoridation levels for all 12 months with its annual Quality Award and has honored the City of Portsmouth DPW Water Division with its second consecutive Water Fluoridation Quality Award for its water fluoridation achievement.

The NH State Oral Health Program, within the Department of Health and Human Services, has a 5-year cooperative grant from the CDC and has issued water quality awards since 2014. Portsmouth is one of just nine water systems in

New Hampshire who received this CDC Water Quality Award.

LIVING WITH THE PANDEMIC

The COVID-19 pandemic brought to our doorstep a challenge like none we have ever experienced; however, the City of Portsmouth was prepared as the Emergency Plan created nine years ago was activated when in early March 2020 the Governor's "Stay At Home" order was put in place. City buildings were closed to the public and the implementation of technology capabilities allowed many of the staff the ability to work from home. The City Manager and staff from every department met daily and focused on the top priorities defined by the City Health Officer and Emergency Management Team: collecting and allocating PPE, assisting monitoring vulnerable populations and ensuring the continuity of City services to residents while protecting staff. The City responded nimbly and even was able to anticipate managing a budget in unprecedented times because of our strong, long-standing financial management practices firmly in place. Portsmouth demonstrated its continued resilience as a leader for prudent fiscal management.

The Mayor's Blue Ribbon Committee to Reopen Portsmouth which evolved from the Citizen Response Task Force created by the City Council in May 2020 to help businesses cope with the pandemic was given the charge to develop a plan to include all Portsmouth businesses in the "2021 Reopening", to create ways to support businesses by using Portsmouth resources, to encourage collaboration and to reach out to businesses to ensure inclusivity in the Reopening Plans. Composed of city residents and business owners, the team:

1. Met with and facilitated discussions with restaurants and small businesses

throughout the City to ensure their voices were heard and interests served.

2. Encouraged the City to place accessible picnic tables in prominent spots (North Church, Pleasant Street, Market Square and Vaughan Mall) for late winter outdoor dining.

Enabled “better than ever” outdoor dining “in the streets” through streamlined permitting by the Planning and Health Departments and placing concrete barriers to ensure the safety of diners.

CITY INFRASTRUCTURE

Maplewood Avenue Complete Streets Project

This project includes a comprehensive full road reconstruction and underground utility replacement in Maplewood Avenue from Woodbury Avenue to the Maplewood Avenue Bridge over the Route 1 bypass. The utility component includes replacement of water, sewer, and drain improvements as needed throughout the project area. The streetscape design on Maplewood incorporates the use of "Complete Street" components to improve safe access for pedestrians, bicyclists, motorists, and public transportation users of all ages and abilities.

Streets & Sidewalks

In FY21, the City continued its investment in the vital infrastructure of its streets and sidewalks.

Completed Projects:

- South Street & Pleasant Street area repaving, including: Melcher Street, Livermore Street, Richmond Street, and Franklin Street reconstruction,
- Maplewood Avenue from Woodbury Avenue to Cutts Avenue reconstruction,

- Islington Street Complete Street from Bartlett to Route 1 Bypass,
- Market Street Gateway Phase 2,
- City Hall parking lot,
- Fire Station 3 apron replacement,
- Jewell Court sidewalk installation,
- Edmond Avenue culvert repair,
- Maplewood Avenue paving from Dennett Street to Vaughan Street,
- Greenleaf Recreation Center Skate Park repaving,
- Tip-down installation for new crosswalk at Middle Street and Aldrich Road,
- Pleasant Street brick sidewalk repair, and
- Porter Street sidewalk repair between Chestnut Street and Fleet Street,

Projects in process included:

- Hodgedon Way connecting road from Bartlett Street to Route One By-pass,
- Islington Street – complete street project from Albany Street to Dover Street,
- Banfield Road drainage, sidewalk traffic calming and paving,
- Portions of International Drive paving at Pease International Tradeport,
- State and Middle Street traffic signal cabinet replacement, and
- Pleasant Street area reconstruction:
 - Melcher Street,
 - Livermore Street,
 - Richmond Street, and
 - Franklin Street.

Senior Activity Center Ribbon Cutting

On October 23, 2020, Mayor Rick Becksted, City Manager Karen Conard, Recreation board of Chair Carl Diemer and Martini Northern LLC Project Manager Matthew Billings cut the ribbon to celebrate the opening of Portsmouth’s new Senior activity Center.

The City of Portsmouth acquired the Paul A. Doble property at 125 cottage Street and

began refurbishing it into the City's new Senior Activity Center in 2019. Working together with the Community Development and Public Works Departments, the Senior Services Division of the Recreation Department designed an adaptive reuse of the former Doble facility which expanded the space available to the current Senior Center from 2,400 square feet to 12,000 square feet. The new Center has increased the number of activity/classrooms available for programs from 2 to 7, including a 3,500 square foot Assembly Hall and incorporates some of the design features recommended by the National Council on Aging.

Although COVID-19 guidelines restricted the number of occupants indoors, the Senior Activity Center very quickly became a critical alternative for space for vital civic and health uses as well as serving its key demographic of mature adults. Immediately after opening, the Senior Activity Center served as a polling place for the November 3 Presidential election. It became a hub for drive-up hot meals provided by Meals for Wheels, for drive-up tax preparation assistance provided by AARP and ultimately, as a vaccination center organized by the City Health Department and the Portsmouth Fire Department. The Senior Activity Center staff also provided technical assistance and transportation to seniors who needed help scheduling and reaching vaccination appointments. As more City seniors became vaccinated, programming designed to make the Center Portsmouth's premiere community resource for mature adults, a vibrant hub for people to gather and access programs that encourage wellness, lifelong learning, creativity, socialization, and recreation.

Athletic Field

The new 360-foot x 225-foot multi-purpose, synthetic turf playing field opened June 9,

2021. It fulfills several of the planning objectives outlined in the City's 2010 Comprehensive Recreational Needs Study and the 2016 update to that study, along with an innovative regional storm water treatment system, consisting of two types of systems to treat the storm water runoff originating from the West Road industrial area and improve the water quality of drainage to Sagamore Creek. The City selected synthetic turf for its playability, safety, and the ability to allow continuous play despite weather conditions. For additional safety, the City worked with the project consultants to select a certified PFAS-free artificial turf for the project. The infill for the turf is an organic product made with crushed walnut shells, an environmentally-sound alternative to rubber or plastic infills.

Prescott Park & Four Tree Island Public Art

The Portsmouth Department of Public Works is responsible for maintaining all of the City's public works of art.

One of the works that received special attention from DPW Facilities engineers in FY21 was the Cabot Lyford sculpture, *My Mother the Wind* that has stood on Four Tree Island for 45 years. Now the newly stabilized base for the sculpture ensures its presence on the waterfront for visitors to enjoy.

The City of Portsmouth also acquired the red granite sculpture, *Odyssey*, by Richard Erdman in Vermont. The sculpture was placed as the centerpiece of the Prescott Park garden fountain in honor of Michael Warhurst who tended the park gardens for 43 years. Donated by the nonprofit Friends of Prescott Park, the sculpture was carved from a 5-ton block of Italian madora red granite and weighs approximately 600 pounds.

Neighborhood Traffic-Calming Efforts

The City of Portsmouth prioritizes convenient, safe and accessible streets and roadways for all

transportation users. As traffic safety issues arise, the Neighborhood Traffic Calming Program provides a mechanism for neighborhood groups to work with the City. It is intended to ensure that all neighborhood stakeholders are provided the opportunity to be involved. FY22 projects include:

- Aldrich Road
- Bartlett Street
- Middle Road

Pedestrian Crossing Signal Upgrades

Pedestrians and motorists downtown at the intersections of Maplewood Avenue and Deer Street, Hanover Street and Congress Street experienced changes in the pedestrian-crossing patterns thanks to an upgrade in the traffic signals. The Parking and Traffic Safety Committee (PTSC) recommended the changes in December 2019.

Wayfinding Project

The phased implementation of the wayfinding program continues. Implementation steps include the fabrication and installation of consistent and visible parking signs and directionals, interior and exterior enhancements to the parking garage, and development of mobile-friendly (internet and smartphone) wayfinding components.

McIntyre Update

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

the GSA officially began its disposal process, declaring the building to be surplus to its needs.

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

TRANSPORTATION

“Stay & Pay” & PARIS Garage Parking Software

In FY21 the Department of Public Works’ Parking Division enhanced the “Pay by Plate” technology in the on-street parking kiosks by adopting a “Stay & Pay” program that gives users of on-street and surface lot parking the convenience of not having to move their vehicles after the time limit for the space has expired. In addition, in FY21, the DPW Parking Division activated a new online account management and payment system for the High/Hanover and Foundry Place Garage monthly parking account holders. Accessible through ParkPortsmouth.com, the PARIS Online Portal provides the ability for monthly parkers at the Hanover Garage to view a detailed account history and take advantage of the convenience of touch-free online payment.

Downtown Workforce Parking Program

Qualified employees of downtown Portsmouth businesses can park in the Foundry Place Garage for only \$3 per 10-hour parking session, rather than the per-hour parking rate. To benefit, an employee of a Downtown Portsmouth business must show a photo ID and current proof of paycheck issued by a downtown business and submit the application form in person at the Foundry Parking Garage

office. Each employee is eligible to buy up to 20 parking stickers per month.

WATER, WASTEWATER, AND STORMWATER
Pease Tradeport Water Treatment Facility
Upgrade

The City of Portsmouth Department of Public Works dedicated the new Pease Water Treatment Facility located at 97 Grafton Drive in Portsmouth on May 4, 2021. Senators Jeanne Shaheen and Maggie Hassan, together with Representative Chris Pappas and Jennifer Miller, Acting Assistant Secretary of the Air Force for Energy, Installations, and Environment spoke about the facility and progress that has been made in responding to Per- and polyfluoroalkyl substances (PFAS) contamination at Pease and throughout the rest of the country. The completion of the Pease facility marks the culmination of seven years of response to the presence of PFAS contaminants that were found in May 2014 to be impacting three Pease drinking water wells. Past use of firefighting foam at the former Pease Air Base containing PFAS compounds contributed to this contamination. Subsequently, the Air Force agreed to work with the City to treat the drinking water serving the Pease International Tradeport system.

Bellamy Reservoir Water protection

The City's Department of Public Works Water Division partnered with Southeast Land Trust (SELT) to purchase a conservation easement on approximately 107 acres owned by Mary Ellen Duffy, adjacent to the Reservoir. The easement was obtained through the combined efforts of the City, SELT and the Town of Madbury to secure a \$287,000 grant from the New Hampshire Groundwater and Drinking Water Trust Fund and approximately \$11,500 from the Great Bay Resource Protection Partnership. The Portsmouth City Council authorized the use of an additional \$287,300 from the City's

Water Enterprise Fund to complete the purchase of the Duffy easement.

Peirce Island Wastewater Treatment Upgrade

The Peirce Island Wastewater Treatment Facility (WWTF) Upgrade Project began in FY17 and was completed in FY21. The areas occupied on Peirce Island for construction staging have been restored and the island was opened back up to recreation. The biological treatment process portion of the facility was started up in January of 2020 and was meeting permit compliance for secondary treatment standards by April 2020 and nitrogen removal by June 2020. The treatment process underwent optimization during FY21 and has resulted in reduction of biochemical oxygen demand loads, a measure of the organic strength of the wastewater, of 90%, total suspended solids of 88%, and total nitrogen load of 84%. This is a significant improvement in overall water quality discharged to the Piscataqua River and Great Bay Estuary. The facility was dedicated on July 13, 2021, over four and one half years following the beginning of construction and nearly a decade after initial planning for the upgrade. The ribbon for the new facility was cut together by the Mayor Rick Becksted and Former Mayors, Jack Blalock and Robert Lister whose terms spanned the approval process of this project, the largest public project ever completed for the City.

Sewer Force Main Repairs on Peirce Island for
Mechanic Street Wastewater Pumping Station

The City addressed a sewer force main failure on Peirce Island that was discovered during FY21. The sewer force mains carry wastewater from the Mechanic Street Wastewater Pumping Station to the Peirce Island Wastewater Treatment Facility and were found to be leaking in September 2020. This resulted in the City moving forward with a temporary solution to add a temporary force main on the

ground along Peirce Island. Design and permitting for replacement pipelines was completed in FY21 and FY22 will include bidding and construction of the replacement pipelines.

Water and Sewer Pipe Replacements and Upgrades

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

Islington Street Corridor Roadway Improvements

The Islington Street Corridor Project work includes replacement of underground utilities (water sewer drain), roadway reconstruction, curbing and sidewalk installations, and landscaping improvements (ornamental lighting, street trees, benches, etc.). The City of Portsmouth Department of Public Works completed Phase 1A in FY21 spanning Islington Street from the intersection with Spinney Road to the intersection with Albany Street. Phase 1B spanning Islington Street from the intersection with Albany Street to Dover Street, Columbia Street and Columbia Court began in FY21 and will be complete in FY22.

Stormwater BMPs/UNH Capstone Project

The Department of Public Works' Water and Sewer Divisions continues to advance work done by UNH interns and four environmental engineering students from the UNH Capstone project, evaluating and implementing Stormwater Best Management Practices (BMPs). Importantly, the students started utilizing the Pollutant Tracking & Accounting Project (PTAP) application, which was recently proposed by the EPA as a requirement of all Site Plan Review Regulations

for communities like Portsmouth who are following MS4 permit requirements for discharges from separated Storm/Sewer systems. The Stormwater BMPs adopted by the City of Portsmouth use the PTAP application to evaluate their effectiveness in limiting nitrogen and other pollutant levels in the City's stormwater discharges.

Stormwater Division Outreach: "Think Blue"

- Postcard campaigns focusing on: Lawn care, Yard waste and Pet waste, with consistent "Think Blue" branding and web page links for more information.
- Safe Water Advisory Group (City Council Advisory Committee) meets monthly in collaboration with the Water/Stormwater Division to raise public awareness of the Great Bay Watershed and residents' impact.
- Working collaboratively with Strawberry Banke Museum, the City's Planning and Public Works Department created the exhibit: "Water Has a Memory: Preserving Strawberry Banke and Portsmouth from Sea Level Rise." Strawberry Banke has worked since 2013 with the City of Portsmouth exploring how predicted sea level rise will affect Portsmouth's built geography. The exhibit, explains the impact and suggests what members of the public can do to help.

LONG-TERM FINANCIAL PLANNING

STATEWIDE EDUCATION PROPERTY TAX

[The following information is the latest update for the Statewide Education Property Tax Assessment as of the date of this report December 15, 2021.]

The Statewide Education Property Tax assessment process remains essentially the same for FY22. It is believed at this time that the overall combined taxes raised by SWEPT

and the local education tax will remain essentially the same for FY22. New legislation for FY23 only reduces the amount of SWEPT property taxpayers need to raise, and creates a state fund to supplement that reduction. The best information available at this time suggests a return to the FY22 model thereafter. Each Fall, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. Historically Portsmouth has raised tax revenue above the State determined cost of an adequate education and has been able to retain this revenue for local education costs. Prior to FY06, Portsmouth was a “Donor” community, forced to raise an additional \$11,750,318 in SWEPT for the State to distribute to other “Receiver” communities. Over the past several years, a number of bills have been introduced that would require those communities that collect excess SWEPT to pay it over to the State to deposit in the general fund or educational trust fund. The City actively opposed these bills along with other former Donor communities and these bills did not pass. Education funding was a priority issue for the Legislature in 2019 which led to the creation of a Commission on Education Funding. The Commission issued a comprehensive report in December of 2020 that analyzed students’ needs and identified deficiencies in how the state fulfills its constitutional obligation to provide students with an adequate education. However, the report made no changes to the current system of funding education through the property tax and recommends the return of a donor/receiver education funding formula. Legislation introduced in 2021 to change the funding formula consistent with the Commission’s recommendations did not pass. However, towns that could be new donor communities under this type of funding

formula created the Coalition Communities 2.0 to oppose education funding formulas that would return to a donor and receiver education funding model. It is also significant to note that in 2019 the issue of whether SWEPT is constitutional was raised in the case of *Contoocook Valley School District v. State of New Hampshire*, which found RSA 198:40-a (Cost of an Opportunity for an Adequate Education a/k/a base adequacy) unconstitutional as applied to the Petitioners (ConVal). The Court did not reach ConVal’s claim that SWEPT is unconstitutional but held that after the legislature adjusts the education formula consistent with its order, the constitutionality of SWEPT could be challenged based on the new education funding formula. This issue and others in the case were appealed to the New Hampshire Supreme Court. The case was remanded and is pending in the Rockingham County Superior Court, Docket No. 213-2019-CV-00069. The Attorney General’s Office represents the State and supports the constitutionality of the current education funding formula. The City will continue to monitor this case and through the Legislative Subcommittee, work with City Staff, the Portsmouth Delegates and the Coalition Communities 2.0 to monitor legislation on education funding.

BOND RATING

In April of 2021, the last time the City issued bonds, Standard & Poor’s Rating Group (S&P) affirmed the City’s bond rating to AAA citing its City’s very strong economy, very strong management with strong financial policies and practices, strong budgetary performance, very strong budgetary flexibility, very strong liquidity, and strong debt and contingent liabilities position as positive credit factors.

RELEVANT FINANCIAL POLICIES

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

LEAVE AT TERMINATION

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

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

As of the close of the current fiscal year, citywide liability for accrued employee benefits was \$5,725,979, a net change of (\$672,000) 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, 2021, the Unassigned Fund Balance is 13.74% 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 FY21, the amount of net annual debt remains within the policy limits at 7.97%.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement ACFR

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Portsmouth for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program

standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The City has received a total of Twenty-eight (28) awards for its' Fiscal Years ending June 30, 1988, 1989, and for twenty-six consecutive years from 1995 to 2020. The City believes that its current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

Award for the Popular Annual Financial Report

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, 2020. This is the City's fourth 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.

Award for Distinguished Budget

The City of Portsmouth also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning July 1, 2020. This marks the fifteenth (15) consecutive year. 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.

Triple Crown Medallion

The Government Finance Officers Association implemented for FY2019 a new recognition, the GFOA Triple Crown. The Triple Crown recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award.

GFOA presented to the City of Portsmouth the Triple Crown medallion to recognize all three aforementioned GFOA awards for the Fiscal Year Ending 2019 and 2020.

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

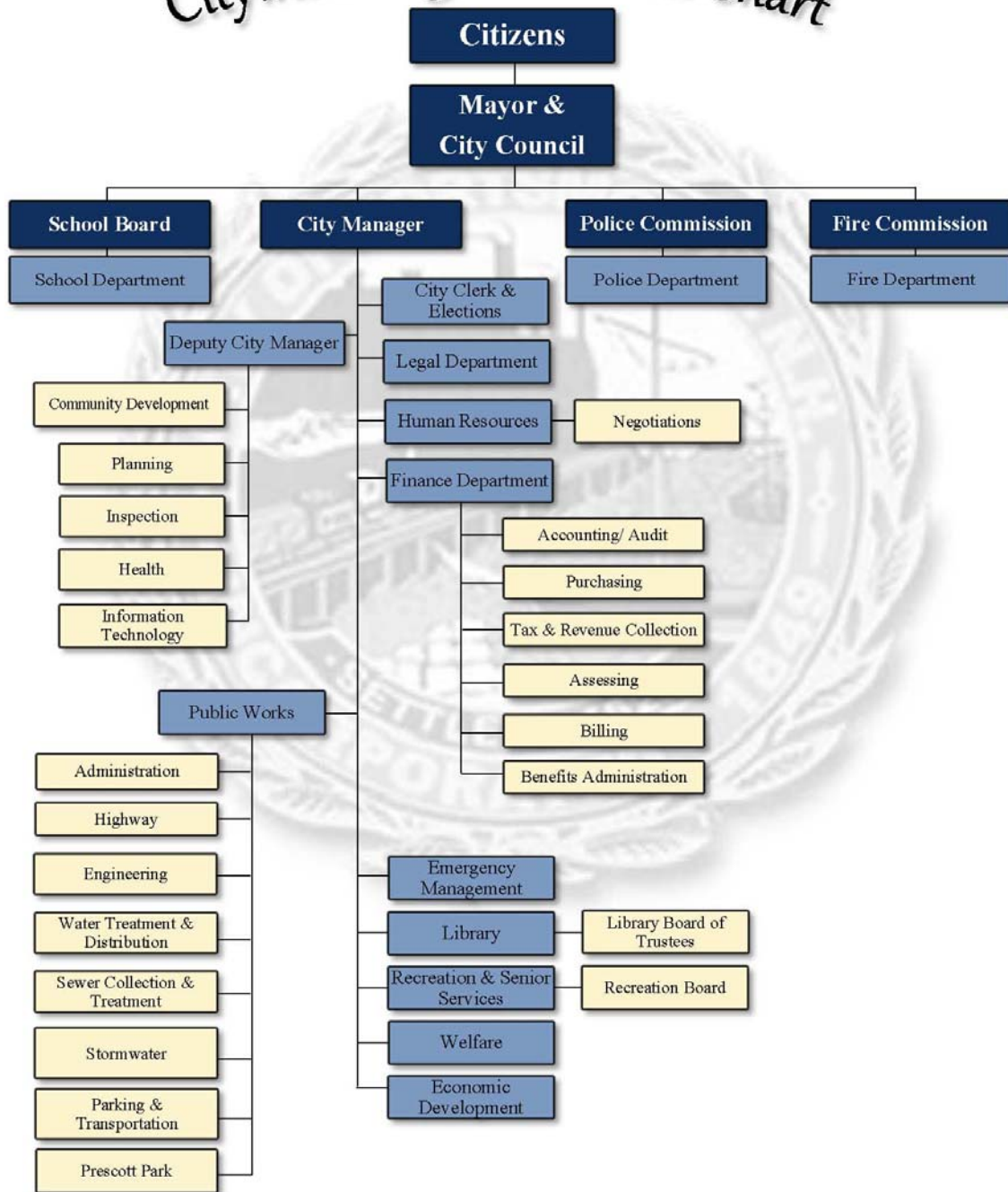
I express my appreciation to the Mayor, City Council, and City Manager, Karen S. Conard, for their continuing interest to the commitment to improve and maintain a strong financial position as reflected in this report.

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

(as of June 30, 2021)

City Council

Rick Becksted, Mayor
Jim Splaine, Assistant Mayor

Deaglan McEachern
Peter Whelan
Cliff Lazenby

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

Board of Education

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

Ann Walker
"Pip" Clews
Margaux Peabody

Hope Van Epps
Nancy Novelline Clayburgh
Brian French
Jeffrey Landry

Police Commission

Chief Mark Newport
Joseph Onosko, Chair
Stefany Shaheen
Tom Hart

Fire Commission

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

Principal Executive Officers

Karen Conard, City Manager
Vacant, Deputy City Manager
Robert Sullivan, City Attorney
Judith Belanger, Director of Finance and Administration
Andrew Purgiel, Deputy Finance Director
Peter Rice, Director of Public Works and Facilities
Brian Goetz, Deputy Public Works Director
Kelli Barnaby, City Clerk
Kelly Harper, Human Resources Director
Nancy Bates, Revenue Administrator
Rosann Maurice-Lentz, City Assessor
Todd Henley, 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

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Presented to

**City of Portsmouth
New Hampshire**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill
Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 23 to the financial statements, in 2021 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 15, 2021 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.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
December 15, 2021

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2021



The City of Portsmouth's (the City's) management offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. 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 \$246,360,960. This is an increase of \$6,138,965 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$81,929,675, an increase of \$5,249,503 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,363,998, an increase of \$211,401 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 40-43 of this report.

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

The basic proprietary funds financial statements can be found on pages 49-51 of this report.

- **Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the 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 52-53 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 54 of this report.

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

The combining schedules are presented immediately following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Summary of Net Position (000s)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 105,026	\$ 92,574	\$ 66,732	\$ 64,369	\$ 171,758	\$ 156,943
Capital assets	<u>255,991</u>	<u>249,653</u>	<u>253,307</u>	<u>239,821</u>	<u>509,298</u>	<u>489,474</u>
Total assets	<u>361,017</u>	<u>342,227</u>	<u>320,039</u>	<u>304,190</u>	<u>681,056</u>	<u>646,417</u>
Deferred outflows of resources	<u>35,423</u>	<u>16,358</u>	<u>1,633</u>	<u>700</u>	<u>37,056</u>	<u>17,058</u>
Total assets and deferred outflows	<u>\$ 396,440</u>	<u>\$ 358,585</u>	<u>\$ 321,672</u>	<u>\$ 304,890</u>	<u>\$ 718,112</u>	<u>\$ 663,475</u>
Liabilities:						
Long-term liabilities	\$ 259,390	\$ 227,607	\$ 97,998	\$ 88,663	\$ 357,388	\$ 316,270
Other liabilities	<u>18,070</u>	<u>10,118</u>	<u>88,819</u>	<u>88,139</u>	<u>106,889</u>	<u>98,257</u>
Total liabilities	<u>277,460</u>	<u>237,725</u>	<u>186,817</u>	<u>176,802</u>	<u>464,277</u>	<u>414,527</u>
Deferred inflows of resources	7,162	8,395	312	331	7,474	8,726
Net position:						
Net investment in capital assets	151,205	145,409	99,765	91,840	250,970	237,249
Restricted	17,101	14,220	-	-	17,101	14,220
Unrestricted	<u>(56,488)</u>	<u>(47,164)</u>	<u>34,778</u>	<u>35,917</u>	<u>(21,710)</u>	<u>(11,247)</u>
Total net position	<u>111,818</u>	<u>112,465</u>	<u>134,543</u>	<u>127,757</u>	<u>246,361</u>	<u>240,222</u>
Total liabilities, deferred inflows and net position	<u>\$ 396,440</u>	<u>\$ 358,585</u>	<u>\$ 321,672</u>	<u>\$ 304,890</u>	<u>\$ 718,112</u>	<u>\$ 663,475</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 \$250,969,632, an increase of \$13,720,340 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 \$17,101,039 or 7% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of (\$21,709,711) represents amounts without constraints established by enabling legislation, external agreements or other legal requirements. That amount is reduced by a deficit in governmental activities primarily resulting from the City's unfunded net pension and total OPEB liabilities as discussed in the

Notes 20 and 21. 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			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 20,132	\$ 19,742	\$ 26,448	\$ 25,601	\$ 46,580	\$ 45,343
Operating grants and contributions	13,464	12,251	-	-	13,464	12,251
Capital grants and contributions	2,546	3,197	5,699	7,681	8,245	10,878
General revenues:						
Property taxes	89,201	88,734	-	-	89,201	88,734
Interest on taxes	191	165	-	-	191	165
Grants and contributions not restricted to specific programs	1,318	1,330	-	-	1,318	1,330
Investment income	3,096	1,563	422	1,064	3,518	2,627
Other	3,348	2,394	456	471	3,804	2,865
Total revenues	133,296	129,376	33,025	34,817	166,321	164,193
Expenses:						
General government	16,340	16,600	-	-	16,340	16,600
Public safety	26,064	25,185	-	-	26,064	25,185
Education	65,079	57,810	-	-	65,079	57,810
Public works	17,266	17,309	-	-	17,266	17,309
Health and human services	756	773	-	-	756	773
Culture and recreation	3,688	4,460	-	-	3,688	4,460
Community development	989	687	-	-	989	687
Interest on long-term debt	4,039	4,329	-	-	4,039	4,329
Water operations	-	-	9,325	8,761	9,325	8,761
Sewer operations	-	-	16,636	12,518	16,636	12,518
Total expenses	134,221	127,153	25,961	21,279	160,182	148,432
Change in net position before transfers and special items	(925)	2,223	7,064	13,538	6,139	15,761
Transfers in (out)	278	398	(278)	(398)	-	-
Special items	-	-	-	(1,690)	-	(1,690)
Change in net position	(647)	2,621	6,786	11,450	6,139	14,071
Net position - beginning of year	112,465	109,844	127,757	116,307	240,222	226,151
Net position - end of year	\$ 111,818	\$ 112,465	\$ 134,543	\$ 127,757	\$ 246,361	\$ 240,222

Governmental Activities. Governmental activities for the year resulted in a decrease in net position of \$647,298 which is a decrease of \$3,267,251 from the prior year change. Governmental activities realized the following significant transactions:

- Property tax increased by \$467,503 or 0.5% from the prior year. Although the tax rate decreased by 1% on all classes of property, there was an increase of approximately 2.4% in the taxable property values driven by new growth and increased local real estate market values.
- All other revenues combined, besides property taxes, resulted in a net increase of \$3,453,614 from the prior year primarily due to an increase in charges for services of \$389,121, an increase in operating and capital grants and contributions of \$561,961, increase from interest on investments of \$1,532,711, and an increase in all other revenues of \$969,821.
- Overall governmental expenses experienced a net increase of \$7,068,269 or 5.6% 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 \$6,786,263 which is a decrease of \$4,663,711 from the prior year change. The key elements of the changes are as follows:

- Operating revenues over operating expenses of \$4,476,791 represent a decrease of \$3,481,141 from the prior year. Charges for services in the business-type activities experienced an increase of \$846,485. The water fund experienced an increase in operating revenues of \$326,340 or 3.4% and the sewer fund experienced an increase of \$520,145 or 3.2%, both primarily as a result of a rate increase.
- Non-operating revenues of \$877,805 represent a decrease of \$656,794 primarily due to a decrease in investment income.
- Non-operating expenses, interest expense, increased by \$354,720 to \$3,990,634.
- Capital grants and contributions of \$5,700,008 represents a decrease of \$1,981,339 due to contributions made from the 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 \$81,929,675, an increase of \$5,249,503 in comparison with the prior year.

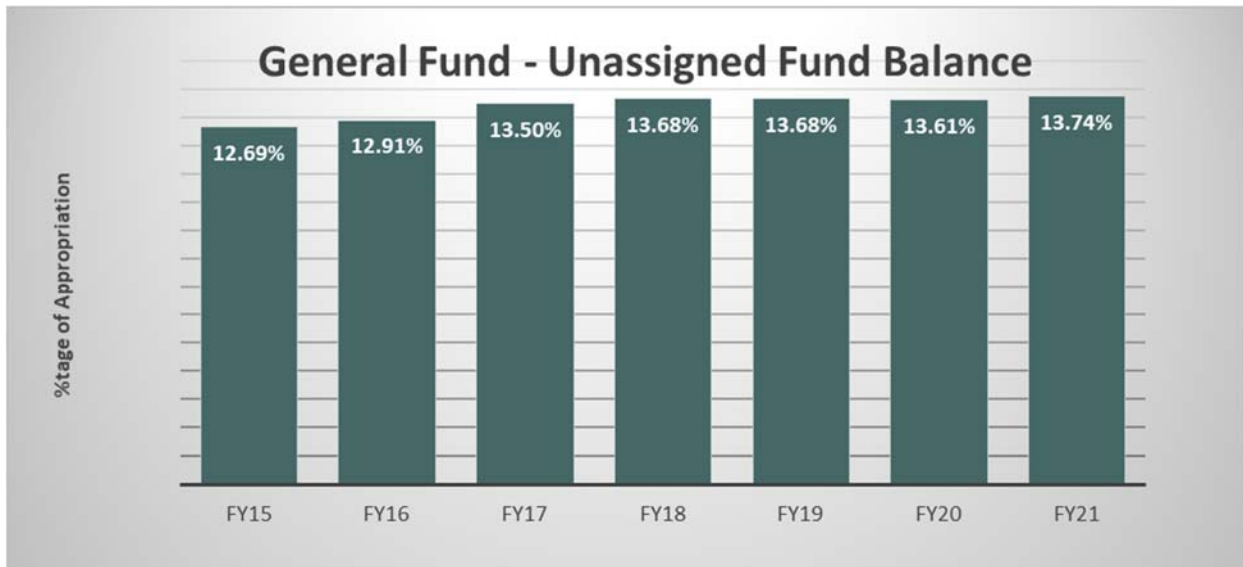
General Fund

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

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

Unassigned fund balance at the end of the fiscal year was \$16,363,998 or 13.74% of the final general fund budget. This is an increase of \$211,401 or 1.31% from prior year.

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



Total fund balance for the general fund at the end of the current fiscal year, was \$48,615,321 or 40.81% of the final general fund budget. This is an increase of \$819,457 or 1.71% from prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$2,050,000 from budgetary use of fund balance.
- A decrease of fund balance of \$150,000 from a Supplemental Appropriation.

- A net increase to fund balance of \$2,565,828 from revenues and other financing sources exceeding final budget estimates net of budgeted use of Fund Balance.
- A net increase of \$1,598,677 from remaining departmental appropriations.
- A decrease of fund balance of \$1,891,837 due to an increase in abatement liabilities from FY20.
- A decrease of fund balance of \$930,232 from expenditures exceeding appropriations in the Leave at Termination Stabilization Account.
- An increase of fund balance of \$779,285 from excess funding in the Health Insurance Stabilization Account.
- An increase of \$733,840 to fund balance from non-lapsing appropriations.

Non-major Funds

At the end of the current fiscal year, total fund balance of non-major governmental funds was \$33,314,354, which is a net increase of \$4,430,046 from prior year. This change was primarily due to an increase of \$2,150,765 in capital funds from issuance of bonds and an increase in permanent funds of \$1,883,960 from investment income.

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

Total net position for the water and sewer funds at the end of the year increased \$6,786,263 to a total of \$134,543,456. The water fund increased by \$5,603,021 and the sewer fund increased by \$1,183,242 mainly attributed to revenue raised for future rate stabilization and capital projects.

To provide adequate revenues to meet expenditures for operations, debt service, and capital improvements, the City's rates are based on a two-step, inclining block rate structure for both water and sewer usage. Water rates for FY21 remained the same as prior year. The first ten units (one unit equals 100 cubic feet or 748 gallons) of water consumed per month were billed at \$4.32 per unit; all units over ten units per month were billed at a rate of \$5.20 per unit. Irrigation meters have a third tier to further capture the cost of additional capacity to service the customer's water demands. The first ten units of water consumed per month were billed at \$5.20 per unit, water consumed over 10 units up to 20 units were billed at \$9.81 per unit, and units over 20 units per month were billed at a rate of \$12.11 per unit.

Sewer, which is measured by water consumption, had a rate increase of 4% over prior year. The first ten units were billed at \$14.32 per unit; and all units over ten units per month were billed at a rate of \$15.75 per unit.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one supplemental appropriation of \$150,000 for during FY21 for the redevelopment plans of the McIntyre Federal Building resulting in the difference between the original budget and the final amended budget.

The difference between the final amended budget and actual results is a positive variance of \$4,164,506 with revenues exceeding estimated budgets by \$2,565,828 and expenditures were less than the estimated budget by \$1,598,678. Significant variances include:

- Positive variance in Licenses and Permits of \$1,308,600 is mainly attributed to an excess of \$376,849 as a result of an increased number of motor vehicle registrations and \$878,400 in building, electrical and plumbing permits resulting from renovations and new construction citywide.
- Negative variance in Intergovernmental of \$47,069 is mainly attributed to excess of \$14,964 from State revenues, \$28,380 from unanticipated School dental premium Holiday Premium (rebate) from prior year, and a negative variance of \$90,413 in School tuition.
- Negative variance in Charges for Services of \$160,898 is mainly attributed to the cancellation of recreation programs due to the COVID-19 pandemic and less than estimated welfare reimbursements.
- Positive variance in Fines and Costs of \$205,062 is mainly attributed to an excess of parking violations.
- Positive variance in Other Revenues of \$472,020 is mainly attributed to unanticipated revenues from prior year expenditures; \$125,587 reimbursement from FEMA, \$122,532 Holiday Premium for workers' compensation, and \$21,581 Holiday Premium for dental.
- Positive variance of \$1,506,390 in the operating expenditures is comprised of \$415,307 in the Police Department, \$123,427 in the Fire Department, \$93,486 in the School Department, and \$874,170 from other General Government departments is primarily a result of several vacancies, postponed travel, conferences, training and other Recreation and Senior Services programs, due to the COVID-19 pandemic.
- Non-operating expenditures resulting in a net positive variance of \$92,288 mainly attributed to the Rockingham County Tax assessment at \$32,850 less than estimated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$509,297,694 (net of accumulated depreciation), an increase of \$19,824,126 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment. The following comparison shows net capital assets by category:

	Capital Assets (000s) (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2021	2020	2021	2020	2021	2020		
Land	\$ 23,402	\$ 23,402	\$ 4,075	\$ 3,292	\$ 27,477	\$ 26,694	\$ 783	2.93%
Building and improvement	136,815	134,054	63,396	52,367	200,211	186,421	13,790	7.40%
Machinery and equipment	10,562	10,864	44,725	37,697	55,287	48,561	6,726	13.85%
Infrastructure	67,092	63,971	96,622	94,761	163,714	158,732	4,982	3.14%
Construction in Progress	<u>18,120</u>	<u>17,362</u>	<u>44,489</u>	<u>51,703</u>	<u>62,609</u>	<u>69,065</u>	<u>(6,456)</u>	<u>-9.35%</u>
Total Assets	<u>\$ 255,991</u>	<u>\$ 249,653</u>	<u>\$ 253,307</u>	<u>\$ 239,820</u>	<u>\$ 509,298</u>	<u>\$ 489,473</u>	<u>\$ 19,825</u>	<u>4.05%</u>

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

- Governmental Activities construction in progress totaled \$18,120,039.
- Governmental funds capitalization of assets totaled \$15,217,097 summarized as follows:
 - Senior Activities Center
 - Kearsarge Ave and Market St Bridges
 - Upgrades to New Franklin School
 - Upgrades to Spinnaker Point facility
 - City Hall security system
 - Various Road reconstruction and installation of pedestrian signals
 - Various general government vehicles and equipment for Public Works, Recreation, Police, Fire and School Departments
- Business-type Activities construction in progress totaled \$44,488,457; Water fund \$26,497,486 and Sewer Fund \$17,990,971.
- Water fund capitalization of assets totaled \$1,458,389 summarized as follows:
 - Acquisition of land at the Bellamy Reservoir
 - Upgrades to the Newington Booster station
 - Upgrades to the Greenland Well

- McDonough St, New Castle Rd, and Middle Rd Waterlines
- Sewer fund capitalization of assets totaled \$25,786,178 summarized as follows:
 - Peirce Island Waste Water Treatment Facility
 - Storm Water Treatment at the Public Works complex
 - Peirce Island Bridge, Woodbury/Stark Bridge, and Cates St, Sewerlines

Additional information on the City of Portsmouth’s capital assets can be found in Note 10 on pages 69-70 of this report.

Long-term Debt. At the end of the current fiscal year, total bonded debt, including unamortized bond premiums, and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$203,738,818 as shown in the table below, all of which was backed by the full faith and credit of the government.

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

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

Outstanding Debt (000s)

	Governmental		Business-type		Totals	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 101,931	\$ 99,623	\$ 68,769	\$ 59,962	\$ 170,700	\$ 159,585
State revolving fund loans	-	-	15,355	17,831	15,355	17,831
Unamortized premium	<u>11,287</u>	<u>10,326</u>	<u>6,397</u>	<u>5,636</u>	<u>17,684</u>	<u>15,962</u>
Total Debt	<u>\$ 113,218</u>	<u>\$ 109,949</u>	<u>\$ 90,521</u>	<u>\$ 83,429</u>	<u>\$ 203,739</u>	<u>\$ 193,378</u>

The City of Portsmouth’s total debt increased by \$10,360,956 or 5.36% during the current fiscal year.

The key factors in this net increase are:

- Reductions of outstanding debt principal in the amount of \$18.3 million.
- The issuance of General Obligation bonds and the refunding of a callable bond \$26.9 million.

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

The general debt limit of the City is 3% of “base valuation”, (see below), except for landfill closures, school, water and sewer purposes, which have their own independent limits. The debt limit for school purposes is 7 percent, for water purposes is 10% of a base valuation, and debt for landfill closure and sewer purposes are exempt from the debt limit and are not counted toward the 3 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, 2021, 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 \$7,119,904,456. The debt limit and outstanding debt is as follows:

Debt Limit Calculation						
Purpose	% of Allowable Debt Limit	Maximum Debt Limit	Bonds Outstanding including Unamortized Bond Premiums		Total Gross Debt as of June 30, 2021	% of Legal Debt Service Used
			as of June 30, 2021	Authorized Unissued as of June 30, 2021		
Municipal	3.00%	\$ 213,597,134	\$ 66,027,181	\$ 16,025,000	\$ 82,052,181	38%
Landfill closure ⁽¹⁾	N/A	-	-	4,641,897	4,641,897	N/A
School	7.00%	498,393,312	47,190,538	500,000	47,690,538	10%
Water	10.00%	711,990,446	34,294,320	1,450,000	35,744,320	5%
Sewer ⁽¹⁾	N/A	-	56,226,779	86,300,000	142,526,779	N/A
Total		\$ 1,423,980,892	\$ 203,738,818	\$ 108,916,897	\$ 312,655,715	

⁽¹⁾ Exempt from Debt Limit

Additional information on long-term debt can be found in Note 16 on pages 71-76 of this report.

ECONOMIC CONDITIONS AND NEXT YEAR’S BUDGET AND RATES

As of June 30, 2021, the City of Portsmouth’s unemployment rate was 2.4%. During the same period, Portsmouth’s rate remained lower by comparison to the State of New Hampshire, New England, and the Nation’s unemployment average of 2.9%, 5.3% and 5.9%, respectively.

The budget and tax rate for the General Fund for FY22 has been approved by the Department of Revenue Administration. The tax rate has been set at \$15.03 per \$1,000 of assessed value. This is an increase of \$0.33 or 2.2% from the prior year.

The total budget of \$123,209,033 is an increase of \$4,093,695 or 3.44% from the prior year final budget. This budget includes use of Committed Fund Balance in the amount of \$1,900,000 from debt service reserves, \$100,000 from Abatement Reserve, and \$480,000 from Unassigned Fund Balance for the operations of the McIntyre Building.

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 FY21 as follows:

WATER USER RATES	<u>FY21</u>	<u>FY22</u>
First Tier Rate (10 units or less)	\$4.32	\$4.40
Second Tier Rate (over 10 units)	\$5.20	\$5.30

IRRIGATION USER RATES	<u>FY21</u>	<u>FY22</u>
First Tier Rate (10 units or less)	\$5.20	\$5.30
Second Tier Rate (over 10 units)	\$9.81	\$10.00
Third Tier Rate (over 20 units)	\$12.11	\$12.34

- The sewer rate increase by 4% over FY21 as follows:

SEWER USER RATES	<u>FY21</u>	<u>FY22</u>
First Tier Rate (10 units or less)	\$14.32	\$14.89
Second Tier Rate (over 10 units)	\$15.75	\$16.38

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Statement of Net Position

June 30, 2021

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Current:			
Cash and short-term investments	\$ 80,275,524	\$ 60,196,924	\$ 140,472,448
Investments	11,670,349	-	11,670,349
Receivables, net of allowance for uncollectibles:			
Property taxes	2,028,982	-	2,028,982
User fees	-	5,188,693	5,188,693
Departmental and other	4,256,253	-	4,256,253
Contributions	-	526,390	526,390
Intergovernmental	2,197,281	336,740	2,534,021
Special assessment	187,069	-	187,069
Loans and interest	14,861	-	14,861
Other assets	79,029	-	79,029
Inventory	<u>39,642</u>	<u>291,081</u>	<u>330,723</u>
Total current assets	100,748,990	66,539,828	167,288,818
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	353,609	-	353,609
Contributions	-	192,314	192,314
Special assessment	748,350	-	748,350
Loans	3,174,506	-	3,174,506
Capital assets:			
Land and construction in progress	41,521,976	48,563,674	90,085,650
Other capital assets, net of accumulated depreciation	<u>214,469,205</u>	<u>204,742,839</u>	<u>419,212,044</u>
Total noncurrent assets	<u>260,267,646</u>	<u>253,498,827</u>	<u>513,766,473</u>
Total Assets	361,016,636	320,038,655	681,055,291
Deferred Outflows of Resources			
Related to pensions	33,667,669	1,596,220	35,263,889
Related to OPEB	<u>1,755,271</u>	<u>37,157</u>	<u>1,792,428</u>
Total Deferred Outflows of Resources	<u>35,422,940</u>	<u>1,633,377</u>	<u>37,056,317</u>
Total Assets and Deferred Outflows of Resources	\$ <u><u>396,439,576</u></u>	\$ <u><u>321,672,032</u></u>	\$ <u><u>718,111,608</u></u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Statement of Net Position

June 30, 2021

(continued)	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current:			
Accounts payable	\$ 2,918,074	\$ 3,566,373	\$ 6,484,447
Accrued liabilities	1,976,223	3,268,985	5,245,208
Notes payable	-	79,544,626	79,544,626
Deposits held in custody	-	39,667	39,667
Retainage payable	837,694	1,967,836	2,805,530
Unearned revenue	6,494,048	55,000	6,549,048
Tax refunds payable	5,196,616	-	5,196,616
Other current liabilities	646,827	375,627	1,022,454
Current portion of long-term liabilities:			
Bonds and loans payable	13,190,706	8,280,014	21,470,720
Landfill liability	150,829	-	150,829
Accrued employee benefits	<u>603,735</u>	<u>55,588</u>	<u>659,323</u>
Total current liabilities	32,014,752	97,153,716	129,168,468
Noncurrent:			
Bonds and loans payable, net of current portion	100,027,013	82,241,085	182,268,098
Net pension liability	118,425,144	6,239,283	124,664,427
Total OPEB liability	21,277,046	542,967	21,820,013
Landfill liability	1,288,567	-	1,288,567
Accrued employee benefits, net of current portion	<u>4,427,386</u>	<u>639,269</u>	<u>5,066,655</u>
Total noncurrent liabilities	<u>245,445,156</u>	<u>89,662,604</u>	<u>335,107,760</u>
Total Liabilities	277,459,908	186,816,320	464,276,228
Deferred Inflows of Resources			
Related to pensions	2,268,163	151,538	2,419,701
Related to OPEB	<u>4,894,001</u>	<u>160,718</u>	<u>5,054,719</u>
Total Deferred Inflows of Resources	7,162,164	312,256	7,474,420
Net Position			
Net investment in capital assets	151,204,499	99,765,133	250,969,632
Restricted for:			
Public works improvements	2,827,649	-	2,827,649
Public safety	771,909	-	771,909
Community development	1,705,640	-	1,705,640
Other purposes	1,702,045	-	1,702,045
Permanent funds:			
Nonexpendable	1,633,062	-	1,633,062
Expendable	8,460,734	-	8,460,734
Unrestricted	<u>(56,488,034)</u>	<u>34,778,323</u>	<u>(21,709,711)</u>
Total Net Position	<u>111,817,504</u>	<u>134,543,456</u>	<u>246,360,960</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 396,439,576</u>	<u>\$ 321,672,032</u>	<u>\$ 718,111,608</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, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General government	\$ 16,340,029	\$ 10,459,791	\$ 210,768	\$ -	\$ (5,669,470)
Public safety	26,064,563	1,297,300	2,196,292	-	(22,570,971)
Education	65,078,849	463,641	10,459,704	1,757,196	(52,398,308)
Public works	17,265,865	7,656,924	429,034	309,272	(8,870,635)
Health and human services	755,861	61,271	-	-	(694,590)
Culture and recreation	3,688,659	192,581	164,819	-	(3,331,259)
Community development	988,745	-	3,675	479,225	(505,845)
Interest on long-term debt	<u>4,038,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,038,815)</u>
Total Governmental Activities	134,221,386	20,131,508	13,464,292	2,545,693	(98,079,893)
Business-Type Activities					
Water services	9,325,133	9,685,950	-	4,960,786	5,321,603
Sewer services	<u>16,636,378</u>	<u>16,761,718</u>	<u>-</u>	<u>739,222</u>	<u>864,562</u>
Total Business-Type Activities	<u>25,961,511</u>	<u>26,447,668</u>	<u>-</u>	<u>5,700,008</u>	<u>6,186,165</u>
Total	<u>\$ 160,182,897</u>	<u>\$ 46,579,176</u>	<u>\$ 13,464,292</u>	<u>\$ 8,245,701</u>	<u>\$ (91,893,728)</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Statement of Activities

For the Year Ended June 30, 2021

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Change in Net Position:			
Net (expenses) revenues from previous page	\$ (98,079,893)	\$ 6,186,165	\$ (91,893,728)
General Revenues:			
Property taxes	89,201,149	-	89,201,149
Interest on taxes	191,444	-	191,444
Grants and contributions not restricted to specific programs	1,318,163	-	1,318,163
Investment income	3,095,785	421,908	3,517,693
Other revenues	3,348,347	455,897	3,804,244
Transfers in (out)	<u>277,707</u>	<u>(277,707)</u>	<u>-</u>
Total general revenues and transfers	<u>97,432,595</u>	<u>600,098</u>	<u>98,032,693</u>
Change in net position	(647,298)	6,786,263	6,138,965
Net Position			
Beginning of year	<u>112,464,802</u>	<u>127,757,193</u>	<u>240,221,995</u>
End of year	<u>\$ 111,817,504</u>	<u>\$ 134,543,456</u>	<u>\$ 246,360,960</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Governmental Funds

Balance Sheet

June 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and short-term investments	\$ 50,679,739	\$ 29,595,785	\$ 80,275,524
Investments	-	11,670,349	11,670,349
Receivables:			
Property taxes	2,382,591	-	2,382,591
Departmental and other	3,966,215	290,038	4,256,253
Intergovernmental	-	2,197,281	2,197,281
Special assessment	-	935,419	935,419
Loans and interest	-	3,189,367	3,189,367
Due from other funds	1,561,663	379	1,562,042
Advances to other funds	430,160	-	430,160
Other assets	79,029	-	79,029
Inventory	-	39,642	39,642
Total Assets	\$ 59,099,397	\$ 47,918,260	\$ 107,017,657
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 1,721,800	\$ 1,196,274	\$ 2,918,074
Accrued liabilities	1,590,486	33,435	1,623,921
Unearned revenue	27,933	6,466,115	6,494,048
Retainage payable	-	837,694	837,694
Tax refunds liability	5,196,616	-	5,196,616
Due to other funds	-	1,562,042	1,562,042
Advances from other funds	-	430,160	430,160
Other liabilities	646,827	-	646,827
Total Liabilities	9,183,662	10,525,720	19,709,382
Deferred Inflows of Resources			
Unavailable revenues - taxes	807,775	-	807,775
Unavailable revenues - long-term receivables	-	4,078,186	4,078,186
Unavailable revenues - other	492,639	-	492,639
Total Deferred Inflows of Resources	1,300,414	4,078,186	5,378,600
Fund Balances			
Nonspendable	430,160	1,672,704	2,102,864
Restricted	-	24,782,152	24,782,152
Committed	21,324,259	6,919,466	28,243,725
Assigned	10,496,904	-	10,496,904
Unassigned	16,363,998	(59,968)	16,304,030
Total Fund Balances	48,615,321	33,314,354	81,929,675
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,099,397	\$ 47,918,260	\$ 107,017,657

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, 2021

Total governmental fund balances	\$	81,929,675
<ul style="list-style-type: none"> ● Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 	255,991,181	
<ul style="list-style-type: none"> ● Revenues are reported on the accrual basis of accounting and are not deferred until collection. 	5,378,600	
<ul style="list-style-type: none"> ● Deferred outflows and inflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related outflows and inflows consist of: <ul style="list-style-type: none"> Deferred outflows Deferred inflows 	33,667,669	(2,268,163)
<ul style="list-style-type: none"> ● Deferred outflows and inflows of OPEB resources are not financial resources nor are they available to pay current-period expenditures. OPEB related outflows and inflows consist of: <ul style="list-style-type: none"> Deferred outflows Deferred inflows 	1,755,271	(4,894,001)
<ul style="list-style-type: none"> ● In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 		(352,302)
<ul style="list-style-type: none"> ● Long-term liabilities, including bonds payable, net pension liability and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds. <ul style="list-style-type: none"> General obligation bonds & loans payable, including unamortized premiums Accrued employee benefits Net pension liability Total OPEB liability Estimated liability for landfill postclosure care costs 	(113,217,719)	(5,031,121)
		(118,425,144)
		(21,277,046)
		<u>(1,439,396)</u>
Net position of governmental activities	\$	<u>111,817,504</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, 2021

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Property taxes	\$ 89,282,013	\$ -	\$ 89,282,013
Licenses and permits	7,910,700	-	7,910,700
Intergovernmental	10,159,560	7,014,293	17,173,853
Charges for services	5,876,663	5,723,440	11,600,103
Investment income	526,494	2,569,289	3,095,783
Interest on taxes	191,444	-	191,444
Fines and costs	616,806	15,869	632,675
Contributions	-	155,244	155,244
Special assessment	-	194,810	194,810
Other	<u>1,505,587</u>	<u>838,150</u>	<u>2,343,737</u>
Total Revenues	116,069,267	16,511,095	132,580,362
Expenditures			
Current:			
General government	9,278,938	364,157	9,643,095
Public safety	20,836,765	2,144,899	22,981,664
Education	51,212,867	5,654,096	56,866,963
Public works	7,202,692	4,268,504	11,471,196
Health and human services	712,966	-	712,966
Culture and recreation	2,827,831	527,704	3,355,535
Community development	-	970,091	970,091
Debt service:			
Principal	10,205,000	1,040,000	11,245,000
Interest	3,024,340	930,513	3,954,853
Capital outlay	1,510,267	15,130,721	16,640,988
Intergovernmental	<u>5,667,030</u>	<u>-</u>	<u>5,667,030</u>
Total Expenditures	<u>112,478,696</u>	<u>31,030,685</u>	<u>143,509,381</u>
Excess (deficiency) of revenues over (under) expenditures	3,590,571	(14,519,590)	(10,929,019)
Other Financing Sources (Uses)			
Issuance of bonds	-	14,528,500	14,528,500
Issuance of refunding bonds	-	5,773,500	5,773,500
Premium on issuance of bonds	-	1,372,315	1,372,315
Premium on issuance of refunding bonds	-	976,500	976,500
Payment on refunding escrow	-	(6,750,000)	(6,750,000)
Transfers in	10,087	3,048,821	3,058,908
Transfers out	<u>(2,781,201)</u>	<u>-</u>	<u>(2,781,201)</u>
Total Other Financing Sources (Uses)	<u>(2,771,114)</u>	<u>18,949,636</u>	<u>16,178,522</u>
Net change in fund balances	819,457	4,430,046	5,249,503
Fund Balances, at Beginning of Year	<u>47,795,864</u>	<u>28,884,308</u>	<u>76,680,172</u>
Fund Balances, at End of Year	\$ <u><u>48,615,321</u></u>	\$ <u><u>33,314,354</u></u>	\$ <u><u>81,929,675</u></u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

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

For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds		\$ 5,249,503																																										
<ul style="list-style-type: none"> ● Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay purchases</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">15,975,251</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(9,636,804)</td> </tr> </table> ● Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes and other receivables) differ between the two statements. This amount represents the net change in deferred revenue. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(665,349)</td> </tr> </table> ● The issuance of long-term debt (bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Issuance of long-term debt, including refunded debt</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(20,302,000)</td> </tr> <tr> <td>Premium received on issuance of long-term debt</td> <td></td> <td style="text-align: right;">(2,348,815)</td> </tr> <tr> <td>Repayments of debt</td> <td></td> <td style="text-align: right;">11,245,000</td> </tr> <tr> <td>Bond premium amortization</td> <td></td> <td style="text-align: right;">1,387,414</td> </tr> <tr> <td>Deposit to escrow refunding agent</td> <td></td> <td style="text-align: right;">6,750,000</td> </tr> </table> ● In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(83,960)</td> </tr> </table> ● Pension and OPEB liabilities, including related outflows and inflows are reported in the statement of net position and the statement of activities, but are not reported in governmental funds. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Net pension liability</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(29,050,908)</td> </tr> <tr> <td>Pension related deferred outflows and inflows of resources</td> <td></td> <td style="text-align: right;">19,920,168</td> </tr> <tr> <td>Total other post employment benefits liability</td> <td></td> <td style="text-align: right;">(152,425)</td> </tr> <tr> <td>OPEB related deferred outflows and inflows of resources</td> <td></td> <td style="text-align: right;">377,438</td> </tr> </table> ● Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Accrued employee benefits</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">688,189</td> </tr> </table> 	Capital outlay purchases		15,975,251	Depreciation		(9,636,804)			(665,349)	Issuance of long-term debt, including refunded debt		(20,302,000)	Premium received on issuance of long-term debt		(2,348,815)	Repayments of debt		11,245,000	Bond premium amortization		1,387,414	Deposit to escrow refunding agent		6,750,000			(83,960)	Net pension liability		(29,050,908)	Pension related deferred outflows and inflows of resources		19,920,168	Total other post employment benefits liability		(152,425)	OPEB related deferred outflows and inflows of resources		377,438	Accrued employee benefits		688,189		
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Accrued employee benefits		688,189																																										
Change in net position of governmental activities		\$ (647,298)																																										

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

General Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual <u>Amounts</u>	Variance With <u>Final Budget</u>
	Original <u>Budget</u>	Final <u>Budget</u>		
Revenues and other sources:				
Taxes	\$ 91,389,583	\$ 91,389,583	\$ 92,170,220	\$ 780,637
Licenses and permits	6,602,100	6,602,100	7,910,700	1,308,600
Intergovernmental	10,206,629	10,206,629	10,159,560	(47,069)
Charges for services	6,037,561	6,037,561	5,876,663	(160,898)
Investment income	550,000	550,000	526,494	(23,506)
Interest and penalties	170,549	170,549	191,444	20,895
Fines and costs	411,744	411,744	616,806	205,062
Other revenues	163,000	163,000	635,020	472,020
Other financing sources:				
Transfers in	1,384,172	1,384,172	1,394,259	10,087
Use of fund balance:				
To reduce taxes	2,050,000	2,050,000	2,050,000	-
For McIntyre building design	-	150,000	150,000	-
Total Revenues and Other Sources	118,965,338	119,115,338	121,681,166	2,565,828
Expenditures and other uses:				
Current:				
General administrative	7,603,754	7,608,053	7,369,762	238,291
Other general administrative	1,113,001	1,012,991	969,394	43,597
Public works	6,995,854	6,996,155	6,959,705	36,450
Community services	3,772,236	3,790,616	3,445,963	344,653
Regulatory services	1,654,411	1,655,955	1,450,334	205,621
Emergency management	12,014	12,014	6,456	5,558
Police department	12,152,363	12,152,363	11,737,056	415,307
Fire department	9,624,468	9,624,468	9,501,041	123,427
School department	52,026,812	52,102,298	52,008,812	93,486
Non-operating	24,010,425	24,160,425	24,068,137	92,288
Total Expenditures and Other Uses	118,965,338	119,115,338	117,516,660	1,598,678
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 4,164,506	\$ 4,164,506

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Current:			
Cash and short-term investments	\$ 14,738,906	\$ 45,458,018	\$ 60,196,924
Receivables, net of allowance for uncollectibles:			
User fees	1,840,139	3,348,554	5,188,693
Contributions	499,108	27,282	526,390
Intergovernmental	-	336,740	336,740
Inventory	<u>241,771</u>	<u>49,310</u>	<u>291,081</u>
Total current assets	17,319,924	49,219,904	66,539,828
Noncurrent:			
Contribution receivables, net of current portion	147,000	45,314	192,314
Capital assets:			
Land and construction in progress	28,277,236	20,286,438	48,563,674
Capital assets, net of accumulated depreciation	<u>53,931,028</u>	<u>150,811,811</u>	<u>204,742,839</u>
Total noncurrent assets	<u>82,355,264</u>	<u>171,143,563</u>	<u>253,498,827</u>
Total Assets	99,675,188	220,363,467	320,038,655
Deferred Outflows of Resources			
Related to pensions	831,317	764,903	1,596,220
Related to OPEB	<u>18,988</u>	<u>18,169</u>	<u>37,157</u>
Total Deferred Outflows of Resources	<u>850,305</u>	<u>783,072</u>	<u>1,633,377</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 100,525,493</u>	<u>\$ 221,146,539</u>	<u>\$ 321,672,032</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current:			
Accounts payable	\$ 1,025,379	\$ 2,540,994	\$ 3,566,373
Accrued liabilities	253,428	3,015,557	3,268,985
Deposits held in custody	15,429	24,238	39,667
Retainage payable	683,621	1,284,215	1,967,836
Unearned revenue	15,000	40,000	55,000
Notes payable	-	79,544,626	79,544,626
Other current liabilities	369,852	5,775	375,627
Current portion of long-term liabilities:			
Bonds and loans payable	3,079,702	5,200,312	8,280,014
Other liabilities	<u>25,609</u>	<u>29,979</u>	<u>55,588</u>
Total current liabilities	5,468,020	91,685,696	97,153,716
Noncurrent:			
Bonds and loans payable, net of current portion	31,214,618	51,026,467	82,241,085
Net pension liability	3,071,012	3,168,271	6,239,283
Net OPEB liability	279,976	262,991	542,967
Other liabilities, net of current portion	<u>294,507</u>	<u>344,762</u>	<u>639,269</u>
Total noncurrent liabilities	<u>34,860,113</u>	<u>54,802,491</u>	<u>89,662,604</u>
Total Liabilities	40,328,133	146,488,187	186,816,320
Deferred Inflows of Resources			
Related to pensions	73,717	77,821	151,538
Related to OPEB	<u>83,772</u>	<u>76,946</u>	<u>160,718</u>
Total Deferred Inflows of Resources	157,489	154,767	312,256
Net Position			
Net investment in capital assets	53,659,142	46,105,991	99,765,133
Unrestricted	<u>6,380,729</u>	<u>28,397,594</u>	<u>34,778,323</u>
Total Net Position	<u>60,039,871</u>	<u>74,503,585</u>	<u>134,543,456</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 100,525,493</u>	<u>\$ 221,146,539</u>	<u>\$ 321,672,032</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 8,414,656	\$ 16,436,560	\$ 24,851,216
Licenses and permits	917,705	192,828	1,110,533
Departmental revenue	335,829	132,330	468,159
Other revenue	17,760	-	17,760
Total Operating Revenues	9,685,950	16,761,718	26,447,668
Operating Expenses			
Personnel services	4,289,006	4,504,432	8,793,438
Non-personnel services	1,887,472	4,746,038	6,633,510
Depreciation	2,110,415	4,433,514	6,543,929
Total Operating Expenses	8,286,893	13,683,984	21,970,877
Operating Income	1,399,057	3,077,734	4,476,791
Nonoperating Revenues (Expenses)			
Intergovernmental revenues	792	549	1,341
Investment income	90,623	331,285	421,908
Bond premium amortization	190,003	264,553	454,556
Interest expense	(1,038,240)	(2,952,394)	(3,990,634)
Total Nonoperating Revenues (Expenses), net	(756,822)	(2,356,007)	(3,112,829)
Income Before Contributions, Special Item and Transfers	642,235	721,727	1,363,962
Capital contributions	4,960,786	739,222	5,700,008
Transfers out	-	(277,707)	(277,707)
Change in Net Position	5,603,021	1,183,242	6,786,263
Net Position at Beginning of Year	54,436,850	73,320,343	127,757,193
Net Position at End of Year	\$ 60,039,871	\$ 74,503,585	\$ 134,543,456

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, 2021

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 9,581,079	\$ 16,391,718	\$ 25,972,797
Payments to employees for salaries and related benefits	(3,769,448)	(3,896,015)	(7,665,463)
Payments to suppliers for goods and services	(2,526,227)	(4,923,260)	(7,449,487)
Other miscellaneous operating revenue	<u>17,760</u>	<u>-</u>	<u>17,760</u>
Net Cash Provided By Operating Activities	3,303,164	7,572,443	10,875,607
Cash Flows From Noncapital Financing Activities:			
Intergovernmental revenues	792	549	1,341
Transfers to other funds	<u>-</u>	<u>(277,707)</u>	<u>(277,707)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	792	(277,158)	(276,366)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(11,063,708)	(13,128,940)	(24,192,648)
Proceeds from general obligation bonds	6,149,000	7,249,000	13,398,000
Principal payments on bonds and loans	(2,537,528)	(4,529,143)	(7,066,671)
Revolving loan drawdowns	-	4,723,386	4,723,386
Bond premium	563,423	652,358	1,215,781
Capital contributions	6,339,071	1,331,245	7,670,316
Interest expense	<u>(1,015,746)</u>	<u>(1,774,325)</u>	<u>(2,790,071)</u>
Net Cash Used For Capital and Related Financing Activities	(1,565,488)	(5,476,419)	(7,041,907)
Cash Flows From Investing Activities			
Investment income	<u>90,622</u>	<u>331,286</u>	<u>421,908</u>
Net Cash Provided by Investing Activities	<u>90,622</u>	<u>331,286</u>	<u>421,908</u>
Net Change in Cash and Short-Term Investments	1,829,090	2,150,152	3,979,242
Cash and Short-Term Investments, Beginning of Year	<u>12,909,816</u>	<u>43,307,866</u>	<u>56,217,682</u>
Cash and Short-Term Investments, End of Year	<u>\$ 14,738,906</u>	<u>\$ 45,458,018</u>	<u>\$ 60,196,924</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 1,399,057	\$ 3,077,734	\$ 4,476,791
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,110,415	4,433,514	6,543,929
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	9,610	(338,633)	(329,023)
Inventory	(45,419)	20,616	(24,803)
Deferred outflows	(499,479)	(433,673)	(933,152)
Accounts payable	(593,336)	(197,838)	(791,174)
Accrued liabilities	(93,393)	(69,138)	(162,531)
Compensated absences	14,194	2,214	16,408
Net pension liability	1,100,428	1,113,502	2,213,930
Net OPEB liability	7,303	4,683	11,986
Deferred inflows	(9,495)	(9,171)	(18,666)
Other liabilities	<u>(96,721)</u>	<u>(31,367)</u>	<u>(128,088)</u>
Net Cash Provided By Operating Activities	<u>\$ 3,303,164</u>	<u>\$ 7,572,443</u>	<u>\$ 10,875,607</u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2021

	Private Purpose Trust <u>Fund</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ 1,209,366	\$ 706,371
Investments:		
Fixed income	2,936,864	-
Equities	6,468,118	-
Other assets	<u>3,581</u>	<u>-</u>
Total Assets	\$ <u>10,617,929</u>	\$ <u>706,371</u>
 Liabilities and Net Position		
Liabilities		
Accounts payable	\$ <u>-</u>	\$ <u>4,455</u>
 Net Position		
Restricted for:		
Individuals, coalitions, and other governments	<u>10,617,929</u>	<u>701,916</u>
Total Liabilities and Net Position	\$ <u>10,617,929</u>	\$ <u>706,371</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, 2021

	Private Purpose <u>Trust Fund</u>	Custodial <u>Funds</u>
Additions		
Property taxes collected for County	\$ -	\$ 5,667,030
Fees collected for State of New Hampshire	-	1,441,623
Investment income	2,372,466	8
Contributions	<u>151,073</u>	<u>534,515</u>
Total additions	2,523,539	7,643,176
Deductions		
Payments of taxes to County	-	5,667,030
Payments of fees to State of New Hampshire	-	1,441,623
Payments to beneficiaries	<u>277,459</u>	<u>527,275</u>
Total deductions	<u>277,459</u>	<u>7,635,928</u>
Net increase	2,246,080	7,248
Net Position		
Beginning of year	<u>8,371,849</u>	<u>694,668</u>
End of year	\$ <u><u>10,617,929</u></u>	\$ <u><u>701,916</u></u>

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE
Notes to Financial Statements
June 30, 2021

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 significant policies:

A. Reporting Entity

The City is a municipal corporation governed by an elected City Council, including a Mayor, eight members, and an appointed City Manager. As required by GAAP, these financial statements present the City and applicable component units for which the City is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

The City also reports the following fiduciary funds:

- *The Private-Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefits individuals, private organizations, or other governments. Private Purpose Trust Funds held by the City include trust arrangements for the Parks, Scholarships, Worthy Poor, Memorials, and Commemorations.
- The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments, amounts held for coalitions, and student activity funds.

D. Cash and Investments

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

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

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

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

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

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

E. Interfund Receivables and Payables

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

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

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

F. Inventories

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

G. Capital Assets

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

governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

H. Compensated Absences

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

I. Long-Term Liabilities

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

J. Fund Equity

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

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

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

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

K. Use of Estimates

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

L. Mandated Fund Balance

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

Specific City Council ordinances are as follows:

Section 1:1401 - Mandated Fund Balance

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

Section 1:1402 - Operational Objective

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The City Council then calls a public hearing to review budget requirements with the general public. After due consideration to the public, the 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)	\$ 116,069,267	\$ 112,478,696	\$ 3,590,571
Other financing sources/uses (GAAP Basis)	<u>10,087</u>	<u>2,781,201</u>	<u>(2,771,114)</u>
Subtotal (GAAP Basis)	116,079,354	115,259,897	819,457
Reverse expenditures of prior year appropriation carryforwards	-	(2,211,880)	2,211,880
Reclassify use of overlay	2,888,207	2,888,207	-
Use of fund balance	2,200,000	-	2,200,000
Indirect costs from enterprise funds	1,384,172	1,384,172	-
Add end-of-year appropriation carryforwards	-	3,109,222	(3,109,222)
Other reconciling items	<u>(870,567)</u>	<u>(2,912,958)</u>	<u>2,042,391</u>
Budgetary Basis	<u>\$ 121,681,166</u>	<u>\$ 117,516,660</u>	<u>\$ 4,164,506</u>

C. Deficit Fund Equity

The City's Debt Service nonmajor fund had an unassigned fund balance deficit of \$3,191 at June 30, 2021. 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 \$37,170 at June 30, 2021, which will be funded through future user charges, intergovernmental reimbursements, or a general fund subsidy. The transportation management nonmajor capital project fund had an unassigned fund balance deficit of \$19,607 at June 30, 2021, which will be funded through bond proceeds.

3. Deposits and Investments

A. Custodial Credit Risk

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

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

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

As of June 30, 2021, deposits and short-term investments are collateralized by the City's counterparty in the City's name. The City also held \$837,760 in NHPDIP, a state investment pool, which is not subject to custodial credit risk disclosure.

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

B. Investment Summary

The following is a summary of the City's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Fixed income mutual funds	\$ 4,944,209
Equity mutual funds	<u>16,131,122</u>
Total Investments	<u>\$ 21,075,331</u>

C. Credit Risk

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

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

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

As of June 30, 2021, \$4,944,209 of the City's investments were held in bond mutual funds, with average S&P credit rating of A-.

D. Concentration of Credit Risk

The trustees of trust 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, since all investments are in mutual funds.

E. Interest Rate Risk

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

As of June 30, 2021, \$4,944,209 of the City's investments were held in bond mutual funds, with average effective duration of 6.77 years.

F. Foreign Currency Risk

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

As of June 30, 2021, the City did not have any investments exposed to foreign currency risk.

G. Fair Value

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

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

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

- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

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

The City has the following fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair value measurements using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Debt securities:				
Fixed income mutual funds	\$ 4,944,209	\$ 4,944,209	\$ -	\$ -
Equity mutual funds	<u>16,131,122</u>	<u>16,131,122</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,075,331</u>	<u>\$ 21,075,331</u>	<u>\$ -</u>	<u>\$ -</u>

4. Property Taxes Receivable

Property taxes were committed in November and were due in two installments, on December 17, 2020 and June 1, 2021. Taxes unpaid by December 18, 2020 and June 2, 2021 accrued interest at 8% until August 30, 2021. A tax lien was recorded on all properties with taxes unpaid as of August 31, 2021, at which time interest began accruing at 14%.

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

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

Property taxes receivable at June 30, 2021 by levy year consist of the following:

Property Taxes:	
2020	\$ 2,028,982
Unredeemed Taxes:	
2019	208,022
2018	109,874
2017	2,663
Prior Years	<u>33,050</u>
Total	\$ <u>2,382,591</u>

5. User Fees Receivable

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

User fees receivable and related allowance for doubtful accounts at June 30, 2021 consist of the following:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
Billed user fees	\$ 1,017,033	\$ 1,675,682	\$ 2,692,715
Unbilled at year end	980,010	1,720,507	2,700,517
Less: Allowance for doubtful accounts	<u>(156,904)</u>	<u>(47,635)</u>	<u>(204,539)</u>
Net Amount	\$ <u>1,840,139</u>	\$ <u>3,348,554</u>	\$ <u>5,188,693</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	\$ 1,661,149	\$ 141,331	\$ 3,618,145	\$ 5,420,625
Less: Allowance for doubtful accounts	<u>(1,098,427)</u>	<u>(65,945)</u>	<u>-</u>	<u>(1,164,372)</u>
Total	\$ <u>562,722</u>	\$ <u>75,386</u>	\$ <u>3,618,145</u>	\$ <u>4,256,253</u>

7. Contribution Receivable

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

Contributions receivable at June 30, 2021 are due as follows:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
Less than one year	\$ 499,108	\$ 27,282	\$ 526,390
One to five years	<u>147,000</u>	<u>45,314</u>	<u>192,314</u>
Total	<u>\$ 646,108</u>	<u>\$ 72,596</u>	<u>\$ 718,704</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2021.

9. Interfund Accounts

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2021 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	\$ 1,561,663	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
Community development	379	-
School lunch	-	237,482
School categorical revenues	-	835,134
Police grants	-	485,856
Housing subsidy	-	379
Debt Service Fund	<u>-</u>	<u>3,191</u>
Total	<u>\$ 1,562,042</u>	<u>\$ 1,562,042</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, 2021 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
General Fund	\$ 430,160	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
City trust	<u>-</u>	<u>430,160</u>
Total	<u>\$ 430,160</u>	<u>\$ 430,160</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 2021:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 10,087	\$ 2,781,201
Nonmajor Funds:		
Special Revenue Funds:		
School lunch	246,360	-
School categorical revenues	1,071,381	-
Miscellaneous grants and contributions	170,000	264,267
Prescott Park	305,544	-
Parking and transportation	240,000	-
Housing subsidy	250,000	-
Conservation	580	-
Stormwater	555,414	-
Swimming pool	75,000	-
City trust	-	21,000
Capital Project Funds:		
Vehicle/equipment replacement	441,680	-
Technology equipment	413,329	-
Permanent Funds		
City trust	-	435,200
Subtotal Nonmajor Funds	<u>3,769,288</u>	<u>720,467</u>
<u>Business-Type Funds:</u>		
Sewer Fund	<u>-</u>	<u>277,707</u>
Total Enterprise Funds	<u>-</u>	<u>277,707</u>
Grand Total	<u>\$ 3,779,375</u>	<u>\$ 3,779,375</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 \$441,680 transfer into vehicle/equipment replacement fund and the \$413,329 transfer into the technology equipment fund. The transfer of \$1,071,381 to the school categorical revenues fund represents school department appropriations transferred for special education expenses. The transfer of \$555,414 to the stormwater fund was funded half by the general fund and half by the sewer fund. Prior to 2019, stormwater functions were shown as part of the general fund portion of public works. However, because of the combined nature of the City's sewer system, stormwater functions were also completed by the City's sewer division.

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

10. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Buildings	\$ 187,172	\$ 6,748	\$ -	\$ 193,920
Improvements	2,439	-	-	2,439
Infrastructure	93,815	6,776	-	100,591
Machinery and equipment	<u>28,523</u>	<u>1,694</u>	<u>(327)</u>	<u>29,890</u>
Total capital assets, being depreciated	311,949	15,218	(327)	326,840
Less accumulated depreciation for:				
Buildings	(53,298)	(3,929)	-	(57,227)
Improvements	(2,260)	(57)	-	(2,317)
Infrastructure	(29,844)	(3,655)	-	(33,499)
Machinery and equipment	<u>(17,659)</u>	<u>(1,996)</u>	<u>327</u>	<u>(19,328)</u>
Total accumulated depreciation	<u>(103,061)</u>	<u>(9,637)</u>	<u>327</u>	<u>(112,371)</u>
Capital assets, being depreciated, net	208,888	5,581	-	214,469
Capital assets, not being depreciated:				
Land	23,402	-	-	23,402
Construction in progress	<u>17,362</u>	<u>9,952</u>	<u>(9,194)</u>	<u>18,120</u>
Total capital assets, not being depreciated	<u>40,764</u>	<u>9,952</u>	<u>(9,194)</u>	<u>41,522</u>
Governmental activities capital assets, net	<u>\$ 249,652</u>	<u>\$ 15,533</u>	<u>\$ (9,194)</u>	<u>\$ 255,991</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, being depreciated:				
Buildings	\$ 68,684	\$ 12,527	\$ -	\$ 81,211
Infrastructure	118,307	4,221	-	122,528
Machinery and equipment	<u>54,133</u>	<u>9,718</u>	<u>(63)</u>	<u>63,788</u>
Total capital assets, being depreciated	241,124	26,466	(63)	267,527
Less accumulated depreciation for:				
Buildings	(16,321)	(1,494)	-	(17,815)
Infrastructure	(23,546)	(2,360)	-	(25,906)
Machinery and equipment	<u>(16,436)</u>	<u>(2,690)</u>	<u>63</u>	<u>(19,063)</u>
Total accumulated depreciation	<u>(56,303)</u>	<u>(6,544)</u>	<u>63</u>	<u>(62,784)</u>
Capital assets, being depreciated, net	184,821	19,922	-	204,743
Capital assets, not being depreciated:				
Land	3,296	779	-	4,075
Construction in progress	<u>51,703</u>	<u>13,598</u>	<u>(20,812)</u>	<u>44,489</u>
Total capital assets, not being depreciated	<u>54,999</u>	<u>14,377</u>	<u>(20,812)</u>	<u>48,564</u>
Business-type activities capital assets, net	<u>\$ 239,820</u>	<u>\$ 34,299</u>	<u>\$ (20,812)</u>	<u>\$ 253,307</u>

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

Governmental Activities	
General government	\$ 288,698
Public safety	831,269
Education	2,753,661
Public works	5,343,943
Culture and recreation	<u>419,233</u>
Total governmental activities	<u>\$ 9,636,804</u>
Business-Type Activities	
Water	\$ 2,110,415
Sewer	<u>4,433,514</u>
Total business-type activities	<u>\$ 6,543,929</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. Accrued Liabilities

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

13. Unearned Revenue

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

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. Notes Payable

The City had notes payable during the year ended June 30, 2021 in the sewer enterprise fund. The notes payable are state revolving loans and are used to fund various capital projects within the sewer enterprise fund. The notes will be permanently funded upon completion of the projects.

The following are changes in notes payable for the year ended June 30, 2021:

<u>State Revolving Loan</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Pierce Island WWTF Upgrade Project	2.23%	\$ 74,669,626	\$ 4,324,755	\$ -	\$ 78,994,381
Sagamore Avenue Sewer Extension	2.00%	<u>151,614</u>	<u>398,631</u>	<u>-</u>	<u>550,245</u>
Total notes payable		\$ <u>74,821,240</u>	\$ <u>4,723,386</u>	\$ <u>-</u>	\$ <u>79,544,626</u>

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

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

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

General obligation bonds and state revolving loans have been issued for both governmental and business-type activities. The City has outstanding general obligation bonds from public offerings totaling \$101,930,500, related to governmental activities. The City has general obligation bonds from public offerings and notes from direct borrowings related to business-type activities totaling \$68,769,500 and \$15,354,744, respectively, related to

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

Governmental Activities	Original Issue	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 6/30/21
Middle School Construction	\$ 22,500,000	12/01/31	2.68	\$ 12,375,000
Capital Improvements 2011	6,400,000	12/01/21	2.68	640,000
Refunding High School	17,325,000	09/15/22	1.40	3,315,000
Streets Sidewalks, Bridge 2013	2,267,000	06/15/23	2.38	450,000
School Improvements 2013	500,000	06/15/23	2.38	100,000
Facilities, Streets and Sidewalks 2014	5,750,000	06/01/24	1.78	1,725,000
Middle School Construction	3,300,000	06/01/34	2.87	2,145,000
Capital Improvements 2015	3,475,000	06/30/25	2.10	1,380,000
School Facility Improvements 2015	750,000	06/30/25	2.10	300,000
Refunding Library 2015	3,335,000	08/01/25	2.09	1,610,000
Streets, Sidewalks, Bridge 2016	6,100,000	06/15/26	1.87	3,050,000
School Facilities 2016	500,000	05/15/26	1.87	250,000
Little Harbour School Facility Improvement 2016	5,000,000	05/15/26	1.87	3,750,000
Commerce Way 2016	1,524,710	05/15/26	1.87	830,000
Refunding Fire Station 2 Construction and Land	2,332,000	05/15/26	1.87	1,600,000
Refunding Fire Station 2 Improvements	708,500	01/15/29	1.57	558,500
Elementary School Facilities 2017	5,000,000	06/15/37	2.56	4,000,000
Street, Sidewalks, Facilities 2017	6,850,000	06/15/27	1.63	4,110,000
Fire Apparatus 2017	400,000	06/15/22	1.26	80,000
Fire Station 3 Improvements 2017	610,000	06/15/27	1.63	360,000
FY18 Elementary School Facilities	5,000,000	06/15/38	2.93	4,250,000
High School Athletic Field Lighting	550,000	06/15/28	2.23	385,000
Street Sidewalk and Facility	6,200,000	06/15/28	2.24	4,340,000
Foundry Place Parking Facility	23,149,000	06/15/39	2.42	21,405,000
FY18 Elementary School Facilities	4,508,500	06/15/39	2.45	4,045,000
FY18 Fire Boat	164,000	06/15/24	1.39	90,000
FY17 Street, Sidewalks, and Facilities	2,802,000	06/15/29	1.53	2,230,000
FY18 Fire Apparatus	544,000	06/15/24	1.39	320,000
FY18 School Facility Improvements	426,000	06/15/29	1.52	335,000
FY18 Street, Sidewalks, and Facilities	2,018,000	06/15/29	1.53	1,600,000
North Mill Pond	425,600	04/01/31	1.48	425,600
Multi-Purpose Recreation Fields	2,605,600	04/01/41	1.48	2,605,600
City Hall Electrical upgrades	547,200	04/01/41	1.48	547,200
Longmeadow Road Extension	364,000	04/01/41	1.48	364,000
Senior Center construction	1,889,900	04/01/41	1.48	1,889,900
Elementary School Upgrades	1,833,000	04/01/41	1.48	1,833,000
City Wide facility upgrades	917,300	04/01/41	1.48	917,300
Bi-annual sidewalk improvements	364,000	04/01/41	1.48	364,000
City Wide Bridge Improvements	1,101,000	04/01/41	1.48	1,101,000
Maplewood Ave Bridge improvements	454,800	04/01/41	1.48	454,800
Cate Street Connector	1,374,300	04/01/41	1.48	1,374,300
Bi-Annual street Paving	1,833,000	04/01/41	1.48	1,833,000
Police Facility upgrades	364,000	04/01/41	1.48	364,000
School Facilities Improvement	454,800	04/01/41	1.48	454,800
Refunding of the Middle School Bond	5,773,500	04/01/41	1.48	<u>5,773,500</u>
Total Governmental Activities				\$ <u>101,930,500</u>

Business-Type Activities	Original Issue	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 6/30/21
<u>Water:</u>				
Upgrade to Motor Control	\$ 300,000	01/01/22	3.98	\$ 15,000
Corrosion Control Program	288,000	01/01/22	3.80	14,400
Constitution Avenue	4,800,000	01/01/22	3.70	480,000
Spinney Tank	1,162,560	12/01/22	3.73	116,256
Madbury WTP Design	2,000,000	06/01/28	2.49	700,000
Madbury WTP	5,000,000	06/01/32	2.72	2,750,000
Hobb's Hill Water Tank	3,500,000	06/01/34	2.87	2,275,000
Greenland Well & Water Line	4,800,000	06/15/35	2.99	3,360,000
Water System Pressure and Storage	4,100,000	06/15/36	1.87	3,075,000
Refunding Madbury Plant	7,921,500	01/15/29	1.57	6,331,500
Water Line Replacement and Storage	2,250,000	06/15/37	2.55	1,790,000
Water Line Replacement	600,000	06/15/38	2.93	420,000
Water Line Replacement	2,500,000	06/15/38	2.93	2,125,000
Water Line Replacement FY18	426,000	06/15/29	1.52	335,000
Pressure and Storage FY18	1,981,400	06/15/39	2.44	1,780,000
Waterline Replacement	917,300	04/01/41	1.48	917,300
Madbury Well	687,000	04/01/41	1.48	687,000
Water Transmission Main Replacement	228,400	04/01/41	1.48	228,400
Maplewood Ave Area Construction	1,100,900	04/01/41	1.48	1,100,900
Pleasant Street Water Main	699,400	04/01/41	1.48	699,400
New Groundwater Source	454,800	04/01/41	1.48	454,800
Water Transmission Main Replacement	547,200	04/01/41	1.48	547,200
Islington Street Phase 1B	1,514,000	04/01/41	1.48	1,514,000
<u>Sewer:</u>				
Sewer Projects Phase I	4,931,361	08/01/21	1.36	246,568
Sewer Projects Phase II	8,898,110	12/01/24	1.87	1,779,622
Lower Court Utilities Upgrade	688,563	07/01/27	2.38	240,997
Phase III Sewer	5,508,137	12/01/27	2.38	1,927,848
Sewer-Rye Line Pump Station	1,069,714	11/01/29	2.58	481,370
Sewer-201 Facility Study	1,000,000	01/01/30	2.58	450,000
Bartlett Street	5,290,233	01/01/31	2.62	2,645,116
Sewer PIWWTP	3,000,000	01/01/31	2.68	1,650,000
Sewer WWTP - Plant	8,000,000	09/15/31	2.31	4,400,000
State St Utilities Upgrade	1,500,433	09/01/21	1.36	150,043
Lincoln 3C	3,929,000	06/15/33	2.38	2,340,000
Lincoln Separation	5,595,874	06/01/33	3.35	3,357,524
Pierce Island WWTP	10,000,000	06/01/34	2.87	6,500,000
Pease WWTP 2014	3,500,000	06/01/34	2.87	2,275,000
Pease WWTP 2015	1,000,000	06/15/35	2.99	700,000
Lafayette Pumping Station	4,000,000	06/15/36	1.87	2,750,000
Sewer Line and Pump Station	900,000	06/15/27	1.63	540,000
Pumping Station	2,500,000	06/15/37	2.56	2,000,000
Sewer Line and Pump Station	1,800,000	06/15/28	2.24	1,260,000
Sewer Line Replacement	3,000,000	06/15/37	2.24	2,550,000
FY18 Pease Wastewater Treatment	6,490,000	06/15/39	2.45	5,840,000
FY18 Consent Decree Mitigation, Annual Sewer Lines	1,361,100	06/15/29	1.53	1,075,000
Annual Sewer Line Replacement	917,300	04/01/41	1.48	917,300
Pleasant Street Sewer	621,000	04/01/41	1.48	621,000
Maplewood Ave Area	894,000	04/01/41	1.48	894,000
Mechanic Street Pump Station	3,302,700	04/01/41	1.48	3,302,700
Islington Street Phase 1B	1,514,000	04/01/41	1.48	1,514,000
Total Business-Type Activities				\$ <u>84,124,244</u>

C. Future Debt Service

The annual payments to retire all general obligation bonds and state revolving loans outstanding as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>(Public Offerings)</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 11,817,000	\$ 3,822,903
2023	11,115,000	3,356,190
2024	9,235,000	2,926,515
2025	8,580,000	2,534,165
2026	8,195,000	2,167,440
2027 - 2031	28,508,500	6,431,123
2032 - 2036	17,885,000	2,243,781
2037 - 2041	6,595,000	354,144
Total	<u>\$ 101,930,500</u>	<u>\$ 23,836,261</u>

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>					
	<u>General Obligation Bonds</u>		<u>State Revolving Loans</u>		<u>Total</u>	
	<u>(Public Offerings)</u>		<u>(Direct Borrowing)</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest</u>
2022	\$ 5,288,000	\$ 2,483,516	\$ 2,476,671	\$ 418,624	\$ 7,764,671	\$ 2,902,140
2023	5,290,000	2,268,920	2,050,659	356,071	7,340,659	2,624,991
2024	5,290,000	2,045,020	1,752,531	300,054	7,042,531	2,345,074
2025	5,275,000	1,824,620	1,752,531	255,095	7,027,531	2,079,715
2026	5,250,000	1,603,320	1,307,626	210,136	6,557,626	1,813,456
2027 - 2031	22,661,500	5,069,159	5,205,139	533,668	27,866,639	5,602,827
2032 - 2036	14,400,000	1,736,883	809,587	34,936	15,209,587	1,771,819
2037 - 2041	5,315,000	306,538	-	-	5,315,000	306,538
Total	<u>\$ 68,769,500</u>	<u>\$ 17,337,976</u>	<u>\$ 15,354,744</u>	<u>\$ 2,108,584</u>	<u>\$ 84,124,244</u>	<u>\$ 19,446,560</u>

D. Bond Authorizations/Unissued

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2021 are as follows:

<u>Purpose</u>	<u>Amount</u>
<u>Governmental activities</u>	
Coakley landfill	\$ 4,641,897
2018 Streets and sidewalks	950,000
2019 Streets and sidewalks	5,525,000
2019 Multi-purpose recreational field	560,000
2020 Street / sidewalks / facilities	3,950,000
2021 Fire apparatus	1,400,000
2021 Outdoor Pool / Islington Street (Phase I)	3,640,000
2021 School facilities	<u>500,000</u>
Subtotal governmental	21,166,897
<u>Business-type activities</u>	
2020 Reservoir management	600,000
2021 Water storage tanks painting	850,000
Sewer PIWWTP	81,900,000
2020 Sewer consent mitigation SRF	<u>4,400,000</u>
Subtotal business-type	<u>87,750,000</u>
Total Bond Authorizations / Unissued	<u>\$ 108,916,897</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Refunding</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
Governmental Activities							
General obligation bonds (public offerings)	\$ 99,623	\$ 14,529	(977)	\$ (11,244)	\$ 101,931	\$ (11,817)	\$ 90,114
Unamortized premium	<u>10,326</u>	<u>2,349</u>	<u>-</u>	<u>(1,388)</u>	<u>11,287</u>	<u>(1,374)</u>	<u>9,913</u>
Subtotal bonds and loans payable	109,949	16,878	(977)	(12,632)	113,218	(13,191)	100,027
Net pension liability	89,374	29,051	-	-	118,425	-	118,425
Total OPEB liability	21,125	152	-	-	21,277	-	21,277
Landfill closure	1,440	-	-	-	1,440	(151)	1,289
Accrued employee benefits	<u>5,719</u>	<u>885</u>	<u>-</u>	<u>(1,573)</u>	<u>5,031</u>	<u>(604)</u>	<u>4,427</u>
Totals Governmental Activities	<u>\$ 227,607</u>	<u>\$ 46,966</u>	<u>\$ (977)</u>	<u>\$ (14,205)</u>	<u>\$ 259,391</u>	<u>\$ (13,946)</u>	<u>\$ 245,445</u>

	Beginning Balance	Additions	Refunding	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Business-Type Activities							
General obligation bonds (public offerings)	\$ 59,962	\$ 13,398	-	\$ (4,591)	\$ 68,769	\$ (5,288)	\$ 63,481
State revolving loans (direct borrowing)	17,831	-	-	(2,476)	15,355	(2,477)	12,878
Unamortized premium	<u>5,636</u>	<u>1,868</u>	<u>-</u>	<u>(1,107)</u>	<u>6,397</u>	<u>(515)</u>	<u>5,882</u>
Subtotal bonds and loans payable	83,429	15,266	-	(8,174)	90,521	(8,280)	82,241
Net pension liability	4,025	2,214	-	-	6,239	-	6,239
Total OPEB liability	531	12	-	-	543	-	543
Accrued employee benefits	<u>678</u>	<u>87</u>	<u>-</u>	<u>(70)</u>	<u>695</u>	<u>(56)</u>	<u>639</u>
Totals Business-Type Activities	<u>\$ 88,663</u>	<u>\$ 17,579</u>	<u>\$ -</u>	<u>\$ (8,244)</u>	<u>\$ 97,998</u>	<u>\$ (8,336)</u>	<u>\$ 89,662</u>

F. Current Refundings

Current Year

On April 14, 2021, the City issued general obligation bonds in the amount of \$5,773,500 with variable coupon rates ranging from 1.625% to 4.0% to current refund \$6,750,000 of bonds originally dated May 15, 2010 (the 'refunded bonds'), with interest rates ranging from 3.25% to 4.0%. The refunded bonds mature on May 15, 2022 through May 15, 2030 and are callable on May 15, 2021. The general obligation bonds were issued at a true interest cost of 1.4699% and, after paying issuance costs of \$21,705, the net proceeds were \$6,750,000. The net proceeds from the issuance of the general obligation bonds, together with \$121,875 of cash representing the balance of the City's FY2021 debt service appropriation for the May 15, 2010 bonds, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on May 15, 2021. The current refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's financial statements.

As a result of the current refunding, the City reduced its total debt service cash flow requirements by \$1,000,112, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$918,533.

Defeased debt still outstanding at June 30, 2021 is \$0.

17. 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, 2021 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

18. Deferred Inflows of Resources

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

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

19. Governmental Funds – Balances

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

The following types of fund balances are reported at June 30, 2021:

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

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

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

Assigned - This fund balance classification includes general fund surplus balances that management assigns for specific purposes with management approval.

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

The following types of fund balances are reported at June 30, 2021:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Advance to other funds	\$ 430,160	\$ -	\$ 430,160
Inventory	-	39,642	39,642
Nonexpendable permanent funds:			
City Trust	-	1,629,062	1,629,062
Library Trust	-	4,000	4,000
Total Nonspendable	430,160	1,672,704	2,102,864
Restricted			
Bonded projects and capital contributions	-	8,439,976	8,439,976
Community development	-	1,077,971	1,077,971
Education	-	469,253	469,253
Police and fire	-	232,251	232,251
Public works improvements	-	843,033	843,033
Telecommunications tower license	-	984,616	984,616
US route 1 and constitution ave expansion	-	500,000	500,000
Ocean road improvements	-	500,000	500,000
Finance	-	385,388	385,388
Recreation	-	316,135	316,135
Public safety grants	-	539,658	539,658
Other miscellaneous grants and contributions	-	531,269	531,269
Trusts for education and recreation	-	1,501,868	1,501,868
Expendable permanent funds:			
City Trust	-	8,459,891	8,459,891
Library Trust	-	843	843
Total Restricted	-	24,782,152	24,782,152
Committed			
Debt service	10,532,387	-	10,532,387
Health insurance	7,532,350	-	7,532,350
Tax appraisal	1,040,684	-	1,040,684
Compensated absences	1,021,013	-	1,021,013
Coakley landfill	619,645	-	619,645
Future Statewide Property Tax Coalition Fund	578,180	-	578,180
Parking and transportation	-	4,439,566	4,439,566
Portwalk Place services and repairs	-	101,739	101,739
Conservation	-	882,515	882,515
Stormwater	-	160,856	160,856
Recreation	-	69,300	69,300
Swimming pool	-	100,433	100,433
Other capital project funds	-	1,165,057	1,165,057
Total Committed	21,324,259	6,919,466	28,243,725
Assigned			
Encumbered for:			
Capital	5,462,534	-	5,462,534
Municipal complex	909,053	-	909,053
Contingency	726,998	-	726,998
Public works	603,995	-	603,995
IT upgrades and replacements	487,803	-	487,803
Professional services	367,843	-	367,843
Education	351,051	-	351,051
Landfill closure	210,000	-	210,000
Other departments	897,627	-	897,627
Use of fund balance for McIntyre building	480,000	-	480,000
Total Assigned	10,496,904	-	10,496,904
Unassigned	16,363,998	(59,968)	16,304,030
Total Fund Balance	\$ 48,615,321	\$ 33,314,354	\$ 81,929,675

20. Retirement System

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

The following pension disclosures for the New Hampshire Retirement System pension plan are based upon an actuarial valuation performed as of June 30, 2019, using a measurement date of June 30, 2020.

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 provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate 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 nhrs.org.

B. Benefits Provided

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

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

used in the calculation will change depending on age and years of creditable service, as follows:

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

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The City makes contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100 - A:16, III, which is 10.88% for employees, 24.77% for police, and 26.43% for fire. The City’s contributions to NHRS for the year ended June 30, 2021 was \$9,075,480 (exclusive of a \$915,833 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, 2021, the City reported a liability of \$124,664,427 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2020, the City's proportion was 1.9491%.

For the year ended June 30, 2021, the City recognized pension expense of \$19,473,236. 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	\$ 9,063,371	\$ -
Changes in proportion and differences between employer contributions and share of contributions	2,791,562	(1,081,163)
Difference between expected and actual experience	3,366,543	(1,338,538)
Net difference between projected and actual investment earnings	7,710,629	-
Changes of assumptions	<u>12,331,784</u>	<u>-</u>
Total	<u>\$ 35,263,889</u>	<u>\$ (2,419,701)</u>

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

Year ended June 30:	
2022	\$ 5,092,644
2023	6,395,491
2024	6,445,276
2025	<u>5,847,406</u>
Total	<u>\$ 23,780,817</u>

F. Actuarial Assumptions and Other Inputs

The collective total pension liability as of June 30, 2020, which was based on a roll-forward of the June 30, 2019 valuation was determined using the following actuarial assumptions:

Price inflation	2.00%, previously 2.50%
Wage Inflation	2.75%, (2.25% for teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of investment expense, including inflation, previously 7.25%

Mortality rates were updated to be based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Actuarial assumptions also reflect benefit changes resulting from CH 340 laws of 2019 (HB 616), which grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

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

G. Target Allocation

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. 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 %	3.71%
Small/mid cap equities	<u>7.50</u>	4.15%
Total domestic equities	30.00	
Int'l equities (unhedged)	13.00	3.96%
Emerging int'l equities	<u>7.00</u>	6.20%
Total international equities	20.00	
Core bonds	9.00	0.42%
Global multi-sector fixed income	10.00	1.66%
Absolute return fixed income	<u>6.00</u>	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	<u>5.00</u>	4.81%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	2.95%
Total	<u><u>100.00</u></u> %	

H. Discount Rate

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

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 6.75%, 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 Discount Rate	
1% Decrease (6.75%)	(6.75%)	1% Increase (7.75%)
\$161,389,696	\$124,664,427	\$94,655,018

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.

21. 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, 2021.

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. This is a single-employer plan, that does not issue a stand-alone financial report.

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

Benefits Provided

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

Plan Membership

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

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an interim actuarial valuation as of June 30, 2021. Interim year valuation results have been projected from the prior year’s valuation, with adjustments for actual premium changes. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% for wage inflation plus merit/productivity growth, which are based on the Employees, Police, Fire, and Teachers rates used in the New Hampshire Retirement System actuarial valuation as of June 30, 2019
Discount rate	2.19% as of June 30, 2021; 2.66% as of July 1, 2020
Healthcare cost trend rates	7.5% for fiscal year ending June 30, 2022, decreasing 0.50% for 7 years, to an ultimate 4.5% in 2028

The discount rate was based on Bond Buyer Go 20 – Bond Municipal Bond Index at June 30, 2021.

Mortality rates were based on the following:

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.19%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability of \$13,573,681 was measured as of June 30, 2021 and was determined by an interim actuarial valuation as of June 30, 2021.

Changes in the Total OPEB Liability

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

	<u>Total OPEB Liability</u>
Balances, beginning of year	\$ 13,358,704
Changes for the year:	
Service cost	860,752
Interest	371,203
Differences between expected and actual experience	(959,321)
Changes in assumptions	474,758
Benefit payments	<u>(532,415)</u>
Net Changes	<u>214,977</u>
Balances, end of year	<u>\$ 13,573,681</u>

Changes in assumptions reflect a change in the discount rate from 2.66% in 2020 to 3.51% in 2021.

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>
\$ 14,643,943	\$ 13,573,681	\$ 12,584,632

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>
\$ 12,093,501	\$ 13,573,681	\$ 15,301,246

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

For the year ended June 30, 2021, the City recognized an OPEB expense of \$493,393. At June 30, 2021, 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	\$ -	\$ (2,937,599)
Change in assumptions	<u>745,599</u>	<u>(2,039,898)</u>
Total	<u>\$ 745,599</u>	<u>\$ (4,977,497)</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>	
2022	\$ (738,562)
2023	(738,562)
2024	(738,562)
2025	(738,556)
2026	(639,573)
Thereafter	<u>(638,083)</u>
Total	\$ <u>(4,231,898)</u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

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

Actuarial Assumptions and Other Inputs

Actuarial assumptions for the collective total OPEB liability are the same as the Retirement System, which is disclosed in Note 20.

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, 2020 was \$8,246,332, representing 1.8839%.

For the year ended June 30, 2021, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$749,007. At June 30, 2021, 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	\$ 914,273	\$ -
Changes in proportion	48,680	(53,327)
Differences between expected and actual experience	-	(23,895)
Changes of assumptions	53,022	-
Net difference between projected and actual OPEB investment earnings	<u>30,854</u>	<u>-</u>
Total	<u>\$ 1,046,829</u>	<u>\$ (77,222)</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, 2022. 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>	
2022	\$ 26,818
2023	9,133
2024	10,889
2025	<u>8,494</u>
Total	<u>\$ 55,334</u>

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

The following presents the net OPEB liability calculated using the discount rate of 6.75%, 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%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 8,954,657	\$ 8,246,332	\$ 7,631,368

Healthcare Cost Trend Rate

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

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

The following consolidates the City's total OPEB liability and related deferred outflows/(inflows) and OPEB expense, and the City's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/(inflows) and OPEB expense at June 30, 2021:

	<u>Total</u> <u>OPEB</u> <u>Liability</u>	<u>Total</u> <u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Total</u> <u>Deferred</u> <u>(Inflows) of</u> <u>Resources</u>	<u>Total</u> <u>OPEB</u> <u>Expense</u>
City OPEB Plan	\$ 13,573,681	\$ 745,599	\$ (4,977,497)	\$ 493,393
Proportionate share of NHRS Medical Subsidy Plan	<u>8,246,332</u>	<u>1,046,829</u>	<u>(77,222)</u>	<u>749,007</u>
Total	<u>\$ 21,820,013</u>	<u>\$ 1,792,428</u>	<u>\$ (5,054,719)</u>	<u>\$ 1,242,400</u>

Deferred Compensation Plans

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

22. Commitments and Contingencies

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

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

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

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

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

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

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

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

that action at the superior court level. That determination was also appealed to the New Hampshire Supreme Court.

In January of 2020, the New Hampshire Supreme Court ruled on both pending appeals. In the sewer line case, the Court vacated the jury award of \$3.57 million but ruled against the City on the trespass issues. The case has been remanded and litigation is likely to continue for some years. In the eminent domain matter, the Court upheld the decision of the Superior Court and the matter is before the New Hampshire Board of Tax and Land Appeals for a determination of damages owed by the City based on fair rental value of the land temporarily taken. The BTLA rejected the landowner's claim for over \$2 million in fees and damages and instead awarded the amount the City argued was due in damages approximately \$200,000.00. The landowner has exercised his statutory right to have the Superior Court hear the matter de novo.

The City has finished preliminary design to construct a sewer pump station in order to remove the sewer pipe from the plaintiff's property to resolve the trespass. The plaintiff however has recently blocked the City's efforts to construct the pump station by appealing to the Superior Court the grant of a local conditional use permit to allow the construction of the pump station within a wetland buffer.

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

With the case pending in court, the parties engaged in serious settlement discussions for more than a year. However, when these discussions were not fruitful on, November 18, 2021 the Portsmouth City Council voted to terminate the Development Agreement. The lawsuit remains pending.

The termination of the Development Agreement by the City puts the case into a new phase. In this phase, it is anticipated that the litigation will become much more active, with a commensurate increase in attorney's fees over the foreseeable future. However, the City has planned for payment of those fees and they would not be expected to affect the overall financial picture of the municipality in the upcoming year.

It is anticipated that settlement discussions in the case will be recommenced in January, 2022, when a new Mayor and City Council take office. It is unknown at this time what type of financial commitment from the City might be necessary to resolve the case in that fashion. If the case is not resolved by settlement, then it will not be resolved until well beyond FY22.

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 \$10,016,904 in encumbrances that will be honored in the next fiscal year.

23. Change in Accounting Principle

During 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as revised by GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – An Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No. 32. This required moving certain items previously recorded through a general fund liability account to the new established custodial fund that reports additions and deduction for these activities. No restatement of beginning net position/fund balance was required in either fund.

24. Subsequent Events

Management has evaluated subsequent events through December 15, 2021, which is the date the financial statements were available to be issued.

Issuance of Debt

On October 19, 2021, the City issued \$10,690,000 General Obligation Refunding Bonds to refinance certain outstanding bonds of the City in accordance with RSA 33:3-d. Principal payments are due serially starting December 1, 2022 and mature on December 1, 2031. The interest rate is 5%. S&P Global Ratings has assigned a rating of AAA to the Bonds.

25. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, as amended by Statement No. 96, effective for the City beginning with its fiscal year June 30, 2022. This statement establishes new reporting and disclosure requirements,

including the recording of various operating leases in the financial statements. Management is currently evaluating the impact of implementing this GASB pronouncement.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Required Supplementary Information

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

New Hampshire Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2021	June 30, 2020	1.95%	\$ 124,664,427	\$ 53,997,615	230.87%	58.72%
June 30, 2020	June 30, 2019	1.94%	\$ 93,399,589	\$ 49,698,886	187.93%	65.59%
June 30, 2019	June 30, 2018	1.92%	\$ 92,668,486	\$ 48,895,625	189.52%	64.73%
June 30, 2018	June 30, 2017	1.87%	\$ 92,175,747	\$ 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

Required Supplementary Information

Schedule of Pension Contributions

(Unaudited)

New Hampshire Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2021	\$ 9,075,480	\$ 9,075,480	\$ -	\$ 56,437,810	16.1%
June 30, 2020	\$ 8,665,646	\$ 8,665,646	\$ -	\$ 53,997,615	16.0%
June 30, 2019	\$ 8,447,361	\$ 8,447,361	\$ -	\$ 49,698,886	17.0%
June 30, 2018	\$ 8,134,040	\$ 8,134,040	\$ -	\$ 48,895,625	16.6%
June 30, 2017	\$ 8,074,117	\$ 8,074,117	\$ -	\$ 46,508,941	17.4%
June 30, 2016	\$ 6,866,210	\$ 6,866,210	\$ -	\$ 45,846,939	15.0%
June 30, 2015	\$ 6,662,274	\$ 6,662,274	\$ -	\$ 43,883,269	15.2%

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

See Independent Auditors' Report.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Required Supplementary Information

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

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2021	June 30, 2020	0.00%	\$ 8,246,332	\$ 53,997,615	15.27%	7.74%
June 30, 2020	June 30, 2019	1.89%	\$ 8,296,898	\$ 49,698,886	16.69%	7.75%
June 30, 2019	June 30, 2018	1.89%	\$ 8,625,408	\$ 48,895,625	17.64%	7.53%
June 30, 2018	June 30, 2017	1.75%	\$ 8,021,347	\$ 46,508,941	17.25%	7.91%
June 30, 2017	June 30, 2016	1.75%	\$ 8,490,288	\$ 45,846,939	18.52%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	\$ 915,833	\$ 915,833	-	\$ 56,437,810	1.62%
June 30, 2020	\$ 853,498	\$ 853,498	-	\$ 53,997,615	1.58%
June 30, 2019	\$ 833,310	\$ 833,310	-	\$ 49,698,886	1.68%
June 30, 2018	\$ 1,039,787	\$ 1,039,787	-	\$ 48,895,625	2.13%

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
Required Supplementary Information

Other Post-Employment Benefits - City Plan
Schedule of Changes in the Total OPEB Liability
(Unaudited)

Schedule of Changes in Total OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 860,752	\$ 1,032,861	\$ 982,172	\$ 1,004,806
Interest on unfunded liability - time value of money	371,203	593,708	646,717	590,211
Differences between expected and actual experience	(959,321)	(1,092,644)	(1,314,662)	(887,452)
Changes of assumptions	474,758	(2,719,864)	441,310	95,546
Benefit payments, including refunds of member contributions	<u>(532,415)</u>	<u>(668,753)</u>	<u>(536,933)</u>	<u>(574,642)</u>
Net change in total OPEB liability	214,977	(2,854,692)	218,604	228,469
Total OPEB liability - beginning	<u>13,358,704</u>	<u>16,213,396</u>	<u>15,994,792</u>	<u>15,766,323</u>
Total OPEB liability - ending	<u>\$ 13,573,681</u>	<u>\$ 13,358,704</u>	<u>\$ 16,213,396</u>	<u>\$ 15,994,792</u>
Covered employee payroll	\$ 56,136,191	\$ 54,633,763	\$ 45,387,789	\$ 44,280,770
Total OPEB liability as a percentage of covered employee payroll	24.2%	24.5%	35.7%	36.1%

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

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.

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Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Community Development: to account for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning. Current grants are mainly designed for City of Portsmouth economic development, housing rehabilitation, public service, and public facilities.
- School Lunch: to account for local funds and funds received from the federal and state governments to provide lunches at City of Portsmouth schools.
- School Categorical Revenues: to account for funds received from the Federal and State governments for special programs and projects at City of Portsmouth schools.
- Miscellaneous Grants and Contributions: to account for the various other funds of the City designated for specific purposes.
- Police Grants: to account for Federal and State grants for the Police Department.
- 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, 2021

	Special Revenue Funds					
	Community <u>Development</u>	School <u>Lunch</u>	School Categorical <u>Revenues</u>	Miscellaneous Grants and <u>Contributions</u>	Police <u>Grants</u>	Prescott <u>Park</u>
Assets						
Cash and short-term investments	\$ 792,363	\$ 1,336	\$ -	\$ 10,500,445	\$ -	\$ 17,187
Investments	-	-	-	-	-	-
Receivables:						
Departmental and other	4,063	226,066	34,539	20,000	-	4,917
Intergovernmental	-	-	1,281,649	245,291	656,735	-
Special assessment	-	-	-	-	-	-
Loans and interest	1,734,639	-	-	-	-	-
Due from other funds	379	-	-	-	-	-
Inventory	-	<u>39,642</u>	-	-	-	-
Total Assets	<u>\$ 2,531,444</u>	<u>\$ 267,044</u>	<u>\$ 1,316,188</u>	<u>\$ 10,765,736</u>	<u>\$ 656,735</u>	<u>\$ 22,104</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 23,453	\$ 1,115	\$ -	\$ 41,632	\$ 14,962	\$ 11,626
Accrued liabilities	-	-	11,801	-	-	3,218
Unearned revenue	-	25,975	-	6,440,140	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	237,482	835,134	-	485,856	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	23,453	264,572	846,935	6,481,772	500,818	14,844
Deferred Inflows of Resources						
Unavailable revenues - long-term receivables	1,683,769	-	-	-	-	6,807
Fund Balances						
Nonspendable	-	39,642	-	-	-	-
Restricted	824,222	-	469,253	4,283,964	155,917	453
Committed	-	-	-	-	-	-
Unassigned	-	<u>(37,170)</u>	-	-	-	-
Total Fund Balances	<u>824,222</u>	<u>2,472</u>	<u>469,253</u>	<u>4,283,964</u>	<u>155,917</u>	<u>453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,531,444</u>	<u>\$ 267,044</u>	<u>\$ 1,316,188</u>	<u>\$ 10,765,736</u>	<u>\$ 656,735</u>	<u>\$ 22,104</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(continued)

	Special Revenue Funds					
	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Stormwater</u>
Assets						
Cash and short-term investments	\$ 68,164	\$ 4,584,765	\$ 101,739	\$ 254,128	\$ 882,515	\$ 215,017
Investments	-	-	-	-	-	-
Receivables:						
Departmental and other	-	-	-	-	-	-
Intergovernmental	8,170	-	-	-	-	-
Special assessment	-	-	-	-	-	-
Loans and interest	-	-	-	1,452,191	-	-
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 76,334	\$ 4,584,765	\$ 101,739	\$ 1,706,319	\$ 882,515	\$ 215,017
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 130,351	\$ -	\$ -	\$ -	\$ 50,593
Accrued liabilities	-	14,848	-	-	-	3,568
Unearned revenue	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	379	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	145,199	-	379	-	54,161
Deferred Inflows of Resources						
Unavailable revenues - long-term receivables	-	-	-	1,452,191	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	76,334	-	-	253,749	-	-
Committed	-	4,439,566	101,739	-	882,515	160,856
Unassigned	-	-	-	-	-	-
Total Fund Balances	76,334	4,439,566	101,739	253,749	882,515	160,856
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 76,334	\$ 4,584,765	\$ 101,739	\$ 1,706,319	\$ 882,515	\$ 215,017

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(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	\$ 70,640	\$ 100,845	\$ 123,646	\$ 155,357	\$ 384,012	\$ 18,252,159
Investments	-	-	-	37,023	1,547,247	1,584,270
Receivables:						
Departmental and other	-	-	-	-	-	289,585
Intergovernmental	-	-	-	-	-	2,191,845
Special assessment	-	-	-	-	-	-
Loans and interest	-	-	-	-	769	3,187,599
Due from other funds	-	-	-	-	-	379
Inventory	-	-	-	-	-	39,642
Total Assets	<u>\$ 70,640</u>	<u>\$ 100,845</u>	<u>\$ 123,646</u>	<u>\$ 192,380</u>	<u>\$ 1,932,028</u>	<u>\$ 25,545,479</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 1,340	\$ 412	\$ 344	\$ -	\$ -	\$ 275,828
Accrued liabilities	-	-	-	-	-	33,435
Unearned revenue	-	-	-	-	-	6,466,115
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,558,851
Advances from other funds	-	-	-	-	430,160	430,160
Total Liabilities	1,340	412	344	-	430,160	8,764,389
Deferred Inflows of Resources						
Unavailable revenues - long-term receivables	-	-	-	-	-	3,142,767
Fund Balances						
Nonspendable	-	-	-	-	-	39,642
Restricted	-	-	123,302	192,380	1,501,868	7,881,442
Committed	69,300	100,433	-	-	-	5,754,409
Unassigned	-	-	-	-	-	(37,170)
Total Fund Balances	<u>69,300</u>	<u>100,433</u>	<u>123,302</u>	<u>192,380</u>	<u>1,501,868</u>	<u>13,638,323</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,640</u>	<u>\$ 100,845</u>	<u>\$ 123,646</u>	<u>\$ 192,380</u>	<u>\$ 1,932,028</u>	<u>\$ 25,545,479</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(continued)

	Capital Project Funds						Subtotals
	School Renovations	Transportation Management	Transportation State	Vehicle/ Equipment Replacement	Technology Equipment	Building and Infrastructure	
Assets							
Cash and short-term investments	\$ 23,376	\$ 6,088,175	\$ 256,916	\$ 721,563	\$ 227,136	\$ 4,020,964	\$ 11,338,130
Investments	-	-	-	-	-	-	-
Receivables:							
Departmental and other	-	-	-	-	-	-	-
Intergovernmental	-	-	5,436	-	-	-	5,436
Special assessment	-	-	-	-	-	-	-
Loans and interest	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Total Assets	<u>\$ 23,376</u>	<u>\$ 6,088,175</u>	<u>\$ 262,352</u>	<u>\$ 721,563</u>	<u>\$ 227,136</u>	<u>\$ 4,020,964</u>	<u>\$ 11,343,566</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 723	\$ 374,923	\$ -	\$ 36,788	\$ 9,206	\$ 498,806	\$ 920,446
Accrued liabilities	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Retainage payable	-	548,610	-	-	-	289,084	837,694
Due to other funds	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Total Liabilities	723	923,533	-	36,788	9,206	787,890	1,758,140
Deferred Inflows of Resources							
Unavailable revenues - long-term receivables	-	-	-	-	-	-	-
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	22,653	5,184,249	-	-	-	3,233,074	8,439,976
Committed	-	-	262,352	684,775	217,930	-	1,165,057
Unassigned	-	(19,607)	-	-	-	-	(19,607)
Total Fund Balances	<u>22,653</u>	<u>5,164,642</u>	<u>262,352</u>	<u>684,775</u>	<u>217,930</u>	<u>3,233,074</u>	<u>9,585,426</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,376</u>	<u>\$ 6,088,175</u>	<u>\$ 262,352</u>	<u>\$ 721,563</u>	<u>\$ 227,136</u>	<u>\$ 4,020,964</u>	<u>\$ 11,343,566</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(continued)

	Permanent Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	City Trust	Library Trust	Subtotals		
Assets					
Cash and short-term investments	\$ 5,496	\$ -	\$ 5,496	\$ -	\$ 29,595,785
Investments	10,081,236	4,843	10,086,079	-	11,670,349
Receivables:					
Departmental and other	453	-	453	-	290,038
Intergovernmental	-	-	-	-	2,197,281
Special assessment	-	-	-	935,419	935,419
Loans and interest	1,768	-	1,768	-	3,189,367
Due from other funds	-	-	-	-	379
Inventory	-	-	-	-	39,642
Total Assets	\$ 10,088,953	\$ 4,843	\$ 10,093,796	\$ 935,419	\$ 47,918,260
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,196,274
Accrued liabilities	-	-	-	-	33,435
Unearned revenue	-	-	-	-	6,466,115
Retainage payable	-	-	-	-	837,694
Due to other funds	-	-	-	3,191	1,562,042
Advances from other funds	-	-	-	-	430,160
Total Liabilities	-	-	-	3,191	10,525,720
Deferred Inflows of Resources					
Unavailable revenues - long-term receivables	-	-	-	935,419	4,078,186
Fund Balances					
Nonspendable	1,629,062	4,000	1,633,062	-	1,672,704
Restricted	8,459,891	843	8,460,734	-	24,782,152
Committed	-	-	-	-	6,919,466
Unassigned	-	-	-	(3,191)	(59,968)
Total Fund Balances	10,088,953	4,843	10,093,796	(3,191)	33,314,354
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,088,953	\$ 4,843	\$ 10,093,796	\$ 935,419	\$ 47,918,260

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	<u>Special Revenue Funds</u>					
	<u>Community Development</u>	<u>School Lunch</u>	<u>School Categorical Revenues</u>	<u>Miscellaneous Grants and Contributions</u>	<u>Police Grants</u>	<u>Prescott Park</u>
Revenues						
Intergovernmental	\$ 479,225	\$ -	\$ 3,804,537	\$ 1,160,560	\$ 1,521,051	\$ -
Charges for services	-	463,642	-	-	-	21,544
Investment income	20,334	-	-	-	-	-
Fines and costs	-	-	-	6,605	-	-
Contributions	-	-	-	9,325	150	-
Special assessment	-	-	-	-	-	-
Other	492,693	-	-	83,450	-	200
Total Revenues	992,252	463,642	3,804,537	1,259,940	1,521,201	21,744
Expenditures						
Current:						
General government	-	-	-	364,157	-	-
Public safety	-	-	-	696,013	1,402,893	-
Education	-	709,516	4,816,080	-	-	-
Public works	-	-	-	21,148	-	-
Culture and recreation	-	-	-	18,595	-	332,712
Community development	654,951	-	-	5,140	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	49,146	-	-	127,162	96,741	-
Total Expenditures	704,097	709,516	4,816,080	1,232,215	1,499,634	332,712
Excess (deficiency) of revenues over (under) expenditures	288,155	(245,874)	(1,011,543)	27,725	21,567	(310,968)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Bond premium on refunding bonds	-	-	-	-	-	-
Payment of refunding escrow	-	-	-	-	-	-
Transfers in	-	246,360	1,071,381	170,000	-	305,544
Transfers out	-	-	-	(264,267)	-	-
Total Other Financing Sources (Uses)	-	246,360	1,071,381	(94,267)	-	305,544
Net change in fund balances	288,155	486	59,838	(66,542)	21,567	(5,424)
Fund Balances, beginning of year	536,067	1,986	409,415	4,350,506	134,350	5,877
Fund Balances, end of year	\$ 824,222	\$ 2,472	\$ 469,253	\$ 4,283,964	\$ 155,917	\$ 453

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	Special Revenue Funds					
	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Portwalk Place</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Stormwater</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	5,052,877	29,776	-	-	-
Investment income	45	-	-	-	-	-
Fines and costs	9,264	-	-	-	-	-
Contributions	-	-	-	-	-	-
Special assessment	-	-	-	-	-	-
Other	<u>35,186</u>	<u>18,849</u>	<u>-</u>	<u>175,022</u>	<u>32,750</u>	<u>-</u>
Total Revenues	44,495	5,071,726	29,776	175,022	32,750	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	45,993	-	-	-	-	-
Education	-	-	-	-	-	-
Public works	-	3,619,178	87,052	-	-	539,481
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	310,000	-	-
Debt service:						
Principal	-	890,000	-	-	-	-
Interest	-	891,313	-	-	-	-
Capital outlay	<u>-</u>	<u>205,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>45,993</u>	<u>5,605,829</u>	<u>87,052</u>	<u>310,000</u>	<u>-</u>	<u>539,481</u>
Excess (deficiency) of revenues over (under) expenditures	(1,498)	(534,103)	(57,276)	(134,978)	32,750	(539,481)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Bond premium on refunding bonds	-	-	-	-	-	-
Payment of refunding escrow	-	-	-	-	-	-
Transfers in	-	240,000	-	250,000	580	555,414
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>250,000</u>	<u>580</u>	<u>555,414</u>
Net change in fund balances	(1,498)	(294,103)	(57,276)	115,022	33,330	15,933
Fund Balances, beginning of year	<u>77,832</u>	<u>4,733,669</u>	<u>159,015</u>	<u>138,727</u>	<u>849,185</u>	<u>144,923</u>
Fund Balances, end of year	\$ <u>76,334</u>	\$ <u>4,439,566</u>	\$ <u>101,739</u>	\$ <u>253,749</u>	\$ <u>882,515</u>	\$ <u>160,856</u>

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	<u>Special Revenue Funds</u>					
	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Library</u>	<u>Library Trust</u>	<u>City Trust</u>	<u>Subtotals</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,965,373
Charges for services	68,652	-	28,137	-	58,812	5,723,440
Investment income	-	-	-	10,403	194,015	224,797
Fines and costs	-	-	-	-	-	15,869
Contributions	-	-	4,992	-	139,827	154,294
Special assessment	-	-	-	-	-	-
Other	-	-	-	-	-	838,150
Total Revenues	68,652	-	33,129	10,403	392,654	13,921,923
Expenditures						
Current:						
General government	-	-	-	-	-	364,157
Public safety	-	-	-	-	-	2,144,899
Education	-	-	-	-	128,500	5,654,096
Public works	-	-	-	-	-	4,266,859
Culture and recreation	8,550	77,158	63,507	-	900	501,422
Community development	-	-	-	-	-	970,091
Debt service:						
Principal	-	-	-	-	-	890,000
Interest	-	-	-	-	-	891,313
Capital outlay	-	-	-	-	-	478,387
Total Expenditures	8,550	77,158	63,507	-	129,400	16,161,224
Excess (deficiency) of revenues over (under) expenditures	60,102	(77,158)	(30,378)	10,403	263,254	(2,239,301)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Bond premium on refunding bonds	-	-	-	-	-	-
Payment of refunding escrow	-	-	-	-	-	-
Transfers in	-	75,000	-	-	-	2,914,279
Transfers out	-	-	-	-	(21,000)	(285,267)
Total Other Financing Sources (Uses)	-	75,000	-	-	(21,000)	2,629,012
Net change in fund balances	60,102	(2,158)	(30,378)	10,403	242,254	389,711
Fund Balances, beginning of year	9,198	102,591	153,680	181,977	1,259,614	13,248,612
Fund Balances, end of year	\$ 69,300	\$ 100,433	\$ 123,302	\$ 192,380	\$ 1,501,868	\$ 13,638,323

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	Capital Project Funds						Subtotals
	School Renovations	Transportation Management	Transportation State	Vehicle/ Equipment Replacement	Technology Equipment	Building and Infrastructure	
Revenues							
Intergovernmental	\$ -	\$ -	\$ 48,920	\$ -	\$ -	\$ -	\$ 48,920
Charges for services	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Fines and costs	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Special assessment	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	-	-	48,920	-	-	-	48,920
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	1,645	1,645
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	2,617	7,374,862	61,150	1,042,195	400,747	5,770,763	14,652,334
Total Expenditures	2,617	7,374,862	61,150	1,042,195	400,747	5,772,408	14,653,979
Excess (deficiency) of revenues over (under) expenditures	(2,617)	(7,374,862)	(12,230)	(1,042,195)	(400,747)	(5,772,408)	(14,605,059)
Other Financing Sources (Uses)							
Issuance of bonds	-	5,916,700	-	-	-	8,611,800	14,528,500
Issuance of refunding bonds	-	-	-	-	-	5,773,500	5,773,500
Bond premium	-	583,300	-	-	-	789,015	1,372,315
Bond premium on refunding bonds	-	-	-	-	-	976,500	976,500
Payment of refunding escrow	-	-	-	-	-	(6,750,000)	(6,750,000)
Transfers in	-	-	-	441,680	413,329	-	855,009
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	6,500,000	-	441,680	413,329	9,400,815	16,755,824
Net change in fund balances	(2,617)	(874,862)	(12,230)	(600,515)	12,582	3,628,407	2,150,765
Fund Balances, beginning of year	25,270	6,039,504	274,582	1,285,290	205,348	(395,333)	7,434,661
Fund Balances, end of year	\$ 22,653	\$ 5,164,642	\$ 262,352	\$ 684,775	\$ 217,930	\$ 3,233,074	\$ 9,585,426

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	Permanent Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	City Trust	Library Trust	Subtotals		
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,014,293
Charges for services	-	-	-	-	5,723,440
Investment income	2,344,231	261	2,344,492	-	2,569,289
Fines and costs	-	-	-	-	15,869
Contributions	950	-	950	-	155,244
Special assessment	-	-	-	194,810	194,810
Other	-	-	-	-	838,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,345,181	261	2,345,442	194,810	16,511,095
Expenditures					
Current:					
General government	-	-	-	-	364,157
Public safety	-	-	-	-	2,144,899
Education	-	-	-	-	5,654,096
Public works	-	-	-	-	4,268,504
Culture and recreation	26,282	-	26,282	-	527,704
Community development	-	-	-	-	970,091
Debt service:					
Principal	-	-	-	150,000	1,040,000
Interest	-	-	-	39,200	930,513
Capital Outlay	-	-	-	-	15,130,721
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	26,282	-	26,282	189,200	31,030,685
Excess (deficiency) of revenues over (under) expenditures	2,318,899	261	2,319,160	5,610	(14,519,590)
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	14,528,500
Issuance of refunding bonds	-	-	-	-	5,773,500
Bond premium	-	-	-	-	1,372,315
Bond premium on refunding bonds	-	-	-	-	976,500
Payment of refunding escrow	-	-	-	-	(6,750,000)
Transfers in	-	-	-	-	3,769,288 ⁽¹⁾
Transfers out	(435,200)	-	(435,200)	-	(720,467) ⁽¹⁾
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(435,200)	-	(435,200)	-	18,949,636
Net change in fund balances	1,883,699	261	1,883,960	5,610	4,430,046
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,205,254	4,582	8,209,836	(8,801)	28,884,308
Fund Balances, end of year	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 10,088,953	\$ 4,843	\$ 10,093,796	\$ (3,191)	\$ 33,314,354

(1) Transfers in and out were netted on page 46 to eliminate activity within nonmajor governmental funds.

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

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

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

CUSTODIAL FUNDS

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

- Future Statewide Property Tax Coalition Fund: represents contributions from various local governments in the State of New Hampshire, which are used to pay costs related to state-wide property tax issue.
- Coalition Communities: represents contributions from local governments in the State of New Hampshire to ensure a fair and sustainable education funding solution, without the statewide property tax, that guarantees every NH schoolchild an equal education opportunity.
- School: represents primarily student activity funds, which are contributions from students and fundraising receipts used to pay for student-related activities.
- Seacoast Stormwater Coalition: represents contributions from various local governments in the State of New Hampshire, which are used to pay costs related to assist with meeting EPA stormwater management regulations.
- Taxes and Fees: Used to account for taxes and fees collected by the City on behalf of other governments.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2021

	<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	\$ 165,806	\$ 266,111	\$ 97,228	\$ 672,996	\$ 7,225	\$ 1,209,366
Investments:						
Fixed income	-	2,936,864	-	-	-	2,936,864
Equities	-	6,468,118	-	-	-	6,468,118
Other assets	<u>32</u>	<u>3,211</u>	<u>32</u>	<u>304</u>	<u>2</u>	<u>3,581</u>
 Total Assets	 <u>\$ 165,838</u>	 <u>\$ 9,674,304</u>	 <u>\$ 97,260</u>	 <u>\$ 673,300</u>	 <u>\$ 7,227</u>	 <u>\$ 10,617,929</u>
 Net position held in trust	 <u>\$ 165,838</u>	 <u>\$ 9,674,304</u>	 <u>\$ 97,260</u>	 <u>\$ 673,300</u>	 <u>\$ 7,227</u>	 <u>\$ 10,617,929</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2021

	<u>Park</u>	<u>Scholarship</u>	<u>Worthy Poor</u>	<u>Memorial</u>	<u>Commemoration</u>	<u>Total</u>
Additions						
Investment income	\$ 20,717	\$ 2,183,710	\$ 21,015	\$ 145,463	\$ 1,561	\$ 2,372,466
Contributions	<u>121,103</u>	<u>29,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,073</u>
Total Additions	141,820	2,213,680	21,015	145,463	1,561	2,523,539
Deductions						
Payments to beneficiaries	<u>127,699</u>	<u>147,887</u>	<u>234</u>	<u>1,622</u>	<u>17</u>	<u>277,459</u>
Net increase	14,121	2,065,793	20,781	143,841	1,544	2,246,080
Net Position						
Beginning of year	<u>151,717</u>	<u>7,608,511</u>	<u>76,479</u>	<u>529,459</u>	<u>5,683</u>	<u>8,371,849</u>
End of year	<u>\$ 165,838</u>	<u>\$ 9,674,304</u>	<u>\$ 97,260</u>	<u>\$ 673,300</u>	<u>\$ 7,227</u>	<u>\$ 10,617,929</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2021

	Future Statewide Property Tax <u>Coalition</u>	Coalition <u>Communities</u>	School	Seacoast Stormwater <u>Coalition</u>	Taxes and <u>Fees</u>	<u>Total</u>
Assets						
Cash and short-term investments	\$ <u>-</u>	\$ <u>69,472</u>	\$ <u>603,247</u>	\$ <u>33,652</u>	\$ <u>-</u>	\$ <u>706,371</u>
Total Assets	\$ <u>-</u>	\$ <u>69,472</u>	\$ <u>603,247</u>	\$ <u>33,652</u>	\$ <u>-</u>	\$ <u>706,371</u>
Liabilities and Net Position						
Liabilities						
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,455</u>	\$ <u>-</u>	\$ <u>4,455</u>
Net Position						
Restricted for individuals, coalitions, and other governments	<u>-</u>	<u>69,472</u>	<u>603,247</u>	<u>29,197</u>	<u>-</u>	<u>701,916</u>
Total Liabilities and Net Position	\$ <u>-</u>	\$ <u>69,472</u>	\$ <u>603,247</u>	\$ <u>33,652</u>	\$ <u>-</u>	\$ <u>706,371</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2021

	Future Statewide Property Tax <u>Coalition</u>	Coalition <u>Communities</u>	School <u>School</u>	Seacoast Stormwater <u>Coalition</u>	Taxes and <u>Fees</u>	<u>Total</u>
Additions						
Property taxes collected for County	\$ -	\$ -	\$ -	\$ -	\$ 5,667,030	\$ 5,667,030
Fees collected for State of New Hampshire	-	-	-	-	1,441,623	1,441,623
Investment Income	5	3	-	-	-	8
Other	<u>7,000</u>	<u>81,788</u>	<u>412,075</u>	<u>33,652</u>	<u>-</u>	<u>534,515</u>
Total additions	7,005	81,791	412,075	33,652	7,108,653	7,643,176
Deductions						
Payment of taxes to County	-	-	-	-	5,667,030	5,667,030
Payments of fees to State of New Hampshire	-	-	-	-	1,441,623	1,441,623
Payments to beneficiaries	<u>81,288</u>	<u>12,319</u>	<u>429,213</u>	<u>4,455</u>	<u>-</u>	<u>527,275</u>
Total deductions	<u>81,288</u>	<u>12,319</u>	<u>429,213</u>	<u>4,455</u>	<u>7,108,653</u>	<u>7,635,928</u>
Net increase	(74,283)	69,472	(17,138)	29,197	-	7,248
Net Position						
Beginning of year	<u>74,283</u>	<u>-</u>	<u>620,385</u>	<u>-</u>	<u>-</u>	<u>694,668</u>
End of year	<u>\$ -</u>	<u>\$ 69,472</u>	<u>\$ 603,247</u>	<u>\$ 29,197</u>	<u>\$ -</u>	<u>\$ 701,916</u>

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122 - 126
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	127 - 133
<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.	134 - 137
<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.	138 - 139
<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.	140 - 142

City of Portsmouth, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net invested in capital assets	\$ 78,587,672	\$ 85,565,006	\$ 100,313,414	\$ 109,917,788	\$ 113,265,585	\$ 120,182,374	\$ 126,962,691	\$ 134,801,319	\$ 145,409,298	\$ 151,204,499
Restricted	17,147,890	17,238,560	17,107,717	16,604,810	17,379,705	23,682,016	27,866,299	23,358,486	14,219,166	17,101,039
Unrestricted	36,242,831	37,952,181	40,877,993	(27,370,090)	(20,874,844)	(26,597,332)	(47,851,018)	(48,314,956)	(47,163,662)	(56,488,034)
Total governmental activities net position	\$ 131,978,393	\$ 140,755,747	\$ 158,299,124	\$ 99,152,508	\$ 109,770,446	\$ 117,267,058	\$ 106,977,972	\$ 109,844,849	\$ 112,464,802	\$ 111,817,504
Business-type activities										
Net invested in capital assets	\$ 42,709,386	\$ 47,882,518	\$ 50,987,816	\$ 56,301,452	\$ 60,256,180	\$ 64,498,965	\$ 73,151,637	\$ 80,956,213	\$ 91,839,994	\$ 99,765,133
Restricted	1,300,383	1,137,835	975,288	812,740	650,192	487,644	325,096	162,549	-	-
Unrestricted	21,966,267	23,551,956	27,699,734	26,835,174	30,326,890	33,436,307	33,845,169	35,188,457	35,917,199	34,778,323
Total business-type activities net position	\$ 65,976,036	\$ 72,572,309	\$ 79,662,838	\$ 83,949,366	\$ 91,233,262	\$ 98,422,916	\$ 107,321,902	\$ 116,307,219	\$ 127,757,193	\$ 134,543,456
Primary government										
Net invested in capital assets	\$ 121,297,058	\$ 133,447,524	\$ 151,301,230	\$ 166,219,240	\$ 173,521,765	\$ 184,681,339	\$ 200,114,328	\$ 215,757,532	\$ 237,249,292	\$ 250,969,632
Restricted	18,448,273	18,376,395	18,083,005	17,417,550	18,029,897	24,169,660	28,191,395	23,521,035	14,219,166	17,101,039
Unrestricted	58,209,098	61,504,137	68,577,727	(534,916)	9,452,046	6,838,975	(14,005,849)	(13,126,499)	(11,246,463)	(21,709,711)
Total primary government net position	\$ 197,954,429	\$ 213,328,056	\$ 237,961,962	\$ 183,101,874	\$ 201,003,708	\$ 215,689,974	\$ 214,299,874	\$ 226,152,068	\$ 240,221,995	\$ 246,360,960

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 11,717,003	\$ 11,905,707	\$ 11,652,734	\$ 12,330,468	\$ 12,673,140	\$ 13,503,790	\$ 15,088,352	\$ 16,128,724	\$ 16,600,160	\$ 16,340,029
Public safety	16,854,982	17,576,460	18,479,571	17,697,750	18,094,404	20,724,528	21,595,007	23,146,413	25,184,885	26,064,563
Education	44,280,725	44,546,643	47,492,836	49,212,516	50,084,302	54,271,573	55,519,796	57,309,963	57,810,208	65,078,849
Public works	9,834,737	10,303,800	11,337,941	12,367,464	12,653,506	14,283,986	15,615,743	16,596,453	17,308,970	17,265,865
Health and human Services	601,503	689,895	675,256	582,910	565,256	674,704	650,045	745,703	772,738	755,861
Culture and recreation	3,804,755	3,634,914	3,895,264	3,888,467	4,095,642	4,331,428	4,291,601	4,679,018	4,460,453	3,688,659
Community development	981,022	863,416	1,125,562	888,705	1,115,661	1,278,188	1,356,490	1,129,752	686,920	988,745
Interest	3,781,050	3,095,996	3,013,917	3,123,714	3,213,394	3,157,534	3,840,248	4,042,650	4,328,783	4,038,815
Total governmental activities expenses	91,855,777	92,616,831	97,673,081	100,091,994	102,495,305	112,225,731	117,957,282	123,778,676	127,153,117	134,221,386
Business-type activities:										
Water services	5,905,875	6,621,011	7,012,453	6,866,489	7,701,340	7,906,621	8,006,293	8,196,446	8,760,831	9,325,133
Sewer services	8,052,017	8,456,885	9,018,802	9,187,296	9,656,429	10,534,561	10,764,490	12,134,267	12,518,334	16,636,378
Total business-type activities expenses	13,957,892	15,077,896	16,031,255	16,053,785	17,357,769	18,441,182	18,770,783	20,330,713	21,279,165	25,961,511
Total primary government expenses	\$ 105,813,669	\$ 107,694,727	\$ 113,704,336	\$ 116,145,779	\$ 119,853,074	\$ 130,666,913	\$ 136,728,065	\$ 144,109,389	\$ 148,432,282	\$ 160,182,897
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 6,702,933	\$ 6,800,409	\$ 7,421,658	\$ 7,620,989	\$ 8,468,071	\$ 9,118,467	\$ 9,238,699	\$ 10,174,313	\$ 9,443,267	\$ 10,455,791
Public safety	1,248,411	1,127,299	1,196,161	1,161,585	1,023,934	1,447,285	1,019,331	1,328,213	1,332,301	1,297,300
Education	475,200	437,772	416,624	453,266	439,435	521,698	586,097	615,001	427,586	463,641
Public Works	4,396,016	4,654,656	5,092,527	5,878,880	6,666,633	6,978,104	8,287,756	8,622,961	7,770,516	7,656,924
Health and Human Services	22,152	85,079	100,002	89,398	101,805	90,178	46,827	119,184	79,383	61,271
Culture and Recreation	506,975	874,509	955,544	969,031	1,047,332	1,046,097	1,037,737	1,013,455	689,334	192,581
Total charges for services	13,351,687	13,979,724	15,182,516	16,173,149	17,747,210	19,201,829	20,216,447	21,873,127	19,742,387	20,131,508
Operating grants and contributions	12,218,026	10,450,214	10,582,693	11,640,506	11,176,877	12,057,678	12,821,591	11,289,587	12,250,781	13,464,292
Capital grants and contributions	2,561,524	3,032,801	12,137,864	5,106,620	3,113,261	3,630,406	4,384,314	3,582,619	3,197,243	2,545,693
Total governmental activities program revenues	28,131,237	27,462,739	37,903,073	32,920,275	32,037,348	34,889,913	37,422,352	36,745,333	35,190,411	36,141,493
Business-type activities:										
Charges for services										
Water services	9,057,948	8,839,035	9,114,578	8,849,199	9,225,357	9,029,792	9,469,785	9,242,222	9,359,610	9,685,950
Sewer services	10,422,913	11,962,934	13,210,967	13,724,391	14,244,796	14,602,295	15,434,863	15,787,895	16,241,573	16,761,718
Total charges for services	19,480,861	20,801,969	22,325,545	22,573,590	23,470,153	23,632,087	24,904,648	25,030,117	25,601,183	26,447,668
Capital grants and contributions	1,642,521	784,574	719,148	638,259	876,799	1,397,118	2,035,271	3,030,126	7,681,347	5,700,008
Total business-type activities program revenues	21,123,382	21,586,723	23,044,693	23,211,849	24,346,952	25,029,205	26,939,919	28,060,243	33,282,530	32,147,676
Total primary government program revenues	\$ 49,254,619	\$ 49,049,462	\$ 60,947,766	\$ 56,132,124	\$ 56,384,300	\$ 59,919,118	\$ 64,362,271	\$ 64,805,576	\$ 68,472,941	\$ 68,289,169
Net (Expenses)Revenue										
Governmental activities	\$ (63,724,540)	\$ (65,154,092)	\$ (59,770,008)	\$ (67,171,719)	\$ (70,457,957)	\$ (77,335,818)	\$ (80,534,930)	\$ (87,033,343)	\$ (91,962,706)	\$ (98,079,893)
Business-type activities	7,165,490	6,508,827	7,013,438	7,158,064	6,989,183	6,588,023	8,169,136	7,729,530	12,003,365	6,186,165
Total primary government net expense	\$ (56,559,050)	\$ (58,645,265)	\$ (52,756,570)	\$ (60,013,655)	\$ (63,468,774)	\$ (70,747,795)	\$ (72,365,794)	\$ (79,303,813)	\$ (79,959,341)	\$ (91,893,728)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes	\$ 67,341,676	\$ 69,226,282	\$ 72,594,154	\$ 73,416,098	\$ 77,272,916	\$ 78,955,625	\$ 81,811,278	\$ 84,827,646	\$ 88,733,646	\$ 89,201,149
Interest on taxes	266,690	371,247	279,531	289,805	208,972	168,675	88,770	104,157	164,713	191,444
Grants and contributions not restricted to specific programs	1,238,571	989,067	957,070	1,025,926	1,032,133	1,111,547	1,109,504	1,122,057	1,329,583	1,318,163
Special Assessment	-	-	-	-	-	1,870,839	-	-	-	-
Investment income (loss)	478,214	861,855	1,143,154	252,292	473,465	1,219,261	1,548,840	1,834,402	1,563,074	3,095,785
Other revenues	267,608	1,045,112	2,321,745	1,967,808	2,061,211	1,493,503	3,115,350	1,751,891	2,393,837	3,348,347
Gain on sale of capital asset	-	1,426,433	-	-	-	-	-	-	-	-
Permanent fund contributions	11,538	11,450	17,731	34,330	27,198	12,980	865	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	260,067.00	397,806	277,707
Total governmental activities	69,604,297	73,931,446	77,313,385	76,986,259	81,075,895	84,832,430	87,674,607	89,900,220	94,582,659	97,432,595
Business-type activities:										
Investment income	42,733	17,408	239	57,554	98,047	270,077	602,424	1,107,618	1,063,655	421,908
Other revenues	8,438	70,038	76,852	176,950	196,666	331,554	355,849	408,236	470,944	455,897
Special item - loss on disposal	-	-	-	-	-	-	-	-	(1,690,184)	-
Transfers in (out)	-	-	-	-	-	-	-	(260,067)	(397,806)	(277,707)
Total business-type activities	51,171	87,446	77,091	234,504	294,713	601,631	958,273	1,255,787	(553,391)	600,998
Total primary government	\$ 69,655,468	\$ 74,018,892	\$ 77,390,476	\$ 77,220,763	\$ 81,370,608	\$ 85,434,061	\$ 88,632,880	\$ 91,156,007	\$ 94,029,268	\$ 98,033,693
Change in Net Assets/Position										
Governmental activities	\$ 5,879,757	\$ 8,777,354	\$ 17,543,377	\$ 9,814,540	\$ 10,617,938	\$ 7,496,612	\$ 7,139,677	\$ 2,866,877	\$ 2,619,953	\$ (647,298)
Business-type activities	7,216,661	6,596,273	7,090,529	7,392,568	7,283,896	7,189,654	9,127,409	8,985,317	11,449,974	6,786,263
Total primary government	\$ 13,096,418	\$ 15,373,627	\$ 24,633,906	\$ 17,207,108	\$ 17,901,834	\$ 14,686,266	\$ 16,267,086	\$ 11,852,194	\$ 14,069,927	\$ 6,138,965

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All governmental funds										
Nonspendable	\$ 1,616,387	\$ 1,652,765	\$ 1,654,749	\$ 2,338,528	\$ 2,271,832	\$ 2,247,577	\$ 2,202,379	\$ 2,161,330	\$ 2,121,122	\$ 2,102,864
Restricted	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757	22,958,279	24,782,152
Committed	26,363,315	25,056,206	27,219,500	26,784,433	30,930,948	29,694,220	28,243,458	26,692,031	29,680,844	28,243,725
Assigned	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688	9,283,064	10,496,904
Unassigned	10,470,953	11,007,797	11,769,423	11,838,381	11,932,667	7,070,449	(4,041,649)	15,580,417	12,636,863	16,304,030
Total all governmental funds	<u>\$ 81,740,918</u>	<u>\$ 73,735,854</u>	<u>\$ 75,794,500</u>	<u>\$ 75,783,017</u>	<u>\$ 85,119,611</u>	<u>\$ 85,781,423</u>	<u>\$ 74,862,682</u>	<u>\$ 91,712,223</u>	<u>\$ 76,680,172</u>	<u>\$ 81,929,675</u>
General Fund										
Nonspendable ⁽¹⁾	\$ 6,000	\$ -	\$ -	\$ 672,927	\$ 610,160	\$ 567,160	\$ 524,160	\$ 480,160	\$ 443,160	\$ 430,160
Committed	22,631,684	22,624,205	26,173,686	24,544,530	27,956,594	26,964,585	25,642,234	22,665,499	21,917,043	21,324,259
Assigned	5,978,717	6,533,785	6,656,298	7,621,331	8,887,314	8,985,660	8,942,597	10,513,688	9,283,064	10,496,904
Unassigned	10,470,953	11,027,473	11,790,868	12,509,746	13,158,179	14,505,641	15,152,954	15,630,897	16,152,597	16,363,998
Total General Fund	<u>\$ 39,087,354</u>	<u>\$ 40,185,463</u>	<u>\$ 44,620,852</u>	<u>\$ 45,348,534</u>	<u>\$ 50,612,247</u>	<u>\$ 51,023,046</u>	<u>\$ 50,261,945</u>	<u>\$ 49,290,244</u>	<u>\$ 47,795,864</u>	<u>\$ 48,615,321</u>
All other governmental funds										
Nonspendable	\$ 1,610,387	\$ 1,652,765	\$ 1,654,749	\$ 1,665,601	\$ 1,661,672	\$ 1,680,417	\$ 1,678,219	\$ 1,681,170	\$ 1,677,962	\$ 1,672,704
Restricted	37,311,546	29,485,301	28,494,530	27,200,344	31,096,850	37,783,517	39,515,897	36,764,757	22,958,279	24,782,152
Committed	3,731,631	2,432,001	1,045,814	2,239,903	2,974,354	2,729,635	2,601,224	4,026,532	7,763,801	6,919,466
Unassigned	-	(19,676)	(21,445)	(671,365)	(1,225,512)	(7,435,192)	(19,194,603)	(50,480)	(3,515,734)	(59,968)
Total all other governmental funds	<u>\$ 42,653,564</u>	<u>\$ 33,550,391</u>	<u>\$ 31,173,648</u>	<u>\$ 30,434,483</u>	<u>\$ 34,507,364</u>	<u>\$ 34,758,377</u>	<u>\$ 24,600,737</u>	<u>\$ 42,421,979</u>	<u>\$ 28,884,308</u>	<u>\$ 33,314,354</u>

Notes:

⁽¹⁾ 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Real estate taxes	\$ 67,203,467	\$ 69,355,426	\$ 72,964,294	\$ 73,635,672	\$ 77,428,695	\$ 78,902,463	\$ 81,974,427	\$ 84,798,383	\$ 88,562,993	\$ 89,282,013
Licenses and permits	4,517,610	4,669,868	5,140,721	5,311,858	6,045,153	6,327,360	6,576,275	7,404,735	6,851,868	7,910,700
Intergovernmental	15,612,801	13,457,324	16,682,012	17,205,342	14,929,762	15,670,972	17,581,956	15,713,798	16,075,492	17,173,853
Charges for service	7,967,652	8,364,817	9,189,608	9,929,357	11,148,661	11,931,836	12,731,491	13,578,037	12,103,306	11,600,103
Investment income	478,213	861,856	1,143,153	252,291	473,465	1,219,261	1,548,840	1,834,400	1,565,136	3,095,783
Interest on taxes	266,690	371,247	279,531	289,805	208,972	168,675	88,770	104,157	164,713	191,444
Fines and costs	848,243	809,832	747,940	836,479	804,327	890,796	905,279	753,042	807,423	632,675
Contributions	217,658	2,526,208	569,549	602,041	287,408	1,141,640	734,318	280,465	702,314	155,244
Special Assessment	-	-	-	-	-	187,084	187,084	187,084	179,357	194,810
Other	456,282	715,816	1,850,862	1,424,041	1,696,903	411,561	617,788	655,473	1,151,909	2,343,737
Total revenues	97,568,616	101,132,394	108,567,670	109,486,886	113,023,346	116,851,648	122,946,228	125,309,574	128,164,511	132,580,362
Expenditures										
General government	5,925,769	6,669,587	6,929,207	7,449,378	7,556,377	10,450,462	8,945,562	10,545,576	10,174,548	9,643,095
Public safety	16,145,072	16,246,164	17,162,643	17,415,808	17,892,961	18,730,211	19,845,067	20,940,213	22,730,785	22,981,664
Education	43,426,320	43,274,802	45,679,948	47,346,209	48,242,046	49,875,849	51,966,015	54,058,715	53,337,106	56,866,963
Public works	7,617,764	8,724,410	9,170,490	9,638,677	9,777,531	10,480,446	11,054,124	13,512,993	12,382,192	11,471,196
Health and human services	607,995	663,744	673,703	588,645	589,457	658,401	635,743	743,721	745,845	712,966
Culture and recreation	3,268,232	3,194,516	3,594,783	4,256,940	3,802,522	3,719,880	3,873,945	4,395,664	3,893,519	3,355,535
Community development	1,649,106	743,466	1,039,811	1,768,051	817,479	1,026,946	1,171,019	1,102,132	528,343	970,091
Debt service										
Principal	6,327,905	8,257,905	7,394,905	8,092,905	8,610,407	9,452,877	9,805,540	10,262,905	11,504,117	11,245,000
Interest	3,264,915	3,091,322	3,045,212	3,170,237	2,983,390	3,190,755	3,874,129	4,049,128	4,375,337	3,954,853
Capital outlay ⁽¹⁾	21,714,928	16,796,251	17,434,367	9,928,572	13,524,700	17,922,741	30,405,286	21,336,460	18,361,212	16,640,988
Intergovernmental	4,181,246	4,426,943	4,667,200	4,832,388	5,100,513	5,203,357	5,629,133	5,503,199	5,561,364	5,667,030
Total expenditures	114,129,252	112,089,110	116,792,269	114,487,810	118,897,383	130,711,925	147,205,563	146,450,706	143,594,368	143,509,381
Excess of Revenues										
Over(under) expenditures	(16,560,636)	(10,956,716)	(8,224,599)	(5,000,924)	(5,874,037)	(13,860,277)	(24,259,335)	(21,141,132)	(15,429,857)	(10,929,019)
Other Financing Sources (Uses)										
Issuance of bonds/loans	29,400,000	2,767,000	9,050,000	4,600,000	13,648,000	12,860,000	11,750,000	33,611,500	-	14,528,500
Issuance of refunding bond	17,325,000	-	-	3,335,000	3,040,500	-	-	-	-	5,773,500
Bond premium	4,369,900	184,652	1,233,245	586,229	1,958,633	1,662,089	1,590,594	4,119,106	-	2,348,815
Transfers in	2,905,868	1,919,914	1,911,538	3,706,034	2,716,667	4,218,271	2,231,502	2,785,784	4,622,413	3,058,908
Payment to refunded bond escrow agent	(19,622,983)	-	-	(3,531,788)	(3,436,502)	-	-	-	-	(6,750,000)
Transfers out	(2,905,868)	(1,919,914)	(1,911,538)	(3,706,034)	(2,716,667)	(4,218,271)	(2,231,502)	(2,525,717)	(4,224,607)	(2,781,201)
Total governmental activities	31,471,917	2,951,652	10,283,245	4,989,441	15,210,631	14,522,089	13,340,594	37,990,673	397,806	16,178,522
Net Change in Fund Balances	\$ 14,911,281	\$ (8,005,064)	\$ 2,058,646	\$ (11,483)	\$ 9,336,594	\$ 661,812	\$ (10,918,741)	\$ 16,849,541	\$ (15,032,051)	\$ 5,249,503
Debt Service as a percentage of non-capitalized expenditures ⁽²⁾	9.23%	12.70%	10.51%	12.53%	10.85%	10.85%	10.81%	12.29%	13.22%	12.09%

⁽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	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Special Item - Loss on Disposal	Total		
2021	\$ 24,851,216	\$ 1,110,533	\$ 468,159	\$ 6,595,573	\$ -	\$ 33,025,481	\$ 15,704,655	\$ 6,543,929	\$ 3,990,634	\$ -	\$ 26,239,218	\$ 6,786,263	\$ 134,543,456
2020	23,808,307	1,285,215	497,587	9,175,279	-	34,766,388	13,383,457	4,606,859	3,635,914	1,690,184	23,316,414	11,449,974	127,757,193
2019	23,452,563	1,025,517	545,437	4,552,580	-	29,576,097	13,104,187	4,190,167	3,296,426	-	20,590,780	8,985,317	116,307,219
2018	23,534,582	911,770	458,296	2,993,544	-	27,898,192	12,009,200	3,823,387	2,938,196	-	18,770,783	9,127,409	107,321,902
2017	22,335,872	811,540	484,675	1,998,749	-	25,630,836	12,191,374	3,790,683	2,687,548	-	18,669,605	6,961,231	98,194,493
2016	22,283,052	751,904	435,197	1,171,512	-	24,641,665	10,947,720	3,457,903	2,952,146	-	17,357,769	7,283,896	91,233,262
2015	21,362,069	726,695	484,826	872,763	-	23,446,353	13,280,245	3,347,761	2,531,819	-	19,159,825	4,286,528	83,949,366
2014	20,961,597	867,053	496,895	796,239	-	23,121,784	10,590,342	3,132,231	2,308,682	-	16,031,255	7,090,529	79,662,838
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

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	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Special Item - Loss on Disposal	Total		
2021	\$ 8,414,656	\$ 917,705	\$ 335,829	\$ 5,259,964	\$ -	\$ 14,928,154	\$ 6,176,478	\$ 2,110,415	\$ 1,038,240	\$ -	\$ 9,325,133	\$ 5,603,021	\$ 60,039,871
2020	8,284,662	785,192	279,682	7,260,946	-	16,610,482	5,568,125	2,056,796	1,085,169	-	8,710,090	7,900,392	54,436,850
2019	8,135,894	750,021	356,307	2,692,257	-	11,934,479	5,217,921	1,901,401	1,077,124	-	8,196,446	3,738,033	46,536,458
2018	8,470,217	717,598	281,970	1,626,217	-	11,096,002	5,264,987	1,701,629	1,039,677	-	8,006,293	3,089,709	42,798,425
2017	8,129,970	627,915	271,907	857,856	-	9,887,648	5,215,935	1,737,531	1,052,899	-	8,006,365	1,881,283	39,708,716
2016	8,409,115	538,471	277,771	584,481	-	9,809,838	4,728,684	1,577,929	1,394,727	-	7,701,340	2,108,498	37,827,433
2015	7,998,954	552,155	298,090	276,604	-	9,125,803	5,852,601	1,521,953	937,092	-	8,311,646	814,157	35,718,935
2014	8,191,372	618,554	304,652	142,381	-	9,256,959	4,712,670	1,419,960	879,823	-	7,012,453	2,244,506	34,904,778
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

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	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Special Item - Loss on Disposal	Total		
2021	\$ 16,436,560	\$ 192,828	\$ 132,330	\$ 1,335,609	\$ -	\$ 18,097,327	\$ 9,528,177	\$ 4,433,514	\$ 2,952,394	\$ -	16,914,085	\$ 1,183,242	\$ 74,503,585
2020	15,523,645	500,023	217,905	1,914,333	-	18,155,906	7,815,332	2,550,063	2,550,745	1,690,184	14,606,324	3,549,582	73,320,343
2019	15,316,669	275,496	189,130	1,860,323	-	17,641,618	7,886,266	2,288,766	2,219,302	-	12,394,334	5,247,284	69,770,761
2018	15,064,365	194,172	176,326	1,367,327	-	16,802,190	6,744,213	2,121,758	1,898,519	-	10,764,490	6,037,700	64,523,477
2017	14,205,902	183,625	212,768	1,140,893	-	15,743,188	6,975,439	2,053,152	1,634,649	-	10,663,240	5,079,948	58,485,777
2016	13,873,937	213,433	157,426	587,031	-	14,831,827	6,219,036	1,879,974	1,557,419	-	9,656,429	5,175,398	53,405,829
2015	13,363,115	174,540	186,736	596,159	-	14,320,550	7,427,644	1,825,808	1,594,727	-	10,848,179	3,472,371	48,230,431
2014	12,770,225	248,499	192,243	653,858	-	13,864,825	5,877,672	1,712,271	1,428,859	-	9,018,802	4,846,023	44,758,060
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

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
2021	\$ 89,075,575	\$ 206,438	\$ 191,444	\$ 89,473,457
2020	88,359,248	203,745	164,713	88,727,706
2019	84,620,658	177,725	104,157	84,902,540
2018	81,800,573	173,854	88,770	82,063,197
2017	80,717,918	168,577	168,675	81,055,170
2016	77,191,614	119,625	208,972	77,520,211
2015	73,492,844	142,828	289,805	73,925,477
2014	72,721,967	143,413	279,531	73,144,911
2013	69,241,043	114,383	371,247	69,726,673
2012	67,008,930	194,537	266,690	67,470,157

Data Source:

Finance Department Records

City of Portsmouth, New Hampshire

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Property Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Balance at Fiscal Year End of Levy Year	Collections in Subsequent Years	Balance at End of Current Fiscal year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	in Levy	Liened	% Liened
2021	\$ 91,850,101	\$ 89,821,119	97.8%	\$ 2,028,982	\$ -	\$ 2,028,982	\$ 89,821,119	97.8%	8,859	92	1.0%
2020	90,571,793	89,137,643	98.4%	1,434,150	1,226,128	208,022	90,363,771	99.8%	8,688	125	1.4%
2019	87,304,835	85,503,865	97.9%	1,800,970	1,691,097	109,874	87,194,962	99.9%	8,655	101	1.2%
2018	83,756,100	82,251,487	98.2%	1,504,613	1,501,950	2,663	83,753,437	100.0%	8,624	110	1.3%
2017	80,406,957	78,768,028	98.0%	1,638,929	1,638,929	-	80,406,957	100.0%	8,567	113	1.3%
2016	78,413,113	76,816,032	98.0%	1,597,081	1,597,081	-	78,413,113	100.0%	8,536	112	1.3%
2015	74,936,960	73,219,903	97.7%	1,717,057	1,717,057	-	74,936,960	100.0%	8,559	121	1.4%
2014	72,401,876	70,320,311	97.1%	2,081,565	2,081,565	-	72,401,876	100.0%	8,540	133	1.6%
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%

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							
2021	\$ 58,305	\$ 3,656,301,000	\$ 2,490,947,009	\$ 183,462,251	\$ 6,330,768,565	\$ 29,178,600	\$ 6,301,589,965	\$ 13.80	7,194,930,723	88.0%	
2020	59,114	3,563,876,900	2,436,618,949	171,160,012	6,171,714,975	19,874,499	6,151,840,476	13.96	6,784,387,454	91.0%	
2019	57,811	3,184,983,200	2,213,485,956	189,760,510	5,588,287,477	20,613,200	5,567,674,277	14.85	6,139,020,401	91.0%	
2018	60,090	3,111,438,500	2,152,216,919	250,037,813	5,513,753,322	45,409,300	5,468,344,022	14.35	5,800,517,168	95.1%	
2017	56,064	2,579,500,900	2,026,331,316	212,424,771	4,818,313,051	46,608,500	4,771,704,551	15.95	5,713,043,888	84.3%	
2016	57,856	2,538,551,208	2,016,983,163	219,583,616	4,775,175,843	47,333,200	4,727,842,643	15.71	5,166,602,923	92.4%	
2015	57,450	2,362,869,900	1,670,440,660	198,604,095	4,231,972,105	49,603,300	4,182,368,805	16.94	4,924,402,209	85.9%	
2014	61,620	2,327,198,200	1,612,709,460	206,444,495	4,146,413,775	49,810,200	4,096,603,575	16.77	4,526,473,144	91.6%	
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%	

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

Taxpayer	Type of Business	FY 2021 Assessed Value	Rank	Percentage of Total Taxable Assessed Value	FY 2012 Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service Co of NH	Utility	\$ 114,693,858	1	1.82%	\$ 162,462,800	1	4.09%
HCA Health Services of NH Inc.	Hospital	87,148,600	2	1.38%	80,374,800	2	2.02%
Arbor View & The Pines LLC (10 Years ago TGM Beechstone LLC)	Apartment Complex	54,347,500	3	0.86%			
Northern Utilities	Utility	47,562,000	4	0.75%	18,411,800	9	0.46%
Hanover Apartments LLC	Apartments	43,097,200	5	0.68%			
Liberty Mutual Insurance	Office Building	36,144,900	6	0.57%	35,433,200	4	0.89%
Service Credit Union	Bank	35,374,700	7	0.56%			
Vaughan Street Hotel LLC	Hotel	34,473,000	8	0.55%			
Port Owner Harbor LLC (formerly Harborside Assoc)	Hotel	33,631,200	9	0.53%			
Kenard Development LLC	Industrial	32,777,400	10	0.52%	20,496,100	8	0.52%
Inishmaan Assoc LTD Partnership	Apartments				23,578,000	5	0.59%
DSQ Holding LLC	Retail				20,976,100	7	0.53%
Bromley Portsmouth LLC	Shopping Center				21,732,300	6	0.55%
TGM Beechstone LLC	Apartments				41,236,700	3	1.04%
Harborside Assoc	Hotel				18,353,400	10	0.46%
Total Principal Taxpayers		\$ 519,250,358		8.24%	\$ 443,055,200		11.15%
Total Net Assessed Taxable Value		\$ 6,301,589,965			\$ 3,971,444,698		

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	
2021	\$ 6.83	\$ 5.07	\$ 1.90	\$ 6.97	\$ 13.80	\$ 0.90	\$ 14.70	\$ 13.43
2020	7.22	4.83	1.91	6.74	13.96	0.90	14.86	13.43
2019	7.68	4.96	2.21	7.17	14.85	0.99	15.84	14.30
2018	7.27	4.95	2.13	7.08	14.35	1.03	15.38	14.42
2017	8.13	5.41	2.41	7.82	15.95	1.09	17.04	14.15
2016	8.07	5.33	2.31	7.64	15.71	1.08	16.79	15.28
2015	8.80	5.61	2.53	8.14	16.94	1.16	18.10	15.28
2014	8.72	5.56	2.49	8.05	16.77	1.14	17.91	16.11
2013	8.55	5.49	2.42	7.91	16.46	1.09	17.55	16.48
2012	8.42	5.34	2.46	7.80	16.22	1.05	17.27	16.33

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
2021	\$ 7,638,428	\$ 16,335,509	1,530,214	1,111,400	\$ 4.32/5.20	\$ 14.32/15.75	\$ 18.64/20.95
2020	8,222,671	16,880,687	1,648,450	1,148,426	4.32/5.20	13.77/15.14	18.09/20.34
2019	8,069,988	16,633,110	1,656,322	1,176,180	4.23/5.10	13.24/14.56	17.47/19.66
2018	8,022,640	15,630,407	1,669,361	1,152,772	4.15/5.00	12.73/14.00	16.88/19.00
2017	8,021,380	14,710,029	1,688,000	1,125,000	4.15/5.00	12.24/13.47	16.39/18.47
2016	7,805,987	14,126,590	1,642,974	1,123,800	4.15/5.00	11.77/12.95	15.92/17.95
2015	7,433,983	13,899,608	1,565,239	1,160,278	4.15/5.00	11.21/12.34	15.36/17.34
2014	7,300,831	13,100,514	1,538,972	1,151,863	4.15/5.00	10.68/11.75	14.83/16.75
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

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⁾ First rate is for consumption of 10 units or less. Second rate is for consumption over 10 units.

City of Portsmouth, New Hampshire

Portsmouth's Share of the Rockingham County Tax Apportionment

Last Ten Fiscal Years

(based on percentage of equalized value)

Total Equalized Values						Apportionment of County Tax Levy				
Tax Year	Portsmouth Base Valuation for Debt Limits	Add: Equalization of PILOTS and RR Tax Less: Equalization of State Shared Revenues	Portsmouth Total Equalized Valuation	Rockingham County	Portsmouth %	Fiscal Year	County Tax Levy	Portsmouth Share ⁽¹⁾	Portsmouth's Share \$ Change	Portsmouth's Share % Change
2020	\$ 7,119,904,456	\$ 75,026,267	\$ 7,194,930,723	\$ 63,095,343,828	11.4032673%	2021	\$ 49,457,963	\$ 5,667,030	\$ 105,665	1.9%
2019	6,714,405,427	69,982,027	6,784,387,454	59,209,498,814	11.4582754%	2020	50,297,338	5,561,365	58,166	1.1%
2018	6,073,124,791	65,895,610	6,139,020,401	55,521,693,803	11.0569761%	2019	49,130,196	5,503,199	(125,934)	-2.2%
2017	5,731,071,264	69,445,904	5,800,517,168	51,784,538,619	11.2012530%	2018	48,369,198	5,629,133	425,776	8.2%
2016	5,651,979,770	61,064,118	5,713,043,888	49,090,222,780	11.6378447%	2017	46,916,696	5,203,357	102,846	2.0%
2015	5,118,914,757	47,688,166	5,166,602,923	46,585,299,985	11.0906293%	2016	46,013,873	5,100,511	268,123	5.5%
2014	4,871,579,273	52,822,935	4,924,402,208	44,425,117,020	11.0847253%	2015	44,809,156	4,832,388	165,188	3.5%
2013	4,481,154,370	45,318,774	4,526,473,144	41,972,510,217	10.7843756%	2014	43,873,563	4,667,200	240,257	5.4%
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%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Issued Debt at June 30										
City Depts.	\$ 27,555,001	\$ 25,727,000	\$ 27,511,103	\$ 27,609,999	\$ 31,358,500	\$ 34,413,500	\$ 35,683,500	\$ 59,080,500	\$ 52,648,499	\$ 58,619,200
City-Unamortized Bond Premium	847,236	954,977	1,741,039	2,162,776	3,527,421	4,171,793	4,641,543	7,707,108	6,977,488	7,407,982
Landfill	1,522,951	1,310,048	1,097,144	884,238	671,332	458,427	245,522	32,617	-	-
School Dept.	55,925,000	52,475,000	51,915,000	49,055,000	50,397,607	50,962,635	51,850,000	52,014,500	46,975,000	43,311,300
School-Unamortized Bond Premium	4,526,586	4,186,573	4,198,367	3,865,809	3,926,897	3,773,863	3,750,262	3,848,033	3,348,330	3,879,238
Total Governmental Funds	90,376,774	84,653,598	86,462,654	83,577,822	89,881,757	93,780,218	96,170,827	122,682,758	109,949,317	113,217,720
Water Fund	19,606,919	23,037,202	24,971,873	28,040,824	29,724,796	29,832,268	30,674,740	30,644,612	28,104,684	31,716,156
Water-Unamortized Bond Premium	533,796	502,396	883,158	993,224	2,288,399	2,236,248	2,305,220	2,394,747	2,204,744	2,578,164
Sewer Fund	33,813,720	36,705,514	52,926,789	50,381,197	50,785,603	50,340,010	51,079,418	54,544,925	49,688,232	52,408,090
Sewer-Unamortized Bond Premium	772,748	870,421	2,414,740	2,323,564	2,567,959	2,664,321	2,951,701	3,695,439	3,430,885	3,818,690
Total Business-type Activities	54,727,183	61,115,533	81,196,560	81,738,809	85,366,757	85,072,847	87,011,079	91,279,723	83,428,545	90,521,100
Total Issued Debt at June 30	145,103,957	145,769,131	167,659,214	165,316,631	175,248,514	178,853,065	183,181,906	213,962,480	193,377,862	203,738,820
Authorized Unissued Debt June 30										
City Depts.	-	1,600,000	1,600,000	24,800,000	23,352,000	23,200,000	31,130,000	13,875,000	25,825,000	16,025,000
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.	-	3,300,000	-	5,025,000	5,025,000	5,000,000	5,000,000	2,000,000	2,000,000	500,000
Total Governmental Funds	4,641,897	9,541,897	6,241,897	34,466,897	33,018,897	32,841,897	40,771,897	20,516,897	32,466,897	21,166,897
Water Fund	18,162,303	13,162,303	13,162,303	-	-	-	-	-	4,623,000	1,450,000
Sewer Fund	16,206,299	8,706,299	3,110,425	-	75,000,000	75,000,000	81,900,000	81,900,000	89,045,000	86,300,000
Total Authorized Unissued Debt June 30	39,010,499	31,410,499	22,514,625	34,466,897	108,018,897	107,841,897	122,671,897	102,416,897	126,134,897	108,916,897
Gross Debt June 30										
City Depts.	28,402,237	28,281,977	30,852,142	54,572,775	58,237,921	61,785,293	71,455,043	80,662,608	85,450,987	82,052,182
Coakley Landfill	6,164,848	5,951,945	5,739,041	5,526,135	5,313,229	5,100,324	4,887,419	4,674,514	4,641,897	4,641,897
School Dept.	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533	52,323,330	47,690,538
Total Governmental Funds	95,018,671	94,195,495	92,704,551	118,044,719	122,900,654	126,622,115	136,942,724	143,199,655	142,416,214	134,384,617
Water Fund	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359	34,932,428	35,744,320
Sewer Fund	50,020,019	45,411,813	58,451,954	52,704,761	128,353,562	128,004,331	135,931,119	140,140,364	142,164,117	142,526,780
Total Gross Debt June 30	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962	\$ 305,853,803	\$ 316,379,377	\$ 319,512,759	\$ 312,655,717
Base Value for Debt Limits ⁽¹⁾										
	\$ 4,129,016,814	\$ 4,238,460,159	\$ 4,481,154,370	\$ 4,871,579,273	\$ 5,118,914,757	\$ 5,651,979,770	\$ 5,731,071,264	\$ 6,073,124,791	\$ 6,714,405,427	\$ 7,119,904,456
Legal Debt Limits (% of Base Value)										
City - 3% ⁽²⁾	\$ 123,870,504	\$ 127,153,805	\$ 134,434,631	\$ 146,147,378	\$ 153,567,443	\$ 169,559,393	\$ 171,932,138	\$ 182,193,744	\$ 201,432,163	\$ 213,597,134
School - 7% ⁽²⁾	289,031,177	296,692,211	313,680,806	341,010,549	358,324,033	395,638,584	401,174,988	425,118,735	470,008,380	498,393,312
Water - 10% ⁽²⁾	412,901,681	423,846,016	448,115,437	487,157,927	511,891,476	565,197,977	573,107,126	607,312,479	671,440,543	711,990,446
Debt Against Legal Debt Limits										
City Depts.	\$ 28,402,237	\$ 28,281,977	\$ 30,852,142	\$ 54,572,775	\$ 58,237,921	\$ 61,785,293	\$ 71,455,043	\$ 80,662,608	\$ 85,450,987	\$ 82,052,182
School Dept.	60,451,586	59,961,573	56,113,367	57,945,809	59,349,504	59,736,498	60,600,262	57,862,533	52,323,330	47,690,538
Water Fund	38,303,018	36,701,901	39,017,334	29,034,048	32,013,195	32,068,516	32,979,960	33,039,359	34,932,428	35,744,320
Exempt from Legal Debt Limits ⁽³⁾	56,957,615	52,234,179	64,190,995	58,230,896	133,666,791	133,104,655	140,818,538	144,814,878	146,806,014	147,168,677
Total Debt at June 30	\$ 184,114,456	\$ 177,179,630	\$ 190,173,839	\$ 199,783,528	\$ 283,267,411	\$ 286,694,962	\$ 305,853,803	\$ 316,379,377	\$ 319,512,759	\$ 312,655,717
Unused Capacity of Legal Debt Limits										
City Depts.	\$ 95,468,267	\$ 98,871,827	\$ 103,582,489	\$ 91,574,603	\$ 95,329,522	\$ 107,774,100	\$ 100,477,095	\$ 101,531,136	\$ 115,981,176	\$ 131,544,952
School Dept.	228,579,591	236,730,638	257,567,439	283,064,740	298,974,529	335,902,086	340,574,726	367,256,202	417,685,050	450,702,774
Water Fund	374,598,663	387,144,115	409,098,103	458,123,879	479,878,281	533,129,461	540,127,166	574,273,120	636,508,115	676,246,126
% of Legal Debt Limits Used										
City Depts.	22.9%	22.2%	22.9%	37.3%	37.9%	36.4%	41.6%	44.3%	42.4%	38.4%
School Dept.	20.9%	20.2%	17.9%	17.0%	16.6%	15.1%	15.1%	13.6%	11.1%	9.6%
Water Fund	9.3%	8.7%	8.7%	6.0%	6.3%	5.7%	5.8%	5.4%	5.2%	5.0%
Data Source										
Audited Financial Statements										
Notes:										
⁽¹⁾ Base Value for Debt Limits computed by the NH Department of Revenue Administration.										
⁽²⁾ Legal debt limit percentage rates set by NH State statute.										
⁽³⁾ Debt exempt from Debt limits consists of Landfills and Sewer debt.										

City of Portsmouth, New Hampshire

Ratios of Outstanding Debt by Debt Type

Last Ten Fiscal Years

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	
2021	\$ 66,027,182	\$ 47,190,538	\$ 113,217,720	\$ 5,021	9.4%	
2020	59,625,987	50,323,330	109,949,317	4,951	9.8%	
2019	66,820,225	55,862,533	122,682,758	5,535	11.6%	
2018	40,570,565	55,600,262	96,170,827	4,392	9.2%	
2017	39,043,720	54,736,498	93,780,218	4,357	9.5%	
2016	35,557,253	54,324,504	89,881,757	4,181	9.3%	
2015	30,657,013	52,920,809	83,577,822	3,894	9.1%	
2014	30,349,286	56,113,367	86,462,653	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%	

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	
2021	\$ 34,294,320	\$ 56,226,780	\$ 90,521,100	\$ 4,015	7.5%	
2020	30,309,428	53,119,117	83,428,545	3,757	7.5%	
2019	33,039,359	58,240,364	91,279,723	4,118	8.6%	
2018	32,979,960	54,031,119	87,011,079	3,973	8.3%	
2017	32,068,516	53,004,331	85,072,847	3,952	8.6%	
2016	32,013,195	53,353,562	85,366,757	3,971	8.8%	
2015	29,034,048	52,704,761	81,738,809	3,808	8.9%	
2014	25,855,031	55,341,529	81,196,560	3,816	9.6%	
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%	

Fiscal Year	Total Debt Primary Government	Debt per capita	% of Debt to Personal Income
2021	\$ 203,738,820	\$ 9,036	16.9%
2020	193,377,862	8,708	17.3%
2019	213,962,480	9,653	20.2%
2018	183,181,906	8,365	17.5%
2017	178,853,065	8,309	18.2%
2016	175,248,514	8,153	18.1%
2015	165,316,631	7,702	18.0%
2014	167,659,213	7,879	19.8%
2013	145,769,131	6,852	17.4%
2012	145,103,957	6,843	17.4%

Data Source:
Finance Department Records

City of Portsmouth, New Hampshire

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2021**

	End of Calendar Year	Net General Obligation Debt Outstanding ⁽¹⁾	Percentage Applicable to Portsmouth ⁽²⁾	Amount Applicable to Portsmouth
Rockingham County	2021	\$7,162,373	11.4032673%	\$ 816,745
			Subtotal, Overlapping Debt	<u>816,745</u>
City of Portsmouth Direct Debt				<u>113,217,720</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 114,034,465</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
2021	\$ 113,217,720	\$ 5,021	1.6%	2021	\$ 75,166,354	\$ 3,334	1.0%	2021	\$ 188,384,074	\$ 8,355	2.6%
2020	109,949,317	4,951	1.6%	2020	65,597,129	2,954	1.0%	2020	175,546,446	7,905	2.6%
2019	122,650,141	5,533	2.0%	2019	70,650,185	3,187	1.2%	2019	193,300,325	8,721	3.1%
2018	95,925,305	4,381	1.7%	2018	63,583,421	2,904	1.1%	2018	159,508,726	7,284	2.7%
2017	93,321,791	4,336	1.6%	2017	58,847,067	2,734	1.0%	2017	152,168,858	7,070	2.7%
2016	89,210,425	4,150	1.7%	2016	56,342,856	2,621	1.1%	2016	145,553,281	6,771	2.8%
2015	82,693,584	3,853	1.7%	2015	49,916,787	2,326	1.0%	2015	132,610,371	6,179	2.7%
2014	85,365,510	4,012	1.9%	2014	46,542,896	2,187	1.0%	2014	131,908,406	6,199	2.9%
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%

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 ⁽²⁾		
				City of Portsmouth	State of NH	US
2021	22,548 ⁽¹⁾	1,202,800,512	\$ 53,344 ⁽⁴⁾	2.4%	2.9%	5.9%
2020	22,206 ⁽¹⁾	1,118,094,306	50,351 ⁽⁴⁾	7.5%	9.1%	11.2%
2019	22,166 ⁽¹⁾	1,060,332,776	47,836 ⁽⁴⁾	2.0%	2.5%	3.7%
2018	21,898 ⁽¹⁾	1,047,512,728	47,836 ⁽⁴⁾	2.2%	2.7%	4.0%
2017	21,524 ⁽¹⁾	984,615,380	45,745 ⁽⁴⁾	2.0%	2.9%	4.4%
2016	21,496 ⁽¹⁾	968,652,752	45,062 ⁽⁴⁾	1.9%	2.8%	4.9%
2015	21,463 ⁽¹⁾	916,985,212	42,724 ⁽⁴⁾	2.7%	3.8%	5.3%
2014	21,280 ⁽¹⁾	847,752,640	39,838 ⁽⁴⁾	3.2%	4.3%	6.3%
2013	21,273 ⁽¹⁾	836,964,912	39,344 ⁽⁴⁾	4.2%	5.2%	7.1%
2012	21,206 ⁽¹⁾	834,328,864	39,344 ⁽⁴⁾	4.2%	5.4%	8.4%

Data Sources:

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

⁽²⁾ NH Employment Security ELMI Data as of June 30.

⁽³⁾ 2010 Census.

⁽⁴⁾ 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	2021			2012		
		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	1,300	1	4.16 %			
Lonza Biologics	Biotechnology	1,200	2	3.84	727	4	2.61
Liberty Mutual	Insurance	1,000	3	3.20	1,013	2	3.64
HCA Hospital	Hospital	1,000	4	3.20	1,079	1	3.88
City of Portsmouth (FT)	Municipal services	854	5	2.74	684	5	2.46
Bottomline technologies	Software	638	6	2.04	350	8	1.26
Service Credit Union	Banking	378	7	1.21			
Amadeus	Software	362	8	1.16			
Highliner Foods	Food Processor	330	9	1.06			
Erie Scientific/Thermo Fisher	Laboratory equipment	271	10	0.87	280	9	1.01
US Dept of State National Passport Center (2)	Passport Services				736	3	2.64
US Dept of State National Visa Center (2)	Visa services				644	6	2.31
John Hancock	Finance				400	7	1.44
Alpha Flying/Plane Sense	Aircraft Rental				270	10	0.97
Direct Capital	Commercial Leasing						
Total Principal Employers		<u>7,333</u>		<u>23.48 %</u>	<u>6,183</u>		<u>22.22 %</u>
Total City Employment ⁽¹⁾		<u><u>31,215</u></u>			<u><u>27,842</u></u>		

Data Source:
NH Employment Security-NH Community Profiles

Notes

* 2019 Employment Figure

⁽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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Taxable property parcels assessed	8,457	8,522	8,540	8,559	8,536	8,601	8,625	8,815	8,857	8,859
Registered Voters	13,858	17,047	15,894	18,807	17,069	17,939	18,127	19,416	21,563	21,563
Votes Cast:										
Municipal Election	3,654		4,755		4,673		5,050		5,813	
State Primary		3,318		2,273		3,525		5,181		6,218
State General Election				9,339		13,556		11,338		14,771
Presidential Primary	4,832				9,842				9,168	
Presidential General		13,215				13,556				14,771
Building Permits	2,184	2,265	2,433	2,502	3,086	3,259	3,123	2,873	2,634	4,228
Estimated construction value	\$105,094,218	\$54,033,264	\$73,323,755	\$73,308,353	\$126,249,200	\$134,395,844	\$211,585,486	\$157,936,179	\$ 134,866,113	\$ 212,826,565
Public Safety										
Police ⁽²⁾										
Service Calls	36,782	38,673	39,963	40,820	40,019	49,423	53,065	51,942	34,286	37,767
Number of Arrests	1,137	1,113	1,144	1,033	1,063	1,103	1,428	1,075	822	826
Traffic Activity:										
Number of MV Stops										
Summons/Citation	458	345	278	273	343	2,022	1,223	912	552	560
Written Warning	1,784	1,683	2,003	2,532	3,339	4,662	3,708	3,590	1,526	1,325
Verbal Warning or No Action	2,994	2,403	2,381	3,627	4,414	4,833	5,165	5,964	4,236	4,310
Total MV Stops	5,236	4,431	4,662	6,432	8,096	11,517	10,096	10,466	6,314	6,195
Accidents	1,112	1,121	692	734	678	663	684	609	510	419
DWI arrests	51	57	49	68	55	100	76	80	46	66
Fire and EMS										
Fire Rescue	2,473	2,553	2,418	2,776	2,670	2,845	2,851	2,755	2,201	2,547
Ambulance	3,026	3,134	3,124	3,211	3,452	3,576	3,654	3,448	3,235	3,331
Education ⁽³⁾										
High School Fall Enrollment	1,100	1,129	1,075	1,077	1,110	1,117	1,076	1,131	1,129	1,105
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	57,218	48,357	43,371	39,371	48,268	43,997	54,422	51,873	40,589	34,863
Streets resurfaced (miles)	6.69	5.75	9.70	6.50	3.80	2.10	11.95	2.80	2.80	3.70
Human Services - General Assistance										
Number of applicants	597	684	616	423	348	303	353	526	469	263
Culture and Recreation										
Public Library										
Circulation of materials	474,687	449,548	424,828	421,739	413,734	411,840	413,120	435,022	297,500	232,498
Annual visits	275,698	295,485	329,771	321,131	352,962	378,351	346,121	325,580	238,937	126,101
Water System:										
Water main breaks	27	29	37	31	29	21	25	19	24	15
Daily average consumption (millions of gallons)	4.6	4.4	4.7	4.5	4.6	3.9	4.4	4.0	4.0	3.9
Peak daily consumption (millions of gallons)	7.1	7.1	5.6	6.0	6.3	6.1	6.0	6.8	6.5	3.2
Precipitation (inches)							36.2	47.8	39.82	33.80
Sewage System:										
Daily average treatment (millions of gallons)	5.2	4.7	3.6	4.0	3.8	4.1	3.7	4.7	4.7	3.5
Daily average treatment - Pease WWTF (millions of gallons)	0.6	0.5	0.5	0.5	0.5	0.6	0.7	0.7	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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	31	30	33
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	19	19	19	19	19	19	19	20	20	19
Number of boats	1	1	1	1	1	1	1	2	2	2
Education										
High School Buildings	1	1	1	1	1	1	1	1	1	1
Middle School Buildings	1	1	1	1	1	1	1	1	1	1
Elementary School Buildings	3	3	3	3	3	3	3	2	3	3
Public Works										
Miles of streets	105	105	105	105	105	105	105	105	105	105
Number of bridges	15	15	15	15	15	15	15	15	15	15
Culture and Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	3	3	3	3	3
Number of boat dock facilities	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	10	10	10	10	10	6
Water system:										
Miles of water mains	175	176	174	174	174	174	190	189	190	190
Number of service connections	7,963	8,035	8,023	8,038	8,096	8,100	8,200	8,261	9,800	8,541
Storage capacity in gallons (millions of gallons)	10.4	10	10	10	10	10	10	11	11	11
Maximum daily capacity of plant (millions of gallons)	4.2	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.0	4.0
Number of fire hydrants	970	970	1,013	1,017	1,034	1,036	1,040	1,028	1,040	1,035
Sewage System:										
Miles of sanitary sewers	108	108	106	107	106	106	106	112	112	107
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,342	6,244	6,392	6,404	6,427	6,475	6,459	6,495	6,495	6,717
Maximum daily capacity of treatment (millions of gallons)	24.0	24.0	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3

Data Source:

Various city departments

City of Portsmouth, New Hampshire

City Government Employees by Function - Full Time Employees

Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Executive	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Finance	15.00	17.00	18.00	19.00	20.00	22.10	22.30	24.20	24.30	22.33
Human Resources	2.00	2.00	4.00	4.00	3.00	3.00	3.00	2.00	4.00	4.00
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Legal	5.00	4.00	5.00	5.00	5.40	5.40	5.40	5.60	6.60	6.64
Information Technology	-	-	-	-	-	-	-	1.00	1.00	1.00
Planning	5.00	6.00	7.50	8.50	8.50	8.50	8.50	8.60	8.50	7.45
Inspection	4.00	4.10	4.10	5.10	5.10	5.10	5.10	5.10	5.10	5.05
Health	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.50	2.50
Total General Government	37.50	39.60	45.10	48.10	48.50	50.60	50.80	54.00	58.00	54.97
Public Safety										
Police - Sworn Officers:										
General Fund Funded	61.00	59.60	59.20	60.20	60.20	62.20	64.20	64.20	66.20	66.20
Grant Funded	1.00	2.40	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Dispatch	10.00	10.00	10.00	10.00	11.00	11.00	11.00	11.00	11.00	10.00
Police - Non-sworn employees:										
General Fund Funded	11.00	11.00	9.00	9.00	9.00	11.00	12.00	12.00	14.00	14.00
Total Police Department	83.00	83.00	80.00	81.00	82.00	86.00	89.00	89.00	93.00	92.00
Fire and Rescue	59.00	60.00	60.00	60.00	61.00	61.00	61.00	61.00	65.00	65.00
Fire Clerical	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Public Safety	143.00	144.00	141.00	142.00	144.00	148.00	151.00	151.00	159.00	158.00
Education										
General Fund Funded										
Administrators	12.20	13.20	13.20	13.20	13.70	13.70	13.70	14.70	15.40	14.64
Teachers	233.90	241.80	241.00	242.60	243.50	245.40	249.00	254.40	257.50	257.08
Clerical	21.70	20.70	20.70	20.70	20.90	20.90	20.90	20.90	21.10	21.05
Paraprofessional/Tutors	45.40	43.20	42.70	41.90	44.00	43.20	48.80	50.00	46.40	47.12
School custodians	23.90	25.40	24.90	25.90	25.90	25.90	25.90	26.00	26.00	26.01
Security	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Technicians	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00
System maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Total General Fund Funded	349.10	356.30	354.50	356.30	360.00	361.10	371.30	379.00	380.40	379.90
Grant and other Funding	95.80	91.30	85.60	94.20	88.00	87.90	88.90	83.70	85.90	85.85
Total Education	444.90	447.60	440.10	450.50	448.00	449.00	460.20	462.70	466.30	465.75
Public Works										
General Fund functions	58.00	58.00	59.30	58.10	54.20	55.90	56.80	54.00	52.90	53.60
Parking Fund	9.00	10.00	11.30	10.70	15.80	16.20	17.20	25.50	25.30	24.06
Prescott Park	-	-	-	-	-	1.20	1.40	2.20	2.20	2.15
Stormwater	-	-	-	-	-	-	-	5.00	5.00	5.00
Water	23.30	22.30	22.60	22.90	26.90	26.50	25.80	27.70	28.70	29.20
Sewer	22.80	25.00	27.40	27.40	28.70	30.00	32.70	32.30	34.60	34.80
Total Public Works	113.10	115.30	120.60	119.10	125.60	129.80	133.90	146.70	148.70	148.81
Culture and Recreation										
Recreation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Senior Services	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Library	13.00	14.00	15.00	15.00	15.00	15.00	16.00	16.00	16.00	16.00
Total Culture and Recreation	17.00	18.00	19.00	20.00	20.00	20.00	21.00	21.00	21.00	21.00
Human Services										
Welfare	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Human Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Development										
Community Development	1.10	1.50	1.30	1.60	2.30	1.60	1.20	1.10	1.00	1.00
UDAG	1.40	1.20	2.20	2.20	1.20	1.00	1.00	1.00	1.00	1.00
Total Community Development	2.50	2.70	3.50	3.80	3.50	2.60	2.20	2.10	2.00	2.00
Total All Functions	759.00	768.20	770.30	784.50	790.60	801.00	820.10	838.50	856.00	851.53
Percent of Total										
General Government	4.9%	5.2%	5.9%	6.1%	6.1%	6.3%	6.2%	6.4%	6.8%	6.5%
Public Safety	18.8%	18.7%	18.3%	18.1%	18.2%	18.5%	18.4%	18.0%	18.6%	18.6%
Education	58.6%	58.3%	57.1%	57.4%	56.7%	56.1%	56.1%	55.2%	54.5%	54.7%
Public Works	14.9%	15.0%	15.7%	15.2%	15.9%	16.2%	16.3%	17.5%	17.4%	17.5%
Culture and Recreation	2.2%	2.3%	2.5%	2.5%	2.5%	2.5%	2.6%	2.5%	2.5%	2.5%
Human Services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Community Development	0.3%	0.4%	0.5%	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

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