

**CITY OF SOMERSWORTH,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council, and Manager
City of Somersworth
Somersworth, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Somersworth as of and for the year ended June 30, 2020, 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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Somersworth, as of June 30, 2020, and the respective changes in financial position, 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.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2020 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***City of Somersworth
Independent Auditor's Report***

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the City's Proportionate Share of Net Pension Liability,
- Schedule of City Contributions – Pensions,
- Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of City Contributions – Other Postemployment Benefits,
- Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 sufficient evidence 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 of Somersworth's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021 on our consideration of the City of Somersworth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somersworth's internal control over financial reporting and compliance.

March 24, 2021



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the City Council
City of Somersworth
Somersworth, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Somersworth, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Somersworth's basic financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Somersworth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Somersworth's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Somersworth's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Somersworth's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 24, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council
City of Somersworth
Somersworth, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the City of Somersworth's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City of Somersworth's major federal program for the year ended June 30, 2020. The City of Somersworth's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Somersworth's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Somersworth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Somersworth's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Somersworth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Somersworth is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Somersworth's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Somersworth's internal control over compliance. A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their

City of Somersworth

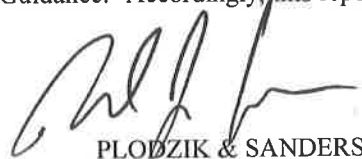
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance

assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

March 24, 2021



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SCHEDULE 3
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 5,222,630
Changes:		
Amounts voted from fund balance		(1,639,250)
2019-20 Budget summary:		
Revenue surplus (Schedule 1)	\$ 823,423	
Unexpended balance of appropriations (Schedule 2)	<u>1,855,227</u>	
2019-20 Budget surplus		2,678,650
Increase in nonspendable fund balance		<u>(173,463)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		6,088,567
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		<u>(855,363)</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 5,233,204</u></u>

SCHEDULE 1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 24,098,932	\$ 24,199,852	\$ 100,920
Payment in lieu of taxes	149,213	190,490	41,277
Interest and penalties on taxes	200,000	194,700	(5,300)
Total from taxes	<u>24,448,145</u>	<u>24,585,042</u>	<u>136,897</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	75,625	145,141	69,516
Motor vehicle permit fees	1,675,000	2,002,646	327,646
Building permits	50,000	111,413	61,413
Total from licenses, permits, and fees	<u>1,800,625</u>	<u>2,259,200</u>	<u>458,575</u>
Intergovernmental:			
State:			
Meals and rooms distribution	600,979	600,979	-
Highway block grant	236,975	236,949	(26)
Education related	11,214,862	11,396,635	181,773
Other	1,507	1,507	-
Federal:			
Other	398,216	393,197	(5,019)
Total from intergovernmental	<u>12,452,539</u>	<u>12,629,267</u>	<u>176,728</u>
Charges for services:			
Income from departments	<u>555,972</u>	<u>444,487</u>	<u>(111,485)</u>
Miscellaneous:			
Sale of municipal property	25,000	85,490	60,490
Interest on investments	185,000	270,049	85,049
Other	195,750	202,314	6,564
Total from miscellaneous	<u>405,750</u>	<u>557,853</u>	<u>152,103</u>
Other financing sources:			
Transfers in	<u>74,784</u>	<u>85,389</u>	<u>10,605</u>
Total revenues and other financing sources	39,737,815	<u>\$ 40,561,238</u>	<u>\$ 823,423</u>
Amounts voted from fund balance	1,639,250		
Total revenues, other financing sources, and use of fund balance	<u>\$ 41,377,065</u>		

SCHEDULE 2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 517,387	\$ 499,495	\$ -	\$ 17,892
Election and registration	-	163,325	160,301	-	3,024
Financial administration	-	594,772	610,767	-	(15,995)
Revaluation of property	31,103	162,246	162,667	9,000	21,682
Planning and zoning	-	303,374	308,655	-	(5,281)
General government buildings	-	168,737	149,246	-	19,491
Cemeteries	-	8,770	2,959	-	5,811
Other	3,855	665,250	43,087	-	626,018
Total general government	34,958	2,583,861	1,937,177	9,000	672,642
Public safety:					
Police	56,203	4,022,377	3,888,046	52,753	137,781
Fire	-	2,159,580	2,083,601	5,850	70,129
Building inspection	-	204,138	199,917	-	4,221
Total public safety	56,203	6,386,095	6,171,564	58,603	212,131
Highways and streets:					
Administration	-	1,426,026	1,354,917	1,650	69,459
Highways and streets	395,149	1,291,010	1,414,174	212,159	59,826
Street lighting	-	107,700	105,254	-	2,446
Other	-	44,500	43,667	1,900	(1,067)
Total highways and streets	395,149	2,869,236	2,918,012	215,709	130,664
Sanitation:					
Solid waste collection	1,530	185,251	248,196	-	(61,415)
Health:					
Health agencies	-	107,780	107,780	-	-
Welfare:					
Administration and direct assistance	-	227,895	146,329	-	81,566
Culture and recreation:					
Parks and recreation	483	225,252	174,951	13,704	37,080
Library	1,844	257,167	228,200	477	30,334
Patriotic purposes	-	800	800	-	-
Other	-	11,750	8,611	-	3,139
Total culture and recreation	2,327	494,969	412,562	14,181	70,553
Economic development	28,188	10,175	17,187	-	21,176
Debt service:					
Principal of long-term debt	-	1,843,755	1,832,256	-	11,499
Interest on long-term debt	-	716,837	722,683	-	(5,846)
Other	-	357,025	357,025	-	-
Total debt service	-	2,917,617	2,911,964	-	5,653
Education	-	24,920,315	24,206,241	-	714,074
Capital outlay	118,457	557,913	272,400	395,787	8,183
Other financing uses:					
Transfers out	-	115,958	115,958	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 636,812	\$ 41,377,065	\$ 39,465,370	\$ 693,280	\$ 1,855,227

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

A major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 40,561,238
Adjustment:	
Basis difference:	
Inception of capital leases	400,000
GASB Statement No. 54:	
To record revenue of the blended funds	99,458
Change in deferred tax revenue relating to 60-day revenue recognition	
recognized as revenue on the GAAP basis, but not on the budgetary basis	(11,314)
Per Exhibit C-3 (GAAP basis)	<u>\$ 41,049,382</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 39,521,838
Adjustment:	
Basis differences:	
Inception of capital leases	400,000
Encumbrances, beginning	636,812
Encumbrances, ending	(693,280)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	191,396
To eliminate transfers between the general fund and blended funds	(115,958)
Per Exhibit C-3 (GAAP basis)	<u>\$ 39,940,808</u>

2-C Deficit Fund Balances

The school capital projects fund had a deficit fund balance at June 30, 2020. This deficit will be financed through future revenues of bond proceeds that will be issued in subsequent years.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the governmental activities, nonmajor governmental funds, and fiduciary funds was restated to retroactively report the change in accounting principle, see Note 20.

EXHIBIT C-1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2020

	General	School Grants	School Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 12,389,686	\$ -	\$ -	\$ 626,008	\$ 13,015,694
Investments	5,977,547	-	22,893	830,587	6,831,027
Taxes receivable (net)	926,252	-	-	-	926,252
Accounts receivable	69,006	-	-	293,291	362,297
Intergovernmental receivable	28,519	597,768	720,000	-	1,346,287
Interfund receivable	935,601	-	-	6,755	942,356
Prepaid items	258,924	-	-	-	258,924
Total assets	<u>\$ 20,585,535</u>	<u>\$ 597,768</u>	<u>\$ 742,893</u>	<u>\$ 1,756,641</u>	<u>\$ 23,682,837</u>
LIABILITIES					
Accounts payable	\$ 646,331	\$ 251,639	\$ 60,961	\$ 70,385	\$ 1,029,316
Accrued salaries and benefits	315,724	-	-	21,822	337,546
Retainage payable	111,431	-	3,073	5,000	119,504
Intergovernmental payable	7,700	-	-	-	7,700
Interfund payable	6,755	223,152	101,485	92,693	424,085
Bond anticipation notes payable	-	-	650,000	-	650,000
Other payable	13,476	-	-	-	13,476
Total liabilities	<u>1,101,417</u>	<u>474,791</u>	<u>815,519</u>	<u>189,900</u>	<u>2,581,627</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	12,983,387	-	-	-	12,983,387
Unavailable revenue - Student balances	-	-	-	21,341	21,341
Total deferred inflows of resources	<u>12,983,387</u>	<u>-</u>	<u>-</u>	<u>21,341</u>	<u>13,004,728</u>
FUND BALANCES (DEFICIT)					
Nonspendable	258,924	-	-	180,306	439,230
Restricted	29,610	122,977	-	408,781	561,368
Committed	285,713	-	-	846,948	1,132,661
Assigned	693,280	-	-	109,365	802,645
Unassigned (deficit)	5,233,204	-	(72,626)	-	5,160,578
Total fund balances (deficit)	<u>6,500,731</u>	<u>122,977</u>	<u>(72,626)</u>	<u>1,545,400</u>	<u>8,096,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,585,535</u>	<u>\$ 597,768</u>	<u>\$ 742,893</u>	<u>\$ 1,756,641</u>	<u>\$ 23,682,837</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General	School Grants	School Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 24,573,728	\$ -	\$ -	\$ -	\$ 24,573,728
Licenses and permits	2,259,200	-	-	70,677	2,329,877
Intergovernmental	12,629,267	1,869,208	821,688	982,029	16,302,192
Charges for services	444,487	-	-	471,558	916,045
Miscellaneous	657,311	89,089	8,927	34,197	789,524
Total revenues	40,563,993	1,958,297	830,615	1,558,461	44,911,366
EXPENDITURES					
Current:					
General government	2,128,573	-	-	-	2,128,573
Public safety	6,284,939	-	-	153,813	6,438,752
Highways and streets	3,204,637	-	-	482,221	3,686,858
Sanitation	248,196	-	-	-	248,196
Health	107,780	-	-	-	107,780
Welfare	146,329	-	-	-	146,329
Culture and recreation	412,562	-	-	66,062	478,624
Conservation	-	-	-	1,489	1,489
Education	24,206,241	1,961,508	-	128,685	26,296,434
Food service	-	-	-	743,375	743,375
Economic development	17,187	-	-	-	17,187
Debt service:					
Principal	1,832,256	-	-	-	1,832,256
Interest	722,683	-	-	-	722,683
Other	357,025	-	-	-	357,025
Capital outlay	272,400	-	2,097,269	69,438	2,439,107
Total expenditures	39,940,808	1,961,508	2,097,269	1,645,083	45,644,668
Excess (deficiency) of revenues over (under) expenditures	623,185	(3,211)	(1,266,654)	(86,622)	(733,302)
OTHER FINANCING SOURCES (USES)					
Transfers in	85,389	-	-	-	85,389
Transfers out	-	-	-	(85,389)	(85,389)
Capital lease	400,000	-	-	-	400,000
Total other financing sources (uses)	485,389	-	-	(85,389)	400,000
Net change in fund balances	1,108,574	(3,211)	(1,266,654)	(172,011)	(333,302)
Fund balances, beginning, as restated (see Note 20)	5,392,157	126,188	1,194,028	1,717,411	8,429,784
Fund balances (deficit), ending	\$ 6,500,731	\$ 122,977	\$ (72,626)	\$ 1,545,400	\$ 8,096,482

The Notes to the Basic Financial Statements are an integral part of this statement.

SCHEDULE 4
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds				
	SB 38 Highway Block Grant	Conservation	City Grants	Cable Communications	City Other Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 42,994	\$ -	\$ 164,991	\$ 187,652	\$ 43,506
Investments	-	146,945	-	-	102,147
Accounts receivable	-	-	72,050	29,107	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 42,994</u>	<u>\$ 146,945</u>	<u>\$ 237,041</u>	<u>\$ 216,759</u>	<u>\$ 145,653</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 42,924	\$ -	\$ 5,000
Accrued salaries and benefits	-	-	21,118	704	-
Retainage payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>64,042</u>	<u>704</u>	<u>5,000</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - student balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	42,994	-	172,999	-	97,147
Committed	-	146,945	-	216,055	43,506
Assigned	-	-	-	-	-
Total fund balances	<u>42,994</u>	<u>146,945</u>	<u>172,999</u>	<u>216,055</u>	<u>140,653</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,994</u>	<u>\$ 146,945</u>	<u>\$ 237,041</u>	<u>\$ 216,759</u>	<u>\$ 145,653</u>

Special Revenue Funds							
School Other Special Revenue Funds	Food Service	Transportation Improvement Trust	Other Trusts	Student Activity Funds	City Capital Projects	Permanent Fund	Total
\$ 52,093	\$ 12,670	\$ 6,928	\$ 203	\$ 109,365	\$ 5,000	\$ 606	\$ 626,008
-	-	304,990	69,473	-	-	207,032	830,587
-	192,134	-	-	-	-	-	293,291
-	-	6,755	-	-	-	-	6,755
<u>\$ 52,093</u>	<u>\$ 204,804</u>	<u>\$ 318,673</u>	<u>\$ 69,676</u>	<u>\$ 109,365</u>	<u>\$ 5,000</u>	<u>\$ 207,638</u>	<u>\$ 1,756,641</u>
\$ -	\$ 22,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,385
-	-	-	-	-	-	-	21,822
-	-	-	-	-	5,000	-	5,000
-	92,693	-	-	-	-	-	92,693
-	115,154	-	-	-	5,000	-	189,900
-	21,341	-	-	-	-	-	21,341
-	-	-	-	-	-	180,306	180,306
-	68,309	-	-	-	-	27,332	408,781
52,093	-	318,673	69,676	-	-	-	846,948
-	-	-	-	109,365	-	-	109,365
<u>52,093</u>	<u>68,309</u>	<u>318,673</u>	<u>69,676</u>	<u>109,365</u>	<u>-</u>	<u>207,638</u>	<u>1,545,400</u>
<u>\$ 52,093</u>	<u>\$ 204,804</u>	<u>\$ 318,673</u>	<u>\$ 69,676</u>	<u>\$ 109,365</u>	<u>\$ 5,000</u>	<u>\$ 207,638</u>	<u>\$ 1,756,641</u>

SCHEDULE 5
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds				
	SB 38 Highway Block Grant	Conservation	City Grants	Cable Communications	City Other Special Revenue Funds
REVENUES					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	454,971	-	-
Charges for services	-	-	-	118,206	-
Miscellaneous	-	2,289	-	-	20,884
Total revenues	-	2,289	454,971	118,206	20,884
EXPENDITURES					
Current:					
Public safety	-	-	153,813	-	-
Highways and streets	152,020	-	330,201	-	-
Culture and recreation	-	-	-	46,766	19,296
Conservation	-	1,489	-	-	-
Education	-	-	-	-	-
Food service	-	-	-	-	-
Capital outlay	-	-	-	69,438	-
Total expenditures	152,020	1,489	484,014	116,204	19,296
Excess (deficiency) of revenues over (under) expenditures	(152,020)	800	(29,043)	2,002	1,588
OTHER FINANCING USES					
Transfers out	-	-	-	(74,784)	-
Net change in fund balances	(152,020)	800	(29,043)	(72,782)	1,588
Fund balances, beginning, as restated (see Note 20)	195,014	146,145	202,042	288,837	139,065
Fund balances, ending	\$ 42,994	\$ 146,945	\$ 172,999	\$ 216,055	\$ 140,653

Special Revenue Funds							
School Other Special Revenue Funds	Food Service	Transportation Improvement Trust	Other Trusts	Student Activity Funds	City Capital Projects	Permanent Fund	Total
\$ -	\$ -	\$ 70,677	\$ -	\$ -	\$ -	\$ -	\$ 70,677
-	527,058	-	-	-	-	-	982,029
50,262	220,052	-	-	83,038	-	-	471,558
-	-	9,839	298	-	-	887	34,197
50,262	747,110	80,516	298	83,038	-	887	1,558,461
-	-	-	-	-	-	-	153,813
-	-	-	-	-	-	-	482,221
-	-	-	-	-	-	-	66,062
-	-	-	-	-	-	-	1,489
46,153	-	-	-	82,532	-	-	128,685
-	743,375	-	-	-	-	-	743,375
-	-	-	-	-	-	-	69,438
46,153	743,375	-	-	82,532	-	-	1,645,083
4,109	3,735	80,516	298	506	-	887	(86,622)
-	-	-	-	-	(10,605)	-	(85,389)
4,109	3,735	80,516	298	506	(10,605)	887	(172,011)
47,984	64,574	238,157	69,378	108,859	10,605	206,751	1,717,411
\$ 52,093	\$ 68,309	\$ 318,673	\$ 69,676	\$ 109,365	\$ -	\$ 207,638	\$ 1,545,400

SCHEDULE 6
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Student Activity Funds
Combining Balance Sheet
June 30, 2020

	Idlehurst Elementary	Maple Wood Elementary	Middle School	High School	Career Technical Center	Total
ASSETS						
Cash and cash equivalents	\$ 9,677	\$ 13,300	\$ 26,195	\$ 56,407	\$ 3,786	\$ 109,365
FUND BALANCES						
Assigned	\$ 9,677	\$ 13,300	\$ 26,195	\$ 56,407	\$ 3,786	\$ 109,365

SCHEDULE 7
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Student Activity Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Idlehurst Elementary	Maple Wood Elementary	Middle School	High School	Career Technical Center	Total
REVENUES						
Charges for services	\$ 6,322	\$ 18,322	\$ 40,026	\$ 17,316	\$ 1,052	\$ 83,038
EXPENDITURES						
Education	6,810	17,323	37,562	19,218	1,619	82,532
Net change in fund balances	(488)	999	2,464	(1,902)	(567)	506
Fund balances, beginning, as restated (see Note 20)	10,165	12,301	23,731	58,309	4,353	108,859
Fund balances, ending	\$ 9,677	\$ 13,300	\$ 26,195	\$ 56,407	\$ 3,786	\$ 109,365

EXHIBIT A
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,015,694	\$ 8,171,633	\$ 21,187,327
Investments	6,831,027	-	6,831,027
Taxes receivables (net)	926,252	-	926,252
Account receivables (net)	362,297	1,008,775	1,371,072
Intergovernmental receivable	1,346,287	1,182,952	2,529,239
Internal balances	518,271	(518,271)	-
Inventory	-	88,547	88,547
Prepaid items	20,481	24,826	45,307
Remediation receivable	87,615	-	87,615
Noncurrent assets:			
Intergovernmental receivable	-	611,935	611,935
Remediation receivable	3,066,525	-	3,066,525
Capital assets:			
Land and construction in progress	3,611,540	2,823,058	6,434,598
Other capital assets, net of depreciation	47,310,242	16,630,401	63,940,643
Total assets	<u>77,096,231</u>	<u>30,023,856</u>	<u>107,120,087</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	3,303,944	117,953	3,421,897
Amounts related to other postemployment benefits	390,697	14,397	405,094
Total deferred outflows of resources	<u>3,694,641</u>	<u>132,350</u>	<u>3,826,991</u>
LIABILITIES			
Accounts payable	1,029,316	191,350	1,220,666
Accrued salaries and benefits	337,546	23,049	360,595
Retainage payable	119,504	107,286	226,790
Contracts payable	-	1,035,421	1,035,421
Accrued interest payable	77,581	74,893	152,474
Intergovernmental payable	7,700	-	7,700
Bond anticipation note payable	650,000	-	650,000
Other payable	13,476	-	13,476
Long-term liabilities:			
Due within one year	2,200,228	1,040,323	3,240,551
Due in more than one year	56,987,821	9,426,373	66,414,194
Total liabilities	<u>61,423,172</u>	<u>11,898,695</u>	<u>73,321,867</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	12,128,024	-	12,128,024
Unavailable revenue - student balances	21,341	-	21,341
Amounts related to pensions	1,923,463	53,120	1,976,583
Amounts related to other postemployment benefits	5,541,924	198,173	5,740,097
Total deferred inflows of resources	<u>19,614,752</u>	<u>251,293</u>	<u>19,866,045</u>
NET POSITION			
Net investment in capital assets	36,088,819	10,184,488	46,273,307
Restricted	741,674	-	741,674
Unrestricted	(37,077,545)	7,821,730	(29,255,815)
Total net position	<u>\$ (247,052)</u>	<u>\$ 18,006,218</u>	<u>\$ 17,759,166</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,757,334	\$ 101,266	\$ -	\$ -	\$ (2,656,068)	\$ -	\$ (2,656,068)
Public safety	6,416,307	125,841	213,039	-	(6,077,427)	-	(6,077,427)
Highways and streets	3,033,965	150,611	261,757	-	(2,621,597)	-	(2,621,597)
Sanitation	299,488	4,017	217,124	-	(78,347)	-	(78,347)
Health	98,562	-	-	-	(98,562)	-	(98,562)
Welfare	146,329	3,780	-	-	(142,549)	-	(142,549)
Culture and recreation	486,507	140,078	-	-	(346,429)	-	(346,429)
Conservation	1,489	-	-	-	(1,489)	-	(1,489)
Education	27,207,104	120,138	12,226,390	2,043,147	(12,817,429)	-	(12,817,429)
Food service	720,106	220,052	527,058	-	27,004	-	27,004
Economic development	17,187	-	-	-	(17,187)	-	(17,187)
Interest on long-term debt	577,103	-	-	-	(577,103)	-	(577,103)
Total governmental activities	41,761,481	865,783	13,445,368	2,043,147	(25,407,183)	-	(25,407,183)
Business-type activities:							
Water	1,813,592	2,705,194	-	-	-	891,602	891,602
Sewer	2,271,436	3,312,890	-	29,882	-	1,071,336	1,071,336
Other	474,984	547,231	-	-	-	72,247	72,247
Total business-type activities	4,560,012	6,565,315	-	29,882	-	2,035,185	2,035,185
Total	\$ 46,321,493	\$ 7,431,098	\$ 13,445,368	\$ 2,073,029	(25,407,183)	2,035,185	(23,371,998)
General revenues:							
Taxes:							
Property					24,199,852	-	24,199,852
Other					385,190	-	385,190
Motor vehicle permit fees					2,073,323	-	2,073,323
Licenses and other fees					256,554	-	256,554
Grants and contributions not restricted to specific programs					904,222	-	904,222
Unrestricted investment earnings					305,281	-	305,281
Miscellaneous					443,960	-	443,960
Total general revenues					28,568,382	-	28,568,382
Change in net position					3,161,199	2,035,185	5,196,384
Net position, beginning, as restated (see Note 20)					(3,408,251)	15,971,033	12,562,782
Net position, ending					\$ (247,052)	\$ 18,006,218	\$ 17,759,166

EXHIBIT E-1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-type Activities			
	Enterprise Funds			Total
	Water	Sewer	Nonmajor	Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,382,665	\$ 4,619,446	\$ 169,522	\$ 8,171,633
Accounts receivable (net)	464,637	421,350	122,788	1,008,775
Intergovernmental receivable	-	1,182,952	-	1,182,952
Prepaid items	20,091	4,735	-	24,826
Inventory	87,833	-	714	88,547
Noncurrent assets:				
Intergovernmental receivable	-	611,935	-	611,935
Capital assets:				
Land and construction in progress	196,032	2,627,026	-	2,823,058
Other capital assets, net of depreciation	6,286,411	10,343,990	-	16,630,401
Total assets	10,437,669	19,811,434	293,024	30,542,127
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	59,982	57,971	-	117,953
Amounts related to other postemployment benefits	7,951	6,446	-	14,397
Total deferred outflows of resources	67,933	64,417	-	132,350
LIABILITIES				
Current liabilities:				
Accounts payable	77,251	70,756	43,343	191,350
Accrued salaries and benefits	11,689	11,360	-	23,049
Retainage payable	-	107,286	-	107,286
Contract payable	-	1,035,421	-	1,035,421
Accrued interest payable	62,694	12,199	-	74,893
Internal balances	-	518,271	-	518,271
Noncurrent liabilities:				
Due within one year	460,886	579,437	-	1,040,323
Due in more than one year	4,156,936	5,269,437	-	9,426,373
Total liabilities	4,769,456	7,604,167	43,343	12,416,966
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pensions	27,013	26,107	-	53,120
Amounts related to other postemployment benefits	120,304	77,869	-	198,173
Total deferred inflows of resources	147,317	103,976	-	251,293
NET POSITION				
Net investment in capital assets	2,489,631	7,694,857	-	10,184,488
Unrestricted	3,099,198	4,472,851	249,681	7,821,730
Total net position	\$ 5,588,829	\$ 12,167,708	\$ 249,681	\$ 18,006,218

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Business-type Activities			
	Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Nonmajor	
Operating revenues:				
User charges	\$ 2,627,371	\$ 3,297,282	\$ 547,231	\$ 6,471,884
Other charges	77,823	15,608	-	93,431
Total operating revenues	<u>2,705,194</u>	<u>3,312,890</u>	<u>547,231</u>	<u>6,565,315</u>
Operating expenses:				
Salaries and wages	620,942	609,257	-	1,230,199
Operation and maintenance	530,445	840,520	474,984	1,845,949
Depreciation and amortization	557,658	707,989	-	1,265,647
Total operating expenses	<u>1,709,045</u>	<u>2,157,766</u>	<u>474,984</u>	<u>4,341,795</u>
Operating gain	<u>996,149</u>	<u>1,155,124</u>	<u>72,247</u>	<u>2,223,520</u>
Nonoperating revenue (expense):				
Capital contributions	-	29,882	-	29,882
Interest expense	(104,547)	(113,670)	-	(218,217)
Total nonoperating revenues (expense)	<u>(104,547)</u>	<u>(83,788)</u>	<u>-</u>	<u>(188,335)</u>
Change in net position	891,602	1,071,336	72,247	2,035,185
Net position, beginning	<u>4,697,227</u>	<u>11,096,372</u>	<u>177,434</u>	<u>15,971,033</u>
Net position, ending	<u>\$ 5,588,829</u>	<u>\$ 12,167,708</u>	<u>\$ 249,681</u>	<u>\$ 18,006,218</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 8,096,482
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 87,430,046	
Less accumulated depreciation	<u>(36,508,264)</u>	
		50,921,782
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 3,303,944	
Deferred inflows of resources related to pensions	(1,923,463)	
Deferred outflows of resources related to OPEB	390,697	
Deferred inflows of resources related to OPEB	<u>(5,541,924)</u>	
		(3,770,746)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (424,085)	
Payables	<u>424,085</u>	
		-
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		3,154,140
Repayment of long-term liabilities and related interest not due until subsequent year is recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		(238,443)
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes		855,363
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(77,581)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 12,827,072	
Unamortized bond premium	1,053,950	
Capital leases	951,941	
Compensated absences	1,782,966	
Pollution remediation liability	6,372,000	
Net pension liability	28,669,370	
Other postemployment benefits	<u>7,530,750</u>	
		(59,188,049)
Net position of governmental activities (Exhibit A)		<u>\$ (247,052)</u>

EXHIBIT C-4
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (333,302)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 4,449,777	
Depreciation expense	<u>(2,317,895)</u>	
		2,131,882
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (85,389)	
Transfers out	<u>85,389</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows of resources for property taxes		11,314
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital lease	\$ (400,000)	
Repayment of bond principal	1,996,123	
Repayment of capital leases	266,484	
Amortization of bond premium	<u>153,943</u>	
		2,016,550
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 governmental funds.		
Decrease in accrued interest expense	\$ 105,890	
Increase in prepaid bonds and leases	(187,579)	
Increase in compensated absences payable	(180,039)	
Changes in pollution remediation receivable and payable balances	(62,602)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(1,634,211)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>1,293,296</u>	
		(665,245)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 3,161,199</u>

The Notes to the Basic Financial Statements are an integral part of this statement.