PEASE DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Hampshire)

Financial Statements,
Management's Discussion and Analysis,
and Supplementary Information

Years ended June 30, 2023 and 2022
With Independent Auditor's Report

PEASE
INTERNATIONAL
PEASE DEVELOPMENT AUTHORITY
PORTSMOUTH, NH

PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Financial Statements

Years Ended June 30, 2023 and 2022

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PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Board of Directors

Stephen M. Duprey, Chairman
Appointed by the New Hampshire State Governor and Executive Council

Neil Levesque, Vice Chairman
Appointed by the New Hampshire Senate President

Thomas G. Ferrini, Treasurer
Appointed be the New Hampshire Speaker of the House

Karen Conard
Appointed by the City of Portsmouth

Margaret F. Lamson
Appointed by the Town of Newington

Steve Fournier
Appointed by the Strafford County Legislation Delegation

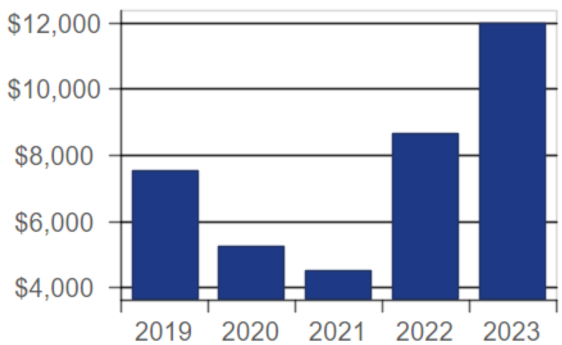
Susan B. Parker
Appointed by the Towns of Newington and Greenland

Paul E. Brean
Executive Director and Secretary
Hired by the Pease Development Authority Board of Directors

PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
Financial Highlights (Unaudited)
($ in Thousands)

	2019	2020	2021	2022	2023
Consolidated Operating Revenues					
Tradeport	$ 8,723	$ 9,319	$ 6,056	$ 7,249	$ 5,858
Ports and Harbors	2,869	2,680	2,477	2,774	3,146
Golf Course	2,672	2,492	3,384	3,489	3,899
Aviation	2,006	1,838	1,934	2,505	2,828
Total	$ 16,270	$ 16,329	$ 13,851	$ 16,017	$ 15,731

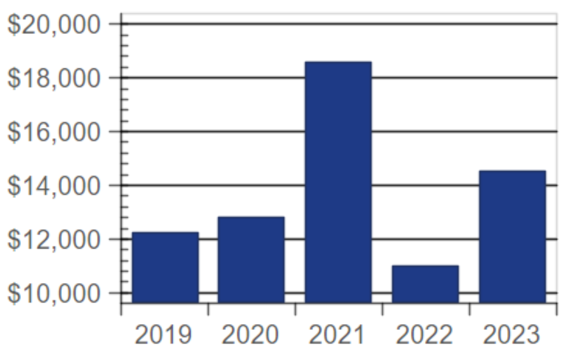
Unrestricted Cash and Cash Equivalents



- PDA currently has no outstanding debt, reflecting lower non-grant related capital expenditure requirements across all business units:

June 30	Amount
2019	$ 116
2020	-
2021	-
2022	-
2023	-

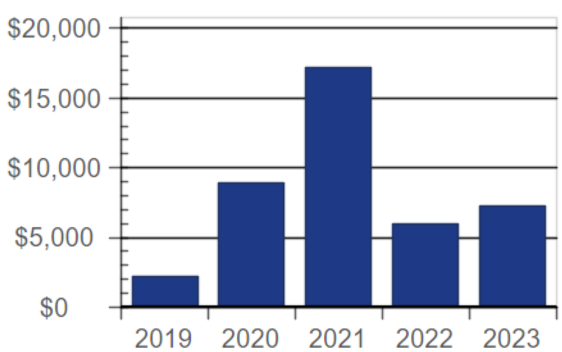
Operating Expenses
(Excluding Depreciation)



- Capital assets excluding accumulated depreciation, primarily due to third party grant funding and renovations to the Portsmouth International Airport, Portsmouth Tradeport and Skyhaven Airport have continued to increase during the past several fiscal years:

June 30	Amount
2019	$ 173,770
2020	189,692
2021	216,304
2022	222,903
2023	232,022

Contributed Capital



- Net cash provided (used) by operating activities has fluctuated in the past few fiscal years due to the impact of adoption of leases:

June 30	Amount
2019	$ 3,182
2020	3,434
2021	(5,521)
2022	(350)
2023	(1,646)

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pease Development Authority
(A Component Unit of the State of New Hampshire)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PDA as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

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

Changes in Accounting Principles

As discussed in Note 3 to the basic financial statements, PDA adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023. Our opinion is not modified with respect to those matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PDA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 6 to 20 and the required supplementary information on pages 56 to 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of the Board of Directors on page 1 and financial highlights on page 2 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of PDA'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 PDA'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 PDA's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 16, 2023

This report identifies the Pease Development Authority's ("PDA") financial position and describes PDA's financial activities over the past three fiscal years. This section of PDA's annual financial report is known as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("MD&A") and presents our discussion and analysis of PDA's financial performance during the fiscal years ended June 30, 2023, 2022 and 2021.

The MD&A is an analysis of the financial condition and operating results of PDA and is intended to introduce the basic financial statements and notes to those statements. The MD&A must be presented in every financial report that includes basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America. It is intended to provide an objective and easily readable analysis of PDA's financial activities based on currently known facts, decisions, or conditions. This MD&A should be read in conjunction with PDA's financial statements and accompanying notes.

Overview of the Financial Statements

This annual report consists of three parts: a) Management's discussion and analysis of financial condition and results of operations; b) the basic audited financial statements which include notes explaining some of the information in the financial statements and provide detailed data; and c) required supplementary information.

PDA is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the accrual basis of accounting. The component unit financial statements offer short and long-term financial information about the activities and operations of PDA. These statements are presented in a manner similar to a private business.

The statements of net position show the financial position of PDA at the end of each fiscal year and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The total net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, an increase in net position is one indicator of an institution's financial health.

The statements of revenues, expenses and changes in net position report total operating revenues, operating expenses, nonoperating income (expense), contributed capital and the change in net position for the years ended June 30, 2023 and 2022.

The statements of cash flows summarize transactions involving cash and cash equivalents during each fiscal year. The statements provide an additional tool to assess the financial health of the institution and its ability to generate future cash flows to meet its obligations.

Change in Accounting Principle

As disclosed in Note 3 to the basic financial statements, in 2022 PDA adopted new accounting guidance, GASB Statement No. 87, *Leases*. The changes made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment as of the beginning of the year ended June 30, 2021. The impact of the adoption of the new accounting standard as of the beginning of the year ended June 30, 2021 was an increase in short-term receivables of $4,382,378 an increase in long-term receivables of $169,907,424, an increase in deferred inflows of resources, net of amortization of $172,345,488 and an increase in unrestricted net position of $1,944,313.

During 2023, PDA adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023. The adoption of GASB Statements No. 94 and No. 96 did not have a material impact on the basic financial statements of PDA.

Current Assets

Current assets are those assets that are expected to be used (sold or consumed) within a year, unlike non-current assets. Current assets are reflected on the statement of net position and are listed in order of decreasing liquidity. The current asset position of an organization is important, both for assessing its financial strength and for gauging its operational efficiency.

Comparison of 2023 to 2022

Changes in Current Assets

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	$ 11,986	$ 8,669	$ 3,317	38.3
Accounts Receivable - Net	8,466	9,932	(1,466)	(14.8)
Other Current Assets	774	712	62	8.7
Total Current Assets	$ 21,226	$ 19,313	$ 1,913	9.9

PDA's current assets reflect an increase in operating cash of $3.3 million, or 38.3%. This increase reflects cash flows from operations and collection of prior years' receivables, offset by an increase in expenditures for internally funded capital projects. The decrease in accounts receivable of $1.5 million reflects the adjustment to short-term lease receivables of $0.9 million due to the adoption of GASB Statement No. 87 as described in Change in Accounting Principle in Note 3. A portion of the accounts receivable decrease is also the result of prior year receivables in the amount of $0.6 million collected from the State of New Hampshire for grant funded projects at the Division of Ports and Harbors. Accounts receivable included an allowance for doubtful accounts of approximately 0.2% and 0.1% of total accounts receivable at June 30, 2023 and 2022, respectively.

Comparison of 2022 to 2021

Changes in Current Assets

($ in Thousands)	June 30, 2022	June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	$ 8,669	$ 4,531	$ 4,138	91.3
Accounts Receivable - Net	9,932	14,197	(4,265)	(30.0)
Other Current Assets	712	572	140	24.5
Total Current Assets	$ 19,313	$ 19,300	$ 13	0.1

PDA's current assets reflect an increase in operating cash of $4.1 million, or 91.3%. This increase reflects $2.0 million in American Rescue Plan Act of 2021 ("ARPA") funding for both the Portsmouth International Airport and Skyhaven Airport as well as the sale of a building at 30 New Hampshire Ave for $1.7 million. A significant decrease in capital construction activities also contributed to the growth in unrestricted operating cash. Offsetting this is a decrease of $4.3 million in receivables, as the prior year included $6.0 million in state appropriations for the dredging of the Piscataqua River. Receivables also reflect the current portion of lease receivable. This represents the impact of the adoption of GASB 87 as described in Change in Accounting Principle on page 6 and reflects the present value of lease payments expected over the next twelve month period. Accounts receivable included an allowance for doubtful accounts of approximately 0.2% and of total accounts receivable at June 30, 2022 and 2021, respectively.

Restricted Assets

Restricted assets represent amounts that are subject to externally imposed restrictions on their use by creditors, grantors, laws, regulations, or through constitutional restrictions or enabling legislation.

Comparison of 2023 to 2022

Changes in Restricted Assets

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	$ 456	$ 368	$ 88	23.9
Revolving Loan Fishery Fund Receivable	1,072	1,173	(101)	(8.6)
Accounts Receivable Other - Net	62	23	39	169.6
Total Restricted Assets	$ 1,590	$ 1,564	$ 26	1.7

Total restricted assets decreased by $26 thousand year over year, partially resulting from the net impact of loan payments under the Revolving Loan Fishery Fund ("RLF") which increased restricted cash and decreased the loans receivable. Total assets associated with the RLF had a composite calculation of approximately $1.1 million and $1.2 million at June 30, 2023 and 2022, respectively. There were 20 and 21 individual loans outstanding at June 30, 2023 and 2022, respectively. The increase in accounts receivable other represents a funds transfer due from an unrestricted cash account for reimbursement of expenses.

Comparison of 2022 to 2021

Changes in Restricted Assets

($ in Thousands)	June 30, 2022	June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	$ 368	$ 550	$ (182)	(33.1)
Revolving Loan Fishery Fund Receivable	1,173	1,019	154	15.1
Accounts Receivable Other - Net	23	2	21	1,050.0
Total Restricted Assets	$ 1,564	$ 1,571	$ (7)	(0.4)

Total restricted assets were consistent year over year primarily due to the net impact of PDA issuing new loans under the RLF, which reduced the restricted cash balance. Total assets associated with the RLF had a composite valuation of approximately $1.2 million at June 30, 2022 and 2021. There were 21 individual loans outstanding at June 30, 2022 and June 30, 2021.

Non-Current Assets

Non-current assets represent capital acquisitions and other long term assets whose benefits will be realized over more than one year.

PDA independently develops and maintains the Tradeport. Through the Division of Port and Harbors ("DPH"), PDA maintains and develops New Hampshire’s ports, harbors, and navigable tidal rivers. Capital expenditures typically extend the useful life of an asset and can be financed through internal funds, grant related funding or access to the capital markets.

Comparison of 2023 to 2022

Changes in Capital Assets

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Land	$ 7,521	$ 7,521	$ -	-
Facilities Improvements	203,082	188,667	14,415	7.6
Equipment	17,193	16,250	943	5.8
Construction in Process	4,227	10,465	(6,238)	(59.6)
Gross Capital Assets	232,023	222,903	9,120	4.1
Accumulated Depreciation	(133,642)	(126,802)	(6,840)	5.4
Total Capital Assets	$ 98,381	$ 96,101	$ 2,280	2.4

PDA's capital acquisitions (excluding sales/retirements) totaled approximately $9.1 million in 2023, primarily in support of either federal or state funded projects. The more significant capital projects at PDA included the Portsmouth International Airport ("PSM") Arrivals Hall Expansion, Corporate Drive drainage improvements, pavement repairs and various equipment purchases. Significant capital expenditures through the DPH included the rehabilitation of the Main Wharf at Market Street and the functional replacement of the Barge Dock. Other DPH projects included dock replacement at Hampton Harbor and bracing and decking repairs at the Portsmouth Fish Pier. Approximately $7.0 million of the total capital expenditures were either grant funded or supported by the State for purposes of Pease Development Authority - Division of Port and Harbors ("PDA-DPH").

PDA/DPH had commitments under construction contracts associated with state and federal grants totaling approximately $17.3 million and $16.6 million at June 30, 2023 and 2022, respectively. The more significant commitments under construction contracts at June 30, 2023 included $6.9 million for the PSM Arrivals Hall Expansion project, $6.0 million for the Main Wharf repair and rehabilitation. and $1.1 million for the DPH Functional Replacement of the Barge Dock.

Comparison of 2022 to 2021

Changes in Capital Assets

($ in Thousands)	June 30, 2022	June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Land	$ 7,521	$ 7,521	$ -	-
Facilities Improvements	188,667	186,610	2,057	1.1
Equipment	16,250	15,891	359	2.3
Construction in Process	10,465	6,282	4,183	66.6
Gross Capital Assets	222,903	216,304	6,599	3.1
Accumulated Depreciation	(126,802)	(119,954)	(6,848)	5.7
Total Capital Assets	$ 96,101	$ 96,350	$ (249)	(0.3)

PDA's capital acquisitions (excluding sales/retirements) totaled approximately $6.6 million in 2022, primarily in support of either federal or state funded projects. The more significant capital projects at the PDA included terminal expansion activities at PSM, roadway and drainage improvements, and equipment purchases. Significant capital expenditures through the DPH included repairs to the Portsmouth Fish Pier and the Main Wharf at Market Street. Other DPH projects included replacement of the Barge Dock at Market Street, dock replacement at Hampton Harbor, and lighting improvements at Market Street. Approximately $6 million of the total capital expenditures were either grant funded or supported by the State for purposes of PDA-DPH.

PDA/DPH had commitments under construction contracts associated with state and federal grants totaling approximately $16.6 million and $13.3 million at June 30, 2022 and 2021, respectively. The more significant commitments under construction contracts at June 30, 2022 included $4.1 million for the PSM Runway Reconstruction project, $3.2 million for the DPH Functional Replacement of the Barge Dock and $1.2 million for the Main Wharf repair and rehabilitation.

Comparison of 2023 to 2022

Changes in Lease Receivable, Non-Current

	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Lease receivable, Non-current	$ 213,131	$ 197,231	$ 15,900	8.1

Non-current assets include a lease receivable brought about by the adoption of the GASB 87 lease accounting standard. The balance represents the present value of expected lease payments for the remaining terms of all active long-term lease agreements, which will be received in more than one year. The increase of $15.9 million is reflective of additional leases or lease extensions granted during the fiscal year.

Comparison of 2022 to 2021

Changes in Lease Receivable, Non-Current

	June 30 2022	Restated June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Lease receivable, Non-current	$ 197,231	$ 169,907	$ 27,324	16.1

Non-current assets include a lease receivable brought about by the adoption of the GASB 87 lease accounting standard. The balance represents the present value of expected lease payments for the remaining terms of all active long-term lease agreements, which will be received in more than one year. The increase of $27.3 million is reflective of additional leases or lease extensions granted during the fiscal year.

Current Liabilities

Comparison of 2023 to 2022

Changes in Current Liabilities

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Accounts Payable and Accrued Expenses	$ 2,695	$ 2,053	$ 642	31.3
Accounts Payable for Capital Assets	1,800	2,228	(428)	(19.2)
Unearned Revenues	724	867	(143)	(16.5)
Total Noncurrent Liabilities	$ 5,219	$ 5,148	$ 71	1.4

Current liabilities include accounts payable, accounts payable for capital and unearned revenues related to lease revenues and golf course membership fees collected in advance. These liabilities remained consistent between 2022 and 2023.

Comparison of 2022 to 2021

Changes in Current Liabilities

($ in Thousands)	June 30, 2022	June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Accounts Payable and Accrued Expenses	$ 2,053	$ 9,599	$ (7,546)	(78.6)
Accounts Payable for Capital Assets	2,228	3,858	(1,630)	(42.2)
Unearned Revenues	867	690	177	25.7
Total Noncurrent Liabilities	$ 5,148	$ 14,147	$ (8,999)	(63.6)

The $9 million decrease in Accounts Payable and Accrued Expenses is attributable to fiscal year 2021 accrued expenses of $6.0 million related to a dredging project at the DPH as well has higher retainage payable associated with the runway reconstruction project at the PDA. Accounts Payable for Capital Assets decreased by $1.6 million as we neared completion of the runway project.

Noncurrent Liabilities

Comparison of 2023 to 2022

Changes in Noncurrent Liabilities

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Other Post Employment Benefits	$ 5,836	$ 7,379	$ (1,543)	(20.9)
Net Pension Liability	5,287	4,280	1,007	23.5
State of New Hampshire Account Payable	252	252	-	-
Compensated Absences - Net	92	90	2	2.2
Total Noncurrent Liabilities	$ 11,467	$ 12,001	$ (534)	(4.4)

The PDA decreased its total noncurrent liabilities outstanding during the fiscal year by approximately $(0.5) million, or (4.4)%. The decrease in Other Postemployment Benefits is mainly a result of an increase in the discount rate. The increase in the Net Pension Liability is associated with the investment returns of the plan assets being significantly lower than the prior year. The retirement system realized a negative 6.1% return on investments in the fiscal year ended June 30, 2022 compared to positive 29.4% return in the previous year. The three-year, five-year and 10-year investment returns for the periods ended June 30, 2022, 2021 and 2020 were 7.1%, 11.4% and $11.3%, respectively. The retirement system's assumed rate of investment return is 6.75%.

Comparison of 2022 to 2021

Changes in Noncurrent Liabilities

($ in Thousands)	June 30, 2022	June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Other Post Employment Benefits	$ 7,379	$ 8,042	$ (663)	(8.2)
Net Pension Liability	4,280	6,171	(1,891)	(30.6)
Retiree Health Benefit Program	-	91	(91)	(100.0)
State of New Hampshire Account Payable	252	252	-	-
Compensated Absences - Net	90	93	(3)	(3.2)
Total Noncurrent Liabilities	$ 12,001	$ 14,649	$ (2,648)	(18.1)

The PDA decreased its total noncurrent liabilities outstanding during the fiscal year by approximately $2.6 million, or 18.1%. The more significant decreases were associated with the changes in the Other Postemployment Benefits and Net Pension Liability. This fluctuation is associated with the investment returns of the plan assets being significantly higher than the prior year. The retirement system realized a 29.4% return on investments in the fiscal year ended June 30, 2021 compared to 1.1% in the previous year. The three-year, five-year and 10-year investment returns for the periods ended June 30, 2021, 2020 and 2019 were 11.4%, $11.3% and 9.3% respectively. The retirement system's assumed rate of investment return is 6.75%.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of debt and adding back any unspent proceeds.

Comparison of 2023 to 2022

Statements of Net Position

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Current Assets	$ 21,226	$ 19,313	$ 1,913	9.9
Restricted Assets	1,590	1,563	27	1.7
Non-Current Assets	311,512	293,332	18,180	6.2
Total Assets	334,328	314,208	20,120	6.4
Deferred Outflows of Resources	3,049	3,705	(656)	(17.7)
Current Liabilities	5,219	5,148	71	1.4
Noncurrent Liabilities	11,467	12,001	(534)	(4.4)
Total Liabilities	16,686	17,149	(463)	(2.7)
Deferred Inflows of Resources	213,258	201,506	11,752	5.8
Net Investment in Capital Assets	96,580	93,873	2,707	2.9
Restricted Net Position	1,336	1,275	61	4.8
Unrestricted Net Position	9,516	4,110	5,406	131.5
Total Net Position	$ 107,432	$ 99,258	$ 8,174	8.2

PDA's total assets increased $20.1 million, or 6.4%, primarily due to the increase the long term lease receivable balance resulting from additional leases that were entered into and lease extensions that were grant during the fiscal year. Higher unrestricted cash balances, capital investments and equipment purchases also attributed to the increase in total assets.

PDA's total liabilities decreased by $(0.5) million, or (2.7)%. Accounts payable decreased by $(0.1) million year-over-year and the remaining $(0.4) million decrease reflects the change in Other Postemployment Benefits and Net Pension Liability.

Deferred inflows of resources increased by $11.8 million, or 5.8%, and reflect the change in deferred inflows due to additional leases that were entered into and lease extensions that were granted during the fiscal year. The value of deferred inflows reflects the present value of expected lease revenue for remaining terms of all active long-term lease agreements.

Statements of Net Position

($ in Thousands)	June 30, 2022	Restated June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Current Assets	$ 19,313	$ 19,300	$ 13	0.1
Restricted Assets	1,563	1,571	(8)	(0.5)
Non-Current Assets	293,332	266,257	27,075	10.2
Total Assets	314,208	287,128	27,080	9.4
Deferred Outflows of Resources	3,705	4,202	(497)	(11.8)
Current Liabilities	5,148	14,147	(8,999)	(63.6)
Noncurrent Liabilities	12,001	14,649	(2,648)	(18.1)
Total Liabilities	17,149	28,796	(11,647)	(40.4)
Deferred Inflows of Resources	201,506	175,254	26,252	15.0
Net Investment in Capital Assets	93,873	92,492	1,381	1.5
Restricted Net Position	1,275	1,308	(33)	(2.5)
Unrestricted Net Position	4,110	(6,520)	10,630	(163.0)
Total Net Position	$ 99,258	$ 87,280	$ 11,978	13.7

PDA's total assets increased $27.1 million, 9.4%, primarily due to the increase the long term lease receivable balance due to additional leases that were entered into and lease extensions that were granted during the fiscal year.

PDA's total liabilities decreased by $11.6 million, or 40.4%. The decrease in current liabilities of $9.0 million is primarily due to the prior year's inclusion of $6.0 million in state appropriations payable to the Army Corps of Engineers related to dredging of the Piscataqua River. The decrease in non-current liabilities of $2.6 million represents the change in Other Postemployment Benefits and Net Pension Liability. The fluctuation is associated with the investment returns of plan assets being significantly higher than prior year.

Deferred inflows of resources increased by $26.3 million, or 15.0%, and reflect the change in deferred inflows due to additional leases that were entered into and lease extensions that were granted during the fiscal year. The value of deferred inflows reflects the present value of expected lease revenue for remaining terms of all active long-term lease agreements.

Change in Net Position

PDA charges various types of fees for the rental or usage of its land and facilities.

Comparison of 2023 to 2022

Statements of Revenues, Expenses, and Changes in Net Position

($ in Thousands)	June 30, 2023	June 30, 2022	$ Increase (Decrease)	% Increase (Decrease)
Operating Revenues				
Rental of Facilities	$ 7,293	$ 6,863	$ 430	6.3
Fee Revenues	5,969	5,412	557	10.3
Fuel Sales	939	709	230	32.4
Proceeds from Sale of Building	-	1,750	(1,750)	(100.0)
Concession and other Miscellaneous	1,530	1,283	247	19.3
Total Operating Revenues	15,731	16,017	(286)	(1.8)
Operating Expenses				
Personnel Services and Benefits	8,156	5,725	2,431	42.5
Depreciation	6,839	6,861	(22)	(0.3)
Building and Facilities Maintenance	2,193	1,939	254	13.1
Professional Services	657	518	139	26.8
Other	3,534	2,791	743	26.6
Total Operating Expenses	21,379	17,834	3,545	19.9
Operating Loss	(5,648)	(1,817)	(3,831)	210.8
Nonoperating Income (Expense)				
CARES ACT	-	1,977	(1,977)	(100.0)
Gain on Disposition of Assets	-	31	(31)	(100.0)
Interest Income	108	12	96	800.0
Interest Income - Leases	6,435	5,812	623	10.7
Net Nonoperating Income	6,543	7,832	(1,289)	(16.5)
Gain before Contributed Capital	895	6,015	(5,120)	(85.1)
Contributed Capital	7,279	5,962	1,317	22.1
Change in Net Position	8,174	11,977	(3,803)	(31.8)
Net Position at Beginning of Year	99,258	87,281	11,977	13.7
Net Position at End of Year	$ 107,432	$ 99,258	$ 8,174	8.2

Total operating revenues decreased $(0.3) million, or (1.8)%, year over year as prior year revenues included the sale of a building at 30 NH Avenue for $1.75 million. This decrease in proceeds from the sale of building is offset by increases in fee revenues (fuel flowage fees, wharfage and dockage fees and golf fees), fuel sales and concession fees. Total non-operating revenues decreased by $(1.3) million as prior year's results included $2.0 million in CARES Act Funding.

Total operating expenses increased by approximately $3.5 million, or 19.9%, $1.4 million represents the impact of the year-end adjustment to the pension and Other Postemployment Benefits (OPEB) liability. Salary expenses trended higher due to market adjustments during the fiscal year as well as fewer open full-time positions. Facilities expenses trended higher driven by increased cost of equipment fuel, increases in equipment repairs and maintenance and snow and ice control. We also experienced significant cost increases in fuel purchases as well as electricity expenses when our fixed price contract for electricity supply ended in October 2022.

The increase in contributed capital of $1.3 million, or 22.1%, reflects increases in federal grant and state funded construction projects mainly at the DPH which included the Main Wharf Replacement project and the functional replacement of the Barge Dock.

Comparison of 2022 to 2021

Statement of Revenues, Expenses, and Changes in Net Position

($ in Thousands)	June 30, 2022	Restated June 30, 2021	$ Increase (Decrease)	% Increase (Decrease)
Operating Revenues				
Rental of Facilities	$ 6,863	$ 7,366	$ (503)	(6.8)
Fee Revenues	5,412	4,995	417	8.3
Fuel Sales	709	416	293	70.4
Proceeds from Sale of Building	1,750	-	1,750	100.0
Concession and other Miscellaneous	1,283	1,074	209	19.5
Total Operating Revenues	16,017	13,851	2,166	15.6
Operating Expenses				
Personnel Services and Benefits	5,725	7,635	(1,910)	(25.0)
Depreciation	6,861	5,833	1,028	17.6
Building and Facilities Maintenance	1,939	7,772	(5,833)	(75.1)
Professional Services	518	630	(112)	(17.8)
Other	2,791	2,559	232	9.1
Total Operating Expenses	17,834	24,429	(6,595)	(27.0)
Operating Loss	(1,817)	(10,578)	8,761	(82.8)
Nonoperating Income (Expense)				
State appropriations	-	6,086	(6,086)	(100.0)
CARES ACT	1,977	1,569	408	26.0
Gain (Loss) on Disposition of Assets	31	(2)	33	(1,650.0)
Interest Expense	-	(73)	73	(100.0)
Interest Income	12	10	2	20.0
Interest Income - Leases	5,812	5,242	570	10.9
Net Nonoperating Income	7,832	12,832	(5,000)	(39.0)
Gain before Contributed Capital	6,015	2,254	3,761	166.9
Contributed Capital	5,962	17,163	(11,201)	(65.3)
Change in Net Position	11,977	19,417	(7,440)	(38.3)
Net Position at Beginning of Year	87,281	67,864	19,417	28.6
Net Position at End of Year	$ 99,258	$ 87,281	$ 11,977	13.7

Total operating revenues increased $2.2 million, or 15.6%, year over year. The increase in revenue is largely due to the sale of a building at 30 NH Avenue for $1.75 million, which is included in Concessions and other miscellaneous revenue. With the adoption of GASB 87, a portion of PDA's facility rent has been re-classed to interest income, which is non-operating income. This new standard requires the PDA to account for all long-term building and ground leases as financing leases with an implicit interest rate. Other factors contributing to higher operating revenues include an increase in golf course operations revenue. Marine fuel sales have also increased as we re-opened the Portsmouth Fish Pier now that construction has been completed. Total non-operating revenues decreased by $5.0 million as prior year revenues included state appropriations of $6.0 million relate to the Piscataqua River dredging.

Total operating expenses decreased by approximately $6.6 million, or 27.0%, as prior years Building and Facilities Maintenance included $6.0 million for the Piscataqua River dredging project. The decrease in Personnel Services and Benefits of $1.9 million resulted from the year-end adjustment to the pension and OPEB liability. Depreciation Expense increased by $1.0 million due to the significant investment in construction projects at PSM which are now being depreciated.

The decrease in contributed capital of $11.2 million, or 65.3%, reflects decrease in grant related construction projects at PSM and DPH now that the Airport runway, terminal and the Portsmouth Fish Pier projects are substantially complete.

Economic Outlook

The economic impact of the COVID-19 pandemic has lessened during fiscal year 2023, as PDA continues to experience strong results in airline traffic, fuel flowage fees and pay for parking revenues. However, higher inflation has resulted in cost increases related to the purchase of fuel, materials and supplies as well as outside contractor costs.

Contacting the PDA's Leadership Team

This financial report is designed to provide a general overview of PDA's finances and to demonstrate PDA's accountability for the grants that it receives. If you have questions about this report or need additional financial information, please contact Paul Brean, Executive Director, at 55 International Drive Portsmouth, NH 03801 via email at p.brean@peasedev.org or by telephone at 603.433.6088. Visit the PDA website at: www.peasedev.org.

Other members of the PDA's Leadership Team, effective July 1, 2023, include:

Anthony Blenkinsop
Deputy Director / General Counsel

Greg Siegenthaler
Director of Information Technology

Michael Mates
Director of Engineering

Scott Devito
Golf Course General Manager

Captain Geno Marconi
Director - Division of Ports and Harbors

Susanne Anzalone, CPA
Director of Finance

Tanya Coppeta
Employee Relations Manager

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PEASE DEVLEOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 11,985,639**	$ 8,669,372
Accounts and Grants Receivable - Net	**8,465,549**	9,931,294
Other Current Assets	**774,077**	712,368
Total Current Assets	**21,225,265**	19,313,034
Restricted Assets		
Cash and Cash Equivalents	**456,469**	368,171
Loans and Accounts Receivable - Net	**1,133,178**	1,195,512
Total Restricted Assets	**1,589,647**	1,563,683
Noncurrent Assets		
Leases Receivable, net of current portion	**213,131,431**	197,230,941
Capital Assets	**98,380,445**	96,100,952
Total Noncurrent Assets	**311,511,876**	293,331,893
Total Assets	**334,326,788**	314,208,610
Deferred Outflows of Resources		
Other Postemployment Benefits	**1,621,805**	2,279,876
Pension	**1,426,696**	1,424,984
Total Deferred Outflows of Resources	**3,048,501**	3,704,860
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	**2,695,176**	2,053,163
Accounts Payable for Capital Assets	**1,800,134**	2,227,972
Unearned Revenues	**723,956**	867,102
Total Current Liabilities	**5,219,266**	5,148,237
Noncurrent Liabilities		
Other Postemployment Benefits	**5,835,603**	7,378,664
Net Pension Liability	**5,286,773**	4,279,644
Other Noncurrent Liabilities	**344,227**	342,544
Total Noncurrent Liabilities	**11,466,603**	12,000,852
Total Liabilities	**16,685,869**	17,149,089
Deferred Inflows of Resources		
Other Postemployment Benefits	**2,087,794**	1,651,884
Pension	**228,607**	1,382,954
Lease Revenue	**210,941,329**	198,471,605
Total Deferred Inflows of Resources	**213,257,730**	201,506,443
Net Position		
Net Investment in Capital Assets	**96,580,311**	93,872,980
Restricted For:		
Revolving Loan Fishery Fund	**1,266,572**	1,248,826
Harbor Dredging and Pier Maintenance	**55,694**	14,810
Foreign Trade Zone	**13,433**	10,919
Unrestricted	**9,515,680**	4,110,403
Total Net Position	**$ 107,431,690**	$ 99,257,938

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

PEASE DEVLEOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Rental of Facilities	**$ 7,293,260**	$ 6,862,835
Fee Revenues:		
Golf Course Operations	**3,025,153**	2,728,744
Mooring, Dockage, Pier Usage and Boat Registration	**2,830,609**	2,567,976
All Other	**112,608**	115,584
Total Fee Revenues	**5,968,370**	5,412,304
Fuel Sales	**939,332**	709,020
Proceeds from Sale of Building	**-**	1,749,985
Concession and Other Miscellaneous	**1,530,402**	1,283,098
Total Operating Revenues	**15,731,364**	16,017,242
Operating Expenses		
Personnel Services and Benefits	**8,155,642**	5,724,558
Depreciation	**6,839,425**	6,860,974
Building and Facilities Maintenance	**2,193,211**	1,939,422
General and Administrative	**1,104,336**	992,878
Utilities	**1,137,393**	798,545
Professional Services	**656,926**	517,641
All Other	**1,292,470**	1,000,111
Total Operating Expenses	**21,379,403**	17,834,129
Operating Loss	**(5,648,039)**	(1,816,887)
Nonoperating Income		
COVID funding	**-**	1,977,072
Interest Income - Leases	**6,435,289**	5,812,536
Interest Income - Other	**107,659**	11,268
Gain on Disposition of Capital Assets	**-**	31,086
Net Operating Income	**6,542,948**	7,831,962
Gain before Contributed Capital	**894,909**	6,015,075
Contributed Capital	**7,278,842**	5,962,252
Change in Net Position	**8,173,751**	11,977,327
Net Position at Beginning of Year	**99,257,938**	87,280,611
Net Position at End of Year	**$107,431,689**	$ 99,257,938

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

PEASE DEVLEOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Statement of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash Received from Customers	**$ 12,909,639**	$ 20,332,506
Cash Payments to Personnel for Services and Benefits	**(8,753,652)**	(7,654,933)
Cash Payments to Suppliers of Goods and Services	**(5,802,348)**	(13,027,985)
Net Cash Used by Operating Activities	**(1,646,361)**	(350,412)
Cash Flows From Noncapital Financing Activities		
CARES Act Funding Cash Received	**-**	1,993,937
Cash Flows From Capital And Related Financing Activities		
Contributed Capital Received	**8,054,734**	4,700,496
Payments for Acquisition of Capital Assets	**(9,546,756)**	(8,331,645)
Proceeds from Sale of Capital Assets	**-**	120,455
Net Cash Used by Capital and Related Financing Activities	**(1,492,022)**	(3,510,694)
Cash Flows From Investing Activities		
Interest Income Received	**6,542,948**	5,823,804
Increase in Cash and Cash Equivalents	**3,404,565**	3,956,635
Cash and Restricted Cash - Beginning of Year	**9,037,543**	5,080,908
Cash and Restricted Cash - End of Year	**$ 12,442,108**	$ 9,037,543
Composition of Cash, Cash Equivalents, and Restricted Cash		
Cash and Cash Equivalents	**$ 11,985,639**	$ 8,669,372
Restricted Cash and Cash Equivalents	**456,469**	368,171
	$ 12,442,108	$ 9,037,543

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

PEASE DEVLEOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)

Statements of Cash Flows (Concluded)

For the Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	**$ (5,648,039)**	$ (1,816,887)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	**6,839,425**	6,860,974
Compensated Absences - Net	**1,683**	(6,631)
Changes in Operating Assets, Deferred Outflow of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	**(15,148,303)**	(21,987,772)
Other Current Assets	**(61,709)**	(140,369)
Deferred Outflows of Resources - OPEB	**658,071**	(86,498)
Deferred Outflows of Resources - Pension	**(1,712)**	583,302
Accounts Payable and Accrued Expenses	**642,014**	(7,545,508)
Unearned Revenues	**(143,146)**	176,919
Retiree Health Benefit Program	**-**	(86,880)
Other Postemployment Benefits (OPEB)	**(1,543,061)**	(663,330)
Net Pension Liability	**1,007,129**	(1,890,791)
Deferred Inflows of Resources - Leases	**12,469,724**	26,126,117
Deferred Inflows of Resources - OPEB	**435,910**	(895,037)
Deferred Inflows of Resources - Pension	**(1,154,347)**	1,021,979
Net Cash Used by Operating Activities	**$ (1,646,361)**	$ (350,412)
Reconciliation of Noncash Activity:		
Contributed Capital Income	**$ 7,278,842**	$ 5,962,252
Less:Grants Receivable as of End of Year	**(3,393,606)**	(4,169,498)
Add: Grants Receivable as of Prior Year End	**4,169,498**	2,907,742
Contributed Capital Received	**$ 8,054,734**	$ 4,700,496
Acquisition of Capital Assets	**$ 9,118,918**	$ 6,701,218
Less: Accounts Payable for Capital Assets as of End of Year	**(1,800,134)**	(2,227,972)
Add: Payments of Short-Term Trade Accounts to Finance Acquisitions of Capital Assets	**2,227,972**	3,858,399
Payments for the Acquisition of Capital Assets	**$ 9,546,756**	$ 8,331,645

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

1. *Reporting Entity*

The Pease Development Authority ("PDA"), a component unit of the State of New Hampshire (the "State"), is the successor entity to the Pease Redevelopment Commission ("PRC"). The PRC was created on March 21, 1989 by an act of the General Court of the State. The mandate of the PRC was to prepare a comprehensive plan for the conversion and redevelopment of Pease Air Force Base. The guiding principles of the plan were job creation, fiscal viability, economic development, and environmental quality.

Effective June 1, 1990, the PRC was dissolved and PDA was established as its successor with the goals of converting and redeveloping the Pease International Tradeport ("Tradeport"). PDA is a component unit of the State and is discretely presented in the Comprehensive Annual Financial Report of the State.

PDA is a body corporate and politic with a governing body of seven members. The Governor and State legislative leadership appoint four members and the City of Portsmouth ("COP") appoints one member, the Town of Newington appoints one member and the Towns of Newington and Greenland jointly appoint one member.

Pursuant to Chapter 290, Laws of 2001, the New Hampshire State Port Authority ("Port"), a former agency of the primary State government, was transferred to PDA effective July 1, 2001. In doing so, the State authorized the transfer of functions, powers, and duties of the Port to PDA, acting through the Division of Ports and Harbors ("PDA-DPH"). The PDA-DPH is charged with the responsibility to: 1) plan for the maintenance and development of the ports, harbors, and navigable tidal rivers of the State; 2) foster and stimulate commerce and the shipment of freight; 3) aid in the development of salt water fisheries and associated industries; 4) cooperate with any federal agencies or departments in planning the maintenance, development, and use of the State ports, harbors, and navigable tidal rivers; and 5) plan, develop, maintain, use, and operate land transportation facilities within a 15 mile radius of the PDA-DPH headquarters in Portsmouth, New Hampshire.

As a result of the transfer of the Port to PDA, the Harbor Dredging and Pier Maintenance Fund was transferred to PDA. This fund was set up for the purposes of initiating and implementing harbor dredging projects and maintaining public piers. On July 1, 2001, also as a result of the transfer of the Port to the PDA, the Revolving Loan Fishery Fund was transferred to the PDA. The Revolving Loan Fishery Fund was established in July 1994 by the Port through a Federal Economic Development Administration grant in the amount of $810,000. The grant funds and related interest earned thereon provide a revolving loan fund to offer direct assistance to the fishing industry and to aid in the creation of economic opportunities within the industry.

Pursuant to Chapter 356, Laws of 2008, House Bill 65 was enacted by the State Legislature on July 11, 2008. The bill: 1) provides that service of non-classified employees of PDA shall be credited as continuous State service for all purposes; 2) makes PDA fund a nonlapsing fund for the benefit of PDA-DPH; 3) requires a biennial report of the PDA-DPH; and 4) repeals provisions relative to coordination with the Department of Resources and Economic Development, reports on economic development programs, and the Harbor Management Fund.

On May 12, 2008, the State, through House Bill 1168-FN-LOCAL, passed legislation that required the New Hampshire Department of Transportation ("NHDOT") to negotiate a lease, which became effective November 1, 2008, with PDA for the operation of Skyhaven Airport ("DAW") located in Rochester, New Hampshire. With the passage of Chapter 113, Laws of 2009, enacted on June 22, 2009, the NHDOT was directed to convey ownership of DAW to PDA. The law required that PDA accept ownership of, manage and operate DAW, and act as the official Airport owner, operator, and sponsor. PDA accepted this transfer of ownership, from and after July 1, 2009, with no liability relative to any regulatory matters or causes of action arising prior to November 1, 2008.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of PDA were prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and as prescribed by the Governmental Accounting Standards Board ("GASB"), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. PDA uses enterprise fund reporting, which uses the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents, for purposes of the Statements of Cash Flows, include cash which is either held in demand deposit or short-term money market accounts, and highly liquid savings deposits and investments with original maturities less than three months from the date acquired.

PDA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. PDA has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

Loans and Accounts Receivable

Loans and accounts receivable are carried at cost, less an allowance for doubtful accounts. Receivable balances also include outstanding loans from the Revolving Loan Fishery Fund, including principal plus accrued interest. Management provides an allowance for doubtful accounts based on an analysis of accounts that are delinquent based on payment terms. Accounts are written off when deemed uncollectible.

Capital Assets

Land, equipment, and buildings and facilities improvements are stated at cost. Depreciation is computed using a straight-line method over the estimated useful lives of the assets, which is principally five to thirty-five years. Capital asset acquisitions that equal or exceed $5,000 are capitalized. The cost of maintenance and repairs is charged against income as incurred, while significant renewals and betterments are capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset	Years
Buildings	35
Facilities Improvements	20
Equipment	5

Leases

In accordance with GASB Statement No. 87, *Leases*, the discounted value of future lease payments and receipts is included in deferred outflows or deferred inflows of resources, respectively. PDA has leases with third party tenants who lease portions of the Tradeport owned and operated by PDA. The present value of these leases is valued at inception and periodically revalued in accordance with Statement No. 87 and presented as a deferred inflow of resources. These deferred inflows are amortized as lease revenue in a systematic and rational manner over the life of the lease. During the years ended June 30, 2023 and 2022, $6,628,646 and $6,063,812, respectively, was recognized as lease revenue.

Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is an estimated amount based on the amount accumulated at the balance sheet date that would be paid upon retirement. The liability for sick leave is reflected within noncurrent liabilities while vacation leave is included in accounts payable and accrued expenses. The calculation is based on the salary rates in effect as of the date of the statements of net position.

Unearned Revenues

Unearned revenues include advance greens fees for the golf course, which are based upon a percentage allocation of the total days the course expects to operate. In addition, unearned revenues are recorded for mooring permits for the harbors and tidal waters and are based on the expiration date of the permit. Rental income received in advance is also classified as unearned revenues.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System ("NHRS") and additions to/deductions from the NHRS's fiduciary net position has been determined on the same basis as it is reported by the NHRS.

Other Postemployment Benefits

For the purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits ("OPEB"), and OPEB expense, information about the fiduciary net position of the NHRS OPEB Plan and the State of New Hampshire OPEB Plan ("the State OPEB Plan") have been determined on the same basis as they are reported by NHRS and the State OPEB Plan.

Net Position

Net position is presented in the following categories:

- *Net investment in capital assets* represents capital assets, net of long-and short-term debt that relates to the purchase of those assets.
- *Restricted for specific purpose* represents amounts that are expendable but whose use is subject to an externally imposed restriction.
- *Unrestricted* represents the remaining balance of net position after the above net position categories have been determined.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. PDA's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Revenue Recognition

Income from rental of facilities is recognized over the term of the lease net of provisions for uncollectible accounts. Various other revenues are recorded when earned, which is generally when the related services are performed.

Operating and Nonoperating Income and Expenses

PDA distinguishes between operating revenues and expenses from nonoperating items in the preparation of its financial statements. PDA's principal operating revenues result from charges to tenants for the lease or license of property, providing services, and delivering goods.

Operating expenses for PDA include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating income (expense).

Contributed Capital and Grants

Federal grants, received on a reimbursement basis, are recorded as contributed capital when the related expenditures are capital related. Non-capital related grants consist of funds from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") are recognized as grant revenue on the statements of revenues, expenses, and changes in net position as nonoperating income.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Change in Accounting Principle

During the year ended June 30, 2022, PDA adopted new accounting guidance, GASB Statement No. 87, *Leases*. The retrospective adjustments made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment of prior periods, and the financial statements presented for the periods affected have been restated. The adoption of the standard at July, 1, 2020, required recognition of $3,527,284 of short-term lease receivables, $173,824,929 of long-term lease receivables, and $177,352,212 in deferred inflows of resources. At June 30, 2021, those balances were short-term lease receivables of $4,382,378 long-term lease receivables of $169,907,424, and deferred inflows of resources net of accumulated amortization of $172,345,488. The impact of the adoption of the standard for the year ended June 30, 2021 was an increase in net position of $1,944,313.

During the year ended June 30, 2023, PDA adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of the statement did not have a material impact of the financial statements of PDA.

During the year ended June 30, 2023, PDA adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of the statement did not have a material impact of the financial statements of PDA.

4. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, PDA's deposits may not be returned to it. State Statute RSA 12-G: 8 (XIII) empowers PDA to invest and reinvest its funds and take and hold property as security for the payment of funds so invested. PDA's investment policy is more restrictive than applicable New Hampshire law in that it restricts investments to the following: New Hampshire public deposit investment pool, federal agency securities, repurchase agreements, commercial paper, money market funds, and certificates of deposit. PDA's policy does not explicitly address custodial credit risk.

As of June 30, 2023 and 2022, substantially all of PDA's cash and equivalents were insured by the Federal Deposit Insurance Corporation and the Depositors Insurance Fund.

5. Current Accounts and Grants Receivable - Net

Current accounts and grants receivable - net was comprised of the following at June 30:

	2023	2022
Lease Revenue Receivable	**$ 4,291,505**	$ 5,234,584
Intergovernment	**3,393,606**	4,169,498
Tenants and Other	**786,938**	533,712
Allowance for Doubtful Accounts	**(6,500)**	(6,500)
	$ 8,465,549	$ 9,931,294

6. Other Current Assets

Other current assets was comprised of the following at June 30:

	2023	2022
Inventories	**$ 471,833**	$ 429,297
Prepaid Insurance	**214,831**	209,618
All Other	**87,413**	73,453
	$ 774,077	$ 712,368

7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents was comprised of the following at June 30:

	2023	2022
Harbor Dredging and Pier Maintenance	**$ 249,229**	$ 281,867
Revolving Loan Fishery Fund	**193,808**	75,385
Foreign Trade Zone	**13,432**	10,919
	$ 456,469	$ 368,171

8. Restricted Loans and Accounts Receivable

Restricted loans and accounts receivable was comprised of the following at June 30:

	2023	2022
Revolving Loan Fishery Fund		
Due Within One Year	**$ 117,494**	$ 113,204
Due in More Than One Year	**954,121**	1,059,363
Tenants	**61,563**	22,945
	$ 1,133,178	$ 1,195,512

9. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Disposals	Transfers	**Balance June 30, 2023**
Land	$ 7,520,786	$ -	$ -	$ -	**$ 7,520,786**
Buildings and Facilities Improvements	188,667,317	-	-	14,414,929	**203,082,246**
Equipment	16,250,540	-	-	942,699	**17,193,239**
Construction in Process	10,464,718	9,118,918	-	(15,357,628)	**4,226,008**
	222,903,361	9,118,918	-	-	**232,022,279**
Less Accumulated Depreciation	(126,802,409)	(6,839,425)	-	-	**(133,641,834)**
	$ 96,100,952	$ 2,279,493	$ -	$ -	**$ 98,380,445**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Land	$ 7,520,786	$ -	$ -	$ -	$ 7,520,786
Buildings and Facilities Improvements	186,610,251	-	(101,652)	2,158,718	188,667,317
Equipment	15,891,409	-	-	359,131	16,250,540
Construction in Process	6,281,349	6,701,218	-	(2,517,849)	10,464,718
	216,303,795	6,701,218	(101,652)	-	222,903,361
Less Accumulated Depreciation	(119,953,718)	(6,860,974)	12,283	-	(126,802,409)
	$ 96,350,077	$ (159,756)	$ (89,369)	$ -	$ 96,100,952

10. Leases

The total lease receivables were $217,422,936 and $202,465,525 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, PDA received $6,435,289 and $5,812,537, respectively, in interest revenue related to lease receivables.

The deferred inflows of resources represent principal payments received. The total deferred inflows of resources amounted to $210,941,329 and $198,471,605 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, PDA recognized $6,628,646 and $6,063,812, respectively, in rental revenue amortized from the deferred inflows of resources.

PDA presently has 77 active agreements for its long term ground and building leases. The majority of the agreements are ground leases tied to a per acre rate with rent adjusted annually based on the Consumer Price Index (CPI) for All Urban Consumers in the Boston-Cambridge Newton area. Initial ground lease terms range from 20 to 40 years, with option periods that can extend the total lease term to between 50 and 74 years.

Building leases are generally based on a square foot rate with annual increases based on the same CPI index. Typical building leases, including option periods, normally do not exceed 50 years.

As annual rent amounts are adjusted, or if a new lease agreement is executed, the lease receivable and deferred inflows of resources will need to be recalculated in accordance with GASB Statement No. 87.

Long-term lease agreements existing prior to the GASB Statement No. 87, *Leases*, implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the implementation date. Long-term lease agreements entered into subsequent to the implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the commencement date of the individual lease. The discount rate for leases as of June 30, 2023 and 2022 was 3%. The expected future payments include extension option periods, as their exercise is reasonably certain.

At June 30, 2023, the projected minimum future revenue and interest from noncancelable rental agreements is approximately:

Year	Principal	Interest
2024	$ 4,291,505	$ 6,451,185
2025	4,265,957	6,306,003
2026	4,330,623	6,177,859
2027	4,468,654	6,045,980
2028	4,585,763	5,926,418
2029 - 2033	25,137,278	27,384,215
2034 - 2038	24,739,657	23,545,747
2039 - 2043	23,245,241	20,003,117
2044 - 2048	24,042,002	16,520,632
2049 - 2053	20,996,083	13,030,869
2054 - 2058	18,314,681	10,090,509
2059 - 2063	12,424,791	7,840,985
2064 - 2068	8,159,742	6,320,934
2069 - 2073	6,473,294	5,226,091
2074 - 2078	6,482,973	4,280,203
2079 - 2083	6,637,504	3,321,340
2084 - 2088	7,709,809	2,249,035
2089 - 2093	8,861,437	1,001,013
2094 - 2098	2,255,942	70,148
	$ 217,422,936	$ 171,792,283

11. Unearned Revenues

Unearned revenues (which are recognized when cash, receivables or other assets are recorded prior to their being earned) consisted of the following at June 30:

	2023	2022
Mooring Permits	$ 339,091	$ 356,734
Golf Course Membership Fees	253,444	255,291
All Other	131,421	255,077
	$ 723,956	$ 867,102

Mooring permits and golf course membership fees are collected primarily during the months of January through March and amortized ratably over the corresponding seasons.

12. Revolving Line of Credit Facility

PDA currently has a $7,000,000 unsecured Revolving Line of Credit Facility (“RLOC”) secured through The Provident Bank, which matures December 31, 2025. The terms of the RLOC provide that a) the loan shall bear interest at a per annum rate equal to the thirty (30) day Federal Home Loan Bank rate plus 250 basis points; and b) PDA shall maintain various covenants that are to be reported on an annual basis. The proceeds of any draw on the RLOC are to be used for general working capital purposes of PDA and cash flow needs for capital projects. There were no amounts outstanding on this RLOC as of June 30, 2023 and 2022.

13. Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Reductions	**Balance June 30, 2023**	Due in One Year
Other Postemployment Benefits	$ 7,378,664	$ -	$ (1,543,061)	**$ 5,835,603**	$ 170,000
Net Pension Liability	4,279,644	1,007,129	-	**5,286,773**	372,000
State of New Hampshire Account Payable	252,250	-	-	**252,250**	-
Compensated Absences - Net	90,294	1,683	-	**91,977**	-
	$ 12,000,852	$ 1,008,812	$ (1,543,061)	**$11,466,603**	$ 542,000

Noncurrent liability activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due in One Year
Other Postemployment Benefits	$ 8,041,994	$ -	$ (663,330)	$ 7,378,664	$ 155,000
Net Pension Liability	6,170,435	-	(1,890,791)	4,279,644	445,000
Retiree Health Benefit Program	90,924	-	(90,924)	-	-
State of New Hampshire Account Payable	252,250	-	-	252,250	-
Compensated Absences - Net	92,881	-	(2,587)	90,294	-
	$ 14,648,484	$ -	$ (2,647,632)	$12,000,852	$ 600,000

14. *Municipal Service Fees*

Effective July 1, 1998, PDA entered into an amended municipal services agreement with COP and the Town of Newington to provide various municipal services, including police, fire, and public works at the Tradeport. This agreement specifies that PDA, through its tenant's payments, shall pay COP a fee for the cost of services equal to the amount that would have been paid annually as *ad valorem* taxes excluding any school tax component in respect to such property within the Airport District. COP is responsible for service costs owed to the Town of Newington. This agreement excludes, as part of the allocated area, the space occupied by PDA and any space for public use in the PSM Terminal. The agreement includes completed facilities other than PDA's golf course or airport terminals within the Airport District operated by PDA for public or other use. This agreement shall continue to be in force until one of the parties terminates the agreement in writing.

Any tenant located outside the Airport District, unless otherwise exempt from taxation, shall pay to COP a payment in lieu of taxes in accordance with the provisions of the New Hampshire law.

15. *Airport Joint Use Agreement*

The Department of the Air Force and PDA are parties to an Airport Joint Use Agreement ("Agreement") regarding the required use of the airport facilities at the Tradeport by the New Hampshire Air National Guard, as well as for other occasional government aircraft. Subject to the terms and conditions of the Agreement, the federal government has the use of the airport facilities in common with other users of the airport together with all necessary and conventional rights of ingress and egress to and from the related facilities located at the airport.

The federal government is responsible for the functions detailed in the Agreement, including, but not limited to, the following: air traffic control services, aircraft fire protection and crash rescue. PDA is responsible for certain services and functions, including, but not limited to, the following: maintenance of certain facilities, utilities, and other related services in connection with maintaining an airport facility in accordance with Federal Aviation Administration ("FAA") requirements. The current Agreement, which expired on September 30, 2018, is currently under review by both parties.

16. *Risk Management*

PDA is exposed to various risks of loss at the Tradeport and DAW related to torts; theft of, damage to and destruction of assets; and natural disaster for which the PDA carries insurance.

PDA has a comprehensive airport liability insurance policy that will provide coverage generally up to $50,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Other insurance coverage includes automotive, crime, employment practices, fire, general liability, pollution, theft, and workers' compensation. Settlements did not exceed coverage amounts during fiscal years 2023 and 2022.

In addition to purchasing insurance coverages, PDA maintains a risk transfer program. The PDA's agreements and leases include requirements to provide insurance coverage and coverage provisions, which include: 1) naming PDA as an additional insured; 2) naming PDA as loss payee on property coverage; 3) a waiver of subrogation; and 4) providing that such coverages be primary and non-contributing with respect to coverage PDA maintains.

17. Defined Benefit Pension Plan

Plan Description

PDA participates in the NHRS, which, as governed by RSA 100-A, is a cost-sharing multiple-employer contributory public employee defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code ("Code") and funded through a trust, which is exempt from tax under Code section 501(a). NHRS is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. NHRS retired members receive a lifetime pension. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State are eligible to participate in NHRS. RSA 100-A specifies the benefit terms provided to the members of NHRS.

Although benefits are funded by member contributions, employer contributions, and trust fund assets, NHRS computes benefits on the basis of members' Average Final Compensation ("AFC") and years of creditable service. Unlike a defined contribution plan, NHRS benefits provided to members are not dependent upon the amount of contributions paid into NHRS or the investment return on trust assets.

To qualify for a normal service retirement, members must have attained the age of 60 years old. However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 65. The member may receive a reduced allowance after age 60 if the member has at least 30 years of creditable service. The allowance shall be reduced based on a formula, for each month by which the date on which benefits commence precedes the month after which the member attains 65 years of age, by ¼ of one percent.

For members retiring prior to the age of 65, the yearly pension amount is 1.67% of AFC, multiplied by years of creditable service. For members retiring at 65 or older, the yearly pension amount is 1.52% of AFC, multiplied by years of creditable service. For members vested prior to January 1, 2012, AFC is based on the highest three years of creditable service. For members not vested prior to January 1, 2012, or hired on or after July 1, 2011, AFC is based on a member's highest five years of creditable service. At age 65, the yearly pension amount is recalculated with an appropriate graduated reduction based on years and months of creditable service that the member has at the time of retirement.

Contributions Required and Made

The Retirement Plan is financed by contributions from the members, PDA, and investment earnings. Contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the Retirement Plan's actuary. By statute, the Board of Trustees of NHRS administers the plan and is responsible for the certification of employer and member contribution rates.

Commencing July 1, 2011, all Group I employees are responsible to accrue contributions at 7.00% while Group II (Police) employees accrue contributions at a rate of 11.55%. In terms of the employer share of contributions made to the Retirement Plan, the pension contribution rate for Group I employees was 13.75% for the two-year period beginning July 1, 2021 and ending June 30, 2023. For Group II employees, effective July 1, 2021, the contribution rate was 30.67% and remained fixed through June 30, 2023.

For the years ended June 30, 2023 and 2022 contributions to NHRS were $671,004 and $593,320, respectively.

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

At June 30, 2023, PDA reported a liability of $5,286,773 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The net pension liability was rolled forward from June 30, 2021 to June 30, 2022. PDA's proportion of the net pension liability was based on a projection of PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2022, PDA's proportion of the net pension liability was 0.0922%.

At June 30, 2022, PDA reported a liability of $4,279,644 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. The net pension liability was rolled forward from June 30, 2020 to June 30, 2021. PDA's proportion of the net pension liability was based on a projection of PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2021, PDA's proportion of the net pension liability was 0.0966%.

For the years ended June 30, 2023 and 2022, PDA recognized pension expense of $522,074 and $307,810, respectively.

At June 30, 2023, PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 200,362	$ -
Change in assumptions	281,214	-
Difference between expected and actual experience	99,223	20,295
Changes in proportion and differences between employer contributions and share of contributions	174,894	208,312
Contributions subsequent to the measurement date	671,003	-
	$ 1,426,696	$ 228,607

At June 30, 2022, PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 1,196,918
Change in assumptions	446,985	-
Difference between expected and actual experience	119,836	44,805
Changes in proportion and differences between employer contributions and share of contributions	264,843	141,231
Contributions subsequent to the measurement date	593,320	-
	$ 1,424,984	$ 1,382,954

Amounts reported as deferred outflows related to pensions resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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 Ending June 30	Amount
2024	$ 214,720
2025	216,041
2026	(140,140)
2027	236,465
	$ 527,086

Actuarial Assumptions

The collective total pension liability at June 30, 2023 was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions, which apply to 2021 measurements:

Actuarial cost method	Entry- Age Normal
Amortization method	Level Percentage-of - Payroll, Closed
Remaining amortization period	19 years beginning July 1, 2020 (30 years beginning July 1, 2009)
Asset Valuation Method	5 Year smoothed market for funding purposes; 20% corridor
Investment Rate of Return	6.75% net position plan investment expense, including inflation for 2022 and 2021 valuations
Salary Rate Increase	5.40% and 5.60% averages, including inflation, 2022 and 2021 valuations, respectively
Price Inflation	2.00% for the 2022 and 2021 valuations
Wage Inflation	2.75% for the 2022 and 2021 valuations

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019, based on the results of the most recent actuarial experience study, which was for the period of July 1, 2016 – June 30, 2019.

The actuarial assumptions for contributions made in the years ended June 30, 2022 and June 30, 2021 were based on the results of an actuarial experience study for the period from July 1, 2015 – June 30, 2019.

Long-Term Rates of Return

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.

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

Asset Class	Target Allocation 2021	Target Allocation 2022	Weighted Average Long-Term Expected Real Rate of Return 2021	Weighted Average Long-Term Expected Real Rate of Return 2022
Large Cap Equities	22.50 %	- %	6.46 %	- %
Small/Mid Cap Equities	7.50	-	1.14	-
Total Domestic Equity	30.00	-		
Broad US Equity (1)	-	30.00	-	7.60
Global Ex-US Equity (2)	-	20.00	-	7.90
Total Public Equity	-	50.00		
International Equities (Unhedged)	14.00	-	5.53	-
Emerging International Equities	6.00	-	2.37	-
Total International Equity	20.00	-		
Core US Fixed Income	25.00	25.00	3.60	3.60
Real Estate Equity	10.00	10.00	2.95	6.60
Private Equity	10.00	10.00	7.25	8.85
Total Private Market Equity	20.00	20.00		
Private Debt	5.00	5.00	7.25	7.25
Inflation	-	-	-	2.25
	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the 2022 and 2021 valuations. The projection of cash flows used to determine the discount rate assumed that 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.

Sensitivity Analysis

The following presents PDA's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what PDA's proportionate share of the 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
PDA's Proportionate Share of the Net Pension Liability	$ 7,093,516	$ 5,286,773	$ 3,784,633

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS annual report available from NHRS' website at https://www.nhrs.org.

The pension plan's fiduciary net position has been determined on the same basis used by NHRS. NHRS's financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value as a practical expedient to estimate fair value.

Changes in Assumption for Purposes of Contribution Rates

On July 1, 2016, the Board of Trustees of NHRS announced a change to adopt revised actuarial assumptions based on the results of a five-year experience study conducted by the retirement systems consulting actuary. Included in these changes was the lowering of the assumed rate of return from 7.75% to 7.25%. This rate was used to set employer contribution rates for fiscal years 2021, 2022, and 2023. On June 9, 2020, the Board of Trustees voted to reduce the retirement system's investment assumptions, lowering the assumed rate of return from 7.25% to 6.75%. By statute, this valuation will determine employer contribution rates for fiscal years 2023 and 2024.

18. Other Postemployment Benefits - New Hampshire Retirement System

Plan Description

In addition to providing pension benefits, NHRS administers a cost-sharing multiple-employer defined postemployment medical subsidy healthcare plan designated in statute (RSA 100-A:52, RSA 100-A:52a and RSA 100-A:52-b) by membership type. The membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. The NHRS OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. For qualified retirees not eligible for Medicare the subsidy amounts were $375.56 for a single-person plan and $751.12 for a two-person plan. For those qualified retirees eligible for Medicare, the amounts were $236.84 for a single-person plan and $473.68 for a two-person plan. There have been no increases in the monthly maximum subsidy amounts since July 1, 2007. The plan is closed to new entrants.

Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of State service in order to qualify for health coverage benefits. These and similar benefits for active employees are authorized by RSA 21-I: 30 and provided through the Employee and Retiree Benefit Risk Management Fund (the "Fund"), which is the State's self-insurance fund implemented in October 2003 for active State employees and retirees.

Contributions Required and Made

The State Legislature has indicated it plans to only partially fund (on a pay-as-you-go basis) the annual required contribution ("ARC"), an actuarially determined rate.

Plan members are not required to contribute to the OPEB Plans. PDA makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-a: 52. For all Group I employees, effective July 1, 2021 the annual contribution rate was .078% and remained fixed through June 30, 2023. Effective July 1, 2021, the contribution rate was 3.21% and will remain fixed through June 30, 2023.

PDA's contributions to NHRS for the OPEB Plans for the years ended June 30, 2023 and 2022 were $43,489 and $39,283, respectively, which were equal to its ARC.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, PDA reported a liability of $271,671 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The net OPEB liability was rolled forward from June 30, 2021 to June 30, 2022. PDA's proportion of the net OPEB liability was based on a projection of the PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2022, PDA's proportion of the net OPEB liability was 0.0719%.

At June 30, 2022, PDA reported a liability of $356,789 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. The net OPEB liability was rolled forward from June 30, 2020 to June 30, 2021. PDA's proportion of the net OPEB liability was based on a projection of the PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2021, PDA's proportion of the net OPEB liability was 0.0891%.

For the years ended June 30, 2023 and 2022, PDA recognized OPEB (income) expense of $(42,046) and $21,143, respectively.

At June 30, 2023, PDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment earnings on OPEB plan investments	$ 742	$ -
Contributions subsequent to the measurement date	43,488	-
	$ 44,230	$ -

At June 30, 2022, PDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment earnings on OPEB plan investments	$ -	$ 4,457
Differences between expected and actual experience	-	74
Contributions subsequent to the measurement date	39,283	-
	$ 39,283	$ 4,531

Amounts reported as deferred outflows related to OPEB resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2024	$ 123
2025	32
2026	(292)
2027	879
	$ 742

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions, which apply to 2021 measurements:

Actuarial cost method	Entry- Age Normal
Amortization method	Level Percentage-of - Payroll, Closed
Remaining amortization period	Not applicable, under statutory funding
Investment Rate of Return	6.75% net of investment expenses, including inflation
Salary Rate Increase	5.40% and 5.60% averages, including inflation, 2022 and 2021 valuations, respectively
Price Inflation	2.00% per year
Wage Inflation	2.75% per year
Healthcare cost trend rates	Not applicable, given the benefits are fixed stipends
Aging factors	Not applicable, given the benefits are fixed stipends

Mortality rates used in the June 30, 2021 valuation were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019, based on the results of the most recent actuarial experience study, which was for the period of July 1, 2016 – June 30, 2019.

Long-Term Rates of Return

The long-term expected rate of return on OPEB 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.

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

Asset Class	Target Allocation 2021	Target Allocation 2022	Weighted Average Long-Term Expected Real Rate of Return 2021	Weighted Average Long-Term Expected Real Rate of Return 2022
Large Cap Equities	22.50 %	- %	6.46 %	- %
Small/Mid Cap Equities	7.50	-	1.14	-
Total Domestic Equity	30.00	-		
Broad US Equity (1)	-	30.00	-	7.60
Global Ex-US Equity (2)	-	20.00	-	7.90
Total Public Equity	-	50.00		
International Equities (Unhedged)	14.00	-	5.53	-
Emerging International Equities	6.00	-	2.37	-
Total International Equity	20.00	-		
Core US Fixed Income	25.00	25.00	3.60	3.60
Real Estate Equity	10.00	10.00	6.60	6.60
Private Equity	10.00	10.00	8.85	8.85
Total Private Market Equity	20.00	20.00		
Private Debt	5.00	5.00	7.25	7.25
Inflation	-	-	-	2.25
	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for the 2022 and 2021 valuations. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the current statute by RSA 100-A:16. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity Analysis

The following presents PDA's proportionate share of the net OPEB liability calculated using the discount rate of 6.75%, as well as what PDA's proportionate share of the 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
PDA's Proportionate Share of the Net Pension Liability	$ 294,945	$ 271,671	$ 251,401

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued NHRS annual report available from NHRS’ website at https://www.nhrs.org.

The OPEB plan’s fiduciary net position has been determined on the same basis used by NHRS. NHRS’s financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value as a practical expedient to estimate fair value.

19. Other Postemployment Benefits - The State of New Hampshire

Plan Description

RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses through a single-employer (primary government and component units) defined benefit plan. These benefits include group hospitalization, hospital medical care, surgical care, and other medical care. Substantially all of the State’s employees who were hired on or before June 30, 2003 and have 10 years of service may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than in a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for retiree health benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of State service and increasing Group I and II employees hired after July 1, 2011.

These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund which is the State's self-insurance internal service fund. The state OPEB Plan funds the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees, and eligible spouses. An additional major source of funding for retiree benefits is from the NHRS medical subsidy payment described in Note 19. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The State administers the plan. It does not issue a separate stand-alone financial report.

Contributions Required and Made

The State Legislature has indicated it currently plans to only fund the plan to cover benefit payments (on a pay-as-you-go basis). PDA's contributions to the State for the OPEB Plans for the years ended June 30, 2023 and 2022 were $124,209 and $97,034, respectively, which were equal to PDA's share of benefit payments.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, PDA reported a liability of $5,563,932 for its proportionate share of the State OPEB Plan liability. The OPEB liability is based on an actuarial valuation performed as of December 31, 2021 (adjusted forward using standard actuarial techniques), and a measurement date of June 30, 2022. The OPEB liability was rolled forward from December 31, 2021 to June 30, 2022. PDA's proportion of the OPEB liability was based on a projection of the PDA's long-term share of contributions to the State relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2022, PDA's proportion of the State OPEB Plan's liability was 0.3449%.

At June 30, 2022, PDA reported a liability of $7,021,875 for its proportionate share of the State OPEB Plan liability. The OPEB liability is based on an actuarial valuation performed as of December 31, 2020 (adjusted forward using standard actuarial techniques), and a measurement date of June 30, 2021. The OPEB liability was rolled forward from December 31, 2020 to June 30, 2021. PDA's proportion of the OPEB liability was based on a projection of the PDA's long-term share of contributions to the State relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2021, PDA's proportion of the State OPEB Plan's liability was 0.3433%.

For the years ended June 30, 2023 and 2022, PDA recognized OPEB credits of $239,336 and, $1,529,691 respectively.

At June 30, 2023, PDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 1,016,386	$ 1,686,212
Differences between expected and actual experience	-	135,680
Changes in proportion and differences between employer contributions and share of contributions	436,980	265,902
Contributions subsequent to the measurement date	124,209	-
	$ 1,577,575	$ 2,087,794

At June 30, 2022, PDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 1,430,653	$ 961,564
Differences between expected and actual experience	-	167,959
Changes in Proportion and differences between employer contributions and share of contributions	712,906	526,892
Contributions subsequent to the measurement date	97,034	-
	$ 2,240,593	$ 1,656,415

Amounts reported as deferred outflows related to OPEB resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2024	$ 213,812
2025	(210,392)
2026	(356,868)
	$ (353,448)

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of December 31, 2021, using the following actuarial assumptions, which apply to 2022 measurements:

Actuarial cost method	Entry- Age Normal
Amortization method	Level Percentage-of - Payroll, Closed
Remaining amortization period	30 years
Investment Rate of Return	Not applicable as there are no invested assets
Salary Rate Increase - Group I	14.75% decreasing over 12 years to an ultimate level of 3.25%
Salary Rate Increase - Group II	27.75% decreasing over 8 years to an ultimate level of 4.25%
Discount rate	3.54% for the June 30, 2022 valuation, 2.16% for the June 30, 2021 valuation
Price Inflation	3.25% per year
Wage Inflation	2.75% per year

- Medical
    - Non-Medicare: 0% for one year, then 17.1% for one year, then 5.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For 2021, 0% for one year, then 5.50% decreasing by 0.25% per year to 4.5% per year.
    - Medicare: n/a through the contract period, then 4.5% per year.
- Prescription Drugs
    - Non-Medicare: 15.0% for one year, 25.70% for one year, then 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For the 2021 valuation, 15.0% for one year, then 7.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
    - Medicare: 9.5% for one year, (2.6%) for one year, then 8.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year. For 2021 valuation, 9.5% for one year, decreasing by 0.5% each year to an ultimate level of 4.5% per year.
- Contributions
    - Retiree contributions are expected to increase with a blended medical, prescription drugs and administrative expense trend.

Mortality rates were based on the following:

- Pre-retirement - PubG-2010 Headcount - Weighted Employee General Mortality Tables for Group I and PubS-2010 Headcount - Weighted Employee Safety Mortality Tables for Group II projected generationally for males and females with scale NP-2019; the same mortality tables were used for the 2021 valuation.
- Postretirement:
  - Healthy: PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for Group I and PubS-2010 Headcount-Weighted Healthy Retiree Safety Mortality Tables for Group II projected generationally for males and females with Scale MP-2019; the same mortality tables were used for the 2021 valuation.
  - Disabled: PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I and PubS-2010 Headcount-Weighted Safety Disabled Retiree Mortality Tables for Group II projected generationally for males and females with Scale MP-2019; the same mortality tables were used for the 2021 valuation.
- The following scale factors for each member classification are applied to all mortality tables:

	Group I	Group II
Scale - Male	101%	96%
Scale - Female	109%	99%

Discount Rate

Because the State OPEB Plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.54% as of June 30, 2022 and 2.16% as of June 30, 2021). This determination is in accordance with GASB Statement No. 75.

Changes in Assumptions

The discount rate was increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. The trend assumptions were revised to reflect known changes in claims experience. For the 2021 assumptions, the discount rate was decreased from 2.21% to 2.16% as of June 30, 2021. The trend assumptions were revised to reflect known changes in claims experience and future expectations. Per capita health costs and administrative expenses were recalculated based on more recent data.

Sensitivity Analysis

The following presents PDA's proportionate share of the net OPEB liability at June 30, 2023 calculated using the discount rate of 3.54%, as well as what PDA's proportionate share of the 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 rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
PDA's Proportionate Share of the Net OPEB Liability	$ 6,513,016	$ 5,563,932	$ 4,806,418

The following presents PDA's proportionate share of the net OPEB liability calculated using the current trend rates, as well as what PDA's proportionate share of the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
PDA's Proportionate Share of the Net OPEB Liability	$ 4,637,825	$ 5,563,932	$ 6,759,657

20. *Commitments and Contingencies*

Subsurface Investigation

During site subsurface investigations conducted at the Market Street Terminal (performed, in part, to support storm water system improvements), the PDA-DPH's environmental consultant found several areas of subsurface soils contaminated with significant levels of the heavy metal mercury. Initial investigations reveal that this contamination is most likely associated with a commercial wood preservation process that was located on a portion of the site and probably operated on the site sometime after 1875 and terminated operations before the State acquired title to the property in the 1960's and prior to July 1, 2001 when PDA-DPH operations were transferred from the State to the PDA. The completed study has been submitted to the New Hampshire Department of Environmental Services and management is awaiting its review and comment. As of June 30, 2023, no liability has been recorded for future pollution remediation obligations, as the amount of any such liability is not reasonably determinable.

Grant Administration

PDA receives federal grants, which are subject to review and audit by the grantor agencies. Although these audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements would not have a material effect on the financial statements.

Construction Contracts

PDA had commitments under construction contracts associated with federal grants totaling approximately $17,332,000 and $9,100,000 at June 30, 2023 and 2022, respectively. The more significant commitments under construction contracts at June 30, 2023 included $6.9 million for the PSM Arrivals Hall project, $6.0 million for the Main Wharf repair and rehabilitation, $2.7 million for the DPH Functional Replacement of the Barge Dock, and $1.1 million for decking and bracing improvements at the Portsmouth Fish Pier.

Litigation

From time to time, PDA is involved in pending or threatened lawsuits encountered in the normal course of business. Management of PDA believes that the ultimate outcome of these matters, to the extent not covered by insurance, will not have a material impact on PDA's financial position or operations.

Joint Stipulation of Dismissal - Conservation Law Foundation

On November 10, 2016, in an action brought under the Citizen Suit provision of the Clean Water Act ("CWA"), the Conservation Law Foundation ("CLF") filed a complaint in the United States District Court for the District of New Hampshire (the "court") against PDA, its Executive Director, and Board Members, alleging certain violations of the CWA's permitting requirements. The matter is captioned Conservation Law Foundation, Inc. v. Pease Development Authority, et al., Civil Action No. 1:16-cv-00493-SM. In particular, the Complaint alleged PDA failed to obtain and comply with a Small Municipal Separate Storm Sewer System (Small MS4) permit and the associated permit requirements. CLF's Compliant sought injunctive relief and civil penalties.

On January 11, 2019, the Court issued a Joint Notice of Settlement. Elements of the Settlement, which became effective March 9, 2019, (the "Effective Date"), require that the PDA shall:

1. Design and implement various measures concerning the PDA small MS4 including:
   - Submit an application for and supplementary information related to a NPDES Permit, renewal, or modification, for coverage of discharges subject to the Small MS4 permitting program;
   - Design and implement:
     - ♦ A public education and outreach program;
     - ♦ An illicit discharge detection and elimination system;
     - ♦ A construction and post-construction runoff and control programs;
     - ♦ A pollution prevention and good housekeeping program; and
   - Provide annual reporting to the CLF

2. Within five years of the Effective Date, remove a minimum of five acres of Impervious Surface, as defined. As of June 30, 2020, the five acres had been removed.
3. Pay to CLF $800,000 as full and complete satisfaction of CLF's claim for attorneys' fees and costs incurred or to be incurred, including any future attorneys' fees and costs related to the implementation or monitoring of compliance with the Settlement. As of June 30, 2020, the full $800,000 had been paid.

As of June 30, 2023, the application and supplementary information noted above has been submitted to the EPA for review. The noted programs have been designed and their implementation continues.

On October 6, 2020, the Conservation Law Foundation and the Pease Development Authority filed a Stipulation of Dismissal in the case of Conservation Law Foundation, Inc. v. Pease Development Authority, et al, case number 1:16-cv-00493-SM, in the United States District Court for the District of New Hampshire. This filing concluded the ongoing litigation between the parties concerning the permitting and handling of stormwater at the Pease Tradeport, which had been stayed during the implementation of the parties' settlement agreement reached in early 2019. The District Court entered the dismissal as a judgment on October 19, 2020.

21. COVID-19 Considerations

In November 2021, PDA was awarded a grant from the State of New Hampshire's Governor's Office for Emergency Relief and Recovery ("GOFERR") under the American Rescue Plan Act's ("ARPA") State and Local Fiscal Recovery Funds ("SLFRF") in the amount of $1,450,064. In June 2023, an additional $2,820,310 was awarded to PDA under the SLFRF. The grants were to be spent on various projects at the Division of Ports and Harbors as outlined in the grant agreements. At June 30, 2023 and 2022, PDA has expended $895,173 and $1,496,003, respectively. As of June 30, 2023, PDA has $1,879,198 remaining to be expended through June 30, 2026. The grant revenues are recorded within Contributed Capital on the Statement of Revenue, Expenses, and Changes in Net Position.

In December 2021, PDA was awarded $1,964,072 in Airport Rescue Grant funding through the FAA. Under the terms of the FAA grant agreement, only expenses incurred or debt service payments made no earlier than January 20, 2020 are eligible for reimbursement. At June 30, 2022, PDA has expended and received the full award of the Airport Rescue Grant funding.

In January 2022, PDA was awarded $13,000 in Airport Coronavirus Relief Grant Program (ACRGP) funding for a grant of Federal funds associated with Skyhaven airport. Under the terms of the grant agreement, only expenses incurred or debt service payments made no earlier than January 20, 2020 are eligible for reimbursement. At June 30, 2022, PDA has expended and received the full award of the ACRGP funding.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Collective Net Pension Liability

The following information is as of June 30:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer Proportion of the Collective Net Pension Liability	0.0922%	0.0966%	0.0965%	0.0872%	0.0911%	0.1014%	0.1032%	0.1074%	0.0982%	0.0967%
Employer's Proportionate Share of the Collective Net Pension Liability	$ 5,286,773	$ 4,279,644	$ 6,170,435	$ 4,197,804	$ 4,384,392	$ 4,986,400	$ 5,489,977	$ 4,255,991	$ 3,687,154	$ 4,163,828
Employer's Covered - Employee Payroll	$ 4,323,000	$ 4,515,000	$ 4,261,000	$ 3,735,000	$ 3,765,000	$ 3,803,000	$ 3,848,000	$ 3,430,000	$ 3,029,000	$ 2,843,000
Employer's Proportionate Share of the Collective Net Pension Liability as a % of the Employer's Covered	122.29%	94.79%	144.81%	112.39%	116.45%	131.12%	142.67%	124.08%	121.73%	146.46%
Plan Fiduciary Net Position as a % of the Total Pension Liability	65.12%	72.22%	58.72%	65.59%	64.73%	62.266%	58.30%	65.47%	66.32%	59.81%

Information above is presented as of the measurement date for the respective reporting periods.

Schedule of Employer Contributions

The following information is for the years ended June 30:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Required Employer Contribution	$ 671,003	$ 593,320	$ 499,733	$ 489,081	$ 439,882	$ 452,516	$ 413,003	$ 417,908	$ 360,425	$ 318,681
Actual Employer Contribution	$ 671,003	$ 593,320	$ 499,733	$ 489,081	$ 439,882	$ 452,516	$ 413,003	$ 417,908	$ 360,425	$ 318,681
Excess / (Deficiency) of Employer Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's Covered Employee Payroll	$ 4,748,871	$ 4,323,000	$ 4,515,000	$ 4,261,000	$ 3,735,000	$ 3,765,000	$ 3,803,000	$ 3,848,000	$ 3,430,000	$ 3,029,000
Employer Contribution as a % of the Employer's Covered-Employee Payroll	14.13%	13.72%	11.07%	11.48%	11.78%	12.02%	10.86%	10.86%	10.51%	10.52%

Information above is presented as of the measurement date for the respective reporting periods.

Notes to the Required Supplementary Information

Notes: The roll-forward of the total pension liability from June 30, 2021 to June 30, 2022 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total pension liability from June 30, 2015 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2014 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments.

Actuarial determined contribution rates for the 2014-2015 biennium were determined based on the June 30, 2011 actuarial valuation.

Actuarial determined contribution rates for the 2016-2017 biennium were determined based on the June 30, 2013 actuarial valuation.

Actuarial determined contribution rates for the 2018-2019 biennium were determined based on the June 30, 2015 actuarial valuation.

Actuarial determined contribution rates for the 2019-2020 biennium were determined based on the June 30, 2017 actuarial valuation.

Actuarial determined contribution rates for the 2020-2021 biennium were determined based on the June 30, 2019 actuarial valuation.

Actuarial determined contribution rates for the 2022-2023 biennium were determined based on the June 30, 2021 actuarial valuation.

Schedule of Collective Net Other Postemployment Benefits (OPEB) Liability (NHRS OPEB PLAN)

	2023	2022	2021	2020	2019	2018	2017
Employer Proportion of the Collective Net OPEB Liability	0.0719%	0.0891%	0.0891%	0.0803%	0.0840%	0.0946%	0.0961%
Employer's Proportionate Share of the Collective Net OPEB Liability	$ 271,671	$ 356,789	$ 390,020	$ 352,220	$ 384,676	$ 432,717	$ 465,117
Employer's Covered Employee Payroll	$ 2,212,535	$ 2,648,784	$ 2,579,327	$ 2,269,615	$ 2,311,755	$ 2,523,561	$ 2,499,949
Employer's Proportionate Share of the Collective Net OPEB Liability as a % of the Employer's Covered - Employee Payroll	12.28%	13.47%	15.12%	15.52%	16.64%	17.15%	18.61%
Plan Fiduciary Net Position as a % of the Total OPEB Liability	10.64%	11.06%	7.74%	7.75%	7.53%	7.91%	5.21%

Schedule is intended to show 10 years. Additional years will be added as they become available.

Information above is presented as of the measurement date for the respective reporting periods.

Schedule of Employer Contributions

The following information is as of June 30:

	2023	2022	2021	2020	2019	2018	2017
Required Employer Contribution	$ 43,489	$ 39,283	$ 51,285	$ 50,499	$ 45,758	$ 45,795	$ 56,092
Actual Employer Contributions	$ 43,489	$ 39,283	$ 51,285	$ 50,499	$ 45,758	$ 45,795	$ 56,092
Excess/ (Deficiency) of Employer Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's Covered Employee Payroll	$ 2,430,659	$ 2,212,535	$ 2,648,784	$ 2,579,327	$ 2,269,615	$ 2,311,755	$ 2,523,561
Employer Contribution as a % of the Employer's Covered-Employee Payroll	1.79%	1.77%	1.94%	1.96%	2.02%	1.98%	2.22%

Schedule is intended to show 10 years. Additional years will be added as they become available.

Information above is presented as of PDA's fiscal year for the respective reporting periods.

Notes to the Required Supplementary Information

Notes: The roll-forward of the total OPEB liability from June 30, 2021 to June 30, 2022 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from June 30, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from June 30, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

Schedule of Collective Net OPEB Liability (STATE OPEB PLAN)

The following information is as of June 30:

	2023	2022	2021	2020	2019	2018	2017
Employer Proportion of the Collective Net OPEB Liability	0.3449%	0.3433%	0.3438%	0.2940%	0.3616%	0.3501%	0.3345%
Employer's Proportionate Share of the Collective Net OPEB Liability	$ 5,563,932	$ 7,021,875	$ 7,651,974	$ 5,277,888	$ 6,907,205	$ 7,806,000	$ 9,618,388
Employer's Covered-Employee Payroll	$ 4,323,000	$ 4,515,000	$ 4,261,000	$ 3,735,000	$ 3,765,000	$ 3,803,000	$ 3,848,000
Employer's Proportionate Share of the Collective Net OPEB Liability as a % of the Employer's Covered-Employee Payroll	128.71 %	155.52 %	179.58 %	141.31 %	183.46 %	205.26 %	249.96 %
Plan Fiduciary Net Position as a % of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule is intended to show 10 years. Additional years will be added as they become available.

Information above is presented as of the measurement date for the respective reporting periods.

Notes to the Required Supplementary Information

There are no assets accumulated in a trust that meets the criteria in GASB 75 paragraph 4 to pay related benefits.

Changes of assumptions: Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations. The discount rate increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. The discount rate decreased from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Notes: The roll-forward of the total OPEB liability from December 31, 2021 to June 30, 2022 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from December 31, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from December 31, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

The roll-forward of the total OPEB liability from December 31, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

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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*

Board of Directors
Pease Development Authority
(A Component Unit of the State of New Hampshire)

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pease Development Authority (PDA), a component unit of the State of New Hampshire, which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise PDA's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PDA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PDA's internal control. Accordingly, we do not express an opinion on the effectiveness of PDA'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of PDA'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PDA's financial statements are free from 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*.

Board of Directors
Pease Development Authority
(A Component Unit of the State of New Hampshire)

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 PDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 16, 2023