

CITY OF PORTSMOUTH, NEW HAMPSHIRE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010



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City of Portsmouth, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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CITY OF PORTSMOUTH

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December 17, 2010

Mayor and City Council
City of Portsmouth
One Junkins Avenue
Portsmouth, NH 03801

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

The Comprehensive Annual Financial Report of the City of Portsmouth for the Fiscal Year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. To provide a reasonable basis for making the representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with generally accepted accounting principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

City Charter, as well as State statutes, requires an annual audit by independent certified public accountants. The City's audit firm is Melanson Heath & Company, P.C. The independent auditors' report is located at the front of the financial section of this report. In addition, the City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non Profit Organizations. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are not included in this year's CAFR but are available in a separate report.

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

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

PROFILE OF THE GOVERNMENT

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

The Organization of the Government

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

The School Board consists of nine elected citizens of Portsmouth. The School Board sets policies and goals and has line item control over its annual budget; however, the City Council is responsible for the funding of the School Department.

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

The Fire Commission, composed of three elected citizens of Portsmouth, is responsible for the policies and goals of the Fire Department. The Fire Department is also subject to funding by the City Council.

Services Provided

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

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

Budget Process

The City's fiscal year begins on July 1st of each year and ends the following June 30th. As required by the City of Portsmouth's Charter, the City Manager submits a recommended six-year Capital Improvement Plan three months before the final submission date of the fiscal year recommended budget. The fiscal year recommended budget must be submitted to the City Council at least 45 days (May 15th) before the start of the fiscal year. The budget, which includes the General Fund, Special Revenue Funds and Enterprise Funds, is prepared and presented by department and functions, which require an appropriation.

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

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

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

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITIONS

Local Economy

During FY10, the unemployment rate in the City remained low in relation to the state and the region. The June 2010 unemployment rate for Portsmouth was 4.7%. The state's June unemployment rate was 5.7%; the rate for New England was 8.5%, and the nation's rate was 9.6%

Employment in the NH portion of the Portsmouth MetroNECTA at the end of FY10 was 55,400, which represents an overall decrease of 400 jobs from June 2009. Although a net loss was experienced, it was one-fifth of the number lost over the previous fiscal year indicating improvement in employment loss. The largest year-to-year employment loss was in the Financial Services sector with a decrease of 400 jobs, followed by the Government sector with a loss of 300 jobs. Decreases of 100 jobs each were experienced in the Transportation/Warehousing/Utilities and Mining/Logging/Construction sectors. These losses were offset by a gain of 400 jobs in the Professional and Business sector, a 300 job gain in the Leisure/Hospitality sector, and a gain of 100 jobs in each of the Information, Retail Trade, Education/Health and Wholesale Trade sectors. The Manufacturing sector remained unchanged from the previous year.

Construction activity in the City over the fiscal year was stronger than the previous year on the commercial side. In FY10, the City's Inspection Department issued 7 building permits for new commercial/industrial construction projects, with a combined construction value of \$26 Million. This compares to 4 permits with a construction value of \$6.5 million for FY09. There were three major new projects driving this increase: The Portwalk Marriott downtown extended stay hotel, the Northeast Rehabilitation Hospital at Pease, and the downtown waterfront mixed use project on Bow Street. For renovations to commercial/industrial structures, the City issued 79 permits with a construction value of \$10.5 million.

As was the case in FY09, turmoil in the nation's financial system slowed the rate of private development and redevelopment projects. However, a number of key projects moved ahead. Portwalk, the City's most significant downtown development project completed its \$13 million, 147-room Marriott extended stay hotel and opened in May with 80 new employees. The development includes a 12,000 square foot conference center; pedestrian boardwalk and roadway flanked by retail stores; and a 28-unit residential facility. The next phase will include 150,000 square feet of office space; currently, a short-term 200-space downtown surface parking area has been created on the office building site through a public-private agreement.

Progress continues at 99 Bow Street in the Central Business District on the \$3.9 million, 52,000 square foot mixed-use office/retail/restaurant development. The \$63 million Portsmouth Regional Hospital expansion (67,600 square feet) and renovation (88,000 square feet) is nearing completion. Notable hospital improvements include

creation of a cardiovascular surgery unit, expansion of the surgery/endoscopy operating suite, and significant upgrades to existing patient rooms.

A recent summary report for the 2009 commercial and industrial real estate market by CB Richard Ellis advisory firm indicates that although overall real estate demand has slowed as a result of the recession, the NH seacoast, and Portsmouth in particular, are faring better than the region and state. The report states that although Portsmouth office market vacancy increased to 16.7% overall (up from 11% in 2009), the Pease Tradeport and downtown Portsmouth office markets “remain desired locations for tenants looking to relocate.” These areas have maintained average asking rents of \$3.00 to \$4.00 per square foot above seacoast averages. Class A office rates in the downtown currently range from \$16 to \$21 per sq. ft (NNN).

The CB Richard Ellis report for the 2009 industrial market states that the Seacoast industrial market saw a slight increase in vacancy rates at the 2009 year-end, yet fared better than the larger abutting industrial Boston market and the nation. Portsmouth industrial sector vacancy rates for the year-end 2009 were 5.8%, with an average lease rate of \$6.00 per square foot for Portsmouth. This is compared to the beginning of the year when the average overall vacancy rate was 11.6% with average lease rates of \$6.88 per square foot. The average lease rate for the same time period at Pease Tradeport was \$5.50 per square foot. The Pease vacancy rate was 20%, which is attributable to the consolidation of Fischer Controls and Rivulet and relocation to other national locations, as well as the vacancy of the 206,000 sq. ft. Celestica building.

Activity at Pease International Tradeport in FY10 included construction of a \$1.3 Million daycare facility at 81 New Hampshire Avenue, a \$1.3 Million golf clubhouse and function facility at the Pease Golf Course and the \$11 Million Northeast Rehab Hospital. The Tradeport now employs over 7,000 people at over 250 companies and is home to more than 42% of all office space in the City. The world class Tradeport generates \$4.6 million in revenue for the City, adding to its importance to the City's economic vitality.

In FY10, the City's Economic Development Commission and the City Council also took proactive steps to attract and retain business in the City. The City Council applied for and received approval from the NH Department of Resources and Economic Development to designate Pease Tradeport and Highliner Avenue as Economic Revitalization Zones (ERZ). The ERZ designation creates incentives for companies to expand or relocate to the ERZ, which entitles businesses that create jobs to apply for tax credits to be used against the Business Profits Tax and Business Enterprise Tax.

The Portsmouth Naval Shipyard also contributed to the City's economic vitality in FY10 by implementing its plan to add 405 new jobs. The plan involves increased hires combined with partnerships with local community colleges for workforce education aimed at improving the facility's capacity to service the newer Virginia-

class, fast-attack submarines. The Seacoast Shipyard Association's report on regional economic impact for calendar year 2009 revealed a total of 5,033 current employees with a payroll of \$377 million, up 3.5% from 2008. \$16.4 million of goods and services were purchased from private vendors in New England states, up from \$10.8 million in 2008.

With regard to residential development in the City, 13 building permits were issued for new dwelling units during the fiscal year with a total construction value of \$1.1 million; 2 more than were permitted in FY09. There were 249 permits for renovations to existing residential structures, which is a 33% increase over the number issued for the same period in FY09. In addition, the local housing market remained stable in FY10, with single family homes sales volume increasing by 2.4% in 2009. Home foreclosures were slightly up from 2008 (18 versus 13), but they were a fraction of the foreclosures in similarly sized seacoast cities (31 for Somersworth, 53 for Dover and 99 for Rochester).

Finally, Portsmouth's reputation as a tourist destination, as well as an attractive place to do business, garnered the attention of many business and travel writers. In the past year, Portsmouth received the following recognitions and accolades:

- Portsmouth ranked as one of the 52 top weekend getaway destinations in the Food and Wine Category, in *Boston Magazine*, October 2010.
- Portsmouth named a "Preserve America Community," one of 29 designated in 2010, to recognize communities that use their heritage resources to share the benefits of historic preservation with residents and visitors.
- Portsmouth's Atlantic Heights neighborhood listed as Best Place in Northeast to buy an old house by www.thisoldhouse.com.
- Portsmouth listed as one of eight North American "Most Romantic" cities on MSN.com, February 2010.
- Portsmouth listed in MSM careers online article "Today's Best and Worst Cities for Jobs" as one of the 77 best metro areas for job growth (> 1%) from 7/09-10/09.
- Portsmouth included in ForbesTraveler.com's list of "America's Prettiest Towns," October 2009.
- Washington Post, "An Often Overlooked Treasure by the Sea," October 10, 2009.
- Gourmet Magazine, "Slow Down and Stay for Dinner," October 2009.
- American Style Magazine, Top 25 Arts Destinations, Small Cities Category, September 29, 2009.

Major Initiatives

In FY10, the City continued a number of key initiatives many of which involved investment in its infrastructure through the Capital Improvement Planning process.

This process was augmented by the successful capture of federal stimulus funds provided under the American Recovery and Reinvestment Act (ARRA).

American Recovery and Reinvestment Act of 2009 - Throughout FY10 the municipal, police, fire, and school departments applied for competitive grant funding and received formula funding as a result of the Act. The following projects and programs were funded all or in part with ARRA funds and carried out in FY10.

- The City completed Phases II and III of the Raleigh Way Streetscape Improvement project in the Atlantic Heights Neighborhood.
- Construction began on the State Street Improvement Project in the downtown area.
- The City was awarded a competitive Energy Efficiency and Conservation Block Grant, which along with other project funding secured by the Portsmouth Historical Society, will be used to complete needed energy efficiency upgrades at the former Portsmouth Public Library building, now the Discover Portsmouth Center.
- The Public Works Department was awarded ARRA funding to create a water conservation rain barrel distribution program.
- The School Department received funding through various formulas for disadvantaged students as well as special education and career development programming among others.
- The Police Department received funding to continue its work as the statewide coordinator of the Internet Crimes Against Children Task Force, as well as partial funding for a part-time DWI prosecutor.

Major Capital Project Initiatives

A number of major water, sewer and building initiatives, funded through a variety of sources, were carried out in addition to ongoing sidewalk reconstruction and road upgrade projects.

Wastewater Treatment Master Plan - The Sewer Division submitted a draft of the Wastewater Master Plan to the Environmental Protection Agency on June 4, 2010. This plan presented two options for bringing the Peirce Island Treatment Plant into compliance with secondary treatment requirements and advanced Biological Nutrient Removal (BNR). The Study also includes an update of the Combined Sewer Overflow Long-Term Control Plan. The report contained a review of flow monitoring and updated modeling of the collection system that will provide the basis of continued work on separating the combined portions of the sewer collection system.

State Street Utility Upgrades and Roadway Improvements - The sewer division, as part of the Combined Sewer Long-Term control Plan, began working on rebuilding the lower portion of State Street, between Church Street and Marcy Street. The project was driven by the need to separate the sewer system in that area, but included the replacement of all of the underground utilities including water, sanitary

and storm sewer and gas. The project incorporated a state of the art storm water treatment system with several bio-retention tree filter catch basins. The system also includes a storm water quality treatment unit and a sand filter unit to treat the storm-water prior to its discharge into the Piscataqua River. Work will also be performed on Penhallow Street, Custom House Court, and Chapel Street to separate sewer lines. ARRA funds are included in the project budget and the project has received recognition for its innovative storm water management design. In addition, the State Street project involves substantial streetscape improvements including sidewalks, lighting and landscaping.

Bartlett Area Sewer Improvements -The Sewer Division began the Bartlett Area Sewer Improvements project which was another Long-Term Control Plan sewer separation project that targeted the West End commercial area of the City. The Bartlett Street Project includes water, sewer, drainage and minor streetscape upgrades in a highly impervious commercial area on Bartlett Street, Islington Street, and Jewell Court. The project will help reduce flooding that occurs within the project area as well as reducing unnecessary flow in the sewer system. This project, required as part of an EPA Administrative Order, is part of the City's comprehensive effort to correct problem areas in the oldest sections of the City's sewer system.

Water Treatment Plant - The Water Division continued construction of the new Dissolved Air Flootation treatment plant adjacent to the existing plant. The new plant replaces the existing 50 year old facility with a technology that can better treat the source water from the Bellamy Reservoir to meet current as well as upcoming regulatory requirements. It is being constructed using the Leadership in Energy and Environmental Design (LEED) principles to produce a sustainable and energy efficient plant. The plant is expected to be operational in August of 2012.

Bow Street - Ceres Street Waterfront Park - In June, the City completed a multi-year, public-private effort to create a waterfront park near the intersection of Bow Street and Ceres Street in the heart of downtown Portsmouth. The waterfront park includes granite block seating, tables, landscaping, pedestrian scale lighting, an interpretive sign, techo-block paver walking surface, and a granite City seal with compass points. The waterfront park, funded in large part through a federal grant, has become a focal point for those visiting the City and provides exceptional public access to the working waterfront, including the tugboats that guide ships into Portsmouth Harbor. The approximately \$850,000 project also included major repairs to the City-owned seawall at the park and significant drainage and related subsurface infrastructure improvements, upgrade of the sidewalks, steps and pedestrian amenities approaching the park, and complete reconstruction of the Ceres Street sidewalk and the public portion of Ceres Street. This public-private partnership also included substantial, privately funded capital improvements to the restaurant properties near the park, including relocation/reconstruction of a popular private restaurant deck, drainage improvements and resurfacing of the private passageway used to access the waterfront restaurants along Bow Street.

New Fire Station 2 - In FY10, the City completed the construction of a new Fire Station 2 located at 3000 Lafayette Road. This new station meets the requirements of the National Fire Protection Association (NFPA) and the City's desire to have the first LEED certified fire station in the State of New Hampshire. Key sustainable features include a super insulated building envelope and high efficiency natural gas boilers for heat. These features will result in significant annual operating cost savings. In addition, this site allows for drive through bays, insures safe access to both US Route 1 and Ocean Road, provides public meeting space, emergency operations center, separate living/ equipment spaces and provides sufficient parking and room for future expansion. The City issued bonds of \$6.45 million to fund site acquisition and construction related costs. Fire Department personnel/equipment relocated to the new station in May 2010 and the City is awaiting notification of Silver LEED certification.

Renovation of Historic City-Owned Buildings - In FY10 progress occurred on two significant historic city-owned structures. The former Lafayette School on Middle Street was converted into 10 units of affordable housing for seniors age 62 and older, resulting in the transformation of a building once designated as having a "blighting influence" into an appealing neighborhood asset and affordable homes for seniors. In fall 2009, the City initiated \$200,000 in repairs to the South Meeting House, which included restoration of the bell tower, replacement of the sills and slate roof, and painting of the building's exterior; the City is currently considering tenants for the building.

Streets and Sidewalk Improvements - In FY10, the City continued investment in the vital infrastructure of streets and sidewalks.

- The Route 33 gateway project adds traffic calming measures, increases safety at Plains Park and improves roadway geometry at Plains Avenue and Peverly Hill Road. It will also add sidewalks along Griffin Road to the park and ride lot on Route 33 and on the easterly side of Islington Street from Route 33 to Plains Avenue. Finally the bridge over the B&M Railroad will be replaced. Replacement of the B&M Railroad Bridge on Rte 33, along with safety improvements to the approaches, which includes drainage, paving, signage, landscaping, sidewalks and signalized intersections from Peverly Hill Road to Borthwick Avenue. This project is scheduled for completion in the fall of 2010.
- In the Downtown Business District, sidewalk improvements were completed on Market Street between Bow Street and Deer Street, including widened brick sidewalks, storm drainage and historic period lighting.
- Construction of Phase 2 of the Raleigh Way Streetscape Improvement Project with new concrete sidewalks, granite curbing, paving, signage and landscaping.
- Funding was approved to continue the Citywide Sidewalk Reconstruction Program and the Pavement Management and Rehabilitation Long Range Plan.

- Construction of the Woodbury Avenue traffic calming and safety improvement project from Bartlett Street to Market Street Extension to reduce travel speeds, improve pedestrian safety and eliminate through truck travel by reduced width travel lanes, bump outs, curbing, signage and pavement markings.
- Construction of the Gates Street Area reconstruction project to include curbing, brick sidewalks, drainage, sewer, water and landscaping.
- Pavement improvements to: Spinney Road, Pinehurst Road, Lookout Lane, Garden Street, Center Street, Fairview Drive, Davis Road, Griffin Road, Willard Avenue, Marston Street, Shaw Road, Myrtle Avenue, Central Avenue, McGee Drive, Birch Street, Mangrove Street, Oak Street, Orange Street and part of Kearsarge Way.
- Construction of the Middle Street Sidewalk Improvement Project Phase II from Union Street to Aldrich Road.
- Construction of the Market Street sidewalk and bike lane project between Michael Succi Drive and the NH Port Authority entrance.
- Design and construction of the Commercial Alley rehabilitation project.
- Peirce Island Bridge rail replacement project.
- Sagamore Bridge replacement project design was initiated and interim bridge repair project was completed, which included reinforcing existing floor beams to maintain a 6-ton vehicle loading.
- Design of the High/Hanover Parking Facility Stair Tower replacement project, which will include replacement of the existing stair treads and risers with new precast units.
- Design of improvements to Concord Way and Porpoise Way in the Atlantic Heights Neighborhood.
- Rebuilt all handicap ramps in the Market Square area to conform with existing ADA regulations.
- Reconstructed Phase 1 of Aviation Drive located on the Pease Tradeport.
- Reconstructed select brick sidewalks on Deer Street and High Street.
- Completed design of the South Street/Lafayette Road intersection, including new signals and dedicated turn lanes.
- Design of seawall replacements for existing structures located on South Mill Street and at the Mechanic Street Pump Station.
- Initiated the design of Phase 1 Improvements to the McDonough Street Neighborhood Area (Cabot Street, Dover Street, Salem Street and McDonough Street).

Other Key City Initiatives

Zoning Ordinance Revision Project- In December 2009, the City completed a major, multi-year revision of the City's Zoning Ordinance and Site Plan Review regulations culminating in City Council adoption of the new Zoning Ordinance, and Planning Board adoption of the revised Site Plan Review regulations. The new land use regulations, which implement the goals and policies outlined in the City's 2005 Master Plan, will play a key role in positively shaping and managing future development and redevelopment. In turn, as these regulations guide the quality, type, scale and intensity of development, they are critical to insuring a vibrant economy, a strong local tax base, high quality economic development and a vital downtown.

Sustainability - The City's continued commitment to sustainability with almost every sustainability initiative undertaken able to demonstrate at least a modest and, in many cases, a significant, operational cost savings. Under the leadership of the City Council and City Manager, guidance of the Committee on Sustainable Practices, and expertise of City staff, sustainability policies have been put in place and new initiatives continue to be implemented. For instance, the City completed a new Fire Station expected to receive LEED Silver certification, and is nearing completion of its new Water Treatment Plant where a full complement of green building measures have been included. The City is in the design phase for a new High Performance Middle School; the efficiencies of a certified high performance school can result in annual utility savings of 20 to 40%. City recycling went to "no sort" or single stream recycling, which is expected to increase recycling volumes and divert waste from the landfill. The City also sold discounted rain barrels to residents and new low-impact development techniques have been put in place in the Coakley neighborhood as well as along State Street.

Automated Meter Reading System - The Water and Sewer divisions continued the installation of the Automated Meter Reading (AMR) system. Approximately 85% of the City was completed by the end of FY10. The new system allows for the monthly reading of all water meters in the system as recommended in the Water/Sewer Rate study completed in 2006. The meters are read through a radio transmission that is collected and sent to the billing office. The new system allows the water division to better track unaccounted for water through the balancing of the production and consumption of water in the system.

Islington Street Improvement Action Plan - The Islington Street Improvement Action Plan was completed, which includes short and long-term action-oriented recommendations for the street such as improved circulation, pedestrian and vehicular safety and appropriate economic development tools to benefit growing and creative businesses in the corridor.

Long-Term Financial Planning

The City continues to address and monitor legislative issues while still maintaining strong and stable financial operations.

Statewide Property Tax - As of this writing, a new education funding formula is scheduled to go into effect in FY12 and initial calculations indicated the City of Portsmouth would then receive its first education funding grant - possibly as much as \$2 million - since the Statewide Property Tax was imposed in 1999 to fund education. However, given the State of New Hampshire's fiscal difficulties, it is anticipated that State elected officials will propose delaying this new formula at least for another year or changing elements of the formula, which could result in the loss of the grant, as well as the City being forced to send a portion of the Statewide Education Property Taxes (SWEPT) raised within Portsmouth to other communities. It is impossible to predict what will occur after the Legislature convenes in January 2011. Until FY06, Portsmouth was forced to raise an additional \$11,750,318 in Statewide Property Taxes for redistribution to other communities. Since that time, Portsmouth has been allowed to spend Statewide Education Property Taxes raised in excess of the State's changing cost of adequacy on local education, which resulted in a major positive impact. However, the local spending option also is scheduled to end in FY12. The City, with the help of the City Council's Legislative Subcommittee comprised of the Mayor and three City Councilors, will continue monitoring activities at the NH Legislature that could have an impact on Portsmouth. The City also will continue to watch the Legislature's future education funding discussions via the Coalition Communities office based at Portsmouth City Hall, which is funded by the City and contributions from Coalition-member towns.

Bond Rating - In May of 2010, Standard & Poor's Rating Group, one of the nation's largest bond rating agencies, affirmed its AA+ bond rating for the City. This is the second highest rating obtainable from Standard & Poor's. S&P stated "Portsmouth's management team has consistently demonstrated a focus on fiscal prudence, which we believe has contributed to a history of strong operating results and very strong reserves". In addition to affirming its AA+ bond rating, S&P upgraded Portsmouth's Financial Management Assessment (FMA) from "good" to "strong" reflecting management's implementation of three-year revenue and expenditures projections. An FMA of strong indicates that practices are strong, well embedded, and likely sustainable. Moody's Investors Service assigned a Aa1 bond rating for the City, citing strong and stable financial operations, a sizable and diverse economic base and the low overall debt burden. Moody's stated "with strong financial management, formalized policies and a trend of conservative budgeting practices, the City's trend of solid financial operations is expected to continue". The City continues to work to maintain its strong position and improve its credit ratings.

Relevant Financial Policies

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

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

1. The City eliminated future growth in this liability by negotiating in all fifteen (5) labor agreements that all employees hired after July 1996 can no longer accumulate unlimited sick leave. Thus, the liability can be capped, and it is now possible to estimate reductions of this liability through attrition.
2. The Leave at Termination Fund created in fiscal year 1999 eliminated annual budget spikes which negatively impacted the operating budget associated with sick leave pay owed to employees upon termination. Each department annually budgets a fixed amount for each fiscal year determined by an actuarial study and periodic review, which is transferred into this fund where this liability is paid. Each department builds a fund balance, which is carried over from year to year to fund future liabilities, thus stabilizing the annual operating budget.

As of the close of the current fiscal year, the liability for accrued employee benefits was \$7,818,334, a decrease of \$382,301 as compared to prior year.

Undesignated Fund Balance - The City's Undesignated Fund Balance ordinance states that the City shall maintain an undesignated fund balance amount of not less than 7% of total General Fund appropriations for that fiscal year with a goal of 10%. Since this ordinance was adopted in 1997, the City has remained within this range, and in FY09 & FY10, exceeded the 10% goal. As of June 30, 2010, the undesignated fund balance is 11.95% of prior year appropriation.

Debt Service Planning - It is the policy of the City to keep operational net debt costs at no more than 10% of annual general fund expenditures toward net debt service payments. Current and future debt service is projected out over a 10 year period along with projected annual appropriations and estimated revenues related directly to debt. The framework of this analysis assists with the planning of future capital projects that will be funded through debt issuances. For FY10, the amount of net annual debt remains within the policy limits at 6.51%.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Portsmouth for its Comprehensive Annual Financial Report for the Fiscal Years ending June 30, 1988, 1989, and for fifteen consecutive years from 1995 to 2009.

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

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

A Certificate of Achievement is valid for a period of one year only. The City believes that its current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Portsmouth also received the GFOA's Distinguished Budget Presentation Award for five consecutive years; fiscal year beginning July 1, 2006, to 2010. In order to receive this award, a governmental unit must publish a budget document judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This award is valid for one year only. For long-term planning, the City will continue to work to enhance the information provided in this document for its citizens, as well as continue to meet the national standard requirements established by GFOA.

The publication of the Comprehensive Annual Financial Report requires a significant amount of year-end closing procedures prior to the audit and preparation of the CAFR, and would not have been possible without the dedication and professional efforts of the staff in the Finance Department and diligent efforts of department heads and other City staff. I wish to further express my sincere appreciation to Cynthia Hayden, Deputy City Manager, Andrew Purgiel, City Controller, Gail Cunningham, City Controller, and Nancy Carmer, Economic Development Program Manager, who assisted and contributed to the preparation of this report.

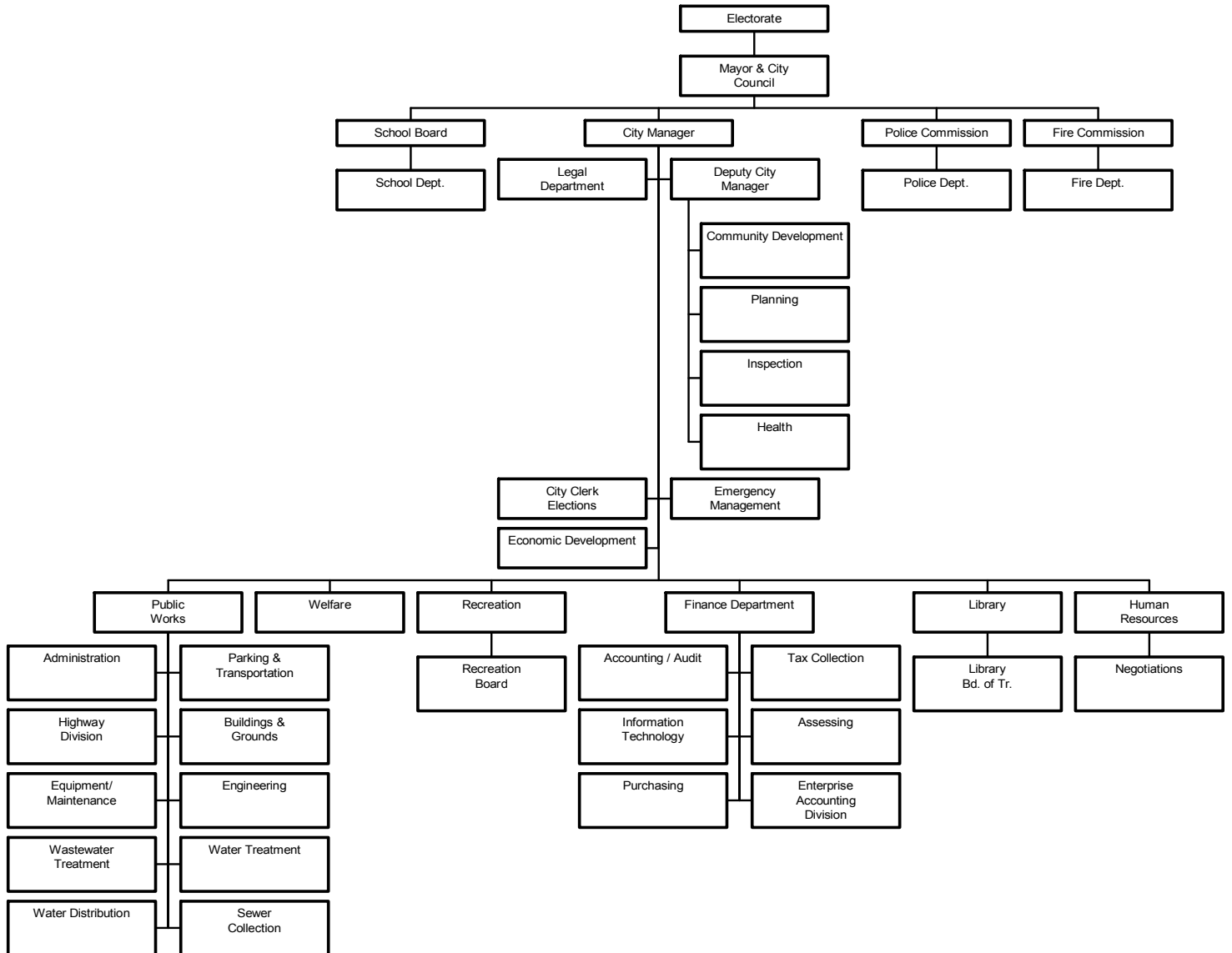
In closing, the strong financial position and excellent financial results reflected in this report, would not have been possible without the leadership, support, and fiscal policies established by the City Council and City Manager John P. Bohenko.

Sincerely,

A handwritten signature in black ink, appearing to read "Judith A. Belanger". The signature is fluid and cursive, with the first name "Judith" being the most prominent part.

Judith A. Belanger
Finance Director

City of Portsmouth Organizational Chart



DIRECTORY OF OFFICIALS

CITY COUNCIL

Thomas G. Ferrini, Mayor

Nancy Novelline Clayburgh, Ass't Mayor

Robert Lister	Jerry J. Hejtmanek
Eric Spear	M. Chris Dwyer
Anthony Coviello	Esther E. Kennedy

Kenneth E. Smith

BOARD OF EDUCATION

Michell Shuldman, Chairman

Ann M. Walker, Vice Chairman

Kent LaPage	Leslie Stevens
Carol A. Chellman	Thomas P. Martin
Rebecca Emerson	Rebecca Emerson

Henry Hayward

FIRE COMMISSION

Paul T. Wentworth, Chairman

Richard Gamester

Michael K. Hughes

Fire Chief Christopher LeClaire

POLICE COMMISSION

Gerald W. Howe, Chairman

John C. Russo

John F. Golumb

Police Chief David Lou Ferland

PRINCIPAL EXECUTIVE OFFICERS

City Manager	John P. Bohenko
Deputy City Manager	Cynthia Hayden.
Finance Director	Judith A. Belanger
City Controller	Gail Cunningham
City Controller	Andrew Purgiel
City Attorney	Robert Sullivan
City Clerk	Kelli L. Barnaby
Tax Collector	Kristin Regis
Information Technology	Alan Brady
Purchasing Agent	Judith A. Belanger
Dir of Public Works	Steven F. Parkinson
City Assessor	Rosann Maurice-Lentz

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Portsmouth
New Hampshire

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

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Nashua, NH 03063-1301
Tel (603) 882-1111 • Fax (603) 882-9456
www.melansonheath.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, New Hampshire, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Portsmouth's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, and the supplementary information, appearing on page 83 of this report, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally

of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Portsmouth, New Hampshire's basic financial statements. The introductory section, supplementary statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
December 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Portsmouth's management offers readers this narrative overview and analysis of the financial activities of the City of Portsmouth for the fiscal year ended June 30, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

A. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of net assets exceeded liabilities by \$168,487,790 an increase of \$14,853,091 in comparison to the prior year.
- As of the close of the current fiscal year, total assets of governmental activities exceeded liabilities by \$116,018,660 an increase of \$10,525,852 in comparison with the prior year.
- At the end of the current year, total assets of business-type activities exceeded their liabilities by \$52,469,130, an increase of \$4,327,239 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$69,300,940, an increase of \$12,356,337 in comparison with the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$10,069,956, an increase of \$194,056 in comparison with the prior year.
- Total bonds payable including unamortized premium at the close of the current fiscal year was \$114,534,859, an increase of \$8,718,074 in comparison to the prior year.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Portsmouth's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Portsmouth include general government, public safety, education, public works, health and human services, culture and recreation, and community development. The business-type activities include water and sewer activities.

The government-wide financial statements can be found on pages 39 - 41 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities

in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 42 - 46 of this report.

Proprietary funds. Proprietary funds are maintained as follows:

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

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

The basic proprietary funds financial statements can be found on pages 47 - 49 of this report.

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

The basic fiduciary fund financial statements can be found on pages 50 - 51 of this report.

Notes to the financial statements. The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 - 82 of this report.

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

Summary of Net Assets (000s)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 77,027	\$ 65,239	\$ 27,598	\$ 35,009	\$ 104,625	\$ 100,248
Capital assets	124,405	114,209	82,423	66,246	206,827	180,455
Total assets	<u>201,431</u>	<u>179,449</u>	<u>110,021</u>	<u>101,255</u>	<u>311,453</u>	<u>280,703</u>
Long-term liabilities	80,639	68,933	44,104	46,999	124,744	115,932
Other liabilities	4,774	5,023	13,448	6,114	18,221	11,136
Total liabilities	<u>85,413</u>	<u>73,956</u>	<u>57,552</u>	<u>53,113</u>	<u>142,965</u>	<u>127,069</u>
Net assets:						
Invested in capital assets, net of related debt	71,575	64,658	38,650	35,326	110,225	99,984
Restricted	14,697	14,104	1,625	1,788	16,322	15,892
Unrestricted	29,747	26,731	12,193	11,028	41,940	37,758
Total net assets	<u>\$ 116,019</u>	<u>\$ 105,493</u>	<u>\$ 52,469</u>	<u>\$ 48,142</u>	<u>\$ 168,488</u>	<u>\$ 153,635</u>

By far the largest portion of net assets reflects our investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. As of year-end, net assets invested in capital assets, net of related debt is \$110,225,136 or 65% of total net assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$16,322,404 or 10% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$41,940,250 or 25% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Portsmouth is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

During the current fiscal year, the government's net assets increased by \$14,853,091. Approximately 69% of the increase is attributed to an increase in investments in capital assets net of related debt. The remaining 31% represents

the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

The \$950,936 OPEB liability represents the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45. The purpose of the statement is to reflect the liability of health care or other post employment benefits provided to separated or retired employees. The City of Portsmouth does not pay a direct subsidy towards their retiree's health insurance premiums. In accordance with RSA 100-A:50, retired employees shall be deemed to be part of the same group as active employees for health insurance premium purposes, thereby resulting in a so called blended rate. The blended rate decreases the cost of insurance premiums for retirees and increases the cost for active employees, thereby resulting in the City paying an implicit subsidy.

Please refer to the Financial Statement footnote 21 for additional information on the OPEB liability.

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

Summary of Changes in Net Assets (000s)

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues						
Charges for services	\$ 17,348	\$ 17,491	\$ 12,738	\$ 11,070	\$ 30,086	\$ 28,561
Operating grants and contributions	6,172	5,071	-	-	6,172	5,071
Capital grants and contributions	5,950	4,342	3,379	1,694	9,329	6,036
General revenues						
Property Taxes	63,648	63,042	-	-	63,648	63,042
Interest on taxes	270	136	-	-	270	136
Grants and contributions not restricted to specific programs	2,126	2,956	-	-	2,126	2,956
Investment income (loss)	1,084	(194)	65	118	1,149	(75)
Other	477	1,348	2	-	479	1,348
Total revenues	<u>97,077</u>	<u>94,191</u>	<u>16,184</u>	<u>12,883</u>	<u>113,261</u>	<u>107,074</u>

(continued)

(continued)

Summary of Changes in Net Assets (000s)

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Expenses:						
General government	11,617	11,181	-	-	11,617	11,181
Public safety	16,916	16,042	-	-	16,916	16,042
Education	41,475	39,307	-	-	41,475	39,307
Public works	9,303	9,363	-	-	9,303	9,363
Health and human services	693	681	-	-	693	681
Culture and recreation	3,620	3,536	-	-	3,620	3,536
Community development	1,330	1,151	-	-	1,330	1,151
Interest on long-term debt	2,528	2,367	-	-	2,528	2,367
Water operations	-	-	4,753	4,292	4,753	4,292
Sewer operations	-	-	6,176	6,778	6,176	6,778
Total expenses	<u>87,482</u>	<u>83,627</u>	<u>10,929</u>	<u>11,071</u>	<u>98,411</u>	<u>94,698</u>
Change in net assets before permanent fund contributions and transfers	9,595	10,564	5,255	1,812	14,849	12,376
Contributions to permanent fund principal	4	-	-	-	4	-
Transfers in (out)	<u>928</u>	<u>914</u>	<u>(928)</u>	<u>(914)</u>	<u>-</u>	<u>-</u>
Change in net assets	10,526	11,478	4,327	898	14,853	12,376
Beginning net assets	105,493	94,015	48,142	47,244	153,635	141,258
Ending net assets	<u>\$ 116,019</u>	<u>\$ 105,493</u>	<u>\$ 52,469</u>	<u>\$ 48,142</u>	<u>\$ 168,488</u>	<u>\$ 153,635</u>

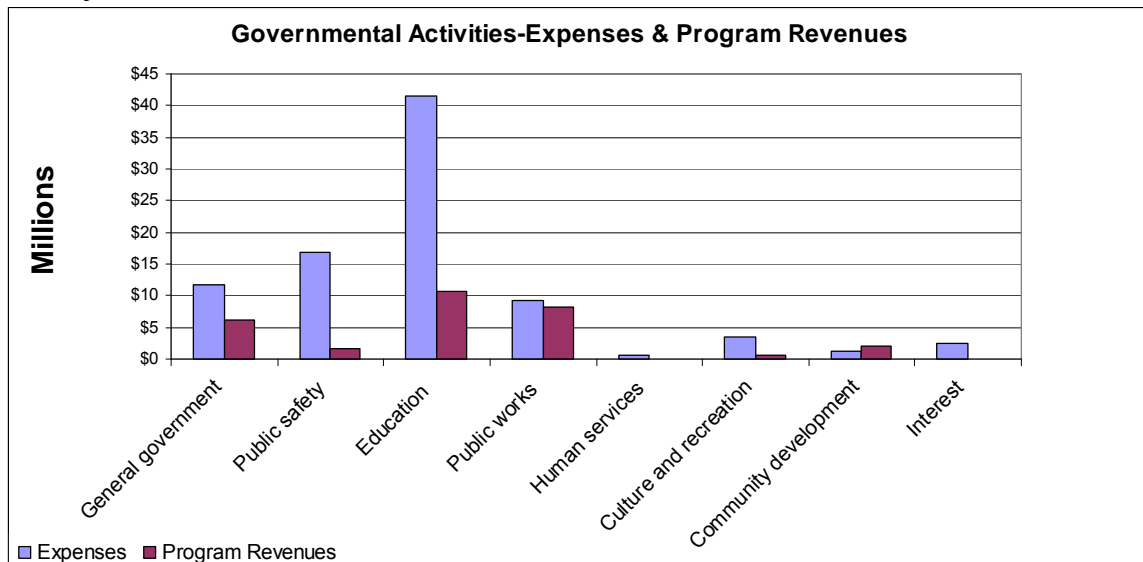
Governmental activities. Governmental activities for the year resulted in an increase in net assets of \$10,525,852. Governmental activities realized the following significant transactions:

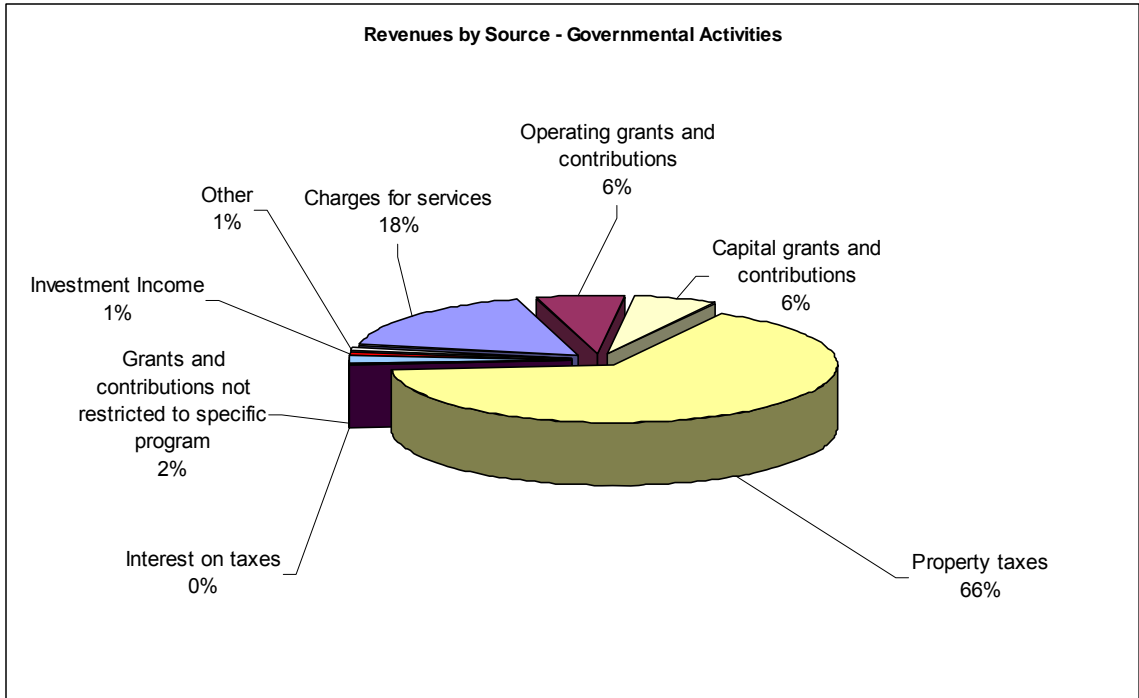
- General Fund excess of revenues over expenditures of \$2,669,867.
- General Fund transfer in from Enterprise Funds (water and sewer) for indirect costs of \$927,697.
- Capital grants and contribution revenue used to acquire capital assets of \$5,950,095.
- Debt service principal payment in excess of depreciation expense of \$1,687,694.

Overall, the governmental activities experienced an increase of \$2,885,416 or 3% in revenues when compared to the prior fiscal year due largely to the following:

- Property tax, which is 66% of the total revenues, increased by \$606,516.
- Investment income increased by \$1,277,894 mostly due to investments held by the Trustees of Trust Funds.
- An increase in capital grants and contributions of \$1,608,357 of which \$940,433 was received from Federal Government to rehabilitate the Ceres Street area.
- An increase in operating grants and contribution of \$1,101,650 of which \$646,475 was received for various American Recovery and Reinvestment Act (ARRA) for educational purposes.
- A decrease in grants and contributions not restricted to specific programs of \$829,900 partly due to loss of State revenue sharing of \$657,154.
- A decrease of \$870,694 in other revenues. Prior year other revenues included donated assets.

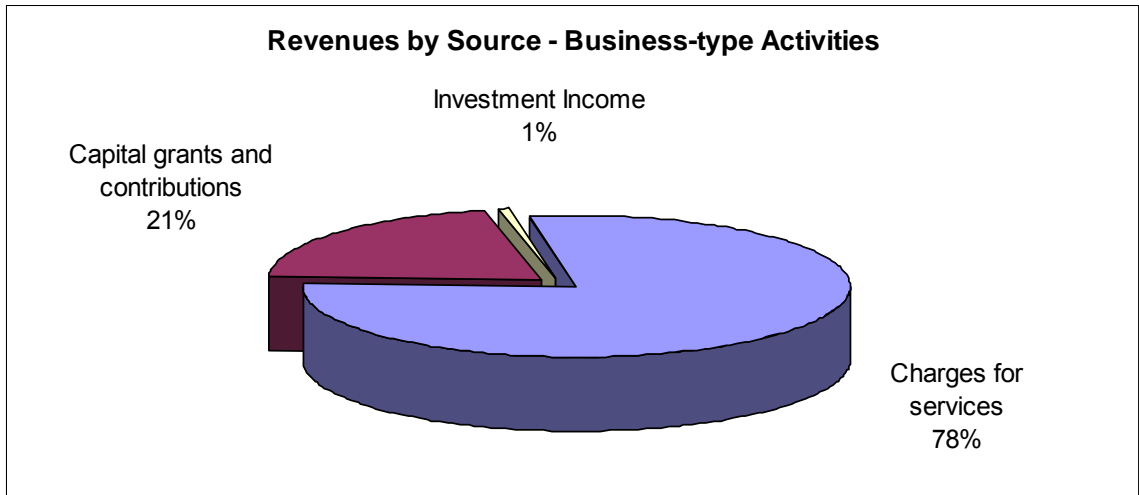
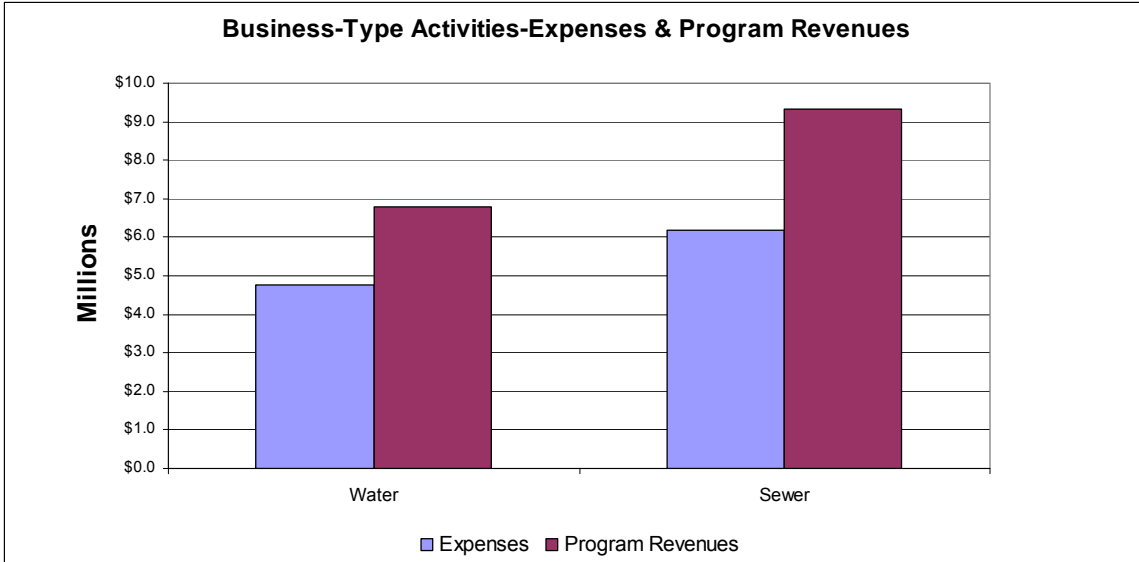
Overall governmental expenditures experienced an increase of \$3,854,890 or 4.6% from prior year. The City has fifteen (15) collective bargaining units, of which nine (9) were settled before June 30, 2010. The increase in expenditures from prior year represents cost of living adjustments (COLA) paid to employees from the nine settled contracts and other expenses increases as a result of inflation. The remaining six (6) collective bargaining units remain in negotiations and did not receive COLA adjustments





Business-Type activities. Business-type activities for the year resulted in an increase in net assets of \$4,327,239. The key elements of the changes are as follows:

- Operating revenues over operating expenditures of \$3,643,303
- An increase in capital grants and contributions of \$1,684,685 of which \$659,939 was received from the American Recovery and Reinvestment Act (ARRA) primarily for the State Street Utilities Upgrade project and \$1,000,000 from Packard Development for expansion of sewer services to their facility.
- Charges for services in the business-type activities experienced an increase of \$1,667,181. The water fund experienced an increase in revenue of \$1,355,924 as a result of an increase of total billed units and rate increases. The sewer fund experienced a slight increase of \$326,055 as a result of an increase in billed units and no rate increase.
- A slight decrease in investment income of \$51,072 due to declining investment interest rates.



D. FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$69,300,940, an increase of \$12,356,337 in comparison with the prior year. This increase is primarily a result from the issuance of

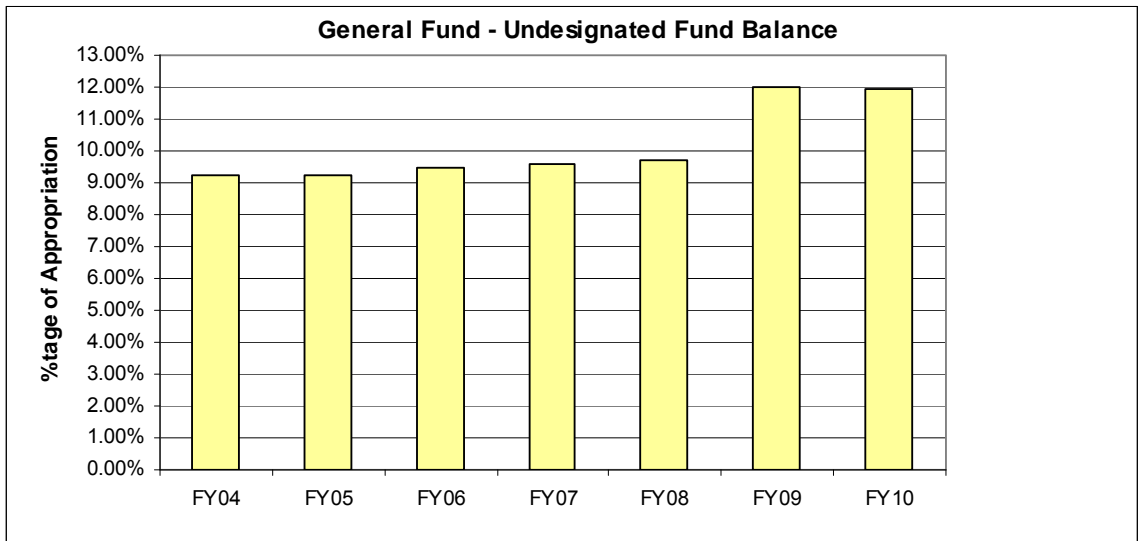
\$15,000,000 in bonds and incurring expenditures of only \$1,475,759 in the School Renovation Fund.

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

City Council adopted in 1998 the "Undesignated Fund Balance Ordinance" which mandates that the city will maintain an undesignated fund balance of at least 7% of prior year's appropriation with an ultimate goal of 10%.

Undesignated fund balance at the end of the fiscal year was \$10,069,956 or 11.95% of the final general fund budget. This is an increase of \$194,056 from prior year.

The following table demonstrates that over the last several years, the undesignated fund balance has remained within the 7% - 10% range while FY10 exceeded the ordinance goal of 10%.



Total fund balance for the general fund at the end of the current fiscal year, was \$34,870,964 or 41% of the final general fund budget. This is an increase of \$2,680,605 or 8.3% from prior year. The key factors in this change are as follows:

- A decrease of fund balance of \$2,695,350 from budgetary use of fund balance.
- An increase of fund balance of \$699,810 from appropriations exceeding expenditures in the Health Insurance Stabilization Account.

- An increase of fund balance of \$181,310 from appropriations exceeding expenditures in the Leave at Termination Account.
- A net increase to fund balance of \$2,306,115 from revenues and other financing sources exceeding final budget estimates (excluding tax adjustments).
- A net increase of \$1,175,016 from remaining departmental appropriations.
- A \$1,063,705 increase of fund balance from the excess of year end carry forwards over expenditures of prior year carry forwards.

At the end of the current fiscal year, total fund balance of other governmental funds was \$34,429,976, which is an increase of \$9,675,732 from prior year. Key factors in this change are as follows:

- Net increase of \$13,524,241 from bond issuance less capital outlay from beginning construction/renovation of the middle school.
- Other non-major fund decreases of \$3,848,509 is comprised of the following:
 - Net increase in special revenue funds of \$45,992 is due largely from operating surplus in the school categorical revenues, parking and transportation, and city trust funds combined with operating loss in community development funds and miscellaneous grants.
 - Net decrease of \$4,198,728 in capital project funds which mainly due to the continued construction of Fire Station 2 and rehabilitation of various City Street.
 - An increase of \$304,227 in unreserved permanent funds due largely to the City trust funds investment income of \$524,559.

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer funds at the end of the year amounted to \$12,193,230. This amount consists of the Water Fund of \$3,317,876, the Sewer Fund of \$8,875,354.

To provide adequate revenues to meet expenditures for operations, debt service, and capital improvements, the City's rates are based on a two-step, inclining block rate structure for both water and sewer usage. For water consumption for FY10, the first ten units (one unit equals 100 cubic feet or 748 gallons) water consumed per month was billed at \$3.30 per unit; all units over ten units per

month was billed at a rate of \$3.90 per unit. For sewer, which is measured by water consumption, the rates remained unchanged from FY09 which the first ten units was billed at \$5.00 per unit; all units over ten units per month was billed at a rate of \$5.50 per unit.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget resulted in an overall increase in appropriations of \$208,230. The supplemental appropriation was for funding the general fund obligation of the State Street Utilities and Road Upgrade Project. The funding was appropriated from the premium the City received from the sale of its General Obligation Capital Improvement Bond.

The difference between the final amended budget and actual results is a positive variance of \$2,924,709 with revenues exceeding estimated budgets by \$1,799,693 and expenditures were less than the estimated budget by \$1,175,016. Significant variances include:

- Negative variance in Licenses and Permits of \$65,562 are mainly attributed an excess of \$100,363 in building, electrical and plumbing permits resulting from renovations and new construction citywide and a negative variance of \$165,925 in motor vehicle registrations.
- Positive variance in Intergovernmental of \$797,037 is mainly attributed to an excess of \$812,759 in School Tuition and negative variance from State shared revenues.
- Positive variance in Charges for Services of \$377,870 consists of \$126,581 from Police outside detail, \$97,168 from ambulance fees, and \$110,373 from parking facility leases and usage and \$43,748 from other departmental services.
- Investment Income experienced a positive variance of \$93,298 resulting from changes in investment instruments and high cash balances.
- Current operating expenditures resulting in a positive variance of \$569,757 is mainly due to vacant positions.
- Non-operating expenditures resulting in a positive variance of \$605,259 is mainly due to unused portions of both overlay and debt service.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$206,827,405 (net of accumulated depreciation), an increase \$26,373,126 from the prior year. This investment in capital assets includes land, buildings, system improvements, and machinery and equipment.

Capital Assets (000s)
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 15,336	\$ 15,529	\$ 1,931	\$ 1,931	\$ 17,267	\$ 17,460
Building and improvements	65,969	67,656	16,563	16,286	82,532	83,942
Machinery and equipment	3,983	3,951	8,894	7,951	12,877	11,902
Infrastructure	22,470	18,757	32,353	32,670	54,823	51,427
Construction in Progress	16,647	8,316	22,682	7,408	39,329	15,724
Total Assets	<u>\$ 124,405</u>	<u>\$ 114,209</u>	<u>\$ 82,423</u>	<u>\$ 66,246</u>	<u>\$ 206,828</u>	<u>\$ 180,455</u>

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

- Construction in progress for governmental activities totaled \$16,646,705 at year end which included \$7,931,035 for the construction of the Rt. 33 Bridge, \$4,792,306 for construction of Fire Station 2 and \$1,493,568 for the Middle School Renovation.
- A variety of sidewalk and street construction contributed to capital assets of \$4,293,704.
- General government vehicles capitalized during the current year which included Public Works vehicles of \$456,809, Police vehicles of \$212,291, a Fire vehicle of \$159,720 and School vehicles of 52,596.
- The Water Division recognized an increase of \$11,549,520 in capital assets from prior year. A majority of the increase is from the continued construction of the Madbury Water Treatment Plant.
- The Sewer Division recognized an increase of \$4,627,473 in capital assets from prior year. Most of the increase can be attributed to increases in construction in progress specifically the continuing of the 201 Facilities Master Plan, improvements to both the Bartlett Street and State Street sewers.

Additional information on the City of Portsmouth’s capital assets can be found in note 9 on pages 68-70 of this report.

Long-term debt. At the end of the current fiscal year, total bonded debt and State revolving fund loans outstanding, including business-type activities (water and sewer departments) was \$114,534,859 as shown in the table below, all of which was backed by the full faith and credit of the government.

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

The City of Portsmouth’s General Obligation bonds have an AA+ rating from Standard and Poor’s rating group and an Aa1 rating from Moody’s Investors Service.

Outstanding Debt (000s)

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 67,985	\$ 56,580	\$ 17,950	\$ 19,235	\$ 85,935	\$ 75,815
State Revolving Fund Loans	1,949	2,162	24,893	26,510	26,842	28,671
Unamortized premium	1,161	702	597	628	1,758	1,330
Total	<u>\$ 71,095</u>	<u>\$ 59,444</u>	<u>\$ 43,440</u>	<u>\$ 46,373</u>	<u>\$ 114,535</u>	<u>\$ 105,817</u>

The City of Portsmouth’s total debt increased by \$8,718,074 or 8% during the current fiscal year. The key factors in this net increase are:

- Reductions of outstanding debt in the amount of \$9,010,032.
- The issuance of a general obligation bond for \$1,800,000 for city street, sidewalk and facility improvements.
- Issuance of a general obligation bond for \$500,000 for the School facilities improvements.
- Issuance of a general obligation bond for \$15,000,000 for the design, construction, expansion and renovation of the Middle School.

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

The general debt limit of the City is 3 percent of “base valuation”, (see below), except for landfill closures, school, water and sewer purposes, which have their own independent limits. The debt limit for school purposes is 7 percent, for water purposes is 10 percent of a base valuation, and debt for landfill closure and sewer purposes are exempt from the debt limit and are not counted toward the 3 percent limitation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes can also be excluded from the City’s debt limit. As of June 30, 2010, the City’s net general obligation bonded debt was well below the legal limits.

The base valuation for computing debt limit for the City of Portsmouth is \$4,112,257,420. The debt limit and outstanding debt is as follows:

Debt Limit Calculation

Purpose	Percent of Allowable Debt Limit	Maximum Debt Limit	Bonds Outstanding as of June 30, 2010	Authorized Unissued as of June 30, 2010	Total Gross Debt as of June 30, 2010	% of Legal Debt Service Used
Municipal	3.00%	\$ 123,367,723	\$ 27,385,000	\$ -	\$ 27,385,000	22%
Landfill closure (1)	0%	-	1,948,761	4,641,897	6,590,658	N/A
School	7.00%	287,858,019	40,600,000	22,500,000	63,100,000	22%
Water	10.00%	411,225,742	22,028,464	18,475,000	40,503,464	10%
Sewer (1)	0%	-	20,814,453	19,066,245	39,880,698	N/A
Total		<u>\$ 822,451,484</u>	<u>\$ 112,776,678</u>	<u>\$ 64,683,142</u>	<u>\$ 177,459,820</u>	

(1) Exempt from Debt Limit

Additional information on notes payable and long-term debt can be found in the footnotes to the financial statements on pages 71 - 76 of this report.

G. ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- From July 2009 to June 2010, the unemployment rate in the City remained low in relation to the state and the region with an average unemployment rate of 6.6%. The state’s unemployment average for the same period was 7.2%, the average rate for New England was 9.5% and the nation’s average rate was 10.5%.
- The overall commercial office vacancy rate for the City of Portsmouth increased to 16.7% from 11% during FY09 per the most recent report available. A recent summary report for the 2009 commercial and industrial real estate market by CB Richard Ellis advisory firm indicates that although overall real estate demand has slowed as a result of the recession, the NH seacoast, and Portsmouth in particular, are faring better than the region and state.

All of these factors were considered in preparing the City of Portsmouth's budget for fiscal year 2011.

The budget and tax rate for the General Fund for FY11 has been approved by the Department of Revenue Administration. The total budget is \$86,304,454, an increase of \$2,057,488 or 2.4% from prior year. The tax rate has been set at \$17.41 per \$1,000 of assessed value, an increase of \$.32 or 1.8% from prior year.

The City of Portsmouth has appropriated \$900,000 from fund balance reserve for debt service payments, \$73,500 from reserve for abatements and \$155,000 from undesignated fund balances in the fiscal year 2011 budget to maintain a moderate tax rate increase.

Both the Water and Sewer Division user rates are based on a two-tier inclining rate block structure based on units of water consumed. One unit is equal to 100 cubic feet or 748 gallons of water. This two-tier inkling rate block structure provided an equitable method of financing of water treatment and wastewater operations. The large volume users have a greater impact on system operations.

- The water rate increased from \$3.30 to \$4.15 per unit for the first 10 units of water consumed per month. The rate for consumption over 10 units per month increased from \$3.90 to \$5.00 per unit. The minimum charge rate for FY11 remained the same as FY10 and is based on the service meter size.
- Sewer charges are based on water consumption. There is no minimum charge rate for sewer. The sewer rate increased from \$5.00 to \$5.50 per unit for the first 10 units of water consumed per month. The rate for consumption over 10 units per month increased from \$5.50 to \$6.05 per unit.

REQUESTS FOR INFORMATION

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

Office of Finance Director
City of Portsmouth
1 Junkins Avenue
Portsmouth, New Hampshire 03801

Basic Financial Statements

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 47,363,366	\$ 19,926,045	\$ 67,289,411
Investments	20,806,977	-	20,806,977
Receivables, net of allowance for uncollectibles:			
Property taxes	2,316,591	-	2,316,591
User fees	-	3,089,905	3,089,905
Departmental and other	634,272	591,115	1,225,387
Intergovernmental	3,063,597	238,694	3,302,291
Loans	41,337	-	41,337
Inventory	21,287	133,002	154,289
Total current assets	<u>74,247,427</u>	<u>23,978,761</u>	<u>98,226,188</u>
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	719,060	-	719,060
Departmental and other	-	3,619,694	3,619,694
Loans	2,060,469	-	2,060,469
Capital assets:			
Land and construction in progress	31,982,927	24,612,401	56,595,328
Other capital assets, net of accumulated depreciation	<u>92,421,597</u>	<u>57,810,480</u>	<u>150,232,077</u>
Total non-current assets	<u>127,184,053</u>	<u>86,042,575</u>	<u>213,226,628</u>
TOTAL ASSETS	201,431,480	110,021,336	311,452,816
LIABILITIES			
Current:			
Accounts payable	2,172,627	2,630,026	4,802,653
Accrued liabilities	1,728,307	1,037,456	2,765,763
Retainage payable	348,181	1,669,509	2,017,690
Tax refunds payable	299,157	-	299,157
Notes payable	-	8,044,870	8,044,870
Other current liabilities	225,249	66,117	291,366
Current portion of long-term liabilities:			
Bonds payable	6,406,737	3,748,527	10,155,264
Other liabilities	<u>868,514</u>	<u>46,458</u>	<u>914,972</u>
Total current liabilities	<u>12,048,772</u>	<u>17,242,963</u>	<u>29,291,735</u>
Noncurrent:			
Bonds payable, net of current portion	64,688,610	39,690,985	104,379,595
Net OPEB obligation	866,940	83,996	950,936
Other liabilities, net of current portion	<u>7,808,498</u>	<u>534,262</u>	<u>8,342,760</u>
Total noncurrent liabilities	<u>73,364,048</u>	<u>40,309,243</u>	<u>113,673,291</u>
TOTAL LIABILITIES	85,412,820	57,552,206	142,965,026
NET ASSETS			
Invested in capital assets, net of related debt	71,574,714	38,650,422	110,225,136
Restricted externally or constitutionally for:			
Grants	7,972,945	-	7,972,945
Debt	-	1,625,478	1,625,478
Permanent funds:			
Nonexpendable	1,588,492	-	1,588,492
Expendable	3,293,320	-	3,293,320
Restricted by enabling legislation	1,842,169	-	1,842,169
Unrestricted	<u>29,747,020</u>	<u>12,193,230</u>	<u>41,940,250</u>
TOTAL NET ASSETS	\$ <u>116,018,660</u>	\$ <u>52,469,130</u>	\$ <u>168,487,790</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 11,617,046	\$ 6,186,248	\$ 3,754	\$ -
Public safety	16,915,999	834,164	764,341	-
Education	41,474,811	5,895,619	4,736,220	2,720
Public works	9,303,285	3,818,291	401,114	4,073,249
Health and human services	693,053	13,008	624	-
Culture and recreation	3,620,162	600,894	134,425	14,180
Community development	1,330,221	-	131,753	1,859,946
Interest on long-term debt	2,527,611	-	-	-
Total Governmental Activities	<u>87,482,188</u>	<u>17,348,224</u>	<u>6,172,231</u>	<u>5,950,095</u>
Business-Type Activities:				
Water services	4,753,189	6,727,586	-	66,351
Sewer services	<u>6,175,724</u>	<u>6,010,072</u>	<u>-</u>	<u>3,312,435</u>
Total Business-Type Activities	<u>10,928,913</u>	<u>12,737,658</u>	<u>-</u>	<u>3,378,786</u>
Total	<u>\$ 98,411,101</u>	<u>\$ 30,085,882</u>	<u>\$ 6,172,231</u>	<u>\$ 9,328,881</u>

General Revenues:
 Property taxes
 Interest on taxes
 Grants and contributions not restricted to specific programs
 Investment income
 Other revenues
 Contributions to permanent fund principal
 Transfers, net

Total general revenues and transfers and contributions to permanent fund principal

Change in Net Assets

Net Assets:
 Beginning of year
 End of year

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (5,427,044)	\$ -	\$ (5,427,044)
(15,317,494)	-	(15,317,494)
(30,840,252)	-	(30,840,252)
(1,010,631)	-	(1,010,631)
(679,421)	-	(679,421)
(2,870,663)	-	(2,870,663)
661,478	-	661,478
(2,527,611)	-	(2,527,611)
(58,011,638)	-	(58,011,638)
-	2,040,748	2,040,748
-	3,146,783	3,146,783
-	5,187,531	5,187,531
(58,011,638)	5,187,531	(52,824,107)
63,648,465	-	63,648,465
270,299	-	270,299
2,126,284	-	2,126,284
1,084,222	65,045	1,149,267
476,898	2,360	479,258
3,625	-	3,625
927,697	(927,697)	-
68,537,490	(860,292)	67,677,198
10,525,852	4,327,239	14,853,091
105,492,808	48,141,891	153,634,699
\$ 116,018,660	\$ 52,469,130	\$ 168,487,790

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2010

ASSETS	<u>General</u>	<u>School Renovations</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 18,082,221	\$ 14,050,216	\$ 15,230,929	\$ 47,363,366
Investments	16,146,614	-	4,660,363	20,806,977
Receivables:				
Property taxes	3,035,651	-	-	3,035,651
Departmental and other	566,964	-	67,308	634,272
Intergovernmental	36,901	-	3,026,695	3,063,596
Loans	-	-	2,101,806	2,101,806
Due from other funds	853,228	-	-	853,228
Advances to other funds	43,500	-	-	43,500
Inventory	<u>-</u>	<u>-</u>	<u>21,287</u>	<u>21,287</u>
TOTAL ASSETS	<u>\$ 38,765,079</u>	<u>\$ 14,050,216</u>	<u>\$ 25,108,388</u>	<u>\$ 77,923,683</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 853,920	\$ 525,975	\$ 792,730	\$ 2,172,625
Accrued liabilities	991,387	-	37,414	1,028,801
Retainage payable	-	-	348,181	348,181
Deferred revenues	1,524,402	-	2,127,600	3,652,002
Tax refunds liability	299,157	-	-	299,157
Due to other funds	-	-	853,228	853,228
Advances from other funds	-	-	43,500	43,500
Other liabilities	<u>225,249</u>	<u>-</u>	<u>-</u>	<u>225,249</u>
TOTAL LIABILITIES	3,894,115	525,975	4,202,653	8,622,743
Fund Balances:				
Reserved for:				
Encumbrances	6,468,001	-	-	6,468,001
Inventory	-	-	21,287	21,287
Advances	43,500	-	-	43,500
Perpetual permanent funds	-	-	1,588,492	1,588,492
Unreserved:				
Designated	18,289,507	-	-	18,289,507
Undesignated, reported in:				
General fund	10,069,956	-	-	10,069,956
Special revenue funds	-	-	9,347,520	9,347,520
Capital project funds	-	13,524,241	6,655,116	20,179,357
Permanent funds	<u>-</u>	<u>-</u>	<u>3,293,320</u>	<u>3,293,320</u>
TOTAL FUND BALANCES	<u>34,870,964</u>	<u>13,524,241</u>	<u>20,905,735</u>	<u>69,300,940</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,765,079</u>	<u>\$ 14,050,216</u>	<u>\$ 25,108,388</u>	<u>\$ 77,923,683</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Total governmental fund balances	\$ 69,300,940
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	124,404,524
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	3,652,002
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(699,507)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(80,639,299)</u>
Net assets of governmental activities	<u>\$ 116,018,660</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>School Renovations</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 63,840,741	\$ -	\$ -	\$ 63,840,741
Licenses and permits	4,111,438	-	-	4,111,438
Intergovernmental	2,764,661	-	11,177,376	13,942,037
Charges for services	9,305,443	-	3,021,434	12,326,877
Investment income	543,298	-	540,924	1,084,222
Interest on taxes	270,299	-	-	270,299
Fines and costs	877,422	-	15,467	892,889
Contributions	-	-	306,795	306,795
Other	<u>251,719</u>	<u>-</u>	<u>189,916</u>	<u>441,635</u>
Total Revenues	81,965,021	-	15,251,912	97,216,933
Expenditures:				
Current:				
General government	7,077,660	-	150,065	7,227,725
Public safety	15,205,577	-	775,319	15,980,896
Education	35,226,247	-	5,374,028	40,600,275
Public works	5,881,859	-	2,145,231	8,027,090
Health and human services	692,373	-	624	692,997
Culture and recreation	2,548,768	-	515,671	3,064,439
Community development	-	-	2,569,207	2,569,207
Debt service:				
Principal	5,657,905	-	450,000	6,107,905
Interest	2,374,764	-	22,950	2,397,714
Capital outlay	680,103	1,475,759	10,826,986	12,982,848
Intergovernmental	<u>3,949,898</u>	<u>-</u>	<u>-</u>	<u>3,949,898</u>
Total Expenditures	<u>79,295,154</u>	<u>1,475,759</u>	<u>22,830,081</u>	<u>103,600,994</u>
Excess (deficiency) of revenues over (under) expenditures	2,669,867	(1,475,759)	(7,578,169)	(6,384,061)
Other Financing Sources (Uses):				
Issuance of bonds	-	15,000,000	2,300,000	17,300,000
Premium on bond issuance	512,701	-	-	512,701
Transfers in	927,697	-	1,429,660	2,357,357
Transfers out	<u>(1,429,660)</u>	<u>-</u>	<u>-</u>	<u>(1,429,660)</u>
Total Other Financing Sources (Uses)	<u>10,738</u>	<u>15,000,000</u>	<u>3,729,660</u>	<u>18,740,398</u>
Net change in fund balances	2,680,605	13,524,241	(3,848,509)	12,356,337
Fund Balances, at Beginning of Year	<u>32,190,359</u>	<u>-</u>	<u>24,754,244</u>	<u>56,944,603</u>
Fund Balances, at End of Year	<u>\$ 34,870,964</u>	<u>\$ 13,524,241</u>	<u>\$ 20,905,735</u>	<u>\$ 69,300,940</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 12,356,337																						
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases</td> <td style="text-align: right;">14,945,408</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(4,420,211)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(330,064)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(189,788)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(17,300,000)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">6,107,905</td> </tr> <tr> <td>Bond premium</td> <td style="text-align: right;">(512,701)</td> </tr> <tr> <td>Bond premium amortization</td> <td style="text-align: right;">53,197</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(129,897)</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Compensated absences</td> <td style="text-align: right;">379,136</td> </tr> <tr> <td>Net OPEB obligation</td> <td style="text-align: right;"><u>(433,470)</u></td> </tr> </table> 		Capital outlay purchases	14,945,408	Depreciation	(4,420,211)	Loss on disposal of capital assets	(330,064)		(189,788)	Issuance of debt	(17,300,000)	Repayments of debt	6,107,905	Bond premium	(512,701)	Bond premium amortization	53,197		(129,897)	Compensated absences	379,136	Net OPEB obligation	<u>(433,470)</u>
Capital outlay purchases	14,945,408																						
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	(129,897)																						
Compensated absences	379,136																						
Net OPEB obligation	<u>(433,470)</u>																						
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>10,525,852</u>																						

CITY OF PORTSMOUTH, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Revenues and other sources:				
Taxes	\$ 63,921,885	\$ 63,921,885	\$ 63,979,214	\$ 57,329
Licenses and permits	4,177,000	4,177,000	4,111,438	(65,562)
Intergovernmental	7,187,798	7,187,798	7,984,835	797,037
Charges for services	3,514,814	3,514,814	3,892,684	377,870
Investment income	450,000	450,000	543,298	93,298
Interest and penalties	150,000	150,000	270,299	120,299
Fines and costs	949,000	949,000	877,422	(71,578)
Other revenues	273,422	273,422	251,721	(21,701)
Other financing sources	3,414,817	3,623,047	4,135,748	512,701
Total Revenues and Other Sources	84,038,736	84,246,966	86,046,659	1,799,693
Expenditures and other uses:				
Current:				
General government	4,905,507	4,956,630	4,844,108	112,522
Other general government	2,132,068	1,788,797	1,804,648	(15,851)
Public works	5,622,265	5,637,436	5,445,542	191,894
Community services	3,149,609	3,169,391	3,147,504	21,887
Regulatory services	976,052	1,006,139	981,458	24,681
Emergency management	10,000	10,000	7,570	2,430
Police department	8,613,059	8,650,896	8,468,291	182,605
Fire department	6,814,861	6,822,400	6,775,434	46,966
School department	36,062,771	36,244,503	36,241,880	2,623
Non-operating	15,752,544	15,960,774	15,355,515	605,259
Total Expenditures and Other Uses	84,038,736	84,246,966	83,071,950	1,175,016
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,974,709</u>	\$ <u>2,974,709</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current:			
Cash and short-term investments	\$ 11,771,802	\$ 8,154,243	\$ 19,926,045
Receivables, net of allowance for uncollectibles:			
User fees	1,760,460	1,329,445	3,089,905
Departmental and other	114,600	476,515	591,115
Intergovernmental	238,686	8	238,694
Inventory	118,609	14,393	133,002
Total current assets	14,004,157	9,974,604	23,978,761
Noncurrent:			
Departmental and other receivables, net of current portion	609,000	3,010,694	3,619,694
Capital assets:			
Land and construction in progress	16,169,171	8,443,230	24,612,401
Capital assets, net of accumulated depreciation	21,393,029	36,417,451	57,810,480
Total noncurrent assets	38,171,200	47,871,375	86,042,575
TOTAL ASSETS	52,175,357	57,845,979	110,021,336
<u>LIABILITIES</u>			
Current:			
Accounts payable	1,455,697	1,174,329	2,630,026
Accrued liabilities	494,013	543,443	1,037,456
Retainage payable	1,211,510	457,999	1,669,509
Notes payable	2,545,847	5,499,023	8,044,870
Other current liabilities	65,183	934	66,117
Current portion of long-term liabilities:			
Bonds payable	1,303,928	2,444,599	3,748,527
Other liabilities	25,041	21,417	46,458
Total current liabilities	7,101,219	10,141,744	17,242,963
Noncurrent:			
Bonds payable, net of current portion	21,321,131	18,369,854	39,690,985
Net OPEB obligation	43,952	40,044	83,996
Other liabilities	287,971	246,291	534,262
Total noncurrent liabilities	21,653,054	18,656,189	40,309,243
TOTAL LIABILITIES	28,754,273	28,797,933	57,552,206
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	20,103,208	18,547,214	38,650,422
Restricted for debt service	-	1,625,478	1,625,478
Unrestricted	3,317,876	8,875,354	12,193,230
TOTAL NET ASSETS	\$ 23,421,084	\$ 29,048,046	\$ 52,469,130

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 6,115,419	\$ 5,793,848	\$ 11,909,267
Licenses and permits	430,914	137,869	568,783
Departmental revenue	181,253	78,355	259,608
Total Operating Revenues	6,727,586	6,010,072	12,737,658
Operating Expenses:			
Personnel services	1,801,631	1,758,448	3,560,079
Non-personnel services	1,326,286	2,212,128	3,538,414
Depreciation	686,804	1,309,058	1,995,862
Total Operating Expenses	3,814,721	5,279,634	9,094,355
Operating Income	2,912,865	730,438	3,643,303
Nonoperating Revenues (Expenses):			
Grant income	37,952	2,138,154	2,176,106
Investment income	54,859	10,186	65,045
Other revenues	2,360	-	2,360
Interest expense	(938,468)	(896,090)	(1,834,558)
Total Nonoperating Revenues (Expenses)	(843,297)	1,252,250	408,953
Income Before Contributions and Transfers	2,069,568	1,982,688	4,052,256
Capital contributions	28,399	1,174,281	1,202,680
Transfers to other funds	(470,604)	(457,093)	(927,697)
Change in Net Assets	1,627,363	2,699,876	4,327,239
Net Assets at Beginning of Year	21,793,721	26,348,170	48,141,891
Net Assets at End of Year	\$ 23,421,084	\$ 29,048,046	\$ 52,469,130

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 6,066,640	\$ 5,678,429	\$ 11,745,069
Payments to employees for salaries and related benefits	(1,779,131)	(1,729,216)	(3,508,347)
Payments to suppliers for goods and services	<u>(230,215)</u>	<u>(1,251,664)</u>	<u>(1,481,879)</u>
Net Cash Provided By Operating Activities	4,057,294	2,697,549	6,754,843
Cash Flows From Noncapital Financing Activities:			
Transfers to other funds	<u>(470,604)</u>	<u>(457,093)</u>	<u>(927,697)</u>
Net Cash (Used For) Noncapital Financing Activities	(470,604)	(457,093)	(927,697)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(12,236,323)	(5,936,533)	(18,172,856)
Principal payments on bonds	(427,528)	(2,440,169)	(2,867,697)
Proceeds from loans	1,373,613	3,864,957	5,238,570
Proceeds from sale of capital assets	2,360	-	2,360
Proceeds from state grant (aid)	37,952	2,138,154	2,176,106
Capital contributions	142,999	378,690	521,689
Interest expense	<u>(640,677)</u>	<u>(935,198)</u>	<u>(1,575,875)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(11,747,604)	(2,930,099)	(14,677,703)
Cash Flows From Investing Activities:			
Investment income	<u>23,459</u>	<u>10,186</u>	<u>33,645</u>
Net Cash Provided by Investing Activities	<u>23,459</u>	<u>10,186</u>	<u>33,645</u>
Net Change in Cash and Short-Term Investments	(8,137,455)	(679,457)	(8,816,912)
Cash and Short-Term Investments, Beginning of Year	<u>19,909,257</u>	<u>8,833,700</u>	<u>28,742,957</u>
Cash and Short-Term Investments, End of Year	<u>\$ 11,771,802</u>	<u>\$ 8,154,243</u>	<u>\$ 19,926,045</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 2,912,865	\$ 730,438	\$ 3,643,303
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	686,804	1,309,058	1,995,862
Changes in assets and liabilities:			
User fees	(610,511)	(301,455)	(911,966)
Inventory	4,663	1,609	6,272
Accounts payable	58,340	647,813	706,153
Accrued liabilities	10,138	2,760	12,898
Retainage payable	1,033,068	311,042	1,344,110
Net OPEB obligation	21,976	20,022	41,998
Compensated absences	(9,614)	6,450	(3,164)
Other liabilities	<u>(50,435)</u>	<u>(30,188)</u>	<u>(80,623)</u>
Net Cash Provided By Operating Activities	<u>\$ 4,057,294</u>	<u>\$ 2,697,549</u>	<u>\$ 6,754,843</u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 234,724	\$ 399,907
Investments	<u>3,873,314</u>	<u>-</u>
Total Assets	4,108,038	399,907
<u>LIABILITIES</u>		
Other liabilities	<u>-</u>	<u>399,907</u>
Total Liabilities	<u>-</u>	<u>399,907</u>
<u>NET ASSETS</u>		
Total net assets held in trust	\$ <u><u>4,108,038</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Fund</u>
Additions:	
Investment income (loss)	\$ 422,492
Contributions	12,896
Total additions	<u>435,388</u>
Deductions:	
Payments to beneficiaries	<u>170,017</u>
Total deductions	<u>170,017</u>
Net decrease	265,371
Net assets:	
Beginning of year	<u>3,842,667</u>
End of year	<u>\$ 4,108,038</u>

See notes to financial statements.

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The government is a municipal corporation governed by an elected City Council, including a Mayor, eight members, and an appointed City Manager. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2010, it was determined that no entities met the required GASB-39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The government reports the following major governmental funds:

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

- The *School Renovation fund* is a capital project fund established to fund Middle School renovation costs.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

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

Fiduciary Funds employ the same economic resources measurement focus and accrual basis of accounting as do proprietary funds. Agency Funds, however, only report assets and liabilities, and thus have no measurement focus. The government also reports the following fiduciary funds:

- *The Private-Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. Private Purpose Trust Funds held by the City include trust arrangements for the Parks, Scholarships, Worthy Poor, Memorials, and Commemorations.
- *Agency Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Agency Funds held by the City include the Claremont Coalition Fund, Art Speak Fund, and School Fund.

D. Cash and Investments

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

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

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

Investments are considered holdings of greater than three months and are carried at fair value.

E. Interfund Receivables and Payables

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

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

F. Inventories

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Improvements	20
Machinery and equipment	5 - 10
Infrastructure	20 - 50

H. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits depending on their date of hire. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Use of Estimates

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

L. Mandated Fund Balance

In June, 1997, the City Council adopted ordinances Chapter I, Sections 1:1401 and 1:1402 that mandates the City's Undesignated Fund Balance be maintained at not less than 7% of the current year general fund appropriation with an objective of maintaining Undesignated Fund Balance at 10% of appropriations.

Specific City Council ordinances are as follows:

Section 1:1401 - Mandated Fund Balance

The General Fund Balance of the City, at the end of any fiscal year as recorded in accordance with generally accepted accounting principles

(GAAP) and excluding any and all reserves, and any dedicated fund balances of the General Fund (otherwise referred to as Undesignated Fund balance of the General Fund) shall be maintained at the prescribed amount of not less than 7% of the actual Total General Fund appropriations for that fiscal year.

Section 1:1402 - Operational Objective

Notwithstanding the provision of Section 1:1401, it is recognized that the financial management goal of the City of Portsmouth is to annually maintain an Undesignated Fund Balance of at least 7% of total general fund appropriations with an ultimate goal of 10%.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual appropriated budget is adopted for the City's general fund and enterprise funds. In January, the City Manager issues a directive requesting line-item budget proposals from each department for submission in February. All increases in appropriations must be fully substantiated. The City Manager schedules individual departmental reviews with supervisors. The City Manager's recommendations are then presented to the City Council by May 15. The City Council, through the City Manager, also schedules individual departmental reviews.

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

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

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

may transfer any unencumbered appropriation balance or any portion thereof from one department to another. The legal level of control is at the department level. The legal level of control for enterprise funds is from the larger of available income or appropriation.

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

B. Budgetary Basis

The General Fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget.

C. Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data. Adjustments to the proprietary fund are mainly for the omission of depreciation expense which is not budgeted, and the inclusion of principal debt service and capital expenses which are budgeted expenses.

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Excess (Deficiency)</u>
Revenues/Expenditures (GAAP basis)	\$ 81,965,021	\$ 79,295,154	\$ 2,669,867
Other financing sources/uses (GAAP basis)	<u>1,440,398</u>	<u>1,429,660</u>	<u>10,738</u>
Subtotal (GAAP Basis)	83,405,419	80,724,814	2,680,605
Recognize tax revenue on an accrual basis	(506,422)	-	(506,422)
Reverse expenditures of prior year appropriation carryforwards	-	(1,720,301)	1,720,301
Reclassify use of overlay	644,895	644,895	-
Use of fund balance	2,695,350	-	2,695,350
Add end of year appropriation carryforwards	-	2,784,006	(2,784,006)
Other reconciling items	<u>(192,583)</u>	<u>638,536</u>	<u>(831,119)</u>
Budgetary Basis	<u>\$ 86,046,659</u>	<u>\$ 83,071,950</u>	<u>\$ 2,974,709</u>

Adjustments are made to the proprietary funds as well as to conform to the budgetary basis.

D. Excess of Expenditures Over Appropriations

The City is reporting the following over-expenditures:

General administration	\$ (15,851)
Public welfare	(7,675)
County tax	(124,098)

3. Cash and Investments

A. Custodial Credit Risk

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

regional federal reserve bank collateral security for such deposits of the following types:

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

The City does not have policies for custodial credit risk.

As of June 30, 2010, \$1,423,428 of the City's bank balance of \$70,595,528 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the City's name. The uninsured amount includes \$785,307 invested in state pool, and \$638,121 covered under a custodian's errors and omissions policy.

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

At June 30, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>	<u>Average Credit Quality</u>
Debt Securities:			
Bond Mutual Funds	\$ 2,352,041	2.08	BBB+
Other Investments:			
Equity Mutual Funds	6,181,636		
Certificate of Deposit	<u>16,146,614</u>		
Total	<u>\$ 24,680,291</u>		

The City's investments of \$24,680,291 are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is also the counterparty to these securities. This risk is managed by the custodian's errors and omissions policy and securities are held in a separately identifiable trust accounts.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs

the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

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

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

The City does not have a credit risk policy.

C. Concentration of Credit Risk

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

The City has no investments in a single issuer which are greater than 5% of total investments.

D. Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is not provided, since all investments are held in corporate equities and mutual funds.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City does not have policies for foreign currency risk.

4. Property Taxes Receivable

Property taxes were committed in October and were due in two installments, on December 1, 2009 and June 1, 2010. Taxes unpaid by December 2, 2009 and June 2, 2010 accrued interest at 12% until August 28, 2010. A tax lien was recorded on all properties with taxes unpaid as of August 30, 2010, at which time interest began accruing at 18%. The City may foreclose on properties two years after the lien date.

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

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

Taxes receivable at June 30, 2010 are comprised of (amounts expressed in thousands):

Property Taxes:	
2009	\$ 2,354
2007	10
2003	36
Unredeemed Taxes:	
2008	477
2007	117
Other	25
Deeded Property	<u>17</u>
Total	<u>\$ 3,036</u>

5. User Fees Receivable

User fees receivable in water and sewer funds include amounts due from customers for water and sewer usage. User fees receivable are reported net of an allowance for doubtful accounts estimated at up to 30% of accounts receivable depending on the aging of the receivables. Water and sewer delinquent receivables are liened in a similar manner as property taxes, described in Note 4.

User fees receivable and related allowance for doubtful accounts at June 30, 2010 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Gross	\$ 1,810,407	\$ 1,371,336	\$ 3,181,743
Less: Allowance for doubtful accounts	<u>(49,947)</u>	<u>(41,891)</u>	<u>(91,838)</u>
Total	<u>\$ 1,760,460</u>	<u>\$ 1,329,445</u>	<u>\$ 3,089,905</u>

6. Departmental and Other Receivables

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

	<u>Ambulance</u>	<u>Police Detail</u>	<u>Other</u>	<u>Total</u>
Gross	\$ 873,674	\$ 303,030	\$ 133,121	\$ 1,309,825
Less: Allowance for doubtful accounts	<u>(675,553)</u>	<u>-</u>	<u>-</u>	<u>(675,553)</u>
Total	<u>\$ 198,121</u>	<u>\$ 303,030</u>	<u>\$ 133,121</u>	<u>\$ 634,272</u>

Departmental and other receivables in business-type funds represent contribution receivables per agreements between the City and the contributors, for which the City has met its purpose restrictions requirements. Receivables at June 30, 2010 include the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Unrestricted contributions receivable	\$ 723,600	\$ 1,861,733	\$ 2,585,333
Contributions restricted for bonds payable	<u>-</u>	<u>1,625,476</u>	<u>1,625,476</u>
Total	<u>\$ 723,600</u>	<u>\$ 3,487,209</u>	<u>\$ 4,210,809</u>

Contributions receivable at June 30, 2010 are due as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Less than one year	\$ 114,600	\$ 476,515	\$ 591,115
One to five years	210,000	1,688,460	1,898,460
More than five years	<u>399,000</u>	<u>1,322,234</u>	<u>1,721,234</u>
Total	<u>\$ 723,600</u>	<u>\$ 3,487,209</u>	<u>\$ 4,210,809</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2010.

8. Interfund Fund Receivables/Payables and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2010 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
Governmental Funds:				
Major Fund:				
General fund	\$ 853,228	\$ -	\$ 43,500	\$ -
Nonmajor Funds:				
Special Revenue Funds:				
School lunch	-	7,380	-	-
School categorical revenues	-	612,053	-	-
Police grants	-	233,795	-	-
City trust funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,500</u>
Total	<u>\$ 853,228</u>	<u>\$ 853,228</u>	<u>\$ 43,500</u>	<u>\$ 43,500</u>

The balance due to general fund from school categorical revenues fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance due to general fund from school lunch and police grants resulted from a short-term loan made to establish working capital. The advance from general fund to city trust funds was for the North Pier construction project and is not scheduled to be collected in the subsequent year. No interest rate has been assigned to the advance.

This government reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2010:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 927,697	\$ 1,429,660
Nonmajor Funds:		
Special Revenue Funds:		
School categorical revenues	543,064	-
Miscellaneous grants and contributions	223,671	22,220
Conservation	1,050	
Unmet parking needs	22,220	-
Library trust funds	10,296	-
Capital Project Funds:		
Building and infrastructure	15,609	-
Transportation management	-	11,879
Transportation state	57,000	-
Vehicle/equipment replacement	549,800	-
Technology equipment	51,345	-
Permanent Funds:		
City trust funds	-	10,296
Subtotal Nonmajor Funds	1,474,055	44,395
<u>Business-Type Funds:</u>		
Water Fund	-	470,604
Sewer Fund	-	457,093
Total	-	927,697
Grand Total	\$ <u>2,401,752</u>	\$ <u>2,401,752</u>

The transfers from the water and sewer fund to the general fund are made to cover indirect costs of water and sewer funds incurred by general fund.

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

9. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	\$ 93,462	\$ 455	\$ (139)	\$ 93,778
Improvements	6,316	-	-	6,316
Machinery and equipment	15,973	1,156	(371)	16,758
Infrastructure	<u>42,689</u>	<u>5,004</u>	<u>(893)</u>	<u>46,800</u>
Total capital assets, being depreciated	158,440	6,615	(1,403)	163,652
Less accumulated depreciation for:				
Buildings	(27,354)	(1,829)	5	(29,178)
Improvements	(4,768)	(179)	-	(4,947)
Machinery and equipment	(12,022)	(1,121)	368	(12,775)
Infrastructure	<u>(23,932)</u>	<u>(1,291)</u>	<u>893</u>	<u>(24,330)</u>
Total accumulated depreciation	<u>(68,076)</u>	<u>(4,420)</u>	<u>1,266</u>	<u>(71,230)</u>
Total capital assets, being depreciated, net	90,364	2,195	(137)	92,422
Capital assets, not being depreciated:				
Land	15,529	-	(193)	15,336
Construction in progress	<u>8,316</u>	<u>11,032</u>	<u>(2,701)</u>	<u>16,647</u>
Total capital assets, not being depreciated	<u>23,845</u>	<u>11,032</u>	<u>(2,894)</u>	<u>31,983</u>
Governmental activities capital assets, net	<u>\$ 114,209</u>	<u>\$ 13,227</u>	<u>\$ (3,031)</u>	<u>\$ 124,405</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings	\$ 26,836	\$ 771	\$ -	\$ 27,607
Machinery and equipment	19,065	1,774	(63)	20,776
Infrastructure	<u>43,386</u>	<u>354</u>	<u>(60)</u>	<u>43,680</u>
Total capital assets, being depreciated	89,287	2,899	(123)	92,063
Less accumulated depreciation for:				
Buildings	(10,550)	(494)	-	(11,044)
Machinery and equipment	(11,114)	(843)	75	(11,882)
Infrastructure	<u>(10,716)</u>	<u>(659)</u>	<u>48</u>	<u>(11,327)</u>
Total accumulated depreciation	<u>(32,380)</u>	<u>(1,996)</u>	<u>123</u>	<u>(34,253)</u>
Total capital assets, being depreciated, net	56,907	903	-	57,810
Capital assets, not being depreciated:				
Land	1,931	-	-	1,931
Construction in progress	<u>7,408</u>	<u>19,921</u>	<u>(4,647)</u>	<u>22,682</u>
Total capital assets, not being depreciated	<u>9,339</u>	<u>19,921</u>	<u>(4,647)</u>	<u>24,613</u>
Business-type activities capital assets, net	<u>\$ 66,246</u>	<u>\$ 20,824</u>	<u>\$ (4,647)</u>	<u>\$ 82,423</u>

Active construction in progress is composed of the following:

<u>Governmental Projects:</u>	<u>Spent to June 30, 2010</u>	<u>Remaining Commitment</u>
Rt. 33 Bridge	\$ 7,931,035	\$ 687,938
Fire Station 2	4,792,306	152,054
Middle School Renovation	1,493,568	1,754,549
Market St Gateway	634,297	151,943
State Street	409,751	599,131
Sagamore Bridge Replacement	346,440	585,265
Peirce Island Bridge Rails	271,777	31,421
Market St Extension bike path & gateway	173,719	130,090
Pine St Park	83,689	15,330
African Burial Ground	75,961	13,386
Griffin Rd	47,035	17,302
Davis Rd	23,041	1,345
Plains Park	17,092	14,500
Spinney Rd	12,411	47,191
Fairview Dr	11,964	25,411
Pinhurst St	9,242	31,384
Islington/Spinney Intersection	9,086	450
Other capital projects	<u>304,291</u>	<u>327,356</u>
Total Governmental Projects	<u>\$ 16,646,705</u>	<u>\$ 4,586,046</u>

<u>Business-Type Projects</u>	Spent to <u>June 30, 2010</u>	Remaining <u>Commitment</u>
Madbury Water Treatment Plant	\$ 14,022,117	\$ 8,643,924
Bartlett Street Interceptors	3,090,435	2,990,364
State Street Utilities Upgrades, Sewer	1,889,601	1,277,281
201 Facilities Update	1,295,679	194,361
State Street Utilities Upgrades, Water	682,137	122,395
Lincoln Area contract #3	514,506	5,857,494
Greenland Well/Wtr Source Augmentation	276,019	24,243
Raw Water Mgmt, Bellamy Reservoir	257,697	842,303
PIWWTP Outfall	206,850	204,700
Bartlett St Water Line Replacement	170,655	38,616
Water: Water Main Madbury	86,024	99,976
Route 1A Bridge Waterline Replacement	80,208	38,830
Goosebay Drive Sewer Design Upgrades	35,564	2,436
Compliance Monitoring	33,974	39,252
Heritage PS Electrical Upgrade	13,689	4,000
Sagamore Ave South Swr Ext	9,951	10,989
Collins Well Evaluation	9,450	4,050
Concord and Porpoise Way Water Main Replacement	2,980	739
Concord and Porpoise Way Swr	2,980	738
Exit 4 Water Relocation	2,285	178,206
Total Business-Type Projects	\$ <u>22,682,801</u>	\$ <u>20,574,897</u>

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

Governmental Activities:	
General government	\$ 375
Public safety	611
Education	1,051
Public works	1,741
Culture and recreation	527
Community Development	115
Total depreciation expense - governmental activities	\$ <u>4,420</u>
Business-Type Activities:	
Water	\$ 687
Sewer	1,309
Total depreciation expense - business-type activities	\$ <u>1,996</u>

10. Accounts Payable

Accounts payable represent additional 2010 expenditures paid after June 30, 2010.

11. Accrued Liabilities

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

12. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2010 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

13. Tax Refunds Payable

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

14. Other Liabilities

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

15. Notes Payable

The City had State Revolving Loans outstanding at June 30, 2010 in the water and sewer enterprise funds. The notes accrue interest at 1% during the construction phase and will be permanently financed upon completion.

The following are changes in notes payable for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
201 Facilities Update	\$ 704,036	\$ 295,964	\$ -	\$ 1,000,000
Bartlett Interceptors Study	97,491	2,357,315	-	2,454,806
Lincoln Area Contract #3	166,320	161,743	-	328,063
Rye Line Pump Station	764,049	305,665	-	1,069,714
State Street Utilities Upgrades, Design	189,147	457,292	-	646,439
Madbury Water Treatment Plant	750,298	1,524,353	-	2,274,651
Rain Barrels	-	13,500	-	13,500
Raw Water Mgmt, Bellamy Reservoir	257,697	-	-	257,697
	<u>\$ 2,929,038</u>	<u>\$ 5,115,832</u>	<u>\$ -</u>	<u>\$ 8,044,870</u>

16. Long-Term Debt

A. Long-Term Debt Supporting Governmental Activities

General obligation bonds, issued by the City for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the General Fund. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City. The City's borrowing capacity is restrained by State law. Compensated absences are repaid from the funds that the costs relate to, mostly general fund, and also water and sewer funds.

B. General Obligation Bonds

General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Original</u>	<u>Serial</u>	<u>Interest</u>	<u>Outstanding</u>
	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>as of</u>
		<u>Through</u>		<u>6/30/10</u>
Capital Improvements 2003	\$ 3,990,000	09/15/12	2.50 - 3.50	\$ 1,190,000
School Projects	38,000,000	09/15/22	2.50 - 5.00	24,700,000
Capital Improvements 2002	3,750,000	09/15/12	2.50 - 3.50	1,125,000
Athletic Complex Spinnaker	500,000	09/15/12	2.50 - 3.50	150,000
Capital Improvements	400,000	09/15/12	2.50 - 3.50	120,000
Library	6,960,000	08/01/25	4.00	5,560,000
Capital Improvements 2005	2,945,000	08/01/15	4.00	1,765,000
Capital Improvements 2006	950,000	06/15/17	4.00	665,000
Capital Improvements Streets Sidewalks 2007	3,450,000	06/15/17	4.00	2,415,000
Capital Improvements to Facilities 2007	1,000,000	06/15/17	4.00	700,000
New Castle Ave. Seawall	600,000	06/15/17	4.00	420,000
Coakley Landfill	3,768,000	08/01/18	3.80	1,622,597
Coakley Landfill OU2	652,330	07/01/19	3.80	326,164
FY08 Streets, Sidewalks, Bridges	2,500,000	06/15/18	3.71	2,000,000
FY08 School Improvements	500,000	06/15/18	3.71	400,000
Fire Station 2	3,650,000	06/15/28	3.98	3,280,000
Purchase of Land for Fire Station 2	1,300,000	06/15/28	3.98	1,170,000
Fire Apparatus	750,000	06/15/13	3.49	450,000
Capital Improvements 2009 Fire Station 2	1,500,000	01/15/29	3.76	1,425,000
Capital Improvements 2009	3,500,000	01/15/19	3.76	3,150,000
Capital Improvements 2010	1,800,000	05/15/20	3.27	1,800,000
School Improvements 2010	500,000	05/15/20	3.27	500,000
Middle School Construction	15,000,000	05/15/30	3.27	15,000,000
Total Governmental Activities				\$ <u>69,933,761</u>

<u>Business-Type Activities:</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/10</u>
<u>Water:</u>				
Upgrade to Motor Control	\$ 300,000	01/01/22	3.98	\$ 180,000
Corrosion Control Program	288,000	01/01/22	3.80	172,800
Constitution Avenue	4,800,000	01/01/22	3.70	3,120,000
Spinney Tank	1,162,560	12/01/22	3.73	755,664
Madbury WTP Design	2,000,000	06/01/28	2.49	1,800,000
Water Treatment Plant	16,000,000	01/15/29	3.94	16,000,000
<u>Sewer:</u>				
Waste Water Treatment Plant Pease	6,586,836	03/01/20	4.46	3,214,505
1992 Sewer Bonds	19,500,000	01/15/12	6.52	1,950,000
Sewer Projects Phase I	4,931,361	08/01/21	3.98	2,958,816
Sewer Projects Phase II	8,898,110	12/01/24	3.69	6,673,583
Lower Court Utilities Upgrade	688,563	07/01/27	3.49	619,707
Lincoln Area Stormwater	734,199	12/01/12	1.09	440,519
Phase III Sewer	5,508,137	12/01/27	3.49	4,957,323
Total Business-Type Activities				<u>\$ 42,842,917</u>

C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2010 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 6,327,905	\$ 2,707,297	\$ 9,035,202
2012	6,327,905	2,498,100	8,826,005
2013	6,317,905	2,286,616	8,604,521
2014	5,312,905	2,067,663	7,380,568
2015	5,312,905	1,852,223	7,165,128
2016-2020	22,429,236	6,015,382	28,444,618
2021-2025	12,775,000	2,132,628	14,907,628
2026-2030	5,130,000	537,973	5,667,973
Total	<u>\$ 69,933,761</u>	<u>\$ 20,097,882</u>	<u>\$ 90,031,643</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,717,127	\$ 1,752,306	\$ 5,469,433
2012	3,717,127	1,592,487	5,309,614
2013	2,742,127	1,415,769	4,157,896
2014	2,595,287	1,304,860	3,900,147
2015	2,595,287	1,195,554	3,790,841
2016-2020	12,966,434	4,339,422	17,305,856
2021-2025	9,920,022	1,972,204	11,892,226
2026-2029	4,589,505	441,720	5,031,225
Total	<u>\$ 42,842,916</u>	<u>\$ 14,014,322</u>	<u>\$ 56,857,238</u>

D. Bond Authorizations/Unissued

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2010 are as follows:

<u>Purpose</u>	<u>Amount</u>
Coakley Landfill	\$ 4,641,897
State St. Utilities upgrade	2,200,000
Sewer Phase III	15,352,917
Court St. - Phase II	13,328
Rye Line Pump Station	1,500,000
Water System Improvements	1,320,000
Rain Barrels and Leak Detection	55,000
Water Capital Projects	8,100,000
Madbury Water Treatment Plan	9,000,000
Middle School Renovation	22,500,000
Total Bond Authorizations	<u>\$ 64,683,142</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2010, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/09</u>	Additions	Reductions	Total Balance <u>6/30/10</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/10</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 58,741	\$ 17,300	\$ (6,107)	\$ 69,934	\$ (6,328)	\$ 63,606
Unamortized premium	<u>702</u>	<u>513</u>	<u>(53)</u>	<u>1,162</u>	<u>(79)</u>	<u>1,083</u>
Subtotal	59,443	17,813	(6,160)	71,096	(6,407)	64,689
Net OPEB obligation	433	433	-	866	-	866
Other:						
Landfill closure	1,440	-	-	1,440	-	1,440
Accrued employee benefits	<u>7,617</u>	<u>436</u>	<u>(815)</u>	<u>7,238</u>	<u>(869)</u>	<u>6,369</u>
Subtotal	<u>9,057</u>	<u>436</u>	<u>(815)</u>	<u>8,678</u>	<u>(869)</u>	<u>7,809</u>
Totals	<u>\$ 68,933</u>	<u>\$ 18,682</u>	<u>\$ (6,975)</u>	<u>\$ 80,640</u>	<u>\$ (7,276)</u>	<u>\$ 73,364</u>

	Balance <u>7/1/09</u>	Additions	Reductions	Total Balance <u>6/30/10</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/10</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 45,745	\$ -	\$ (2,902)	\$ 42,843	\$ (3,717)	\$ 39,126
Unamortized premium	<u>628</u>	<u>-</u>	<u>(31)</u>	<u>597</u>	<u>(32)</u>	<u>565</u>
Subtotal	46,373	-	(2,933)	43,440	(3,749)	39,691
Net OPEB obligation	42	42	-	84	-	84
Other:						
Accrued employee benefits	<u>584</u>	<u>5</u>	<u>(8)</u>	<u>581</u>	<u>(46)</u>	<u>535</u>
Subtotal	<u>584</u>	<u>5</u>	<u>(8)</u>	<u>581</u>	<u>(46)</u>	<u>535</u>
Totals	<u>\$ 46,999</u>	<u>\$ 47</u>	<u>\$ (2,910)</u>	<u>\$ 43,508</u>	<u>\$ (3,763)</u>	<u>\$ 39,745</u>

17. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

18. Reserves and Designations of Fund Equity

“Reserves” of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use. Fund “designations,” which are not legally required segregations, have also been established to indicate tentative plans for future financial utilization.

The following types of reserves and designations are reported at June 30, 2010:

Reserved for Encumbrances - An account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance.

Reserved for Inventory - An account used to segregate that portion of fund balance committed for inventory purposes.

Reserved for Advances - An account used to segregate a portion of fund balance to indicate that advances to other funds, although a component of assets, do not represent available spendable resources.

Reserved for Perpetual Permanent Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

Unreserved - Designated - Represents management’s setting funds aside toward future liabilities. The estimate includes \$6,993,128 for future health insurance cost increases, \$1,216,161 towards funding the liability for employees’ compensated absences, \$2,105,274 for future tax appraisal issues, \$700,000 for future state property tax, \$619,645 for Coakley Landfill, \$6,605,299 for debt service, and \$50,000 for indoor pool.

19. Commitments and Contingencies

Outstanding Lawsuits - There are several pending lawsuits in which the City is involved. The City’s management is of the opinion that the potential future settlement of such claims in excess of available insurance coverage would not materially affect its financial statements taken as a whole.

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

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

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

In December 1991, the City Council authorized the issuance of \$8.9 million in bonds to pay for the costs of the project. To date, the City has borrowed \$4,258,103 from the State Revolving Loan Fund against this authorization. The City is receiving state aid payments in connection with the project in the total amount of \$943,644 payable over the life of the loan. The City awaits a final determination of the City's remaining liability, if any. Estimated liability may change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws and regulations.

Consent Decree - The City of Portsmouth is obligated, under a Consent Decree with the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (DES), to identify a means and a timetable for achieving compliance with new secondary treatment requirements at its existing Peirce Island Wastewater Treatment Facility. That Consent Decree was approved by the U.S. District Court in the District of New Hampshire on September 24, 2009 (2009 Consent Decree). As part of the 2009 Consent Decree, the City is engaged in a wastewater master planning effort. In accordance with the Consent Decree, a draft of that plan was submitted to the EPA in June of this year and a final submission was made on November 15, 2010. The proposed plan calls for a one-year period of technology testing beginning in FY 2012. Following that testing period, design, permitting and agency review will take a couple of years with construction currently projected to begin in FY 2015. In addition to the

treatment plant upgrades, the submittal includes Combined Sewer Overflow (CSO) work that has been identified in the City's Capital Improvement Plans for the past several years.

20. Retirement System

The City follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. Revised Statutes Annotated 100-A:41-a of New Hampshire Law assigns the system the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 4 Chenell Drive, Concord, New Hampshire 03301-8509.

B. Funding Policy

Plan members are required to contribute between 5% and 9.30% of annual covered compensation to the pension plan. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 7.49% - 17.28% of covered compensation. The City's required annual contributions to the System for the years ended June 30 were made as follows:

	<u>2010</u>		<u>2009</u>		<u>2008</u>
City	\$ 2,284,896	\$	2,184,289	\$	2,164,472
School	<u>1,723,685</u>		<u>1,376,485</u>		<u>1,323,020</u>
Total	<u>\$ 4,008,581</u>	<u>\$</u>	<u>3,560,774</u>	<u>\$</u>	<u>3,487,492</u>

21. **Post-Employment Health Care and Life Insurance Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits for retired employees through the City's single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2009, the actuarial valuation date, approximately 159 retirees and 726 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

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

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the City. The City contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2010 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No.

45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2010, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2009.

Annual Required Contribution (ARC)	\$ 1,483,391
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	1,483,391
Contributions made	(1,007,923)
Increase in net OPEB obligation	475,468
Net OPEB obligation - beginning of year	475,468
Net OPEB obligation - end of year	\$ 950,936

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 1,483,391	67.9%	\$ 950,936
2009	\$ 1,483,391	67.9%	\$ 475,468

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 15,064,283
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 15,064,283
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 35,619,012
UAAL as a percentage of covered payroll	42.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of

events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an opened group basis. This has been calculated assuming the amortization payment increases at a rate of 3.0%.

22. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**CITY OF PORTSMOUTH, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2010
(Unaudited)**

Other Post-Employment Benefits

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percent- age of Covered Payroll <u>[(b-a)/c]</u>
06/30/09	\$ -	\$ 15,064,283	\$ 15,064,283	0.0%	\$ 35,619,012	42.3%

See Independent Auditors' Report.

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Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Community Development: to account for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning. Current grants are mainly designed for City of Portsmouth economic development, housing rehabilitation, public service, and public facilities.
- School Lunch: to account for local funds and funds received from the federal and state governments to provide lunches at City of Portsmouth schools.
- School Categorical Revenues: to account for funds received from the federal and state governments for special programs and projects at City of Portsmouth schools.
- Miscellaneous Grants and Contributions: to account for the various other funds of the City designated for specific purposes.
- Police Grants: to account for federal and State grants for the Police Department.
- Seizure: to account for Federal Equitable Sharing program funds received from seized funds and equipment.
- Parking and Transportation: to account for operations of the City's parking facility, parking enforcement, parking meter operations and parking administration funded by funds generated from these parking activities.
- Housing Subsidy: to account for housing subsidy grants to provide assistance to first time homebuyers.
- Conservation: to account for Land Use Change Tax dedicated for the acquisition or preservation of open space.

- Unmet Parking Needs: to account for fees collected for unmet parking needs to be used within the Central Business District for transportation related improvements.
- Recreation: to account for fees collected for sports and other recreational activities and related expenditures.
- Library Trust Funds: to account for expendable gifts received by the Library.
- City Trust Funds: to account for the various expendable portion of the City's trusts.

CAPITAL PROJECT FUNDS

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

The current funds were established for the following purposes:

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

PERMANENT FUNDS

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

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

	Special Revenue Funds			
	<u>Community Development</u>	<u>School Lunch</u>	<u>School Categorical Revenues</u>	<u>Miscellaneous Grants and Contributions</u>
ASSETS				
Cash and short-term investments	\$ 3,665,098	\$ 1,584	\$ -	\$ 2,136,504
Investments	-	-	-	-
Departmental and other receivables	736	22,848	43,509	215
Intergovernmental receivables	29,577	-	1,019,312	619,574
Loans receivable	841,159	-	-	47,000
Inventory	-	21,287	-	-
Total Assets	<u>\$ 4,536,570</u>	<u>\$ 45,719</u>	<u>\$ 1,062,821</u>	<u>\$ 2,803,293</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,727	\$ -	\$ 9,143	\$ 19,477
Accrued liabilities	-	-	-	75
Retainage payable	17,878	-	-	61,888
Deferred revenues	840,159	22,573	4,221	47,000
Due to other funds	-	7,380	612,053	-
Advances from other funds	-	-	-	-
Total Liabilities	876,764	29,953	625,417	128,440
Fund Balances:				
Reserved for:				
Inventory	-	21,287	-	-
Perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	3,659,806	(5,521)	437,404	2,674,853
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
Total Fund Balances	<u>3,659,806</u>	<u>15,766</u>	<u>437,404</u>	<u>2,674,853</u>
Total Liabilities and Fund Balances	<u>\$ 4,536,570</u>	<u>\$ 45,719</u>	<u>\$ 1,062,821</u>	<u>\$ 2,803,293</u>

Special Revenue Funds

<u>Police Grants</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Unmet Parking Needs</u>
\$ -	\$ 21,166	\$ 678,248	\$ 76,080	\$ 839,022	\$ 395,111
-	-	-	-	-	-
-	-	-	-	-	-
336,770	-	-	-	-	-
-	-	-	1,213,647	-	-
-	-	-	-	-	-
<u>\$ 336,770</u>	<u>\$ 21,166</u>	<u>\$ 678,248</u>	<u>\$ 1,289,727</u>	<u>\$ 839,022</u>	<u>\$ 395,111</u>
\$ 79,959	\$ 30	\$ 32,019	\$ -	\$ 969	\$ -
115	-	37,224	-	-	-
-	-	-	-	-	-
-	-	-	1,213,647	-	-
233,795	-	-	-	-	-
-	-	-	-	-	-
<u>313,869</u>	<u>30</u>	<u>69,243</u>	<u>1,213,647</u>	<u>969</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
22,901	21,136	609,005	76,080	838,053	395,111
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,901</u>	<u>21,136</u>	<u>609,005</u>	<u>76,080</u>	<u>838,053</u>	<u>395,111</u>
<u>\$ 336,770</u>	<u>\$ 21,166</u>	<u>\$ 678,248</u>	<u>\$ 1,289,727</u>	<u>\$ 839,022</u>	<u>\$ 395,111</u>

(continued)

(continued)

	Special Revenue Funds			Subtotals
	Recreation	Library Trust Funds	City Trust Funds	
ASSETS				
Cash and short-term investments	\$ 142,483	\$ 358,508	\$ 13,793	\$ 8,327,597
Investments	-	8,550	164,100	172,650
Departmental and other receivables	-	-	-	67,308
Intergovernmental receivables	-	-	-	2,005,233
Loans receivable	-	-	-	2,101,806
Inventory	-	-	-	21,287
Total Assets	<u>\$ 142,483</u>	<u>\$ 367,058</u>	<u>\$ 177,893</u>	<u>\$ 12,695,881</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,279	\$ 19,963	\$ -	\$ 185,566
Accrued liabilities	-	-	-	37,414
Retainage payable	-	-	-	79,766
Deferred revenues	-	-	-	2,127,600
Due to other funds	-	-	-	853,228
Advances from other funds	-	-	43,500	43,500
Total Liabilities	5,279	19,963	43,500	3,327,074
Fund Balances:				
Reserved for:				
Inventory	-	-	-	21,287
Perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	137,204	347,095	134,393	9,347,520
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
Total Fund Balances	<u>137,204</u>	<u>347,095</u>	<u>134,393</u>	<u>9,368,807</u>
Total Liabilities and Fund Balances	<u>\$ 142,483</u>	<u>\$ 367,058</u>	<u>\$ 177,893</u>	<u>\$ 12,695,881</u>

Capital Project Funds

<u>Building and Infrastructure</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ 1,651,800	\$ 3,694,856	\$ 869,137	\$ 288,441	\$ 4,230	\$ 6,508,464
-	-	-	-	-	-
-	-	1,021,462	-	-	1,021,462
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,651,800</u>	<u>\$ 3,694,856</u>	<u>\$ 1,890,599</u>	<u>\$ 288,441</u>	<u>\$ 4,230</u>	<u>\$ 7,529,926</u>
\$ 150,774	\$ 206,803	\$ 248,818	\$ -	\$ -	\$ 606,395
-	-	-	-	-	-
56,226	185,793	26,396	-	-	268,415
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
207,000	392,596	275,214	-	-	874,810
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,444,800	3,302,260	1,615,385	288,441	4,230	6,655,116
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,444,800</u>	<u>3,302,260</u>	<u>1,615,385</u>	<u>288,441</u>	<u>4,230</u>	<u>6,655,116</u>
<u>\$ 1,651,800</u>	<u>\$ 3,694,856</u>	<u>\$ 1,890,599</u>	<u>\$ 288,441</u>	<u>\$ 4,230</u>	<u>\$ 7,529,926</u>

(continued)

(continued)

	<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>City Trust Funds</u>	<u>Library Trust Funds</u>	<u>Subtotals</u>	
<u>ASSETS</u>				
Cash and short-term investments	\$ 394,868	\$ -	\$ 394,868	\$ 15,230,929
Investments	4,483,629	4,084	4,487,713	4,660,363
Departmental and other receivables	-	-	-	67,308
Intergovernmental receivables	-	-	-	3,026,695
Loans receivable	-	-	-	2,101,806
Inventory	-	-	-	21,287
Total Assets	<u>\$ 4,878,497</u>	<u>\$ 4,084</u>	<u>\$ 4,882,581</u>	<u>\$ 25,108,388</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 769	\$ -	\$ 769	\$ 792,730
Accrued liabilities	-	-	-	37,414
Retainage payable	-	-	-	348,181
Deferred revenues	-	-	-	2,127,600
Due to other funds	-	-	-	853,228
Advances from other funds	-	-	-	43,500
Total Liabilities	769	-	769	4,202,653
Fund Balances:				
Reserved for:				
Inventory	-	-	-	21,287
Perpetual permanent funds	1,584,492	4,000	1,588,492	1,588,492
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	-	-	9,347,520
Capital project funds	-	-	-	6,655,116
Permanent funds	<u>3,293,236</u>	<u>84</u>	<u>3,293,320</u>	<u>3,293,320</u>
Total Fund Balances	<u>4,877,728</u>	<u>4,084</u>	<u>4,881,812</u>	<u>20,905,735</u>
Total Liabilities and Fund Balances	<u>\$ 4,878,497</u>	<u>\$ 4,084</u>	<u>\$ 4,882,581</u>	<u>\$ 25,108,388</u>

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2010

	Special Revenue Funds			
	<u>Community Development</u>	<u>School Lunch</u>	<u>School Categorical Revenues</u>	<u>Miscellaneous Grants and Contributions</u>
Revenues:				
Intergovernmental	\$ 991,612	\$ 343,905	\$ 4,151,649	\$ 1,517,805
Charges for services	-	479,815	-	7,450
Investment income	7,048	-	-	-
Fines and costs	-	-	-	13,962
Contributions	60	-	-	22,884
Other	173,001	-	-	11,361
Total Revenues	1,171,721	823,720	4,151,649	1,573,462
Expenditures:				
Current:				
General government	-	-	-	112,821
Public safety	-	-	-	117,733
Education	-	811,272	4,560,036	2,720
Public works	-	-	-	540,769
Health and human services	-	-	-	624
Culture and recreation	-	-	-	14,286
Community development	1,398,069	-	-	1,167,492
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	1,398,069	811,272	4,560,036	1,956,445
Excess (deficiency) of revenues over (under) expenditures	(226,348)	12,448	(408,387)	(382,983)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	-	-	543,064	223,671
Transfers out	-	-	-	(22,220)
Total Other Financing Sources (Uses)	-	-	543,064	201,451
Net change in fund balances	(226,348)	12,448	134,677	(181,532)
Fund Balances, beginning of year	3,886,154	3,318	302,727	2,856,385
Fund Balances, end of year	\$ 3,659,806	\$ 15,766	\$ 437,404	\$ 2,674,853

Special Revenue Funds

<u>Police Grants</u>	<u>Seizure</u>	<u>Parking and Transportation</u>	<u>Housing Subsidy</u>	<u>Conservation</u>	<u>Unmet Parking Needs</u>
\$ 632,598	\$ 5,077	\$ -	\$ -	\$ -	\$ -
-	-	2,246,686	-	-	10,612
-	89	-	301	1,203	-
-	1,505	-	-	-	-
12,411	1,736	-	-	-	-
-	-	-	4,455	-	-
<u>645,009</u>	<u>8,407</u>	<u>2,246,686</u>	<u>4,756</u>	<u>1,203</u>	<u>10,612</u>
-	-	8,941	-	28,303	-
635,178	22,408	-	-	-	-
-	-	-	-	-	-
-	-	1,570,766	-	-	33,696
-	-	-	-	-	-
-	-	-	3,646	-	-
-	-	450,000	-	-	-
-	-	22,950	-	-	-
-	-	-	-	-	-
<u>635,178</u>	<u>22,408</u>	<u>2,052,657</u>	<u>3,646</u>	<u>28,303</u>	<u>33,696</u>
9,831	(14,001)	194,029	1,110	(27,100)	(23,084)
-	-	-	-	-	-
-	-	-	-	1,050	22,220
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>22,220</u>
9,831	(14,001)	194,029	1,110	(26,050)	(864)
<u>13,070</u>	<u>35,137</u>	<u>414,976</u>	<u>74,970</u>	<u>864,103</u>	<u>395,975</u>
<u>\$ 22,901</u>	<u>\$ 21,136</u>	<u>\$ 609,005</u>	<u>\$ 76,080</u>	<u>\$ 838,053</u>	<u>\$ 395,111</u>

(continued)

(continued)

	Special Revenue Funds			Subtotals
	Recreation	Library Trust Funds	City Trust Funds	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 7,642,646
Charges for services	151,072	90,484	35,315	3,021,434
Investment income	-	2,411	5,248	16,300
Fines and costs	-	-	-	15,467
Contributions	-	53,120	81,306	171,517
Other	15	-	-	188,832
Total Revenues	151,087	146,015	121,869	11,056,196
Expenditures:				
Current:				
General government	-	-	-	150,065
Public safety	-	-	-	775,319
Education	-	-	-	5,374,028
Public works	-	-	-	2,145,231
Health and human services	-	-	-	624
Culture and recreation	130,666	111,948	43,961	300,861
Community development	-	-	-	2,569,207
Debt service:				
Principal	-	-	-	450,000
Interest	-	-	-	22,950
Capital outlay	-	-	-	-
Total Expenditures	130,666	111,948	43,961	11,788,285
Excess (deficiency) of revenues over (under) expenditures	20,421	34,067	77,908	(732,089)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	-	10,296	-	800,301
Transfers out	-	-	-	(22,220)
Total Other Financing Sources (Uses)	-	10,296	-	778,081
Net change in fund balances	20,421	44,363	77,908	45,992
Fund Balances, beginning of year	116,783	302,732	56,485	9,322,815
Fund Balances, end of year	\$ 137,204	\$ 347,095	\$ 134,393	\$ 9,368,807

Capital Project Funds					
<u>Building and Infrastructure</u>	<u>Transportation Management</u>	<u>Transportation State</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Technology Equipment</u>	<u>Subtotals</u>
\$ -	\$ -	\$ 3,534,730	\$ -	\$ -	\$ 3,534,730
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	131,653	-	-	131,653
-	-	-	-	-	-
-	-	3,666,383	-	-	3,666,383
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,045,544	1,691,526	4,203,690	831,025	55,201	10,826,986
4,045,544	1,691,526	4,203,690	831,025	55,201	10,826,986
(4,045,544)	(1,691,526)	(537,307)	(831,025)	(55,201)	(7,160,603)
900,000	400,000	1,000,000	-	-	2,300,000
15,609	-	57,000	549,800	51,345	673,754
-	(11,879)	-	-	-	(11,879)
915,609	388,121	1,057,000	549,800	51,345	2,961,875
(3,129,935)	(1,303,405)	519,693	(281,225)	(3,856)	(4,198,728)
4,574,735	4,605,665	1,095,692	569,666	8,086	10,853,844
\$ 1,444,800	\$ 3,302,260	\$ 1,615,385	\$ 288,441	\$ 4,230	\$ 6,655,116

(continued)

(continued)

	Permanent Funds			Total Nonmajor Governmental Funds
	City Trust Funds	Library Trust Funds	Subtotals	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 11,177,376
Charges for services	-	-	-	3,021,434
Investment income	524,559	65	524,624	540,924
Fines and costs	-	-	-	15,467
Contributions	3,625	-	3,625	306,795
Other	1,084	-	1,084	189,916
Total Revenues	529,268	65	529,333	15,251,912
Expenditures:				
Current:				
General government	-	-	-	150,065
Public safety	-	-	-	775,319
Education	-	-	-	5,374,028
Public works	-	-	-	2,145,231
Health and human services	-	-	-	624
Culture and recreation	214,810	-	214,810	515,671
Community development	-	-	-	2,569,207
Debt service:				
Principal	-	-	-	450,000
Interest	-	-	-	22,950
Capital Outlay	-	-	-	10,826,986
Total Expenditures	214,810	-	214,810	22,830,081
Excess (deficiency) of revenues over (under) expenditures	314,458	65	314,523	(7,578,169)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	2,300,000
Transfers in	-	-	-	1,474,055 (1)
Transfers out	(10,296)	-	(10,296)	(44,395) (1)
Total Other Financing Sources (Uses)	(10,296)	-	(10,296)	3,729,660
Net change in fund balances	304,162	65	304,227	(3,848,509)
Fund Balances, beginning of year	4,573,566	4,019	4,577,585	24,754,244
Fund Balances, end of year	\$ 4,877,728	\$ 4,084	\$ 4,881,812	\$ 20,905,735

(1) Transfers in and out were netted on page 44 to eliminate activity within nonmajor governmental funds.

GENERAL FUND

The General Fund is established to account for all resources obtained and used for those services commonly provided by a city which are not accounted for in any other fund. These services include among other items: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture and Recreation. The primary sources of revenue of the General Fund are: property taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

**Detail and Combining Budget
and Actual Schedules**

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Detail Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>Revenues</u>				
<u>Taxes</u>				
Property taxes	\$ 63,771,885	\$ 63,771,885	\$ 63,771,885	\$ -
Payment in lieu of taxes	<u>150,000</u>	<u>150,000</u>	<u>207,329</u>	<u>57,329</u>
Total Taxes	63,921,885	63,921,885	63,979,214	57,329
<u>Licenses and Permits</u>				
Motor vehicle permits and fees	3,200,000	3,200,000	3,034,075	(165,925)
Business licenses, permits and fees	<u>977,000</u>	<u>977,000</u>	<u>1,077,363</u>	<u>100,363</u>
Total Licenses and Permits	4,177,000	4,177,000	4,111,438	(65,562)
<u>Intergovernmental</u>				
City:				
Shared revenues	921,495	921,495	917,477	(4,018)
Highway block grant	370,719	370,719	354,960	(15,759)
Other state grants	268,862	268,862	270,117	1,255
School:				
Tuition	4,600,000	4,600,000	5,412,759	812,759
School building aid	<u>1,026,722</u>	<u>1,026,722</u>	<u>1,029,522</u>	<u>2,800</u>
Total Intergovernmental	7,187,798	7,187,798	7,984,835	797,037
<u>Charges for Services</u>				
Income from departments	1,414,814	1,414,814	1,820,027	405,213
Income from PDA	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,072,657</u>	<u>(27,343)</u>
Total Charges for Services	3,514,814	3,514,814	3,892,684	377,870
<u>Investment Income</u>	450,000	450,000	543,298	93,298
<u>Interest and Penalties</u>	150,000	150,000	270,299	120,299
<u>Fines and Costs</u>	949,000	949,000	877,422	(71,578)
<u>Other Revenues</u>				
Sale of municipal property	5,000	5,000	16,574	11,574
Rents of municipal property	178,422	178,422	159,092	(19,330)
Miscellaneous	<u>90,000</u>	<u>90,000</u>	<u>76,055</u>	<u>(13,945)</u>
Total Other Revenues	273,422	273,422	251,721	(21,701)
<u>Other Financing Sources</u>				
Bond premiums	-	-	512,701	512,701
Transfers In	927,697	927,697	927,697	-
Use of fund balance	<u>2,487,120</u>	<u>2,695,350</u>	<u>2,695,350</u>	<u>-</u>
Total Other Financing Sources	<u>3,414,817</u>	<u>3,623,047</u>	<u>4,135,748</u>	<u>512,701</u>
Total Revenues and Other Financing Sources	<u>\$ 84,038,736</u>	<u>\$ 84,246,966</u>	<u>\$ 86,046,659</u>	<u>\$ 1,799,693</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<u>Expenditures</u>				
<u>General Government</u>				
City council	\$ 32,121	\$ 32,121	\$ 22,479	\$ 9,642
City manager	253,970	255,927	250,632	5,295
City clerk	197,767	202,329	198,572	3,757
Elections	43,177	43,177	18,947	24,230
Legal	417,247	430,424	419,228	11,196
Human resources	2,349,483	2,356,226	2,329,767	26,459
Finance/Accounting	<u>1,611,742</u>	<u>1,636,426</u>	<u>1,604,483</u>	<u>31,943</u>
Total General Government	4,905,507	4,956,630	4,844,108	112,522
<u>Other General Government</u>				
General administration	883,462	875,350	891,201	(15,851)
Collective bargaining contingency	<u>1,248,606</u>	<u>913,447</u>	<u>913,447</u>	<u>-</u>
Total Other General Government	2,132,068	1,788,797	1,804,648	(15,851)
<u>Public Works</u>	5,622,265	5,637,436	5,445,542	191,894
<u>Community Services</u>				
Public library	1,476,365	1,481,871	1,452,309	29,562
Recreation	1,116,780	1,126,912	1,126,912	-
Public welfare	367,927	372,071	379,746	(7,675)
Outside social services	<u>188,537</u>	<u>188,537</u>	<u>188,537</u>	<u>-</u>
Total Community Services	3,149,609	3,169,391	3,147,504	21,887
<u>Regulatory Services</u>				
Planning	503,849	523,124	519,994	3,130
Building inspection	351,500	358,743	337,237	21,506
Public health	<u>120,703</u>	<u>124,272</u>	<u>124,227</u>	<u>45</u>
Total Regulatory Services	976,052	1,006,139	981,458	24,681
<u>Emergency Management</u>	10,000	10,000	7,570	2,430
<u>Police Department</u>	8,613,059	8,650,896	8,468,291	182,605
<u>Fire Department</u>	6,814,861	6,822,400	6,775,434	46,966
<u>School Department</u>	36,062,771	36,244,503	36,241,880	2,623

(continued)

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund

For the Year Ended June 30, 2010

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<u>Non-Operating</u>				
Debt service payments	\$ 8,506,496	\$ 8,506,496	\$ 8,032,670	\$ 473,826
Overlay	900,000	900,000	644,895	255,105
Capital outlay	800,000	800,000	800,000	-
County tax	3,825,800	3,825,800	3,949,898	(124,098)
Contingency	300,000	300,000	300,000	-
Other General non-operating	<u>1,420,248</u>	<u>1,628,478</u>	<u>1,628,052</u>	<u>426</u>
Total Non-Operating	<u>15,752,544</u>	<u>15,960,774</u>	<u>15,355,515</u>	<u>605,259</u>
Total Expenditures	<u>\$ 84,038,736</u>	<u>\$ 84,246,966</u>	<u>\$ 83,071,950</u>	<u>\$ 1,175,016</u>

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Enterprise Funds

Enterprise Funds were established to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the activity be self-supporting based on user charges.

The City of Portsmouth has the following Enterprise Funds:

Water Fund: To account for the operation of a water treatment plant, City wells and water system.

Sewer Fund: To account for the operation of two sewer treatment plants, pumping stations and sewer lines.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Schedule of Revenues and Expenses -
Budget and Actual

Enterprise Funds

For the Year Ended June 30, 2010

		Water Fund	
	Final Budget *	Actual (Budgetary Basis)	Variance
Operating Revenues:			
Charges for services	\$ 6,731,744	\$ 6,115,419	\$ (616,325)
Licenses and permits	468,000	430,914	(37,086)
Departmental revenue	<u>306,817</u>	<u>181,256</u>	<u>(125,561)</u>
Total Operating Revenues	7,506,561	6,727,589	(778,972)
Operating Expenses:			
Personnel	2,039,810	1,801,631	238,179
Non-personnel	2,081,245	1,623,803	457,442
Depreciation	<u>751,944</u>	<u>686,804</u>	<u>65,140</u>
Total Operating Expenses	<u>4,872,999</u>	<u>4,112,238</u>	<u>760,761</u>
Operating Income (Loss)	2,633,562	2,615,351	(18,211)
Nonoperating Income and (Expenses):			
Grants income	-	24,452	24,452
Investment income	25,000	54,859	29,859
Other income	-	2,360	2,360
Capital	(2,320,000)	(2,320,000)	-
Interest expense	<u>(1,103,488)</u>	<u>(938,468)</u>	<u>165,020</u>
Total Nonoperating Revenues (Expenses)	<u>(3,398,488)</u>	<u>(3,176,797)</u>	<u>221,691</u>
Income (Loss) Before Contributions and Transfers	(764,926)	(561,446)	203,480
Capital contributions from developers	20,515	28,399	7,884
Operating transfers out	(399,576)	(470,604)	(71,028)
Other Financing Sources:			
Use of retained earnings	<u>1,143,987</u>	<u>1,143,987</u>	<u>-</u>
Net Income	<u>\$ -</u>	<u>\$ 140,336</u>	<u>\$ 140,336</u>

* Final budget did not change from original budget.

Sewer Fund		
Final Budget *	Actual (Budgetary Basis)	Variance
\$ 6,042,962	\$ 5,793,848	\$ (249,114)
148,500	137,869	(10,631)
<u>103,442</u>	<u>78,355</u>	<u>(25,087)</u>
6,294,904	6,010,072	(284,832)
2,016,500	1,758,448	258,052
3,416,118	2,864,484	551,634
<u>1,389,272</u>	<u>1,309,058</u>	<u>80,214</u>
<u>6,821,890</u>	<u>5,931,990</u>	<u>889,900</u>
(526,986)	78,082	605,068
1,353,279	1,491,714	138,435
100,000	10,186	(89,814)
-	-	-
(1,218,000)	(1,218,000)	-
<u>(1,132,019)</u>	<u>(896,090)</u>	<u>235,929</u>
<u>(896,740)</u>	<u>(612,190)</u>	<u>284,550</u>
(1,423,726)	(534,108)	889,618
127,635	1,174,281	1,046,646
(441,660)	(457,093)	(15,433)
<u>1,737,751</u>	<u>1,737,751</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,920,831</u>	<u>\$ 1,920,831</u>

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

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

- Park Fund represents contributions used to compensate local artists performing in Prescott Park Arts Festival and to maintain and provide for upkeep of the Lower State Street Park.
- Scholarship Fund represents contributions used to subsidize education costs for eligible students.
- Worthy Poor Fund represents contributions to help eligible residents with living costs.
- Memorial Fund represents contributions used to maintain Emerson Hovey Fountain in Prescott Park, construction of memorial for veterans, and presentation of travel talks for the public.
- Commemoration Fund represents contributions for celebration on Emancipation Day, tricentennial celebration in 2076, and to further Japanese-American relations.

AGENCY FUNDS

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

- Claremont Coalition Fund represents contributions from various local governments in the State of New Hampshire, which are used to pay legal costs related to state-wide property tax issue.
- Art Speak Fund represents contributions from various sources used to fully or partially support artistic and/or cultural activities within the City of Portsmouth.
- School Fund represent primarily student activity funds, which are contributions from students and fundraising receipts used to pay for student-related activities.

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Assets

Private Purpose Trust Funds

June 30, 2010

	<u>Park Fund</u>	<u>Scholarship Fund</u>	<u>Worthy Poor Fund</u>	<u>Memorial Fund</u>	<u>Commemoration Fund</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and short-term investments	\$ 32,948	\$ -	\$ 32,499	\$ 165,812	\$ 3,465	\$ 234,724
Investments	<u>-</u>	<u>3,811,169</u>	<u>-</u>	<u>62,145</u>	<u>-</u>	<u>3,873,314</u>
Total Assets	32,948	3,811,169	32,499	227,957	3,465	4,108,038
<u>NET ASSETS</u>						
Net assets held in trust	<u>\$ 32,948</u>	<u>\$ 3,811,169</u>	<u>\$ 32,499</u>	<u>\$ 227,957</u>	<u>\$ 3,465</u>	<u>\$ 4,108,038</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2010

	<u>Park Fund</u>	<u>Scholarship Fund</u>	<u>Worthy Poor Fund</u>	<u>Memorial Fund</u>	<u>Commemoration Fund</u>	<u>Total</u>
<u>ADDITIONS</u>						
Investment income (loss)	\$ 3,395	\$ 390,267	\$ 3,343	\$ 24,781	\$ 706	\$ 422,492
Contributions	<u>-</u>	<u>12,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,896</u>
Total Additions	3,395	403,163	3,343	24,781	706	435,388
<u>DEDUCTIONS</u>						
Payments to beneficiaries	<u>101</u>	<u>163,891</u>	<u>99</u>	<u>5,915</u>	<u>11</u>	<u>170,017</u>
Net decrease	3,294	239,272	3,244	18,866	695	265,371
<u>NET ASSETS</u>						
Beginning of year	<u>29,654</u>	<u>3,571,897</u>	<u>29,255</u>	<u>209,091</u>	<u>2,770</u>	<u>3,842,667</u>
End of year	<u>\$ 32,948</u>	<u>\$ 3,811,169</u>	<u>\$ 32,499</u>	<u>\$ 227,957</u>	<u>\$ 3,465</u>	<u>\$ 4,108,038</u>

CITY OF PORTSMOUTH, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010

	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2010</u>
<u>Claremont Coalition:</u>				
Assets - cash and short-term investments	\$ <u>11,930</u>	\$ <u>70,587</u>	\$ <u>(48,365)</u>	\$ <u>34,152</u>
Liabilities - other liabilities	\$ <u>11,930</u>	\$ <u>70,587</u>	\$ <u>(48,365)</u>	\$ <u>34,152</u>
 <u>Art Speak</u>				
Assets - cash and short-term investments	\$ <u>2,047</u>	\$ <u>77,468</u>	\$ <u>(64,273)</u>	\$ <u>15,242</u>
Liabilities - other liabilities	\$ <u>2,047</u>	\$ <u>77,468</u>	\$ <u>(64,273)</u>	\$ <u>15,242</u>
 <u>School Fund:</u>				
Assets - cash and short-term investments	\$ <u>478,616</u>	\$ <u>902,462</u>	\$ <u>(1,030,565)</u>	\$ <u>350,513</u>
Liabilities - other liabilities	\$ <u>478,616</u>	\$ <u>902,462</u>	\$ <u>(1,030,565)</u>	\$ <u>350,513</u>
 <u>Totals:</u>				
Assets - cash and short-term investments	\$ <u>492,593</u>	\$ <u>1,050,517</u>	\$ <u>(1,143,203)</u>	\$ <u>399,907</u>
Liabilities - other liabilities	\$ <u>492,593</u>	\$ <u>1,050,517</u>	\$ <u>(1,143,203)</u>	\$ <u>399,907</u>

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CITY OF PORTSMOUTH, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	114 - 119
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	120 - 125
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	126 - 128
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	129 - 130
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	131 - 133

City of Portsmouth, New Hampshire

Net Assets by Component

Last Ten Fiscal Years (1)

(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in capital assets, net of related debt	\$ 30,732,364	\$ 38,911,622	\$ 42,496,138	\$ 49,153,962	\$ 54,020,817	\$ 59,571,267	\$ 64,657,970	\$ 71,574,714
Restricted	9,048,695	9,306,501	10,931,104	13,270,157	14,389,205	14,514,810	14,103,944	14,696,926
Unrestricted	14,026,140	9,549,651	15,161,322	12,448,295	18,269,352	19,928,592	26,730,894	29,747,020
Total governmental activities net assets	\$ 53,807,199	\$ 57,767,774	\$ 68,588,564	\$ 74,872,414	\$ 86,679,374	\$ 94,014,669	\$ 105,492,808	\$ 116,018,660
Business-type activities								
Invested in capital assets, net of related debt	\$ 21,234,161	\$ 22,095,474	\$ 23,013,138	\$ 25,349,267	\$ 27,065,756	\$ 29,978,192	\$ 35,326,336	\$ 38,650,422
Restricted	3,018,513	382,800	510,400	275,000	2,443,121 (2)	1,950,574	1,788,026	1,625,478
Unrestricted	14,021,585	17,254,704	17,747,847	17,098,572	15,034,184 (2)	15,314,959	11,027,529	12,193,230
Total business-type activities net assets	\$ 38,274,259	\$ 39,732,978	\$ 41,271,385	\$ 42,722,839	\$ 44,543,061	\$ 47,243,725	\$ 48,141,891	\$ 52,469,130
Primary government								
Invested in capital assets, net of related debt	\$ 51,966,525	\$ 61,007,096	\$ 65,509,276	\$ 74,503,229	\$ 81,086,573	\$ 89,549,459	\$ 99,984,306	\$ 110,225,136
Restricted	12,067,208	9,689,301	11,441,504	13,545,157	16,832,326 (2)	16,465,384	15,891,970	16,322,404
Unrestricted	28,047,725	26,804,355	32,909,169	29,546,867	33,303,536 (2)	35,243,551	37,758,423	41,940,250
Total primary government net assets	\$ 92,081,458	\$ 97,500,752	\$ 109,859,949	\$ 117,595,253	\$ 131,222,435	\$ 141,258,394	\$ 153,634,699	\$ 168,487,790

Notes:

(1) The City will continue to annually report information until this schedule includes 10 fiscal years.

(2) as reclassified

City of Portsmouth, New Hampshire

Changes in Net Assets

Last Ten Fiscal Years (1)

(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 9,167,158	\$ 9,013,247	\$ 9,385,825	\$ 9,377,824	\$ 10,104,480	\$ 10,788,002	\$ 11,181,159	\$ 11,617,046
Public safety	12,182,170	13,118,232	13,503,217	14,751,451	15,380,058	15,834,025	16,041,765	16,915,999
Education	30,575,962	32,852,006	34,531,532	36,299,931	37,077,191	38,923,454	39,306,880	41,474,811
Public works	6,728,143	7,145,661	8,069,127	7,937,471	8,606,872	8,780,132	9,363,174	9,303,285
Health and human Services	602,337	507,819	539,600	661,720	536,928	651,557	680,790	693,053
Culture and recreation	2,631,627	2,869,740	2,921,538	2,952,284	3,196,571	3,616,584	3,535,606	3,620,162
Community development	1,201,811	1,221,399	1,239,847	1,031,186	908,111	1,240,509	1,150,573	1,330,221
Interest	1,965,305	2,180,257	2,054,056	2,286,755	2,124,035	2,251,976	2,367,351	2,527,611
Total governmental activities expenses	65,054,513	68,908,361	72,244,742	75,298,622	77,934,246	82,086,239	83,627,298	87,482,188
Business-type activities:								
Water services	3,643,489	3,110,849	3,975,429	3,880,181	4,025,343	3,921,249	4,292,268	4,753,189
Sewer services	5,014,029	5,261,238	5,561,213	6,749,910	5,832,194	6,258,372	6,778,486	6,175,724
Total business-type activities expenses	8,657,518	8,372,087	9,536,642	10,630,091	9,857,537	10,179,621	11,070,754	10,928,913
Total primary government expenses	\$ 73,712,031	\$ 77,280,448	\$ 81,781,384	\$ 85,928,713	\$ 87,791,783	\$ 92,265,860	\$ 94,698,052	\$ 98,411,101
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 5,232,812	\$ 5,884,156	\$ 6,594,420	\$ 6,506,377	\$ 6,562,748	\$ 6,988,685	\$ 6,926,238	\$ 6,186,248
Public safety	523,808	535,947	1,141,197	213,344	613,796	737,216	714,666	834,164
Education	3,727,014	4,192,712	4,279,951	4,627,368	5,395,451	5,432,171	5,358,926	5,895,619
Public Works	2,654,567	2,820,635	3,646,625	3,929,021	3,855,901	3,778,437	3,813,473	3,818,291
Health and Human Services	23,323	15,005	18,579	24,406	32,745	34,970	25,711	13,008
Culture and Recreation	401,400	382,256	401,925	409,315	398,780	640,476	651,610	600,894
Total charges for services	12,562,924	13,830,711	16,082,697	15,709,831	16,859,421	17,611,955	17,490,624	17,348,224
Operating grants and contributions	6,491,442	6,749,407	6,788,914	6,863,657	6,114,428	4,885,064	5,070,581	6,172,231
Capital grants and contributions	864,461	3,322,850	6,313,161	1,254,435	3,218,420	1,689,939	4,341,738	5,950,095
Total governmental activities program revenues	19,918,827	23,902,968	29,184,772	23,827,923	26,192,269	24,186,958	26,902,943	29,470,550
Business-type activities:								
Charges for services								
Water services	3,538,277	3,472,257	3,897,647	4,143,467	4,284,231	5,087,122	5,379,413	6,727,586
Sewer services	5,068,994	4,887,622	5,595,034	6,005,918	5,880,176	6,450,632	5,691,064	6,010,072
Total charges for services	8,607,271	8,359,879	9,492,681	10,149,385	10,164,407	11,537,754	11,070,477	12,737,658
Capital grants and contributions	2,976,118	1,993,390	2,250,609	2,292,234	1,825,343	1,883,304	1,694,101	3,378,786
Total business-type activities program revenues	11,583,389	10,353,269	11,743,290	12,441,619	11,989,750	13,421,058	12,764,578	16,116,444
Total primary government program revenues	\$ 31,502,216	\$ 34,256,237	\$ 40,928,062	\$ 36,269,542	\$ 38,182,019	\$ 37,608,016	\$ 39,667,521	\$ 45,586,994
Net (Expenses)Revenue								
Governmental activities	\$ (45,135,686)	\$ (45,005,393)	\$ (43,059,970)	\$ (51,470,699)	\$ (51,741,977)	\$ (57,899,281)	\$ (56,724,355)	\$ (58,011,638)
Business-type activities	2,925,871	1,981,182	2,206,648	1,811,528	2,132,213	3,241,437	1,693,824	5,187,531
Total primary government net expense	\$ (42,209,815)	\$ (43,024,211)	\$ (40,853,322)	\$ (49,659,171)	\$ (49,609,764)	\$ (54,657,844)	\$ (55,030,531)	\$ (52,824,107)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 44,646,497	\$ 47,045,791	\$ 50,728,178	\$ 52,585,511	\$ 55,593,628	\$ 59,057,518	\$ 63,041,949	\$ 63,648,465
Interest on taxes	241,686	554,686	138,079	161,637	53,211	131,228	136,306	270,299
Grants and contributions not restricted to specific programs	1,253,055	2,294,254	2,369,027	2,409,456	2,451,530	2,609,326	2,956,184	2,126,284
Investment income (loss)	1,216,492	1,187,392	844,490	1,641,714	2,091,576	972,640	(193,672)	1,084,222
Other revenues	201,000	97,558	411,002	195,370	2,200,704	1,557,015	1,347,592	476,898
Permanent fund contributions	3,995	-	-	-	266,937	2,281	-	3,625
Transfers, net	611,970	614,496	733,044	760,861	891,351	904,568	914,135	927,697
Loss on disposal of capital assets	-	-	(1,572,619)	-	-	-	-	-
Total governmental activities	48,174,695	51,794,177	53,651,201	57,754,549	63,548,937	65,234,576	68,202,494	68,537,490
Business-type activities:								
Investment income	233,889	92,033	64,803	400,787	579,360	363,795	118,477	65,045
Other revenues	-	-	-	-	-	-	-	2,360
Transfers, net	(611,970)	(614,496)	(733,044)	(760,861)	(891,351)	(904,568)	(914,135)	(927,697)
Total business-type activities	(378,081)	(522,463)	(668,241)	(360,074)	(311,991)	(540,773)	(795,658)	(860,292)
Total primary government	\$ 47,796,614	\$ 51,271,714	\$ 52,982,960	\$ 57,394,475	\$ 63,236,946	\$ 64,693,803	\$ 67,406,836	\$ 67,677,198
Change in Net Assets								
Governmental activities	\$ 3,039,009	\$ 6,788,784	\$ 10,591,231	\$ 6,283,850	\$ 11,806,960	\$ 7,335,295	\$ 11,478,139	\$ 10,525,852
Business-type activities	2,547,790	1,458,719	1,538,407	1,451,454	1,820,222	2,700,664	898,166	4,327,239
Total primary government	\$ 5,586,799	\$ 8,247,503	\$ 12,129,638	\$ 7,735,304	\$ 13,627,182	\$ 10,035,959	\$ 12,376,305	\$ 14,853,091

(1) The City will continue to annually report information until this schedule includes 10 fiscal years.

City of Portsmouth, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All governmental funds										
Reserved for encumbrances	\$ 3,952,627	\$ 5,212,531	\$ 3,227,551	\$ 3,364,804	\$ 3,520,771	\$ 4,195,684	\$ 4,547,358	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001
Reserve for Inventory	-	-	-	-	-	-	-	-	21,142	21,287
Reserved for advances	104,806	96,611	84,391	74,191	72,191	65,300	157,500	156,000	95,000	43,500
Reserve for perpetual permanent funds	-	-	4,955,608	4,969,372	5,227,376	1,319,555	1,588,492	1,588,492	1,588,492	1,588,492
Total Reserved	4,057,433	5,309,142	8,267,550	8,408,367	8,820,338	5,580,539	6,293,350	6,696,650	7,414,993	8,121,280
Designated Unreserved	7,234,510	7,928,790	12,169,119	12,663,496	12,849,182	13,124,996	13,366,904	16,070,029	16,509,100	18,289,507
Undesignated	11,274,826	5,717,667	37,736,846	20,079,059	17,424,803	24,309,266	26,950,676	31,555,100	33,020,510	42,890,153
Total all governmental funds	\$ 22,566,769	\$ 18,955,599	\$ 58,173,515	\$ 41,150,922	\$ 39,094,323	\$ 43,014,801	\$ 46,610,930	\$ 54,321,779	\$ 56,944,603	\$ 69,300,940
General Fund										
Reserved for encumbrances	\$ 3,952,627	\$ 5,212,531	\$ 3,227,551	\$ 3,364,804	\$ 3,520,771	\$ 4,195,684	\$ 4,547,358	\$ 4,952,158	\$ 5,710,359	\$ 6,468,001
Reserved for advances and loans(1)	104,806	96,611	84,391	74,191	72,191	65,300	157,500	156,000	95,000	43,500
Total Reserved	4,057,433	5,309,142	3,311,942	3,438,995	3,592,962	4,260,984	4,704,858	5,108,158	5,805,359	6,511,501
Designated Unreserved	7,219,992	7,928,790	12,169,119	12,663,496	12,849,182	13,124,996	13,366,904	16,070,029	16,509,100	18,289,507
Undesignated	4,952,900	5,455,337	5,083,848	5,955,115	6,426,404	6,953,751	7,330,854	7,756,054	9,875,900	10,069,956
Total General Fund	\$ 16,230,325	\$ 18,693,269	\$ 20,564,909	\$ 22,057,606	\$ 22,868,548	\$ 24,339,731	\$ 25,402,616	\$ 28,934,241	\$ 32,190,359	\$ 34,870,964
All other governmental funds										
Reserved for inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,142	\$ 21,287
Reserve for perpetual permanent funds	-	-	4,955,608	4,969,372	5,227,376	1,319,555	1,588,492	1,588,492	1,588,492	1,588,492
Total Reserved	-	-	4,955,608	4,969,372	5,227,376	1,319,555	1,588,492	1,588,492	1,609,634	1,609,779
Designated unreserved, reported in:										
Special revenue funds	14,518	-	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Special revenue funds	5,882,924	5,574,289	5,971,035	5,717,056	6,941,291	6,893,059	7,816,687	8,440,924	9,301,673	9,347,520
Capital projects funds	439,002	(5,311,959)	26,681,963	8,078,504	3,595,443	5,706,133	6,608,544	11,164,120	10,853,843	20,179,357
Permanent funds	-	-	-	328,384	461,665	4,756,323	5,194,591	4,194,002	2,989,094	3,293,320
Total all other governmental funds	\$ 6,336,444	\$ 262,330	\$ 37,608,606	\$ 19,093,316	\$ 16,225,775	\$ 18,675,070	\$ 21,208,314	\$ 25,387,538	\$ 24,754,244	\$ 34,429,976

Notes:

- (1) This reserve is for an advance to trustees of trusts to upgrades made to the north pier at Prescott Park and an advance to Portsmouth Housing Authority

City of Portsmouth, New Hampshire

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Real estate taxes	\$ 40,953,500	\$ 45,336,014	\$ 44,505,775	\$ 47,539,993	\$ 50,667,672	\$ 52,650,269	\$ 55,227,095	\$ 59,149,241	\$ 62,507,154	\$ 63,840,741
Licenses and permits	3,781,607	3,895,784	4,208,820	4,505,334	4,624,489	4,568,619	4,710,975	4,729,604	4,736,101	4,111,438
Intergovernmental	8,178,061	10,138,523	8,224,065	12,072,213	14,028,703	9,535,360	11,321,336	8,958,668	12,406,095	13,942,037
Charges for service	6,681,716	5,355,500	7,467,109	8,418,131	9,584,012	10,036,818	11,073,122	11,999,676	11,770,319	12,326,877
Investment income	871,880	377,389	1,062,212	1,007,708	969,259	1,457,220	2,091,575	972,642	(193,673)	1,084,222
Interest on taxes (1)	-	255,095	229,172	564,925	165,131	161,637	53,211	131,228	136,306	270,299
Fines and costs	519,815	751,342	760,457	768,507	984,797	1,160,661	1,080,900	924,357	970,280	892,889
Contributions	-	73,758	-	-	1,281,741	927,429	729,980	139,248	50,283	306,795
Other	1,308,937	2,001,733	1,633,210	427,534	579,262	626,357	576,909	568,229	594,945	441,635
Total revenues	62,295,516	68,185,138	68,090,820	75,304,345	82,885,066	81,124,370	86,865,103	87,572,893	92,977,810	97,216,933
Expenditures										
General government	7,441,909	6,783,144	5,042,774	7,300,212	6,010,165	5,913,667	6,337,794	6,729,085	6,989,766	7,227,725
Public safety	9,496,262	11,726,479	11,770,837	12,483,635	12,993,008	14,230,126	14,799,315	15,260,082	15,368,533	15,980,896
Education	27,740,810	30,121,469	30,438,638	31,656,913	34,017,131	35,555,097	36,095,015	37,735,944	39,733,580	40,600,275
Public works	3,228,871	3,745,129	5,501,817	5,783,972	6,992,133	7,700,862	7,523,511	7,669,166	7,838,831	8,027,090
Health and human services	-	-	602,337	507,819	539,600	649,923	604,410	646,877	705,227	692,997
Culture and recreation	4,806,798	2,505,909	2,296,531	2,511,941	2,611,083	2,699,189	3,336,256	3,072,046	3,007,027	3,064,439
Community development	1,338,755	1,924,855	1,201,811	1,600,806	1,239,848	1,570,750	1,600,476	1,231,984	1,158,173	2,569,207
Debt service										
Principal	2,967,905	2,860,342	1,918,387	4,727,294	4,532,905	4,259,905	4,897,905	5,127,905	5,682,906	6,107,905
Interest	844,962	711,689	1,585,638	2,225,192	2,094,637	2,157,922	2,162,752	2,284,850	2,420,957	2,397,714
Capital outlay (2)	3,776,719	7,966,496	17,057,484	20,917,030	12,084,852	10,006,285	9,528,922	6,172,464	9,943,934	12,982,848
Intergovernmental	1,985,870	3,268,151	3,589,423	3,226,620	3,225,906	3,221,027	3,273,969	3,578,292	3,628,417	3,949,898
Total expenditures	63,628,861	71,613,664	81,005,677	92,941,434	86,341,268	87,964,753	90,160,325	89,508,695	96,477,351	103,600,994
Excess of revenues										
Over/(under) expenditures	(1,333,345)	(3,428,526)	(12,914,857)	(17,637,089)	(3,456,202)	(6,840,383)	(3,295,222)	(1,935,802)	(3,499,541)	(6,384,061)
Other Financing Sources (Uses)										
Issuance of bonds/loans	-	-	46,640,000	-	437,000	9,905,000	6,000,000	8,700,000	5,000,000	17,300,000
Bond premium	-	-	-	-	-	95,000	-	42,083	208,230	512,701
Transfers in	1,185,754	2,618,991	1,977,509	1,042,083	2,697,536	2,040,876	2,272,652	1,729,071	2,149,817	2,357,357
Transfers out	(1,268,398)	(2,701,635)	(1,365,539)	(427,587)	(1,964,492)	(1,280,015)	(1,381,301)	(824,503)	(1,235,682)	(1,429,660)
Total governmental activities	(82,644)	(82,644)	47,251,970	614,496	1,170,044	10,760,861	6,891,351	9,646,651	6,122,365	18,740,398
Net Change in fund balances	\$ (1,415,989)	\$ (3,511,170)	\$ 34,337,113	\$ (17,022,593)	\$ (2,286,158)	\$ 3,920,478	\$ 3,596,129	\$ 7,710,849	\$ 2,622,824	\$ 12,356,337
Debt Service as a percentage of non-capitalized expenditures (3)	6.37%	5.61%	5.48%	9.65%	8.93%	8.23%	8.91%	8.97%	9.40%	9.59%

(1) Interest on taxes was classified with real estate taxes in 2001.

Beginning in Fiscal Year 2003 Special Revenue Funds include funds which were previously considered Trust Funds under the Pre GASB 34 reporting model.

In addition Permanent Funds were introduced which were reported as part of Fiduciary Funds prior to Fiscal Year 2003.

(2) Certain Capital expenditures from various functions have been capitalized on the Statement of net Assets.

(3) Capital Outlay Purchases from the Reconciliation of the Statement of Revenues Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

are used to calculate this ratio.

City of Portsmouth, New Hampshire

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

Fiscal Year	Revenue						Expenses					Increase (Decrease) Total Net Assets	Total Net Assets	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Loss on disposal of capital assets	Interest Expense	Transfers Out			Total
2010	\$ 11,909,267	\$ 568,783	\$ 259,608	\$ 3,446,191	\$ -	\$ 16,183,849	\$ 7,098,493	\$ 1,995,862	\$ -	\$ 1,834,558	\$ 927,697	\$ 11,856,610	\$ 4,327,239	\$ 52,469,130
2009	10,227,288	585,696	230,464	1,839,607	-	12,883,055	7,621,610	1,873,959	-	1,575,185	914,135	11,984,889	898,166	48,141,891
2008	10,695,209	596,662	280,468	2,247,099	-	13,819,438	7,318,994	1,764,697	34,585	1,095,930	904,568	11,118,774	2,700,664	47,243,725
2007	9,364,205	614,669	185,533	2,404,703	-	12,569,110	7,061,767	1,582,347	-	1,213,423	891,351	10,748,888	1,820,222	44,543,061
2006	9,360,367	560,220	228,798	2,693,021	82,644	12,925,050	7,175,517	1,726,034	-	1,728,540	843,505	11,473,596	1,451,454	42,722,839
2005	8,697,265	475,729	319,687	2,315,412	82,644	11,890,737	6,585,635	1,778,086	-	1,172,921	815,688	10,352,330	1,538,407	41,271,385
2004	7,637,961	448,389	273,529	2,085,423	82,644	10,527,946	5,271,279	1,675,342	-	1,425,466	697,140	9,069,227	1,458,719	39,732,978
2003	7,991,788	498,888	116,595	3,210,007	112,044	11,929,322	5,853,393	1,606,413	-	1,197,712	724,014	9,381,532	2,547,790	38,274,259
2002	8,865,399	562,372	-	1,881,710	82,644	11,392,125	7,432,050	1,514,881	-	1,147,878	-	10,094,809	1,297,316	35,726,469 (1)
2001	7,771,816	523,089	-	2,037,303	82,644	10,414,852	6,110,016	1,739,246	-	1,275,447	-	9,124,709	1,290,143	17,544,147

Includes Water and Sewer Funds

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

Fiscal Year	Revenue						Expenses					Increase (Decrease) Total Net Assets	Total Net Assets	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Loss on disposal of capital assets	Interest Expense	Transfers Out			Total
2010	\$ 6,115,419	\$ 430,914	\$ 181,253	\$ 123,570	\$ -	\$ 6,851,156	\$ 3,127,917	\$ 686,804	\$ -	\$ 938,468	\$ 470,604	\$ 5,223,793	\$ 1,627,363	\$ 23,421,084
2009	4,759,495	448,697	158,447	98,454	-	5,465,093	3,299,188	666,409	-	326,671	463,691	4,755,959	709,134	21,793,721
2008	4,422,348	472,406	192,368	87,433	-	5,174,555	3,149,284	585,529	-	186,436	458,922	4,380,171	794,384	21,084,587
2007	3,707,528	496,764	79,939	171,834	-	4,456,065	3,096,340	730,366	-	198,637	451,756	4,477,099	(21,034)	20,290,203
2006	3,566,117	426,546	150,804	487,863	82,644	4,713,974	3,074,610	567,636	-	237,935	427,660	4,307,841	406,133	20,311,237
2005	3,310,175	385,408	202,064	61,500	82,644	4,041,791	3,109,892	626,734	-	238,803	413,406	4,388,835	(347,044)	19,905,104
2004	2,909,623	416,117	146,517	175,240	82,644	3,730,141	2,072,990	622,373	-	415,486	353,237	3,464,086	266,055	20,252,148
2003	2,957,698	463,984	116,595	1,220,417	112,044	4,870,738	2,959,056	591,820	-	92,613	381,219	4,024,708	846,030	19,986,093
2002	3,555,350	417,742	-	107,902	82,644	4,163,638	4,030,385	468,135	-	105,239	-	4,603,759	(440,121)	19,140,063 (1)
2001	3,119,444	324,739	-	207,471	82,644	3,734,298	3,191,976	589,220	-	130,151	-	3,911,347	(177,049)	9,876,145

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

Fiscal Year	Revenue						Expenses					Increase (Decrease) Total Net Assets	Total Net Assets	
	Charges for Services	Licenses and Permits	Departmental	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Loss on disposal of capital assets	Interest Expense	Transfers Out			Total
2010	\$ 5,793,848	\$ 137,869	\$ 78,355	\$ 3,322,621	\$ -	\$ 9,332,693	\$ 3,970,576	\$ 1,309,058	\$ -	\$ 896,090	\$ 457,093	\$ 6,632,817	\$ 2,699,876	\$ 29,048,046
2009	5,467,793	136,999	72,017	1,741,153	-	7,417,962	4,322,422	1,207,550	-	1,248,514	450,444	7,228,930	189,032	26,348,170
2008	6,272,861	124,256	88,100	2,159,666	-	8,644,883	4,169,710	1,179,168	34,585	909,494	445,646	6,738,603	1,906,280	26,159,138
2007	5,656,677	117,905	105,594	2,232,869	-	8,113,045	3,965,427	851,981	-	1,014,786	439,595	6,271,789	1,841,256	24,252,858
2006	5,794,250	133,674	77,994	2,205,158	-	8,211,076	4,100,907	1,158,398	-	1,490,605	415,845	7,165,755	1,045,321	22,411,602
2005	5,387,090	90,321	117,623	2,253,912	-	7,848,946	3,475,743	1,151,352	-	934,118	402,282	5,963,495	1,885,451	21,366,281
2004	4,728,338	32,272	127,012	1,910,183	-	6,797,805	3,198,289	1,052,969	-	1,009,980	343,903	5,605,141	1,192,664	19,480,830
2003	5,034,090	34,904	-	1,989,590	-	7,058,584	2,894,337	1,014,593	-	1,105,099	342,795	5,356,824	1,701,760	18,288,166
2002	5,310,049	144,630	-	1,773,808	-	7,228,487	3,401,665	1,046,746	-	1,042,639	-	5,491,050	1,737,437	16,586,406 (1)
2001	4,652,372	198,350	-	1,829,832	-	6,680,554	2,918,040	1,150,026	-	1,145,296	-	5,213,362	1,467,192	7,668,002

Notes:

(1) Total Net Assets as restated for Fiscal Year ending June 30, 2002. Restatement resulting from adjustment of capital asset values and accumulated depreciation.

City of Portsmouth, New Hampshire

General Government Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Payment in Lieu of Tax	Tax Interest & Penalties	Total
2010	\$ 63,633,412	\$ 207,329	\$ 270,299	\$ 64,111,040
2009	62,387,310	119,844	136,306	62,643,460
2008	59,000,841	148,400	131,228	59,280,469
2007	54,779,457	125,638	53,211	54,958,306
2006	52,650,269	170,640	161,637	52,982,546
2005	50,667,672	137,888	165,131	50,970,691
2004	47,539,993	169,138	179,572	47,888,703
2003	44,505,775	166,678	154,282	44,826,735
2002	45,336,014	153,527	256,103	45,745,644
2001	40,953,500	128,706	151,718	41,233,924

Data Source:
Finance Department Records

City of Portsmouth, New Hampshire

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Property Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Balance at Fiscal Year End of Levy Year	Subsequent Tax Collections	Balance at end of Current Fiscal year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	in Levy	Liened	% Liened
2010	\$ 64,141,858	\$ 61,788,074	96.3%	\$ 2,353,785	\$ -	\$ 2,353,785	\$ 61,788,074	96.3%	8,321	204	2.5%
2009	63,263,633	61,011,224	96.4%	2,252,409	1,775,258	477,150	62,786,483	99.2%	8,299	235	2.8%
2008	60,035,344	57,924,795	96.5%	2,110,549	1,993,313	117,236	59,918,108	99.8%	8,268	151	1.8%
2007	57,092,233	55,280,205	96.8%	1,812,027	1,774,918	37,109	57,055,123	99.9%	8,197	152	1.9%
2006	53,977,417	52,373,485	97.0%	1,603,932	1,598,519	5,413	53,972,004	100.0%	8,045	142	1.8%
2005	51,640,293	50,077,434	97.0%	1,562,859	1,562,618	241	51,640,052	100.0%	7,960	161	2.0%
2004	51,541,467	50,314,750	97.6%	1,226,717	1,190,847	35,870	51,505,597	99.9%	7,940	142	1.8%
2003	50,302,728	48,698,632	96.8%	1,604,096	1,603,840	256	50,302,472	100.0%	7,911	181	2.3%
2002	45,853,185	43,860,459	95.7%	1,992,726	1,992,485	241	45,852,944	100.0%	7,902	165	2.1%
2001	41,122,197	39,878,435	97.0%	1,243,762	1,243,542	220	41,121,977	100.0%	7,925	153	1.9%

Data Source:

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

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

City of Portsmouth, New Hampshire

Assessed and Estimated Full Value of Real Property

Last Ten Fiscal Years

Fiscal Year	Local Assessed Value (1)					Total Assessed Value	Less Exemptions to Assessed Value (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate per \$1,000 of Assessed Value	Estimated Full Value (2)	Ratio of Total Assessed Value to Total Estimated Full Value
	Current Use/ Conservation	Residential	Commercial/ Industrial	Utilities							
2010	\$ 76,300	\$ 2,192,502,720	\$ 1,495,856,932	\$ 173,122,669	\$ 3,861,558,621	\$ 54,022,100	\$ 3,807,536,521	\$ 16.05	\$ 4,161,741,642	92.8%	
2009	76,300	2,107,371,800	1,552,244,510	173,183,053	3,832,875,663	51,835,700	3,781,039,963	16.03	4,249,484,787	90.2%	
2008	81,900	2,045,544,400	1,564,037,390	173,251,525	3,782,915,215	51,929,800	3,730,985,415	15.39	4,086,528,948	92.6%	
2007	85,100	2,010,192,200	1,583,554,480	133,068,802	3,726,900,582	46,428,001	3,680,472,581	14.84	4,180,745,006	89.1%	
2006	94,000	1,744,275,200	1,283,814,060	121,374,938	3,149,558,198	43,147,001	3,106,411,197	16.58	3,827,448,894	82.3%	
2005	100,300	1,706,395,400	1,269,383,820	118,566,060	3,094,445,580	46,734,201	3,047,711,379	16.13	3,496,007,232	88.5%	
2004	101,800	1,733,846,500	1,140,404,260	122,549,718	2,996,902,278	46,391,301	2,950,510,977	16.66	3,215,007,594	93.2%	
2003	106,300	1,503,918,890	1,065,538,500	121,435,395	2,690,999,085	41,216,701	2,649,782,384	17.93	2,906,798,356	92.6%	
2002	76,584	773,297,408	644,535,700	95,765,200	1,513,674,892	23,226,763	1,490,448,129	28.99	2,956,059,309	51.2%	
2001	129,265	770,996,511	626,192,719	95,849,300	1,493,167,795	18,135,466	1,475,032,329	26.61	2,565,939,311	58.2%	

Data Sources:

(1) State MS-1 Report of Assessed Values

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

City of Portsmouth, New Hampshire

Principal Taxpayers Current Year and Nine Years Ago

Taxpayer	Type of Business	FY 2010 Assessed Value	Rank	Percentage of Total Taxable Assessed Value	FY 2001 Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Public Service Co of NH	Utility	\$ 162,062,011	1	4.26%	\$ 71,865,700	1	4.87%	%
HCA Health Services of NH Inc	Hospital	48,266,300	2	1.27%	33,712,000	2	2.29%	
Liberty Mutual Insurance	Office Building	39,410,400	3	1.04%	24,339,700	4	1.65%	
TGM Beechstone LLC	Apartments	36,550,800	4	0.96%				
Harborside Assoc	Hotel	23,624,700	5	0.62%	15,507,900	5	1.05%	
DSQ Holding LLC	Retail	20,898,500	6	0.55%	10,830,600	8	0.73%	
Inishmaan Assoc LTD Partnership	Apartments	20,450,800	7	0.54%				
Bromley Portsmouth LLC	Retail	19,938,800	8	0.52%				
Harbour Place Group LLC	Office Building	18,623,500	9	0.49%				
Bed Bath & Beyond Inc	Retail	17,070,100	10	0.45%				
Maritime & Northeast Pipeline	Utility				28,520,900	3	1.93%	
US Property Investment	Office Building				13,839,700	6	0.94%	
Northern Utilities	Utility				12,620,700	7	0.86%	
Portsmouth Associates LP	Retail				10,007,200	9	0.68%	
Flatley Thomas	Office Park				9,252,800	10		
Total Principal Taxpayers		<u>\$ 406,895,911</u>		<u>10.69%</u>	<u>\$ 230,497,200</u>		<u>15.63%</u>	%
Total Net Assessed Taxable Value		<u>\$ 3,807,536,521</u>			<u>\$ 1,475,032,329</u>			

Data Source:
City of Portsmouth Assessing Department

City of Portsmouth, New Hampshire

Property Tax Rates per \$ 1,000 of Assessed Value Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year	City Direct Rates					Overlapping Rate		Estimated Full Value Rate
	City	Local School	State School (1)	Total School	Total Direct	County	Total	
2010	\$ 8.01	\$ 5.72	\$ 2.32	\$ 8.04	\$ 16.05	\$ 1.04	\$ 17.09	\$ 15.54
2009	8.14	5.49	2.40	7.89	16.03	0.95	16.98	15.01
2008	7.55	5.50	2.34	7.84	15.39	0.95	16.34	14.82
2007	7.27	5.16	2.41	7.57	14.84	0.88	15.72	13.76
2006	8.13	5.48	2.97	8.45	16.58	1.02	17.60	14.19
2005	7.71	5.22	3.20	8.42	16.13	1.04	17.17	14.86
2004	7.69	3.99	4.98	8.97	16.66	1.08	17.74	16.09
2003	7.55	4.73	5.65	10.38	17.93	1.34	19.27	17.30
2002	11.98	7.85	9.16	17.01	28.99	2.34	31.33	15.50
2001	11.09	7.46	8.06	15.52	26.61	1.56	28.17	15.89

Data Source:
NH State Department of Revenue Administration

Notes:

- (1) The NH State Legislature revised Education funding in Fiscal Year 2000, establishing a State Education Property Tax. Although warranted by the state, the taxes are collected by the City and spent for local school purposes. This rate does not apply to utility assessments. Utilities are billed directly by the State of NH.

City of Portsmouth, New Hampshire

Utility Fund Net Budget, Billable Volumes and Rates Last Ten Fiscal Years

Fiscal Year	Amount to be Raised by Rates (1)		Billable Volume Used for Setting Rates (2)		Rates per HCF (4) (5)		
	Water	Sewer	Water	Sewer (3)	Water	Sewer	Combined
2010	\$ 6,242,731	\$ 6,116,404	1,691,523	1,121,714	\$ 3.30/3.90	\$ 5.00/5.50	\$ 8.30/8.90
2009	4,709,071	6,313,698	1,741,523	1,171,714	2.40/2.85	5.00/5.50	7.40/8.35
2008	3,627,389	6,119,175	1,724,280	1,171,714	1.90/2.20	4.89/5.33	6.79/7.53
2007	3,476,251	5,751,538	1,879,103	1,198,237	1.85	4.80	6.65
2006	3,046,701	5,467,684	1,824,372	1,163,337	1.67	4.70	6.37
2005	2,780,839	5,308,429	1,771,235	1,129,453	1.57	4.70	6.27
2004	2,705,502	5,120,090	1,745,485	1,113,063	1.55	4.70	6.25
2003	2,626,702	4,974,963	1,694,646	1,080,644	1.45	4.60	6.05
2002	2,394,759	4,821,677	1,651,558	1,083,523	1.45	4.60	6.05
2001	2,351,979	4,718,709	1,622,055	1,060,384	1.45	4.45	5.90

Data Source:

City of Portsmouth Budget and Budget Resolutions

Notes:

- (1) Amount to be raised by rate equals the net budget, i.e., appropriations less other revenue sources.
- (2) Billable volume is the estimated billable water consumption in hundred cubic feet units (HCF).
- (3) Sewer charges are based on the amount of water consumed.
- (4) One hundred cubic feet (HCF) equals 748 gallons.
- (5) FY08 implementation of a 2 tier-inclining rate structure for both water and sewer.
First rate is for water consumption of 10 units or less. Second rate for consumption over 10 units.

City of Portsmouth, New Hampshire

Portsmouth's Share of the Rockingham County Tax Apportionment

Last Ten Fiscal Years

(based on percentage of equalized value)

Total Equalized Values						Apportionment of County Tax Levy				
Tax Year	Portsmouth Base Valuation for Debt Limits	Add: Equalization of PILOTS and RR Tax Less: Equalization of State Shared Revenues	Portsmouth Total Equalized Valuation	Rockingham County	Portsmouth's %	Fiscal Year	County Tax Levy	Portsmouth's Share (1)	Portsmouth's Share \$ Change	Portsmouth's Share % Change
2009	\$ 4,112,257,420	\$ 49,484,222	\$ 4,161,741,642	\$ 41,833,160,979	9.9484274%	2010	\$ 41,779,570	\$ 3,949,898	\$ 321,481	8.9%
2008	4,244,939,572	4,545,215	4,249,484,787	44,948,403,778	9.4541395%	2009	40,037,695	3,628,417	50,125	1.4%
2007	4,083,981,593	2,547,355	4,086,528,948	45,092,725,896	9.0625015%	2008	38,778,613	3,578,292	304,323	9.3%
2006	4,168,377,073	12,367,933	4,180,745,006	45,307,514,659	9.2274870%	2007	37,666,947	3,273,969	52,942	1.6%
2005	3,825,166,327	2,282,567	3,827,448,894	44,034,708,049	8.6918912%	2006	36,505,736	3,221,027	(4,879)	-0.2%
2004	3,493,582,911	2,424,321	3,496,007,232	39,622,268,486	8.8233394%	2005	35,935,492	3,225,906	(714)	0.0%
2003	3,223,205,009	(8,197,415)	3,215,007,594	35,814,088,711	8.9769354%	2004	34,925,107	3,226,620	(362,803)	-10.1%
2002*	2,919,654,029	(12,855,673)	2,906,798,356	31,959,784,591	9.0951751%	2003	33,966,352	3,589,423	61,284	1.7%
2001	2,917,214,930	38,844,379	2,956,059,309	27,972,890,878	10.5675860%	2002	33,144,536	3,528,139	1,184,366	50.5%
2000	2,490,644,613	75,294,698	2,565,939,311	24,105,313,223	10.6447043%	2001	23,769,790	2,343,773	458,355	24.3%

Data Sources:

NH Department of Revenue Administration Equalization Surveys

County Tax Warrants

Adopted Rockingham County Budgets

*Revised due to court settlement

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

City of Portsmouth, New Hampshire

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Issued Debt at June 30										
City Depts.	\$ 11,285,000	\$ 9,210,000	\$ 16,295,000	\$ 13,875,000	\$ 11,892,000	\$ 19,650,000	\$ 22,865,000	\$ 28,049,999	\$ 29,529,999	\$ 27,385,000
Landfill	3,864,910	3,652,005	3,439,100	3,226,194	3,013,288	2,800,384	2,587,476	2,374,572	2,161,666	1,948,760
School Dept.	-	-	38,000,000	36,100,000	34,200,000	32,300,000	30,400,000	29,000,000	27,050,000	40,600,000
Total General Fund	15,149,910	12,862,005	57,734,100	53,201,194	49,105,288	54,750,384	55,852,476	59,424,571	58,741,665	69,933,760
Water Fund	1,865,000	1,998,000	1,513,600	6,693,632	5,911,104	5,538,576	5,211,048	4,883,520	22,455,992	22,028,464
Sewer Fund	17,782,557	21,247,468	19,534,450	17,821,430	25,016,521	22,868,597	20,850,673	18,832,750	23,289,050	20,814,451
Total Issued Debt at June 30	\$ 34,797,467	\$ 36,107,473	\$ 78,782,150	\$ 77,716,256	\$ 80,032,913	\$ 83,157,557	\$ 81,914,197	\$ 83,140,841	\$ 104,486,707	\$ 112,776,675
Authorized Unissued Debt June 30										
City Depts.	\$ 4,650,000	\$ 11,650,000	\$ 7,000,000	\$ 7,000,000	\$ 10,000,000	\$ 17,038,000	\$ 17,500,000	\$ 27,500,000	\$ 12,500,000	\$ -
Landfill	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897	4,641,897
School Dept.	38,000,000	38,000,000	-	-	-	-	500,000	-	-	22,500,000
Total General Fund	47,291,897	54,291,897	11,641,897	11,641,897	14,641,897	21,679,897	22,641,897	32,141,897	17,141,897	27,141,897
Water Fund	\$ 5,250,000	\$ 5,862,000	\$ 5,862,000	\$ -	\$ -	\$ 12,087,440	\$ 11,420,000	\$ 11,420,000	\$ 18,420,000	\$ 18,475,000
Sewer Fund	13,100,000	9,600,000	32,100,000	32,100,000	22,500,000	23,215,054	23,201,890	23,201,890	19,970,992	19,066,245
Total Authorized Unissued Debt June 30	\$ 65,641,897	\$ 69,753,897	\$ 49,603,897	\$ 43,741,897	\$ 37,141,897	\$ 56,982,391	\$ 57,263,787	\$ 66,763,787	\$ 55,532,889	\$ 64,683,142
Gross Debt June 30										
City Depts.	\$ 15,935,000	\$ 20,860,000	\$ 23,295,000	\$ 20,875,000	\$ 21,892,000	\$ 36,688,000	\$ 40,365,000	\$ 55,549,999	\$ 42,029,999	\$ 27,385,000
Coakley Landfill	8,506,807	8,293,902	8,080,997	7,868,091	7,655,185	7,442,281	7,229,373	7,016,469	6,803,563	6,590,657
School Dept.	38,000,000	38,000,000	38,000,000	36,100,000	34,200,000	32,300,000	30,900,000	29,000,000	27,050,000	63,100,000
Total General Fund	62,441,807	67,153,902	69,375,997	64,843,091	63,747,185	76,430,281	78,494,373	91,566,468	75,883,562	97,075,657
Water Fund	7,115,000	7,860,000	7,375,600	6,693,632	5,911,104	17,626,016	16,631,048	16,303,520	40,875,992	40,503,464
Sewer Fund	30,882,557	30,847,468	51,634,450	49,921,430	47,516,521	46,083,651	44,052,563	42,034,640	43,260,042	39,880,696
Total Gross Debt June 30	\$ 100,439,364	\$ 105,861,370	\$ 128,386,047	\$ 121,458,153	\$ 117,174,810	\$ 140,139,948	\$ 139,177,984	\$ 149,904,628	\$ 160,019,596	\$ 177,459,817
Base Value for Debt Limits (1)	\$ 2,490,644,613	\$ 2,917,214,930	\$ 2,919,654,029	\$ 3,223,205,009	\$ 3,493,582,911	\$ 3,825,166,327	\$ 4,168,377,073	\$ 4,083,981,593	\$ 4,244,939,572	\$ 4,112,257,420
Legal Debt Limits (% of Base Value)										
City - 3% (2)	\$ 74,719,338	\$ 87,516,448	\$ 87,589,621	\$ 96,696,150	\$ 104,807,487	\$ 114,754,990	\$ 125,051,312	\$ 122,519,448	\$ 127,348,187	\$ 123,367,723
School - 7% (2)	174,345,123	204,205,045	204,375,782	225,624,351	244,550,804	267,761,643	291,786,395	285,878,712	297,145,770	287,858,019
Water - 10% (2)	249,064,461	291,721,493	291,965,403	322,320,501	349,358,291	382,516,633	416,837,707	408,398,159	424,493,957	411,225,742
Debt Against Legal Debt Limits										
City Depts.	15,935,000	20,860,000	23,295,000	20,875,000	21,892,000	36,688,000	40,365,000	55,549,999	42,029,999	27,385,000
School Dept.	38,000,000	38,000,000	38,000,000	36,100,000	34,200,000	32,300,000	30,900,000	29,000,000	27,050,000	63,100,000
Water Fund	7,115,000	7,860,000	7,375,600	6,693,632	5,911,104	17,626,016	16,631,048	16,303,520	40,875,992	40,503,464
Exempt from Legal Debt Limits (3)	39,389,364	39,141,370	59,715,447	57,789,521	55,171,706	53,525,932	51,281,936	49,051,109	50,063,605	46,471,353
Total Debt at June 30	\$ 100,439,364	\$ 105,861,370	\$ 128,386,047	\$ 121,458,153	\$ 117,174,810	\$ 140,139,948	\$ 139,177,984	\$ 149,904,628	\$ 160,019,596	\$ 177,459,817
Unused Capacity of Legal Debt Limits										
City Depts.	\$ 58,784,338	\$ 66,656,448	\$ 64,294,621	\$ 75,821,150	\$ 82,915,487	\$ 78,066,990	\$ 84,686,312	\$ 66,969,449	\$ 85,318,188	\$ 95,982,723
School Dept.	136,345,123	166,205,045	166,375,782	189,524,351	210,350,804	235,461,643	260,886,395	256,878,712	270,095,770	224,758,019
Water Fund	241,949,461	283,861,493	284,589,803	315,626,869	343,447,187	364,890,617	400,206,659	392,094,639	383,617,965	370,722,278
% of Legal Debt Limits Used										
City Depts.	21.3%	23.8%	26.6%	21.6%	20.9%	32.0%	32.3%	45.3%	33.0%	22.2%
School Dept.	21.8%	18.6%	18.6%	16.0%	14.0%	12.1%	10.6%	10.1%	9.1%	21.9%
Water Fund	2.9%	2.7%	2.5%	2.1%	1.7%	4.6%	4.0%	4.0%	9.6%	9.8%

Data Source

Audited Financial Statements

Notes:

(1) Base Value for Debt Limits computed by the NH Department of Revenue Administration

(2) Legal debt limit percentage rates set by NH State statute

(3) Debt exempt from Debt limits consists of Landfills and Sewer debt.

City of Portsmouth, New Hampshire

Ratios of Outstanding Debt by Debt Type
Last Ten Fiscal Years

Governmental Activities - General Obligation Debt								
Fiscal Year	City Depts.	Landfills	School Dept.	Total	Less State Aid	Tax Supported Value (net debt)	% of Net Debt to Taxable Assessed Value	Net Debt per Capita
2010	\$ 27,385,000	\$ 1,948,760	\$ 40,600,000	\$ 69,933,760	\$ 19,580,838	\$ 50,352,922	1.32%	\$ 2,436
2009	29,529,999	2,161,666	27,050,000	58,741,665	14,623,743	44,117,922	1.17%	2,150
2008	28,049,999	2,374,572	29,000,000	59,424,571	15,676,023	43,748,548	1.17%	2,123
2007	22,865,000	2,587,476	30,400,000	55,852,476	16,728,303	39,124,173	1.06%	1,880
2006	19,650,000	2,800,384	32,300,000	54,750,384	17,780,582	36,969,802	1.19%	1,761
2005	11,892,000	3,013,288	34,200,000	49,105,288	18,832,862	30,272,426	0.99%	1,438
2004	13,875,000	3,226,194	36,100,000	53,201,194	19,885,142	33,316,052	1.13%	1,583
2003	16,295,000	3,439,100	38,000,000	57,734,100	612,982	57,121,118	2.16%	2,719
2002	9,210,000	3,652,005	-	12,862,005	649,039	12,212,966	0.82%	584
2001	11,285,000	3,864,910	-	15,149,910	685,097	14,464,813	0.98%	696

Business-Type Activities - General Obligation Debt							
Fiscal Year	Water Fund	Sewer Fund	Total	less State Sewer Aid	Net Debt	Net Debt per capita (1)	% of Net Debt to Personal Income (2)
2010	\$ 22,028,464	\$ 20,814,451	\$ 42,842,915	\$ 5,307,287	\$ 37,535,628	\$ 1,816	3.9%
2009	22,455,992	23,289,050	45,745,042	6,544,265	39,200,777	1,910	4.2%
2008	4,883,520	18,832,750	23,716,270	7,840,329	15,875,941	770	1.7%
2007	5,211,048	20,850,673	26,061,721	9,195,478	16,866,243	810	1.8%
2006	5,538,576	22,868,597	28,407,173	10,609,355	17,797,818	848	2.0%
2005	5,911,104	25,016,521	30,927,625	8,448,531	22,479,094	1,068	2.5%
2004	6,693,632	17,821,430	24,515,062	9,816,428	14,698,634	698	1.7%
2003	1,513,600	19,534,450	21,048,050	11,250,205	9,797,845	466	1.2%
2002	1,998,000	21,247,468	23,245,468	12,740,295	10,505,173	502	1.3%
2001	1,865,000	17,782,557	19,647,557	14,286,339	5,361,218	258	0.7%

Fiscal Year	Total Debt Primary Government	Less State Aid	Net Debt	% of Net Debt to Assessed Value	Net Debt per capita (1)	% of Net Debt to Personal Income (2)
2010	\$ 112,776,675	\$ 24,888,125	\$ 87,888,550	2.3%	\$ 4,252	9.1%
2009	104,486,707	21,168,008	83,318,699	2.2%	4,060	8.9%
2008	83,140,841	23,516,352	59,624,489	1.6%	2,893	6.4%
2007	81,914,197	25,923,781	55,990,416	1.5%	2,690	6.1%
2006	83,157,557	28,389,937	54,767,620	1.8%	2,609	6.1%
2005	80,032,913	27,281,393	52,751,520	1.7%	2,506	5.9%
2004	77,716,256	29,701,570	48,014,686	1.6%	2,281	5.5%
2003	78,782,150	11,863,187	66,918,963	2.5%	3,185	8.2%
2002	36,107,473	13,389,334	22,718,139	1.5%	1,087	2.8%
2001	34,797,467	14,971,436	19,826,031	1.3%	954	2.5%

Data Source:
Finance Department Records

- Notes:
- (1) Per capita ratios based on trended 2004 NH Office of State Planning population estimates
 - (2) Personal Income ratios based on trended 2000 US Census amounts.

City of Portsmouth, New Hampshire

Direct and Overlapping Governmental Activities Debt As of June 30, 2010

	End of Calendar Year	Net General Obligation Debt Outstanding (1)	Percentage Applicable to Portsmouth (2)	Amount Applicable to Portsmouth
Rockingham County	2009	\$2,325,000	9.9484274%	\$ 231,301
			Subtotal, Overlapping Debt	<u>231,301</u>
City of Portsmouth Direct Debt				<u>69,933,760</u>
Total Direct Debt and Overlapping Debt				<u><u>\$ 70,165,061</u></u>

Data Sources:

- (1) Rockingham County Audited Financial Statements are for calendar year end, therefore, this amount is as of December 31, 2009.
- (2) NH Department of Revenue Administration. City of Portsmouth's equalized valuation as a percentage of the total equalized valuation of Rockingham County.

City of Portsmouth, New Hampshire

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)	City (3)		Unemployment Rates (3)	
				Unemployed	Labor Force	State of NH	US
2010	20,668	\$ 46,833	\$ 38,322	640	4.7%	5.9%	9.6%
2009	20,520	45,863	37,124	772	5.7%	5.2%	7.6%
2008	20,610	44,914	35,926	460	3.3%	3.6%	4.9%
2007	20,811	43,984	34,728	424	3.1%	3.7%	4.6%
2006	20,995	43,073	33,530	416	2.8%	3.4%	4.6%
2005	21,053	42,182	32,332	436	3.2%	3.6%	5.1%
2004	21,051	41,308	31,134	464	3.4%	3.9%	5.5%
2003	21,008	38,992	29,936	535	4.0%	4.4%	6.0%
2002	20,906	38,980	28,738	545	4.2%	3.8%	5.5%
2001	20,784	38,765	27,540	397	3.1%	2.8%	4.0%

Data Sources:

- (1) NH Office of Energy and Planning population estimates
- (2) Trended amounts based on 1997-2005 US Dept. of Commerce, Bureau of Economic Analysis information for Rockingham County.
- (3) NH Employment Security ELMI Data as of June 30.

City of Portsmouth, New Hampshire

Principal Employers

Current Year and Nine Years Ago

Employer	Type of Business	2010			2001		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
HCA Hospital	Hospital	1,100	1	4.06 %	1,000	2	3.55 %
US Dept of State, National Passport Center	Passport services	901	2	3.33			
Liberty Mutual	Insurance	837	3	3.09	1,800	1	6.38
City of Portsmouth (FTEs)	Municipal services	721	4	2.66			
US Dept of State National Visa Center	Visa services	721	4	2.66			
Lonza Biologics	Biotechnology	575	6	2.12	391	4	1.39
John Hancock	Finance	400	7	1.48			
Erie Scientific/Thermo Fisher	Laboratory equipment	350	8	1.29	350	5	1.24
Direct Capital	Commercial Leasing	326	9	1.20			
Bottomline technologies	Software	278	10	1.03	210	10	0.74
Flextronics	Electronic manufacture				500	3	1.77
Aprisma	Software				350	5	1.24
Home Depot	Retail				320	7	1.13
Shaw's Supermarkets	Supermarket				320	7	1.13
National Sea Products	Processed seafood				250	9	0.89
Total Principal Employers		6,209		22.92 %	5,491		19.47 %
Total City Employment (1)		27,086			28,204		

Data Source:

NH Employment Security-NH Community Profiles

Notes

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

City of Portsmouth, New Hampshire

Operating Indicators by Function Last Ten Fiscal Years

Function (1)	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Taxable property parcels assessed	7,925	7,902	7,911	7,940	7,960	8,045	8,197	8,268	8,299	8,321
Registered Voters	20,458	12,480	13,365	14,197	16,140	16,269	16,618	17,461	19,188	17,945
Votes Cast:										
Municipal Election		4,024		4,272		4,078		4,142		3,904
State Primary	3,185		3,941		2,786				2,009	
State General Election			8,656				7,665			
Presidential Primary				6,013				9,586		
Presidential General	11,652				12,805				13,135	
Building Permits	683	721	774	749	886	913	917	962	833	845
Estimated construction value	\$58,048,620	\$94,372,256	\$68,026,294	\$39,557,961	\$83,882,786	\$89,403,049	\$64,100,000	\$89,800,000	\$69,142,992	\$51,243,703
Public Safety										
Police										
Service Calls	37,872	41,541	37,784	41,262	36,192	41,843	40,335	38,248	35,931	33,742
Number of Arrests	1,738	1,447	1,317	1,470	1,424	1,435	1,607	1,553	1,361	1,266
Number of Traffic Violations										
Warnings	2,778	2,406	1,921	2,946	2,964	5,223	4,415	5,639	4,683	2,490
Citations	2,880	2,016	1,572	2,192	1,911	2,037	1,424	1,430	1,113	703
Accidents	1,026	967	996	856	821	796	731	763	773	703
DWI arrests	138	113	100	154	173	129	166	117	131	89
Fire and EMS										
Fire Rescue	5,008	2,869	2,655	2,386	2,287	2,309	2,595	2,287	2,535	2,570
Ambulance	2,277	2,611	2,490	2,379	2,443	2,295	2,332	2,338	2,447	2,562
Education (2)										
High School Fall Enrollment	1,067	1,066	1,038	1,113	1,134	1,078	1,091	1,073	1,052	1,072
Public Works										
Parking Enforcement										
Parking violations (Tickets written)	46,249	71,736	69,552	65,283	65,496	70,616	72,674	64,901	62,803	58,291
Solid Waste Tonnage	11,881	11,132	12,156	12,310	12,423	12,277	12,351	11,627	12,719	12,336
Streets resurfaced (miles)	4.02	6.57	4.03	2.08	3.57	3.58	5.45	3.77	4.20	2.80
Human Services - General Assistance										
Number of applicants	988	1,095	767	645	597	819	700	586	845	681
Culture and Recreation										
Public Library										
Items owned	127,541	125,836	126,918	123,935	126,371	126,973	147,242	133,687	143,545	146,663
Circulation of materials	340,532	356,528	351,854	349,943	344,514	349,290	375,196	443,371	484,735	488,630
Annual visits	247,749	264,036	260,323	260,319	256,464	262,980	271,774	285,495	293,772	455,834
Water System:										
Water main breaks	63	51	41	27	29	29	38	26	32	41
Daily average consumption (millions of gallons)	4.5	4.4	4.3	5.0	4.3	4.9	4.6	4.7	4.4	4.4
Peak daily consumption (millions of gallons)	6.7	6.8	6.6	6.7	6.4	6.6	7.3	5.7	5.3	5.0
Sewage System:										
Daily average treatment (millions of gallons)	5.1	5.1	5.9	4.7	6.2	6.6	6.2	5.6	6.8	6.7

Data Source:

(1) Various city departments

(2) NH Department of Education

City of Portsmouth, New Hampshire

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	31	29	29	29	30	31	31	30	30	30
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of vehicles	20	20	19	19	19	18	18	19	19	19
Education										
High School Buildings	1	1	1	1	1	1	1	1	1	1
Middle School Buildings	1	1	1	1	1	1	1	1	1	1
Elementary School Buildings	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets	104	104	104	104	104	104	104	104	104	105
Number of street lights	1,699	1,699	1,699	1,758	1,758	1,758	1,758	1,758	1,758	1,705
Number of bridges	16	16	16	16	16	16	16	16	16	15
Culture and Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Community centers	2	3	3	3	3	3	3	3	3	3
Number of boat dock facilities	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	3	3	3	3	3	3	3	3	3
Tennis courts	15	15	15	10	10	10	10	10	10	10
Water system:										
Miles of water mains	150	150	150	150	150	150	150	150	150	150
Number of service connections	7,809	7,744	7,744	7,804	7,882	7,891	7,856	7,887	7,888	7,915
Storage capacity in gallons (millions of gallons)	8.6	8.6	9.6	9.6	9.6	9.6	9.6	9.5	9.5	9.5
Maximum daily capacity of plant (millions of gallons)	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Number of fire hydrants	1,066	1,035	1,022	1,047	1,046	1,015	1,022	1,072	1,081	1,081
Sewage System:										
Miles of sanitary sewers	100	100	100	100	100	100	107	107	107	107
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	6,018	6,030	6,030	6,067	6,153	6,204	6,247	6,252	6,284	6,293
Maximum daily capacity of treatment (millions of gallons)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0

Data Source:
Various city departments

City of Portsmouth, New Hampshire

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Executive	3.0	3.0	2.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0
Finance	21.0	21.5	20.0	20.0	19.0	19.0	18.5	18.0	17.8	17.8
Human Resources	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
City Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	5.5	3.5	3.5	4.5	4.5	5.5	5.5	5.5	6.0	6.0
Planning	5.5	5.5	5.5	5.1	5.1	5.9	6.1	6.2	6.2	6.2
Inspection	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Health	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.5	1.5	1.5
Total General Government	47.5	45.5	42.5	43.1	42.6	44.3	44.0	43.6	44.0	44.0
Public Safety										
Police - Sworn Officers:										
General Fund Funded	61.7	61.3	62.7	64.0	64.3	64.6	64.6	63.6	65.1	64.1
Grant Funded	7.3	7.7	6.3	5.0	4.7	4.4	4.4	4.4	2.9	2.9
Dispatch	11.0	11.0	11.0	5.0	11.0	11.0	10.0	10.0	11.0	10.0
Parking Enforcement (1)	1.0	-	-	-	-	-	-	-	-	-
Police - Non-sworn employees:										
General Fund Funded	12.5	13.0	11.8	12.2	10.3	9.8	11.2	12.2	12.4	10.4
Grant Funded	1.5	1.5	1.2	0.8	0.8	0.8	0.9	0.9	0.6	0.6
Total Police Department	95.0	94.5	93.0	87.0	91.1	90.6	91.0	91.0	92.0	88.0
Fire and Rescue	57.0	60.0	60.0	59.0	59.0	59.0	59.0	60.0	61.0	61.0
Fire Clerical	0.5	0.5	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5
Total Public Safety	152.0	154.5	153.0	146.0	150.1	149.6	151.5	152.5	154.5	150.5
Education										
Administrators	14.9	14.9	14.3	14.0	14.2	13.1	14.0	14.0	14.1	14.1
Teachers	259.4	260.6	260.9	249.1	251.9	253.5	253.4	253.9	254.7	253.2
Clerical	24.0	24.1	24.6	25.6	24.8	25.3	25.0	23.8	23.3	22.8
Paraprofessional	41.7	41.5	41.1	38.3	47.6	46.5	41.4	41.4	49.1	46.5
School custodians	21.5	21.5	21.5	22.2	23.3	24.3	24.3	24.3	24.3	24.3
Security	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.0
Technicians	6.3	4.5	5.4	5.4	6.7	8.5	7.0	7.0	6.9	6.9
System maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total Education	373.8	373.1	373.8	360.6	375.5	378.2	371.0	370.3	378.4	373.8
Public Works										
General Fund functions	56.0	60.0	57.0	57.0	57.0	57.0	60.0	60.0	60.7	60.7
Parking Fund (1)	-	9.1	11.2	12.2	12.2	13.2	14.2	14.5	14.5	16.9
Water	26.3	26.5	25.0	24.5	24.8	24.8	24.8	24.8	24.8	24.8
Sewer	21.3	21.5	21.5	23.0	22.8	22.4	23.4	23.4	23.4	23.4
Total Public Works	103.5	117.1	114.7	116.7	116.7	117.3	122.3	122.6	123.3	125.8
Culture and Recreation										
Recreation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	7.5
Public Library	16.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0	16.0	15.0
Total Culture and Recreation	24.5	24.5	23.5	23.5	23.5	23.5	23.5	23.5	24.5	22.5
Human Services										
Welfare	3.0	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0	1.5
Total Human Services	3.0	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0	1.5
Community Development										
Community Development	5.3	4.3	4.1	4.6	3.9	4.1	4.0	3.9	3.2	2.1
UDAG	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Community Development	6.3	5.3	5.1	5.6	4.9	5.1	5.0	4.9	4.2	3.1
Total All Functions	710.6	722.5	715.2	698.1	715.8	719.9	719.3	719.4	730.8	721.1
Percent of Total										
General Government	6.7%	6.3%	5.9%	6.2%	6.0%	6.2%	6.1%	6.1%	6.0%	6.1%
Public Safety	21.4%	21.4%	21.4%	20.9%	21.0%	20.8%	21.1%	21.2%	21.1%	20.9%
Education	52.6%	51.6%	52.3%	51.7%	52.5%	52.5%	51.6%	51.5%	51.8%	51.8%
Public Works	14.6%	16.2%	16.0%	16.7%	16.3%	16.3%	17.0%	17.0%	16.9%	17.4%
Culture and Recreation	3.4%	3.4%	3.3%	3.4%	3.3%	3.3%	3.3%	3.3%	3.4%	3.1%
Human Services	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
Community Development	0.9%	0.7%	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%	0.6%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Budgeted Positions per City of Portsmouth Budget.

(1) In FY02 Parking Enforcement transferred from the Police Department to Public Works.

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