

# CITY OF PORTSMOUTH NEW HAMPSHIRE



## THE PROPOSED ANNUAL BUDGET



2011-2012



# *City of Portsmouth, New Hampshire*

## Proposed Budget 2011-2012



### **Mayor**

Thomas G. Ferrini

Nancy Novelline Clayburgh  
Assistant Mayor

Robert Lister, Councilor  
Jerry Hejtmanek, Councilor  
Eric Spear, Councilor  
M. Chris Dwyer, Councilor  
Anthony Coviello, Councilor  
Esther E. Kennedy, Councilor  
Kenneth E. Smith, Councilor

### **City Manager**

John P. Bohenko

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
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**City of Portsmouth  
New Hampshire**

For the Fiscal Year Beginning

**July 1, 2010**

President

Executive Director

*The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to The City of Portsmouth, New Hampshire for its annual budget for the fiscal year beginning July 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.*

*This award is valid for a period of one year only. We believe our current budget continues to conform its eligibility for another award.*

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**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**PROPOSED BUDGET FISCAL YEAR 2012**  
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## CITY OF PORTSMOUTH WEB ADDRESS

[www.cityofportsmouth.com](http://www.cityofportsmouth.com)

Full view of the proposed FY12 budget document and the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2010 can be viewed at the following link on the City's website. <http://www.cityofportsmouth.com/finance>

The entire Master Plan can be viewed at the following link on the City's website. <http://www.cityofportsmouth.com/planning>

The Capital Improvement Plan for 2012-2017 can be viewed at the following link on the City's website. <http://www.cityofportsmouth.com/planning>



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## CITY OF PORTSMOUTH

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John P. Bohenko  
City Manager

**To:** Honorable Mayor Thomas G. Ferrini and City Council Members  
**From:** John P. Bohenko, City Manager  
**Date:** April 8, 2011  
**Re:** Fiscal Year 2012 Budget Message

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In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2012 Proposed Budget document for all appropriated City funds: General, Water, Sewer, Parking and Transportation, and Community Development. This budget document also includes the City's Rolling Stock Replacement Program and a summary of the Capital Improvement Plan. It reflects accomplishments, outlines priorities for the coming year and establishes a financial plan to achieve a level of Municipal, School, Fire and Police services that meets critical needs.

The objective of this Budget Message is to briefly highlight the enormous challenges faced in developing a budget plan for the Fiscal Year beginning July 1, 2011, with additional details provided in the pages that follow to further illustrate how it was constructed.

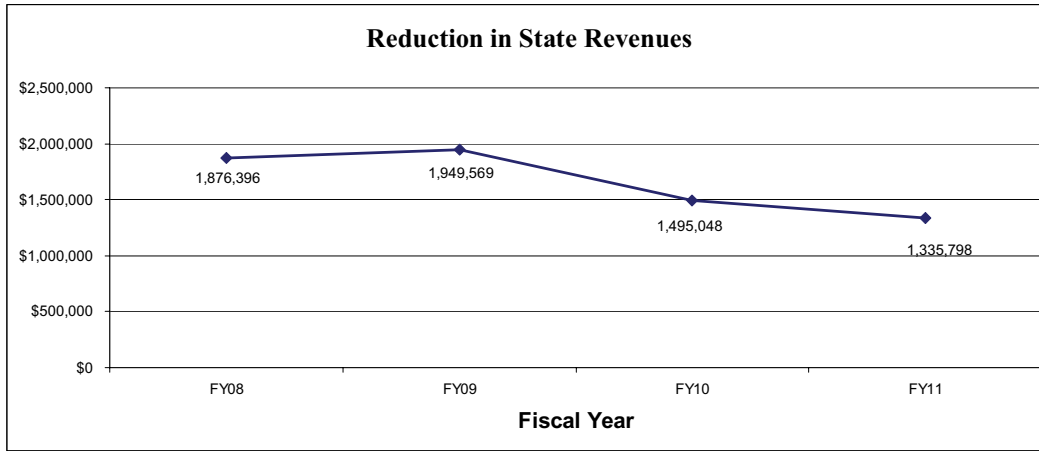
The Fiscal Year 2012 proposed budget is presented amid a persistent difficult economy that has created problems that are compounding and threatening to cripple municipal and state governments nationwide, including in our own State of New Hampshire.

**If adopted as presented, this budget proposal would achieve the City Council goal of no tax increase for fiscal year 2012, but not without significant impact.**

It is important to note that Portsmouth's equalized tax rate already is among the lowest in the State. The Tax Foundation's latest report ranked New Hampshire as 44<sup>th</sup> out of 50 states in combined state and local tax burden. Comparing Portsmouth to other communities within New Hampshire reveals an even lower tax burden for local taxpayers, with the City's tax rate ranked 182<sup>nd</sup> out of 240 municipalities according to the most current data available from the Department of Revenue Administration.

Nonetheless, the citizens of Portsmouth have become accustomed to a stable and predictable tax rate with a high level of services. The City has faced considerable challenges over the past few years in meeting those expectations, led by the reduction or

loss of revenues we cannot hope to regain. Since Fiscal Year 2008, the City has suffered a 29% loss in State aid from the Shared Revenue Block Grant, Transition Aid, Meals and Rooms Tax, and Highway Block Grant Aid, as illustrated in the following chart.



	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	Change From FY08
Shared Revenue Block Grant	657,154	657,154	-	-	
Transition Aid	-	-	222,611	-	
Meals & Rooms Tax	878,389	921,495	917,477	917,412	
Highway Block Grant Aid	340,853	370,920	354,960	418,386	
	1,876,396	1,949,569	1,495,048	1,335,798	(540,598)
		73,173	(454,520)	(159,250)	
		3.9%	-23.3%	-10.7%	-28.8%

There is a looming threat of additional cuts at the State level that would downshift substantial costs onto the City and its property taxpayers; these may not be determined until the Legislature completes its work in late June. Therefore, we have no choice but to submit the City’s Fiscal Year 2012 budget based on current law and general knowledge.

The City’s budgeting also remains affected by a \$1.1 million net change in revenues since FY08, including a \$679,057 loss in investment income and a \$403,351 decrease in motor vehicle registration revenue. For FY12, we are projecting a continued decrease in interest revenue on investments, as well as a reduction in tuition payments from area towns. In addition, we anticipate a fourth consecutive year of slow car and truck sales, which will affect City revenue from motor vehicle registrations.

The City of Portsmouth is annually assessed its portion of the Rockingham County budget based on its share of the equalization of property values for the County. Although the Rockingham Legislative Delegation adopted a budget which reflects a 0.6 percent decrease in the amount of tax revenue they need to collect from county communities, we will not know what our actual county tax obligation is until the State sets our tax rate in October. Since Fiscal Year 2008, the City’s county obligation has increased by \$623,188 and I anticipate that the obligation in FY12 will be at \$4.2 million.

In light of continuing revenue losses and mindful of the substantial challenges facing the City due to a variety of economic uncertainties, the City Council voted on December 6, 2010, to direct that the Fiscal Year 2012 Operating Budget be developed at or below the Fiscal Year 2011 originally adopted budget, with the additional objective of not increasing the tax rate.

The Departments worked diligently to prepare level-funded FY12 budgets with the goal of continuing critical services. However, they faced considerable challenges as follows.

- **Salaries:** City services are labor-intensive; therefore, personnel costs comprise 84% of the operating budget. For the fourth consecutive year, the budget was developed without final approval of five of the 15 collective bargaining agreements that expired on June 30, 2008. The Departments submitted budget requests without cost-of-living adjustments for these remaining five contracts, but included step increases for employees who have not reached top step in their job classifications. Although it is difficult to anticipate the potential negotiated impact from the remaining five contracts, I am recommending \$900,000 be set aside in a separate line item within the Operating Budget for this purpose.
- **Retirement:** The New Hampshire Retirement System, under the provisions of current law, has announced an increase in the City’s contribution rate for all full-time personnel.

<b>RETIREMENT RATES</b>			
	<b>FY11 Rates</b>	<b>FY12 Rates</b>	<b>% change from FY11 Rate</b>
<b>Group I</b>			
Employees	9.16%	11.09%	21.07%
Teachers	8.02%	9.07%	13.09%
<b>Group II</b>			
Police	14.63%	16.62%	13.60%
Fire	18.52%	20.08%	8.42%

Although the proposed budget includes a reduction of 25.5 full-time positions, the rate increase contributes to the retirement cost which exceeds \$4.2 million in FY12 or \$435,044 more than FY11. This does not include retirement impacts associated with salary adjustments that have not yet been negotiated. In addition, the Legislature is considering proposals to eliminate the State’s subsidy, which could further – and dramatically – increase the City’s share.

- **Health Insurance:** The New Hampshire Local Government Center (LGC) HealthTrust has announced a 12.5% increase in the health insurance premium rate for FY12, resulting in a *total* premium cost of approximately \$12.8 million. The City employees’ share will be approximately \$2.3 million, or about 18% of the total cost, leaving the City’s portion at almost \$10.5 million.

Per the Health Insurance Stabilization Fund Policy, *[detailed information on the*

*Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document]* the annual appropriation amount for each department is determined by the average increase of Health Insurance rates over 10 years. For FY12, this budget increase impacting the departments is 9.5%. However, due to a large reduction in full-time positions proposed in the FY12 budget, the total general fund health insurance appropriation is \$154,761 less than FY11.

- **Other Costs:** Other operating costs such as utilities, building and equipment repairs and maintenance, contracted services, special needs tuition and transportation make up 16% of the operating budget. Although the City continues to make every effort in our public bidding process to obtain the best prices for materials and services, market forces still dictate energy, material, and contracted labor costs.

### The Fiscal Year 2012 General Fund Budget

The City Manager-recommended budget for FY12 is submitted to you as requested by the Departments in accordance with the City Council’s directive from December. The operating budget of \$68,407,692 finances expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire, and School Departments and represents a decrease of \$157,243 or .23% less than FY11.

The non-operating budget of \$18,049,152 consists of expenditures for debt service, overlay, capital outlay, County tax, contingency, debt-related expenses, and other non-operating expenditures, and represents an increase of \$309,633 or 1.75% over FY11.

The total proposed FY12 General Fund budget of \$86,456,844 reflects an increase of \$152,390 or .18% over FY11.

2012 PROPOSED BUDGET				
	FY11	FY12 Submitted Budget	\$ Change	Percent Change
<b>Operating</b>	68,564,935	68,407,692	(157,243)	-0.23%
<b>Non-Operating</b>	17,739,519	18,049,152	309,633	1.75%
<b>Total</b>	\$86,304,454	\$86,456,844	152,390	0.18%

### Budget Environment

#### *Department Budget Proposals*

The following chart depicts the submitted budgets from the Municipal, Police, Fire, and School Departments as requested by the City Council to be at or below the original approved FY11 budget level. For the Police and Fire Departments, the decreases are a

result of contract increases negotiated in late FY11 that the Departments are absorbing in the FY12 proposed budget.

	FY11	FY12 Submitted Budget	\$ Change	Percent Change
Municipal	15,444,772	15,442,527	(2,245)	-0.01%
Police	8,518,412	8,438,675	(79,737)	-0.94%
Fire	6,736,755	6,722,490	(14,265)	-0.21%
School	36,904,000	36,904,000	-	0.00%

It should also be noted that for the Municipal, Police and Fire Departments, reductions in force and other changes have resulted in proposed FY12 budget that is below the FY09 funding levels, depicted in the following table.

	FY09	FY12 Proposed Budget	Change from FY09	% Change from FY09
Municipal	15,653,493	15,442,527	(210,966)	-1.3%
Police	8,621,631	8,438,675	(182,956)	-2.1%
Fire	6,817,399	6,722,490	(94,909)	-1.4%

In order to meet the City Council’s goal of no tax increase, it is necessary for me to recommend the following:

- No new rolling stock purchases in Fiscal Year 2012 with the caveat that continuing this drastic step for more than one year could result in an even greater risk of higher financial costs in the future from failure to replace aging vehicles and equipment.
- No new bond authorizations from the General Fund in Fiscal Year 2012.
- A reduction in capital outlay from Fiscal Year 2011. Despite difficult economic circumstances, it is essential that we assure that the City’s basic infrastructure is maintained in order to avoid larger costs in the future. After being reduced in the two prior fiscal years, the General Fund appropriation for capital projects was restored to the \$1.2 million target in FY 2011. However, the Planning Board recommended the expenditure of \$1 million in FY 2012 in recognition of fiscal constraints. The \$1 million would be combined with \$21 million in grants, matching funds and other programs to support ongoing projects and to initiate those that are most needed. This would result in 95% funding without property taxes.

Meeting the Council’s goal of no tax increase will also require a reduction in the City workforce. Although the Departments have made recommendations they hope will have the least impact on our citizens, it will be necessary to prioritize services.

The City Council last year requested that Departments achieve a 2% staff reduction in FY11, followed by an additional 3% reduction in FY12. The FY11 budget included a

reduction of 30.55 full time personnel. These are in addition to the 7.82 that were reduced in FY10 bringing the total reduction to 38.37 full-time equivalents. To achieve the goal of a flat budget, an additional reduction of 25.53 jobs will be necessary. Overall, the total reduction of full-time personnel from FY09 is 63.9 positions or 9% as summarized below. These reductions will no doubt affect City services in varying degrees, either through outright elimination or a delay.

	FY 09 ACTUAL	FY 10 ACTUAL	FY 11 ACTUAL	FY 12 PROPOSED BUDGET	Change FY 09 to FY 12
<b>CITYWIDE - FULL TIME PERSONNEL</b>					
<b>TOTAL</b>	720.17	712.35	681.8	656.27	
<b>FTE Change from Previous FY</b>		(7.82)	(30.55)	(25.53)	(63.90)
<b>% Change from previous FY</b>		-1.1%	-4.3%	-3.7%	-8.9%

The recommended staff reductions for FY12 are:

- **Finance Department**- Elimination of one full-time position.
- **Planning**-Elimination of one full-time position.
- **Legal** – Reduction of one full time position to part-time.
- **Public Works** –Elimination of one full-time vacant position and a reduction of one full-time position to part-time.
- **Police Department** – 5 full time non-ranking officers unfunded.
- **Fire Department** – Fire Inspector position unfunded.
- **School Department** – Reduction of 11.9 full time equivalents.
- **Sewer Divisions** – Elimination of one full-time position.

As I mentioned earlier, the proposed FY12 budget was prepared with the goal of no tax increase. Maintaining the tax rate of \$17.41 was not achieved without difficult decisions. If the state continues to downshift costs to the local taxpayer, additional decisions will have to be made by the City Council which could affect the tax rate.

The FY12 budgeting process would have been even more difficult in the current economy if the City of Portsmouth had not previously invested a substantial amount of time and effort in adopting policies to improve our fiscal stability, address long-term liabilities and limit the impact from external financial conditions. These include, but are not limited to, the creation of a Fund Balance Ordinance, a Leave at Termination Fund, a Health Insurance Stabilization Fund, Capital Improvement Plan, and a Rolling Stock Replacement Program.

As a result of these efforts, the City’s bond rating is at its historically highest level after Standard & Poor’s Rating Group, one of the nation’s largest bond rating agencies, last May affirmed its AA+ rating and Moody’s Investors Service affirmed its Aa1 rating; the second highest obtainable rating from both agencies. Both bond rating agencies cited the City’s fiscal prudence. S&P also upgraded Portsmouth’s Financial Management Assessment (FMA) from “good” to “strong,” the highest attainable level.

Not only have these high bond ratings resulted in substantial annual savings to our taxpayers in the form of reduced borrowing costs, the City is able to avoid the requirement to obtain bond insurance that faces many other municipalities struggling in this economy.

We are fortunate in Portsmouth that our unemployment rate remains well below the State and national averages, and our community continues to be attractive to businesses and visitors, alike. The Pease International Tradeport, now home to over 42% of Portsmouth's office space and responsible for 96% of the city's net growth in employment, is a major driver of our economic engine, while generating over \$5.2 million in revenue for the City of Portsmouth.

We also have much to be proud of in the City of Portsmouth. Our accomplishments and continued priorities are detailed later in this document. However, I particularly would like to cite the following FY11 successes:

- We opened our new “green” Fire Station No. 2 on Lafayette Road, which we believe is destined to become New Hampshire's first fire station to receive LEED certification from the U.S. Green Building Council as part of our continuing sustainability efforts.
- We continued implementing Municipal, Police, Fire and School Department projects and programs funded by over \$4.2 million obtained through competitive applications and formula funding under the Federal American Recovery and Reinvestment Act of 2009 (ARRA).
- We completed a number of infrastructure and sewer improvements, including the State Street Utility Upgrade and Street Improvements and the Bartlett and Islington Area Sewer Improvements.

In spite of these and additional accomplishments, we must continue to be mindful of the need for long-term planning, while facing the critical challenges before us today.

I would be remiss if I did not elaborate on two major issues before the New Hampshire Legislature that continue to have the potential to substantially impact our future budgeting. They are:

#### ***The New Hampshire Retirement System***

As noted earlier, the New Hampshire Legislature continues to work on legislation to reform the New Hampshire Retirement System and this issue remains a major concern to the City of Portsmouth. Critical legislation to eliminate a provision that unexpectedly opened the City to enormous financial liability for some retiring employees is pending at this time.

#### ***Education Funding and the Statewide Property Tax***

Although the Legislature adopted education funding legislation that would have reinstated “Donor communities” as of FY12, Portsmouth was not scheduled to be among them and instead was slated to receive a \$1.7 million State grant to help meet its cost of adequacy – a welcome change after being forced to raise \$11.7 million between FY00 and FY05 in



excess Statewide Education Property Taxes (SWEPT) as a “Donor.” However, we were aware that the State’s continuing financial crisis almost certainly meant the formula would change and the Department of Education in November advised communities against expecting to receive substantially more or less than in FY11. Therefore, we did not budget for the grant. Legislation currently moving through the process would keep communities at the same level as FY11 and eliminate Donor communities for at least two years. We will continue to monitor this issue in the Legislature through the Coalition Communities office.

### **Conclusion**

My recommended budget for the following funds – General, Water, Sewer, Parking and Transportation, Community Development, and Economic Development – continues on the subsequent pages with budget highlights, citywide priorities, financial policies, long-term financial guidelines, and a community and economic profile.

The City uses guidelines recommended by the Government Finance Officers Association (GFOA) to prepare a comprehensive budget document to help residents, business owners, and elected officials to better understand the budget and the budget process. As a result of these efforts, the City of Portsmouth has received its fifth consecutive Distinguished Budget Presentation Award from GFOA for the Fiscal Year 2011 Proposed Budget document. Portsmouth remains the only municipality in New Hampshire to receive this award.

I would like to thank all of the Departments for their invaluable input, assistance and commitment to producing the Fiscal Year 2012 Proposed Budget document.

# 2012 BUDGET HIGHLIGHTS

## GENERAL FUND

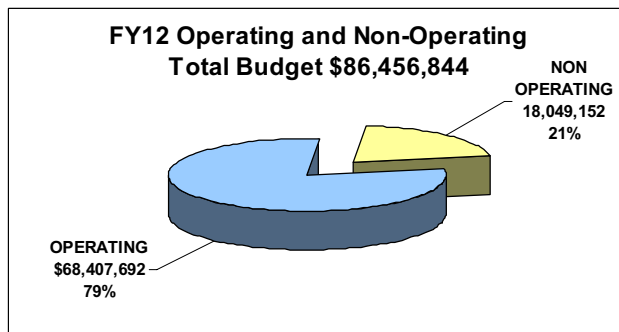
### Total Appropriation

The total proposed FY12 appropriation for the General Fund is \$86,456,844 or an .18% increase over the FY11 budget. The following table is a summary of major expenditure categories for the FY10 budget and actual, FY11 budget, FY12 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY11.

TOTAL GENERAL FUND	FY10 BUDGET	FY10 ACTUAL	FY11 BUDGET	FY12 DEPARTMENT REQUEST	FY12 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
SALARIES	33,715,765	33,038,148	33,544,752	33,255,706	33,255,706	-0.86%	(289,046)
PART TIME SALARIES	1,549,223	1,674,374	1,674,938	1,722,741	1,722,741	2.85%	47,803
CITY COUNCIL/COMMISSIONS	38,800	40,450	38,800	38,800	38,800	0.00%	0
OVERTIME	1,509,083	1,534,533	1,313,622	1,220,113	1,220,113	-7.12%	(93,509)
HOLIDAY	279,885	265,705	271,169	263,148	263,148	-2.96%	(8,021)
*LONGEVITY	99,818	92,260	98,723	98,527	98,527	-0.20%	(196)
CERTIFICATION STIPENDS	265,515	243,960	261,268	283,808	283,808	8.63%	22,540
SPECIAL DETAIL	47,667	26,327	44,708	46,240	46,240	3.43%	1,532
RETIREMENT	3,475,497	3,504,078	3,784,497	4,219,541	4,219,541	11.50%	435,044
HEALTH INSURANCE	9,486,222	9,493,182	9,911,943	9,757,182	9,757,182	-1.56%	(154,761)
DENTAL INSURANCE	610,254	618,376	632,217	683,771	683,771	8.15%	51,554
INSURANCE REIMBURSEMENT	65,897	83,841	83,999	108,701	108,701	29.41%	24,702
LEAVE AT TERMINATION	996,504	996,504	1,064,724	928,952	928,952	-12.75%	(135,772)
LIFE AND DISABILITY	319,380	270,652	298,125	291,563	291,563	-2.20%	(6,562)
WORKERS' COMPENSATION	690,452	677,901	631,472	687,857	687,857	8.93%	56,385
OTHER BENEFITS	2,746,037	2,575,389	2,806,931	2,737,003	2,737,003	-2.49%	(69,928)
COLLECTIVE BARGAINING CONTINGENCY	913,447	913,447	805,996	900,000	900,000	11.66%	94,004
<b>TOTAL SALARIES AND BENEFITS</b>	<b>56,809,446</b>	<b>56,049,127</b>	<b>57,267,884</b>	<b>57,243,653</b>	<b>57,243,653</b>	<b>-0.04%</b>	<b>(24,231)</b>
TRAINING/EDUCATION	85,163	77,895	76,707	78,011	78,011	1.70%	1,304
UTILITIES	2,278,731	2,090,950	2,235,200	2,263,193	2,263,193	1.25%	27,993
DIRECT ASSISTANCE	230,000	262,604	228,500	228,500	228,500	0.00%	0
OUTSIDE SOCIAL SERVICES	188,537	188,537	157,181	151,076	151,076	-3.88%	(6,105)
CONTRACTED SERVICES	773,736	956,574	825,416	830,190	830,190	0.58%	4,774
PUPIL TRANSPORTATION	898,233	836,246	865,992	857,286	857,286	-1.01%	(8,706)
TUITION	921,655	1,030,874	876,927	982,792	982,792	12.07%	105,865
OTHER OPERATING	6,100,691	6,223,629	5,876,128	5,772,991	5,772,991	-1.76%	(103,137)
TRANSFER TO INDOOR POOL	-	-	155,000	-	-	-100.00%	(155,000)
<b>TOTAL OTHER OPERATING</b>	<b>11,476,746</b>	<b>11,667,309</b>	<b>11,297,051</b>	<b>11,164,039</b>	<b>11,164,039</b>	<b>-1.18%</b>	<b>(133,012)</b>
<b>TOTAL OPERATING</b>	<b>68,286,192</b>	<b>67,716,435</b>	<b>68,564,935</b>	<b>68,407,692</b>	<b>68,407,692</b>	<b>-0.23%</b>	<b>(157,243)</b>
DEBT RELATED EXPENSES	350,000	175,393	350,000	350,000	350,000	0.00%	0
DEBT SERVICE	8,156,496	7,857,277	9,181,827	10,232,755	10,232,755	11.45%	1,050,928
CONTINGENCY	300,000	300,000	250,000	250,000	250,000	0.00%	0
OVERLAY	900,000	644,895	1,100,000	1,150,000	1,150,000	4.55%	50,000
COUNTY	3,825,800	3,949,898	4,107,894	4,199,167	4,199,167	2.22%	91,273
PROPERTY & LIABILITY	378,240	373,166	398,000	414,000	414,000	4.02%	16,000
OTHER GENERAL GOVERNMENT	1,042,008	1,046,655	1,164,298	435,080	435,080	-62.63%	(729,218)
CAPITAL	800,000	800,000	1,187,500	1,018,150	1,018,150	-14.26%	(169,350)
<b>TOTAL NON-OPERATING</b>	<b>15,752,544</b>	<b>15,147,284</b>	<b>17,739,519</b>	<b>18,049,152</b>	<b>18,049,152</b>	<b>1.75%</b>	<b>309,633</b>
<b>TOTAL GENERAL FUND BUDGET</b>	<b>84,038,736</b>	<b>82,863,720</b>	<b>86,304,454</b>	<b>86,456,844</b>	<b>86,456,844</b>	<b>0.18%</b>	<b>152,390</b>

\*Excluding School

The Total FY12 budget represents \$68,407,692 in operating expenditures and \$18,049,152 for non-operating expenditures as depicted in the pie chart below.



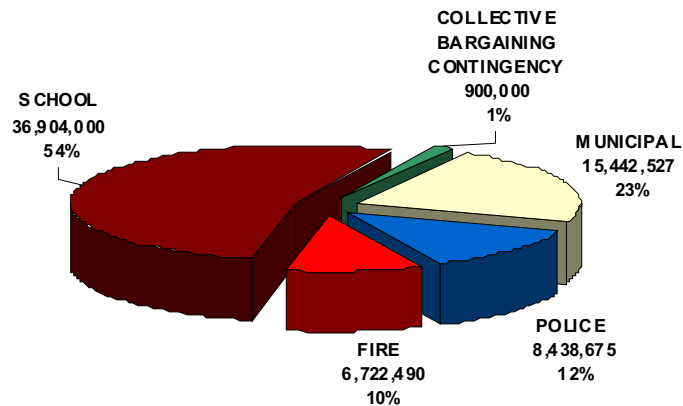
-Operating budget is 79% of the total budget.

-Non-operating budget is 21% of the total budget.

## Operating Budget

The total Operating Budget for FY12 is \$68,407,692 which funds the expenditures associated with the day-to-day operations and services provided by the Municipal, Police, Fire and School Departments.

The Operating Budget which, includes \$.9 million for Collective Bargaining Contingency, represents a decrease of (\$157,243) or (.23%) from the FY11 budget for all Departments.



The total proposed FY12 budget for the Municipal Departments total \$15,442,527. The Municipal Departments include services provided by: City Council, City Manager, Human Resources, City Clerk, Elections, Legal, Finance, Planning, Inspection, Health, Public Works, Public Library, Recreation, Public Welfare, Outside Social Services, and other General Administration. The following table is a summary of major expenditure categories for the FY10 budget and actual, FY11 budget, FY12 Department requested budget and the City Manager's recommended as well as the percent and dollar change over FY11 for the total Municipal budget.

TOTAL MUNICIPAL	FY10	FY10	FY11	FY12	FY12	% CHANGE	\$ CHANGE
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED		
SALARIES	6,231,517	5,994,056	5,934,634	5,804,433	5,804,433	-2.19%	(130,201)
PART-TIME SALARIES	648,963	678,999	789,772	840,488	840,488	6.42%	50,716
CITY COUNCIL/TRUSTEES	17,600	18,800	17,600	17,600	17,600	0.00%	0
OVERTIME	292,714	253,984	283,184	290,684	290,684	2.65%	7,500
LONGEVITY	47,153	45,647	46,471	46,427	46,427	-0.09%	(44)
RETIREMENT	612,430	596,540	610,996	701,604	701,604	14.83%	90,608
HEALTH INSURANCE	1,652,469	1,652,469	1,738,397	1,711,317	1,711,317	-1.56%	(27,080)
DENTAL INSURANCE	114,928	110,258	111,911	119,986	119,986	7.22%	8,075
INSURANCE REIMBURSEMENT	29,349	36,788	40,000	52,000	52,000	30.00%	12,000
LEAVE AT TERMINATION	271,217	271,217	336,217	300,000	300,000	-10.77%	(36,217)
LIFE AND DISABILITY	72,300	51,143	51,400	52,000	52,000	1.17%	600
WORKERS' COMPENSATION	171,240	169,658	166,698	181,967	181,967	9.16%	15,269
OTHER BENEFITS	587,220	533,912	584,866	574,028	574,028	-1.85%	(10,838)
<b>TOTAL CONTRACTUAL OBLIGATIONS</b>	<b>10,749,100</b>	<b>10,413,471</b>	<b>10,712,146</b>	<b>10,692,534</b>	<b>10,692,534</b>	-0.18%	(19,612)
TRAINING/EDUCATION	26,550	15,473	25,500	27,550	27,550	8.04%	2,050
UTILITIES	1,149,700	1,145,570	1,095,600	1,132,600	1,132,600	3.38%	37,000
WELFARE DIRECT ASSISTANCE	230,000	262,604	228,500	228,500	228,500	0.00%	0
OUTSIDE SOCIAL SERVICES	188,537	188,537	157,181	151,076	151,076	-3.88%	(6,105)
CONTRACTED SERVICES	729,123	848,808	783,721	787,982	787,982	0.54%	4,261
OTHER OPERATING	2,581,936	2,442,919	2,442,124	2,422,285	2,422,285	-0.81%	(19,839)
<b>TOTAL OTHER OPERATING</b>	<b>4,905,846</b>	<b>4,903,912</b>	<b>4,732,626</b>	<b>4,749,993</b>	<b>4,749,993</b>	0.37%	17,367
<b>TOTAL MUNICIPAL</b>	<b>15,654,946</b>	<b>15,317,382</b>	<b>15,444,772</b>	<b>15,442,527</b>	<b>15,442,527</b>	-0.01%	(2,245)

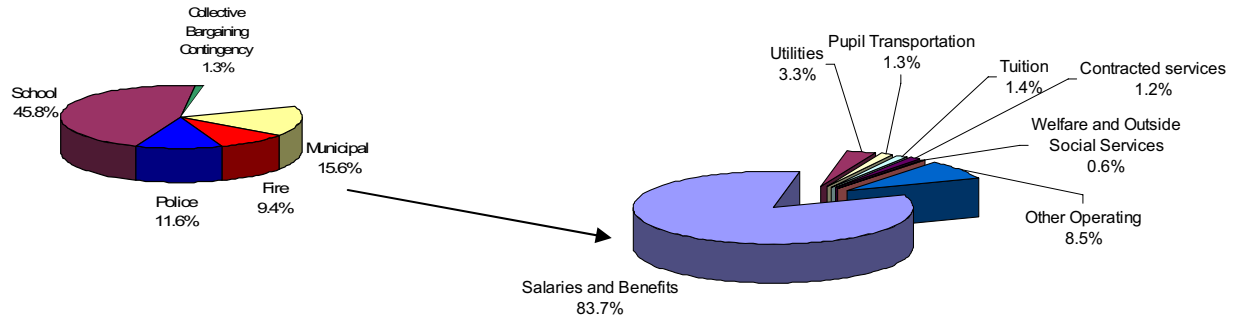
The following tables represents a summary of major expenditure for Police, Fire, and School Departments.

	FY10	FY10	FY11	FY12	FY12	%	\$
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED	CHANGE	CHANGE
<b>POLICE DEPARTMENT</b>							
SALARIES - UNIFORM	3,581,950	3,350,632	3,520,436	3,372,330	3,372,330	-4.21%	(148,106)
SALARIES - CIVILIAN	915,070	909,932	895,415	925,969	925,969	3.41%	30,554
SHIFT DIFFERENTIAL	23,140	12,663	22,968	23,901	23,901	4.06%	933
PART-TIME SALARIES	119,404	111,164	110,711	107,317	107,317	-3.07%	(3,394)
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	0
OVERTIME	510,339	572,843	485,584	501,783	501,783	3.34%	16,199
HOLIDAY	152,819	140,977	149,231	139,781	139,781	-6.33%	(9,450)
LONGEVITY	27,951	24,427	26,492	25,712	25,712	-2.94%	(780)
SPECIAL DETAIL	47,667	26,327	44,708	46,240	46,240	3.43%	1,532
RETIREMENT	677,949	673,422	725,171	795,660	795,660	9.72%	70,489
HEALTH INSURANCE	1,409,250	1,409,250	1,422,531	1,379,099	1,379,099	-3.05%	(43,432)
DENTAL INSURANCE	93,284	84,177	88,890	91,810	91,810	3.28%	2,920
INSURANCE REIMBURSEMENT	3,664	3,055	-	-	-		0
LEAVE AT TERMINATION	155,203	155,203	158,423	158,868	158,868	0.28%	445
LIFE AND DISABILITY	6,723	4,676	6,690	4,948	4,948	-26.04%	(1,742)
WORKERS' COMPENSATION	168,019	168,019	127,471	138,373	138,373	8.55%	10,902
OTHER BENEFITS	207,409	194,775	202,490	195,692	195,692	-3.36%	(6,798)
<i>Contractual Obligations</i>	<i>8,103,441</i>	<i>7,845,140</i>	<i>7,990,811</i>	<i>7,911,083</i>	<i>7,911,083</i>	<i>-1.00%</i>	<i>(79,728)</i>
TRAINING/EDUCATION	45,613	50,857	38,207	37,461	37,461	-1.95%	(746)
UTILITIES	85,000	83,690	86,700	86,700	86,700	0.00%	0
CONTRACTED SERVICES	28,613	90,889	25,695	26,208	26,208	2.00%	513
OTHER OPERATING	388,229	397,716	376,999	377,223	377,223	0.06%	224
<i>Other Operating</i>	<i>547,455</i>	<i>623,152</i>	<i>572,601</i>	<i>527,592</i>	<i>527,592</i>	<i>0.00%</i>	<i>(9)</i>
<b>TOTAL</b>	<b>8,650,896</b>	<b>8,468,292</b>	<b>8,518,412</b>	<b>8,438,675</b>	<b>8,438,675</b>	<b>-0.94%</b>	<b>(79,737)</b>

	FY10	FY10	FY11	FY12	FY12	%	\$
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED	CHANGE	CHANGE
<b>FIRE DEPARTMENT</b>							
SALARIES	3,201,767	3,110,605	3,177,258	3,128,440	3,128,440	-1.54%	(48,818)
PART-TIME SALARIES	64,475	60,885	56,996	57,477	57,477	0.84%	481
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	0
OVERTIME	636,252	631,336	475,076	357,868	357,868	-24.67%	(117,208)
HOLIDAY	127,066	124,728	121,938	123,367	123,367	1.17%	1,429
LONGEVITY	24,714	22,187	25,760	26,388	26,388	2.44%	628
CERTIFICATION STIPENDS	265,515	243,960	261,268	283,808	283,808	8.63%	22,540
RETIREMENT	697,837	725,215	776,155	822,019	822,019	5.91%	45,864
HEALTH INSURANCE	921,692	921,692	969,620	1,018,101	1,018,101	5.00%	48,481
DENTAL INSURANCE	66,806	66,104	70,480	74,356	74,356	5.50%	3,876
INSURANCE REIMBURSEMENT	32,884	43,998	43,999	56,701	56,701	28.87%	12,702
LEAVE AT TERMINATION	70,084	70,084	70,084	70,084	70,084	0.00%	0
WORKERS' COMPENSATION	261,193	250,577	243,303	259,173	259,173	6.52%	15,870
LIFE AND DISABILITY	35,218	25,873	34,896	34,476	34,476	-1.20%	(420)
OTHER BENEFITS	99,400	94,680	97,240	97,550	97,550	0.32%	310
<i>Contractual Obligations</i>	<i>6,508,503</i>	<i>6,395,524</i>	<i>6,427,673</i>	<i>6,413,408</i>	<i>6,413,408</i>	<i>-0.22%</i>	<i>(14,265)</i>
TRAINING/EDUCATION	13,000	11,565	13,000	13,000	13,000	0.00%	0
UTILITIES	80,803	79,816	80,803	80,803	80,803	0.00%	0
CONTRACTED SERVICES	16,000	16,877	16,000	16,000	16,000	0.00%	0
OTHER OPERATING	204,094	271,653	199,279	199,279	199,279	0.00%	0
<i>Other Operating</i>	<i>313,897</i>	<i>379,910</i>	<i>309,082</i>	<i>309,082</i>	<i>309,082</i>	<i>0.00%</i>	<i>0</i>
<b>TOTAL</b>	<b>6,822,400</b>	<b>6,775,434</b>	<b>6,736,755</b>	<b>6,722,490</b>	<b>6,722,490</b>	<b>-0.21%</b>	<b>(14,265)</b>

	FY10	FY10	FY11	FY12	FY12	%	\$
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED	CHANGE	CHANGE
<b>SCHOOL DEPARTMENT</b>							
TEACHERS	16,030,274	15,982,099	16,235,902	16,234,150	16,234,150	-0.01%	(1,752)
SALARIES	3,732,047	3,678,163	3,758,139	3,766,483	3,766,483	0.22%	8,344
PART-TIME SALARIES	716,381	823,326	717,459	717,459	717,459	0.00%	0
SCHOOL BOARD STIPEND	14,000	14,450	14,000	14,000	14,000	0.00%	0
OVERTIME	69,778	76,369	69,778	69,778	69,778	0.00%	0
RETIREMENT	1,487,281	1,508,901	1,672,175	1,900,258	1,900,258	13.64%	228,083
HEALTH INSURANCE	5,502,811	5,509,771	5,781,395	5,648,665	5,648,665	-2.30%	(132,730)
DENTAL INSURANCE	335,236	357,838	360,936	397,619	397,619	10.16%	36,683
LEAVE AT TERMINATION	500,000	500,000	500,000	400,000	400,000	-20.00%	(100,000)
WORKERS' COMPENSATION	90,000	89,647	94,000	108,344	108,344	15.26%	14,344
LIFE AND DISABILITY	205,139	188,959	205,139	200,139	200,139	-2.44%	(5,000)
OTHER BENEFITS	1,852,008	1,752,023	1,922,335	1,869,733	1,869,733	-2.74%	(52,602)
<i>Contractual Obligations</i>	<i>30,534,955</i>	<i>30,481,545</i>	<i>31,331,258</i>	<i>31,326,628</i>	<i>31,326,628</i>	<i>-0.01%</i>	<i>(4,630)</i>
TUITION	921,655	1,030,874	876,927	982,792	982,792	12.07%	105,865
TRANSPORTATION	898,233	836,246	865,992	857,286	857,286	-1.01%	(8,706)
UTILITIES	963,228	781,874	972,097	963,090	963,090	-0.93%	(9,007)
REPAIR/MAINTENANCE	344,947	459,157	377,114	357,271	357,271	-5.26%	(19,843)
OTHER OPERATING	2,581,485	2,652,184	2,480,612	2,416,933	2,416,933	-2.57%	(63,679)
<i>Other Operating</i>	<i>5,709,548</i>	<i>5,760,335</i>	<i>5,572,742</i>	<i>5,577,372</i>	<i>5,577,372</i>	<i>0.08%</i>	<i>4,630</i>
<b>TOTAL</b>	<b>36,244,503</b>	<b>36,241,880</b>	<b>36,904,000</b>	<b>36,904,000</b>	<b>36,904,000</b>	<b>0.00%</b>	<b>0</b>

As 84% of the Operating Budget represents salaries and benefits, the remaining 16% of the Operating Budget is comprised of non-salary and benefit costs such as utilities, contracted services, building and equipment repairs and maintenance, supplies, welfare and outside assistance, special needs tuition, transportation and other charges as depicted in the chart below.



The City of Portsmouth has a total of fifteen (15) collective bargaining units of which five (5) of these bargaining units' contracts expired on June 30, 2008. Therefore, Municipal, Police, Fire and School Departments submitted proposed budgets without salary adjustments (with the exception of step increases for eligible employees) for those contracts which have not been negotiated. To reserve funds for anticipated contract settlements, a proposed \$900,000 of the Operating Budget has been appropriated.

### Retirement

During Fiscal Years prior to FY10, the State of New Hampshire contributed 35% of total contributions to the retirement system for eligible School, Police and Fire employees. RSA 100-A:16 states that the State of New Hampshire for their FY10 and FY11 budgets, reduce their contribution to 30% and 25% respectively. The RSA also states that the State of New Hampshire would restore the States contribution back to 35% for FY12 and every fiscal year thereafter. Below are the contribution rates paid by the employee, State of New Hampshire, and the City for the period FY09-FY12 separated by employee type:

<b>STATE and CITY RETIREMENT CONTRIBUTION RATES</b>								
<i>The percentage contribution below is based on total wages earned by the employee.</i>								
Group I	FY 09	State-City %	FY 10	State-City %	FY 11	State-City %	FY 12	State-City %
<b>Municipal</b>								
State	0.00%	0%	0.00%	0%	0.00%	0%	0.00%	0%
City	8.74%	100%	9.16%	100%	9.16%	100%	11.09%	100%
<b>Total</b>	<b>8.74%</b>	<b>100%</b>	<b>9.16%</b>	<b>100%</b>	<b>9.16%</b>	<b>100%</b>	<b>11.09%</b>	<b>100%</b>
<b>Teachers</b>								
State	3.13%	35%	3.21%	30%	2.68%	25%	4.88%	35%
City	5.80%	65%	7.49%	70%	8.02%	75%	9.07%	65%
<b>Total</b>	<b>8.93%</b>	<b>100%</b>	<b>10.70%</b>	<b>100%</b>	<b>10.70%</b>	<b>100%</b>	<b>13.95%</b>	<b>100%</b>
<b>Group II</b>								
<b>Police</b>								
State	6.37%	35%	5.85%	30%	4.88%	25%	8.95%	35%
City	11.84%	65%	13.66%	70%	14.63%	75%	16.62%	65%
<b>Total</b>	<b>18.21%</b>	<b>100%</b>	<b>19.51%</b>	<b>100%</b>	<b>19.51%</b>	<b>100%</b>	<b>25.57%</b>	<b>100%</b>
<b>Fire</b>								
State	8.57%	35%	7.41%	30%	6.17%	25%	10.82%	35%
City	15.92%	65%	17.28%	70%	18.52%	75%	20.08%	65%
<b>Total</b>	<b>24.49%</b>	<b>100%</b>	<b>24.69%</b>	<b>100%</b>	<b>24.69%</b>	<b>100%</b>	<b>30.90%</b>	<b>100%</b>
<b>Note: In addition to the City and State contributing to an employee's retirement, the employee also contributes a percentage of his/her total wages earned as follows:</b>								
<b>Group I (Municipal and Teachers)</b>							<b>5.00%</b>	
<b>Group II (Police and Fire)</b>							<b>9.30%</b>	

The FY12 rate above includes an increase in the City’s contribution rate for all full-time personnel as announced by the New Hampshire Retirement System. The impact on the rate change will increase the City’s contribution for retirement by more than \$435,044 or 11.50% over FY11.

RETIREMENT RATES			
	FY11 Rates	FY12 Rates	% change from FY11 Rate
<b>Group I</b>			
Employees	9.16%	11.09%	21.07%
Teachers	8.02%	9.07%	13.09%
<b>Group II</b>			
Police	14.63%	16.62%	13.60%
Fire	18.52%	20.08%	8.42%

RETIREMENT APPROPRIATIONS				
	FY11	FY12 Proposed Budget	\$ Change	% Change
<b>Municipal</b>	610,996	701,604	90,608	14.83%
<b>Police</b>	725,171	795,660	70,489	9.72%
<b>Fire</b>	776,155	822,019	45,864	5.91%
<b>School</b>	1,672,175	1,900,258	228,083	13.64%
<b>Total</b>	\$3,784,497	\$ 4,219,541	\$ 435,044	11.50%

This increase does not reflect any retirement increases associated with salary adjustments for the remaining five (5) collective bargaining agreements that have not yet been negotiated.

### Health Insurance

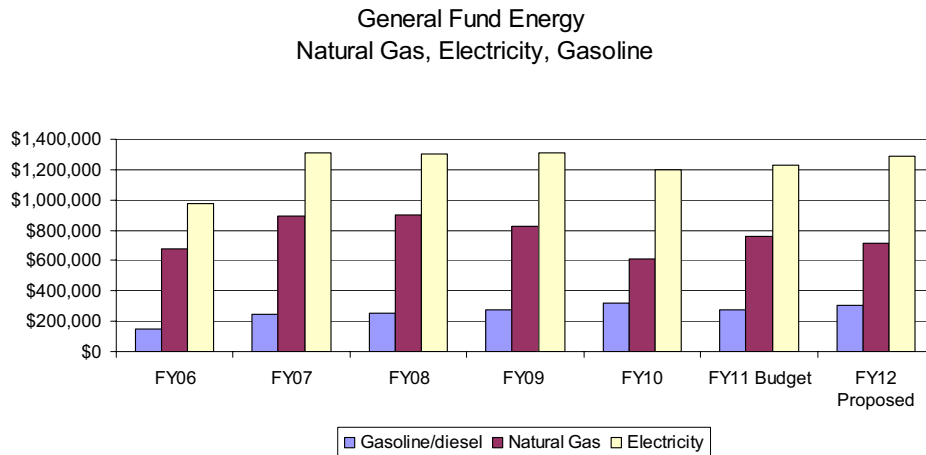
The New Hampshire Local Government Center (LGC) Health Trust has announced a rate increase of 12.5% for health insurance premiums for FY12. The total health insurance premium for FY12 is estimated to be \$12.8 million. The City employees’ share will be approximately \$2.3 million, or 18% of the total cost, leaving the City’s share at almost \$10.5 million.

Per the Health Insurance Stabilization Fund Policy, *[detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document]* the annual appropriation amount for each department is determined by the average increase of Health Insurance rates over 10 years. For FY12, this budget increase impacting the departments is 9.5%. However, due to a large reduction in full-time positions proposed in the FY12 budget, the total general fund health insurance appropriation is \$154,761 less than FY11.

### Utility Cost

Electricity, gasoline/diesel, and natural gas continue to have a major impact on the Operating budget. The City of Portsmouth continues to reduce energy costs and consumption by upgrades and improvements to the infrastructure of municipal facilities. The City’s commitment to the principles of sustainability includes decreasing our dependence on fossil fuels and synthetic chemicals. All City-owned diesel fuel-powered vehicles operate exclusively on biodiesel. In addition, the City continues to negotiate competitive rates from third-party vendors for natural gas and electricity supply, saving thousands of dollars. However, we still continue to see rate increases from the utilities.

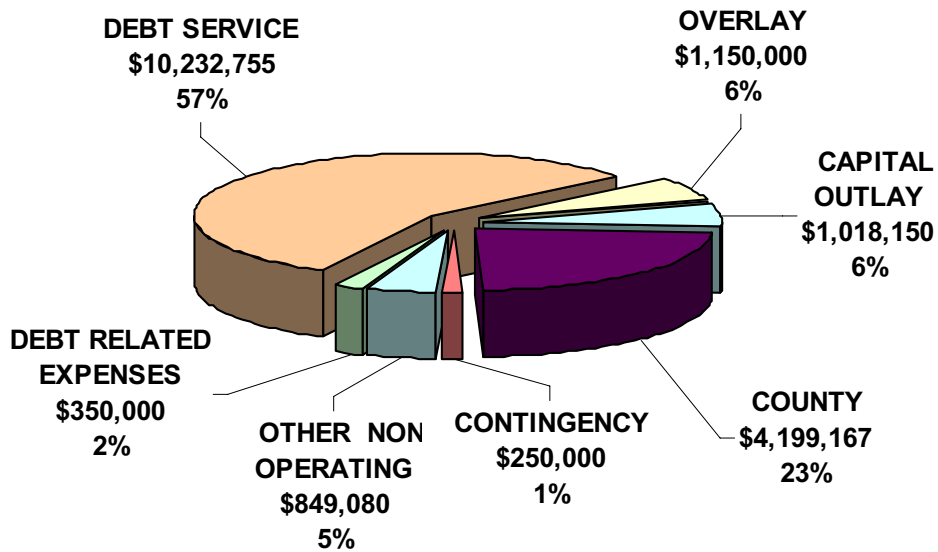
The following chart depicts the General Fund appropriations for natural gas, electricity and gasoline/diesel over the last seven years.



The proposed budget of \$2,263,193 for these utility costs reflects an increase of \$27,993 or 1.25% from FY11. The City continues its commitment to sustainable practices and seeking competitive rates.

### ***Non-Operating Budget***

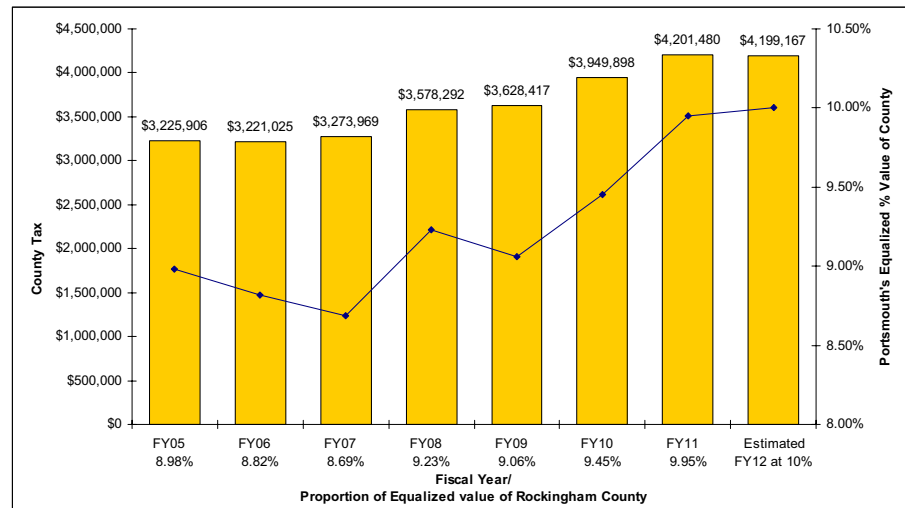
The Non-Operating budget of \$18,049,152 represents a 1.75% increase over the FY11 budget. The non-operating budget consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, debt-related expenses, and other non-operating expenditures.



## County Tax

The City of Portsmouth is annually assessed its portion of the Rockingham County budget based on the City's share of the equalization of property values for the entire county. In FY12, it is estimated that Portsmouth will pay approximately \$4.2 million to Rockingham County. The chart below displays both the actual County Tax the City paid and the proportion of Portsmouth's equalized value in the entire county for the last seven (7) years as well as the estimated amount for FY12.

The proportion of the City's share, which determines the actual amount due to the County, is established by the Department of Revenue at the time of setting the tax rate.

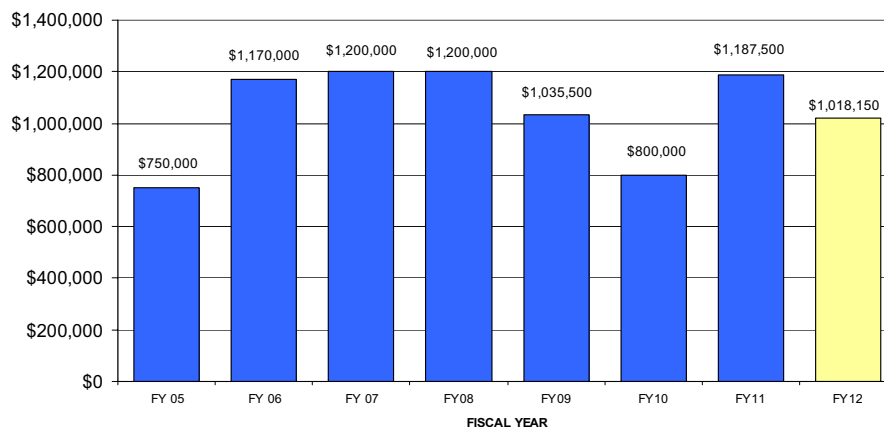


## Capital Outlay

The Planning Board has recommended for FY12 an appropriation of \$1,018,150 from the General Fund for capital projects within the Capital Improvement Plan. Appendix II identifies projects funded by all funds within the plan.

A summary of the Capital Improvement Plan FY 2012-2017 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>.

The chart below provides the history of capital outlay in the General Fund, including the FY12 proposed capital outlay of \$1,018,150 as adopted by the City Council on March 21, 2011. The average expenditure for capital outlay over an 8-year period is \$1,045,144 per year.





The Capital Outlay appropriation is included in the non-operating budget of the General Fund. The following lists the recommended individual projects that comprise the Capital Outlay appropriation for the General Fund and was approved by the City Council. A description of each project can be found in Appendix II.

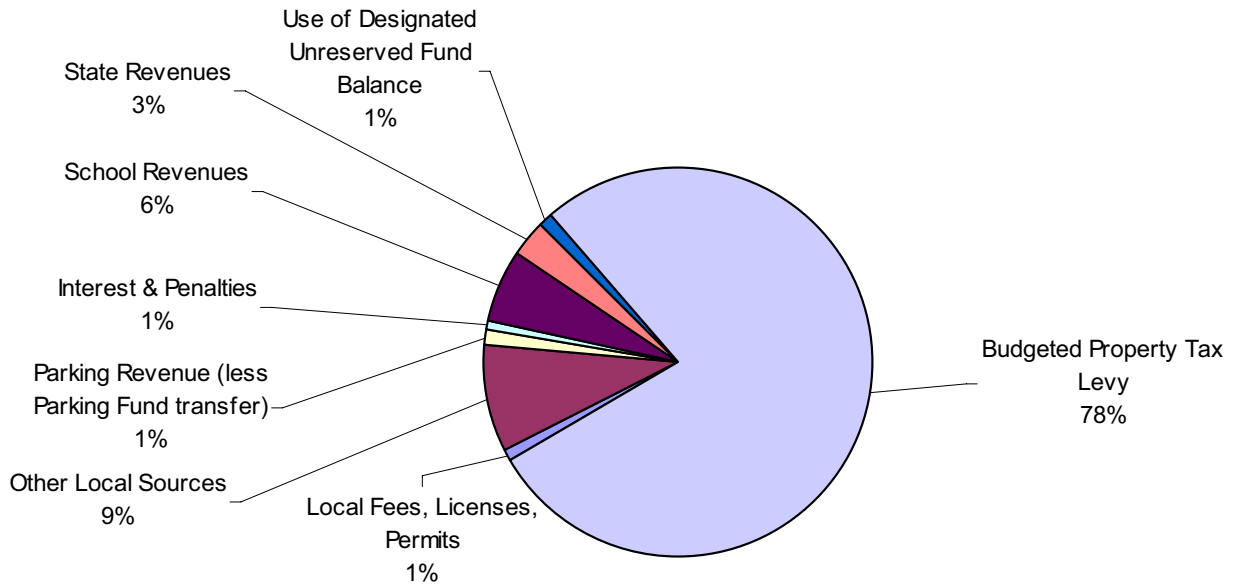
**Capital Improvements  
Fiscal Year 2012  
Taken from Capital Improvement Plan 2012-2017**

Budget Book PAGE		City Council Approved 3/21/2011
<b>II-20</b>	CARDIAC MONITORS and DEFIBRILLATOR REPLACEMENT	<b>\$100,000</b>
<b>II-25</b>	PRESCOTT PARK: VARIOUS BUILDING IMPROVEMENTS	<b>\$40,650</b>
<b>II-27</b>	LAND ACQUISITION	<b>\$25,000</b>
<b>II-28</b>	JONES AVENUE CONCEPTUAL MASTER PLAN	<b>\$12,500</b>
<b>II-29</b>	HISTORIC MARKERS	<b>\$10,000</b>
<b>II-30</b>	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	<b>\$50,000</b>
<b>II-31</b>	PLAYGROUND IMPROVEMENTS	<b>\$75,000</b>
<b>II-35</b>	HISTORIC CEMETERY IMPROVEMENTS	<b>\$10,000</b>
<b>II-36</b>	SEAWALL REPAIRS	<b>\$225,000</b>
<b>II-38</b>	MUNICIPAL COMPLEX ELEVATOR REPLACEMENT	<b>\$175,000</b>
<b>II-54</b>	DOWNTOWN SIGNAGE AND PEDESTRIAN WAYFINDING SYSTEM	<b>\$75,000</b>
<b>II-55</b>	TRAFFIC SIGNAL EVALUATION AND REPLACEMENT-CITYWIDE	<b>\$100,000</b>
<b>II-56</b>	WOODBURY AVE TURNING LANES	<b>\$50,000</b>
<b>II-57</b>	CITYWIDE TREE REPLACEMENT PROGRAM	<b>\$20,000</b>
<b>II-12</b>	CAPITAL CONTINGENCY	<b>\$50,000</b>
<b>TOTAL</b>		<b>\$1,018,150</b>

**Revenues**

The FY12 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$67,388,329 Property Taxes.
- \$7,473,645 Other Local Sources.
- \$5,317,500 School Tuition and other School Fees.
- \$2,714,053 State Revenue and State School Building Aid.
- \$1,206,817 Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$973,500 Use of Designated Unreserved Fund Balance.
- \$833,000 Local Fees and Permits.
- \$550,000 Interest and Penalties.



# WATER ENTERPRISE FUND

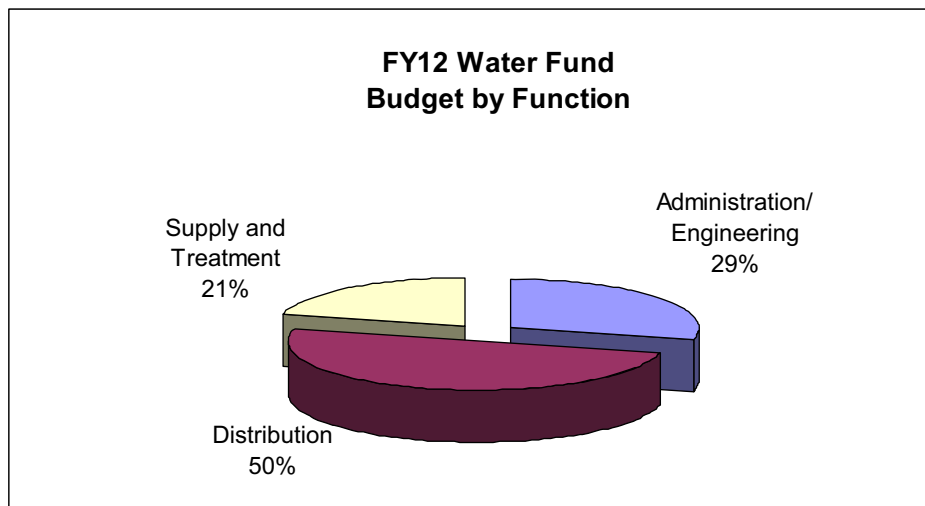
## Total Appropriation

Appropriations on a full accrual basis of accounting for the Water Enterprise Fund total \$6,911,860 or a 5.84% increase over the FY11 budget. The following table is a summary of major expense categories for the FY10 budget and actual, FY11 budget and the proposed FY12 budget.

Water Fund	FY10 Budget	FY10 Actual	FY11 Budget	FY12 Department Request	FY12 City Manager Recommended
<b>EXPENSES</b>					
<i>Operations and Maintenance Expenses</i>					
Personnel Costs	2,063,810	1,801,628	1,981,840	1,978,029	1,978,029
Chemicals	318,600	305,637	318,600	318,600	318,600
Utilities	474,230	338,167	464,230	466,330	466,330
Repairs to Equipment & Vehicles	178,460	96,238	173,460	173,460	173,460
Prof Services: Contract, Lab Testing	255,402	142,474	260,402	259,155	259,155
Stock Materials	43,000	4,835	43,000	43,000	43,000
Other Operating	942,629	806,376	1,013,944	1,045,226	1,045,226
<i>Operations and Maintenance Subtotal</i>	4,276,131	3,495,354	4,255,476	4,283,800	4,283,800
<i>Non-Operating Expenses</i>					
Interest/Fees on Debt	1,103,488	938,468	1,157,378	1,183,554	1,183,554
Property Taxes	78,000	92,048	158,000	118,000	118,000
Depreciation	751,944	686,804	815,094	1,182,006	1,182,006
Equipment	166,500	61,163	144,500	144,500	144,500
<i>Non-Operating Expenses Subtotal</i>	2,099,932	1,778,483	2,274,972	2,628,060	2,628,060
<b>TOTAL</b>	<b>6,376,063</b>	<b>5,273,837</b>	<b>6,530,448</b>	<b>6,911,860</b>	<b>6,911,860</b>

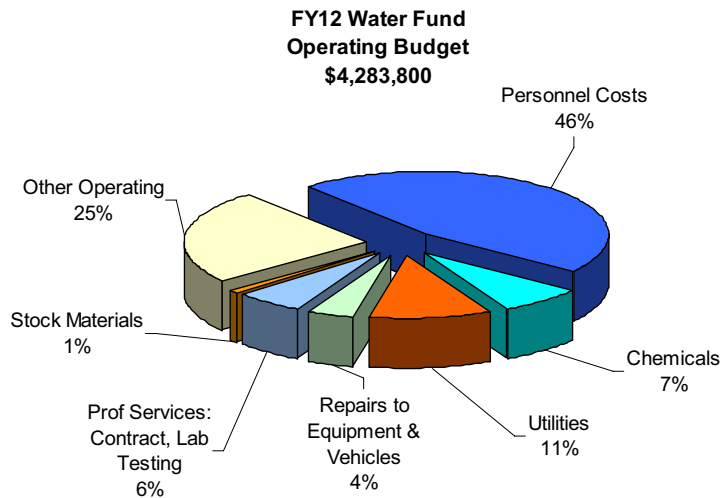
The Water Fund budget consists of three major functions:

- Administration/Engineering: Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution: Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment: Madbury Treatment Plant, laboratory, a booster station, 9 wells, and 5 storage tanks.



### ***Operating Budget***

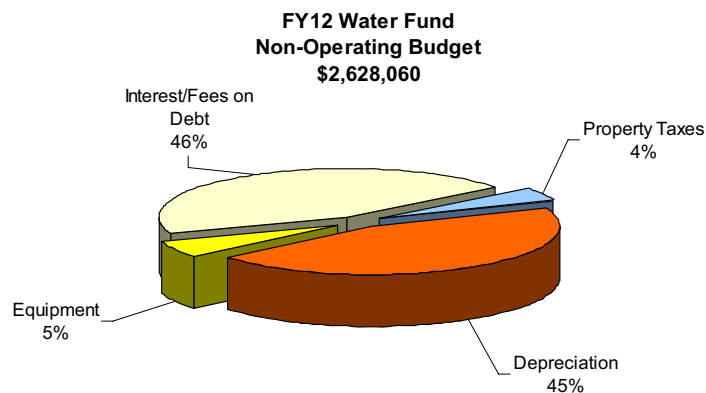
The proposed Operating Budget is \$4,283,800 or 62% of the total budget. As depicted in the graph below, the personnel-related costs consist of only 46% of the Operating Budget. The remaining 54% includes major costs related to providing quality and adequate supply of water.



### ***Non-Operating Budget***

The Non-Operating Budget of \$2,628,060 is 38% of the total proposed budget.

The Non-Operating Budget consists of expenses related to capital projects, depreciation, minor equipment outlay, interest on debt and property taxes.



## Capital Outlay

The Water Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY12 for a total of \$1,650,000. Details for each of these projects can be found in Appendix II of this document.

### Water Fund Capital Outlay Projects Fiscal Year 2012

Appendix II Page:	CIP #		Water Revenues
II-72	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	1,450,000
II-73	EF-WD-03	WATER STORAGE STUDY and IMPLEMENTATION	100,000
II-74	EF-WD-06	WELL STATIONS IMPROVEMENTS	100,000
<b>Total Water Fund Capital Outlay</b>			<b>1,650,000</b>

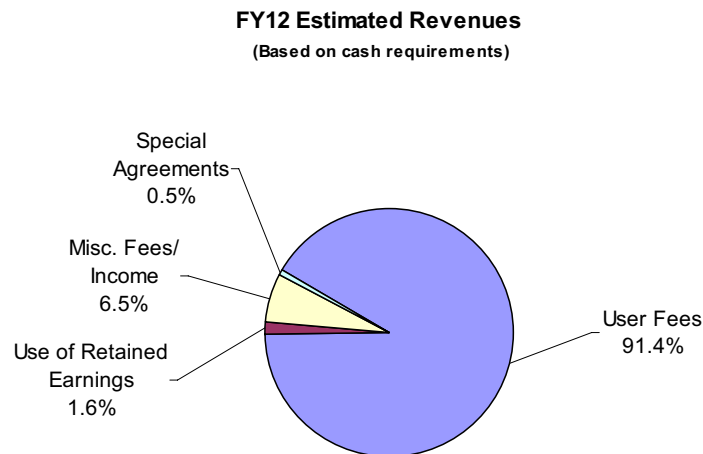
A summary of the Capital Improvement Plan FY 2012-2017 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

## Revenues

The FY12 Water Division appropriations would be funded from the following sources to meet cash requirements:

- \$8,110,953 User Fees/Minimum Charges
- \$572,500 Miscellaneous Fees/Income
- \$146,400 Other Financing Sources
- \$42,000 Special Agreement Reimbursement

The following chart shows the percentage allocation of these estimated revenue sources.



# SEWER ENTERPRISE FUND

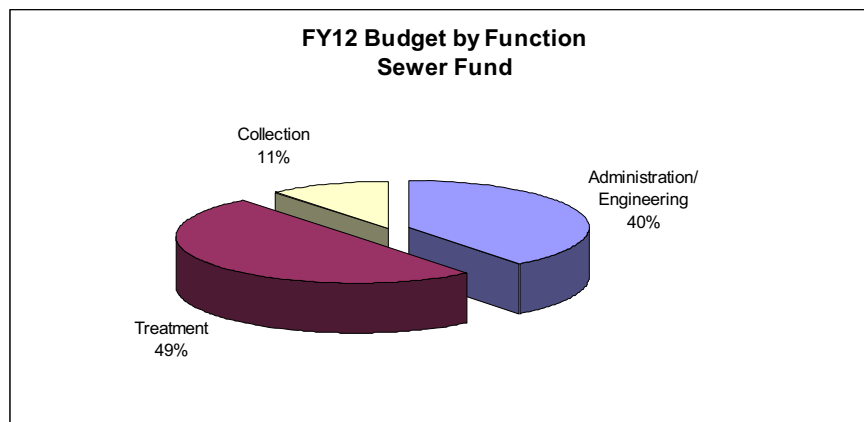
## Total Appropriation

Appropriations on a full accrual basis of accounting for the Sewer Enterprise Fund total \$9,066,057 or a 10.8% increase over the FY11 budget. The following table is a summary of major expense categories for the FY10 budget and actual, FY11 budget and the proposed FY12 budget.

Sewer Fund	FY10 Budget	FY10 Actual	FY11 Budget	FY12 Department Request	FY12 City Manager Recommended
<b>EXPENSES</b>					
<u>Operations and Maintenance Expenses</u>					
Personnel Costs	2,016,500	1,758,449	2,040,390	2,088,051	2,088,051
Chemicals	859,000	638,950	821,000	781,000	781,000
Utilities	746,500	651,499	676,500	701,500	701,500
Repairs to Equipment & Vehicles	392,645	215,015	392,645	384,525	384,525
Prof Services: Contract, Lab Testing	208,032	112,438	244,268	243,101	243,101
Stock Materials	27,900	2,248	27,900	27,900	27,900
Other Operating	1,334,658	1,013,479	1,276,547	1,335,292	1,335,292
-General Operations	5,585,235	4,392,078	5,479,250	5,561,369	5,561,369
Permit Expenses/Legal Fees	30,000	65,891	40,000	267,000	267,000
<i>Total Operations and Maintenance</i>	<i>Subtotal</i>	<i>4,457,969</i>	<i>5,519,250</i>	<i>5,828,369</i>	<i>5,828,369</i>
<u>Non-Operating Expenses</u>					
Interest on Debt/Financing Fees	1,132,019	896,090	1,132,783	1,679,194	1,679,194
Depreciation	1,389,272	1,309,058	1,320,318	1,349,194	1,349,194
Equipment	259,043	71,874	209,300	209,300	209,300
<i>Non-Operating Expenses</i>	<i>Subtotal</i>	<i>2,277,022</i>	<i>2,662,401</i>	<i>3,237,688</i>	<i>3,237,688</i>
<b>TOTAL</b>	<b>8,395,569</b>	<b>6,734,992</b>	<b>8,181,651</b>	<b>9,066,057</b>	<b>9,066,057</b>

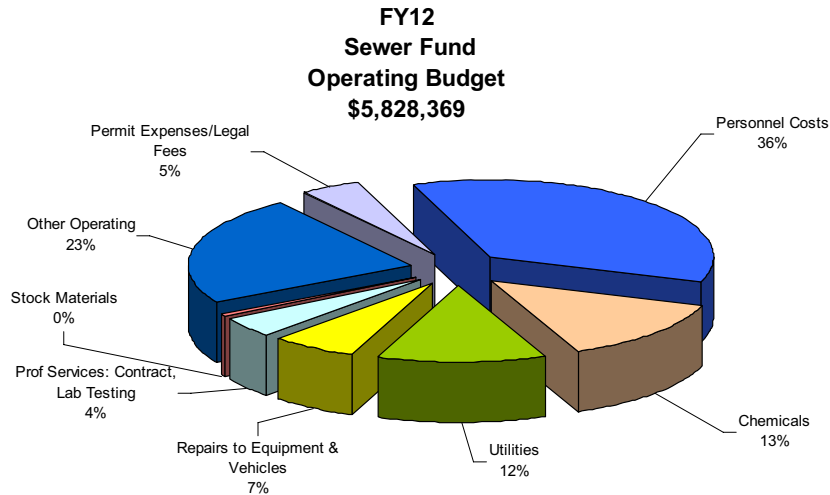
The Sewer Fund budget consists of three major functions:

- Administration: Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection: Force mains, interceptors, laterals, and meter reading.
- Treatment: Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 21 pump stations.



### ***Operating Budget***

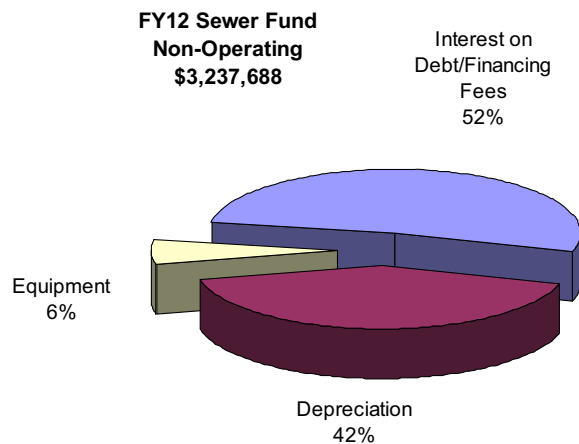
The proposed Operating Budget is \$5,828,369 or 64% of the total budget. The Operating Budget is divided into various accounts. As depicted in the chart below, 36% is associated with personnel-related costs. The remaining 64% is related to major costs associated with collecting and treating city sewage.



### ***Non-Operating Budget***

The Non-Operating Budget of \$3,237,688 is 36% of the total proposed budget.

The Non-Operating Budget consists of expenses related to depreciation, minor equipment outlay, and interest on debt.



## Capital Outlay

The Sewer Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY12 for a total of \$1,700,000. Details for each of these projects can be found in Appendix II of this document.

Appendix II		Sewer Fund Capital Outlay Projects Fiscal Year 2012		Sewer Revenues
Page:	CIP #			
II-66	EF-SD-04	WASTEWATER MASTER PLAN - NON SRF ELIGIBLE COMPONENT		500,000
II-67	EF-SD-06	INFLOW and INFILTRATION ELIMINATION and SEWER SYSTEM OPTIMIZATION PROGRAM		200,000
II-68	EF-SD-07	WASTE WATER TREATMENT PLANT UPGRADES		500,000
II-70	EF-SD-09	ANNUAL SEWER LINE REPLACEMENT		500,000
<b>Total Sewer Fund Capital Outlay</b>				<b>1,700,000</b>

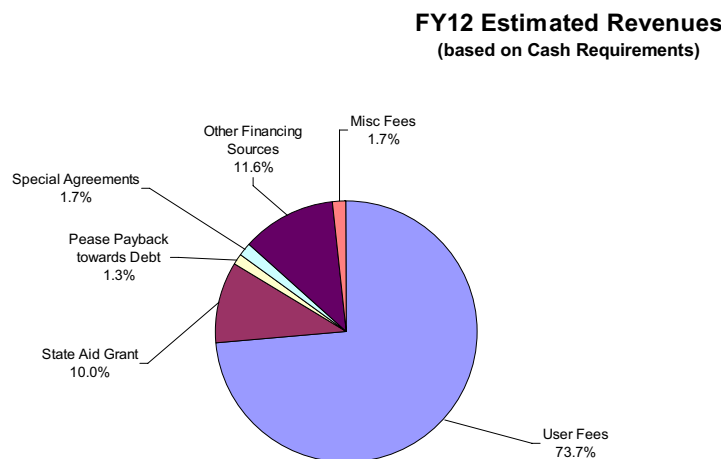
A summary of the Capital Improvement Plan FY 2012-2017 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

## Revenues

The FY12 Sewer Division appropriations would be funded from the following sources to meet cash requirements:

- \$8,907,408 User Fees
- \$1,400,000 Other Financing Source
- \$1,203,921 State Aid Grant
- \$207,000 Miscellaneous Fees/Income
- \$163,009 Pease Payback toward Debt
- \$200,477 Special Agreement Reimbursement

The following chart shows the percentage allocation of these estimated revenue sources.





## ***PARKING AND TRANSPORTATION FUND***

### ***Total Appropriation***

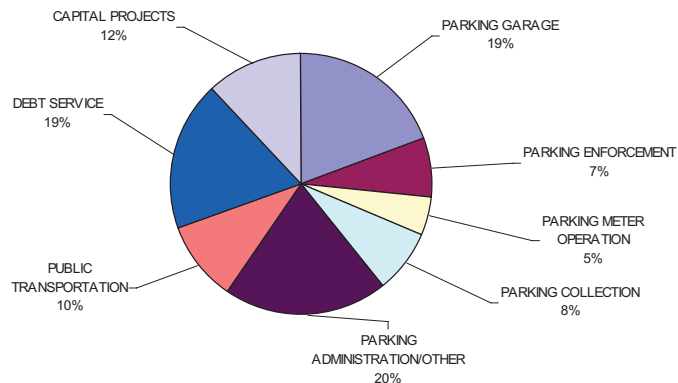
The total proposed appropriations for the Parking and Transportation Fund is \$2,342,683. The following table is a summary of major expenditure categories for the FY10 budget and actual, FY11 budget and the proposed FY12 budget. The budget is comprised of an Operating Budget, a Capital Budget, Transportation Budget and Debt Service.

	FY10 BUDGET	FY10 ACTUAL	FY11 BUDGET	FY12 DEPARTMENT REQUEST	FY12 CITY MANAGER RECOMMENDED
<b>OPERATING</b>					
PERSONNEL COSTS	1,017,992	948,630	964,831	1,002,131	1,002,131
UTILITIES	48,200	54,842	48,200	48,200	48,200
METER COLLECTION (Police)	25,000	14,489	12,500	10,500	10,500
CONTRACTED SERVICES	47,500	45,434	97,500	77,500	77,500
OTHER OPERATING	141,975	138,627	218,955	254,575	254,575
<b>TOTAL OPERATING</b>	<b>1,280,667</b>	<b>1,202,022</b>	<b>1,341,986</b>	<b>1,392,906</b>	<b>1,392,906</b>
<b>NON OPERATING</b>					
DEBT SERVICE	472,950	472,950	437,159	437,159	437,159
CAPITAL PROJECTS	259,000	259,000	279,000	279,000	279,000
TRANSPORTATION	234,069	216,223	233,579	233,618	233,618
<b>TOTAL NON-OPERATING</b>	<b>966,019</b>	<b>948,173</b>	<b>949,738</b>	<b>949,777</b>	<b>949,777</b>
<b>TOTAL PARKING/TRANSP</b>	<b>2,246,686</b>	<b>2,150,195</b>	<b>2,291,724</b>	<b>2,342,683</b>	<b>2,342,683</b>

Parking & Transportation consists of the following major functions:

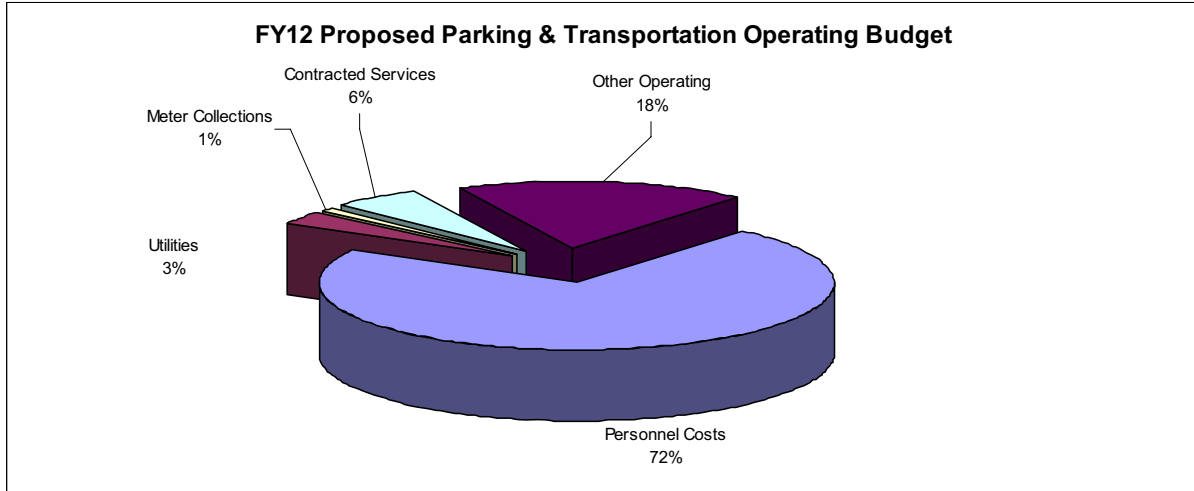
- Administration/Other (including Downtown Snow Removal)
- Parking Garage
- Parking Enforcement
- Parking Meter Collection
- Parking Meter Operations
- Public Transportation
- Debt Service
- Capital Projects

**PARKING AND TRANSPORTATION BY FUNCTIONS**



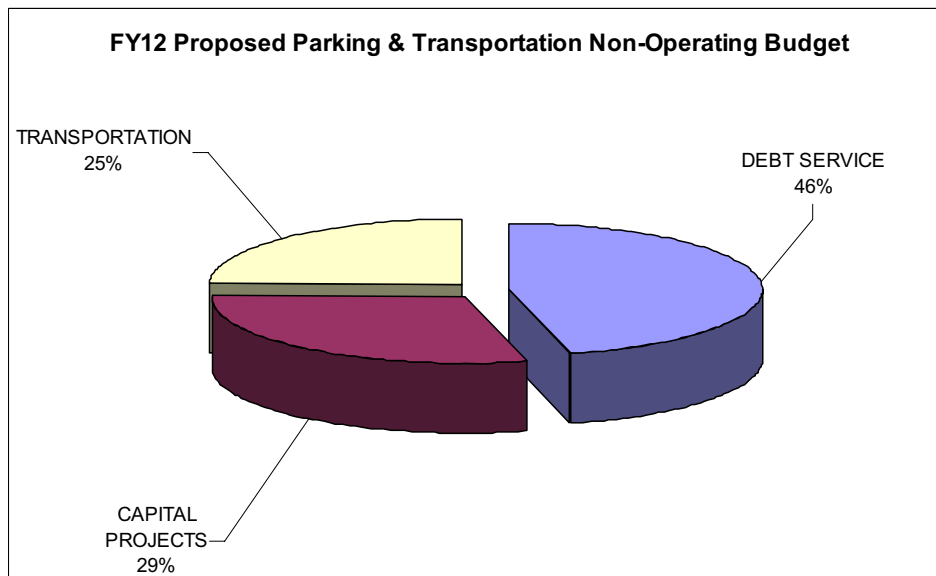
### ***Operating Budget***

The proposed Operating Budget is \$1,392,906 or 59% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 72% is associated with personnel related costs. The remaining 28% is related to costs mostly associated with meter collections and parking facility operations.



### ***Non-Operating Budget***

The Non-Operating Budget of \$949,777 is 41% of the total proposed budget consists of expenditures relating to debt service, capital projects and transportation.



## Capital Outlay

The Parking & Transportation Fund, through the Capital Improvement Plan, requests funds from parking revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY12 for a total of \$279,000. Detail on each of these projects can be found in Appendix II of this document.

### Parking & Transportation Capital Outlay Projects Fiscal Year 2012

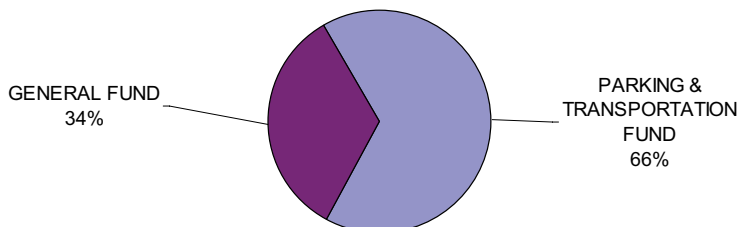
Appendix II Page:	CIP #		Parking Revenues
II-40	BI-PW-31	HIGH-HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS	140,000
II-48	TSM-CITY/COAST/PDA-01	TRANSIT INFRASTRUCTURE IMPROVEMENTS-CITYWIDE	4,000
II-50	TSM-CITY/COAST/PDA-03	PARKING LOT PAVING	50,000
II-51	TSM-PW-04	VIOLATIONS MANAGEMENT PROGRAM	20,000
II-52	TSM-PW-05	REPLACEMENT OF PARKING METERS	65,000
<b>Total Parking &amp; Transportation Fund Capital Outlay</b>			<b>279,000</b>

## Revenues

Expenditures for the Parking and Transportation fund are funded 100% from parking related revenues. Parking revenues in excess of Parking and Transportation operations are reported in the General Fund. The table and pie graph below display the distribution of revenues between the General and Parking and Transportation Funds.

<u>Revenue Source</u>	<u>Estimated FY12</u>
Parking Garage	\$1,200,000
Parking Meter Fees	\$960,000
Parking Violations	\$790,000
Garage Space Leases	\$500,000
Other	\$99,000
<b>Total Parking Revenue</b>	<b>\$3,549,500</b>
Fund Revenue Recorded:	
General Fund	\$1,206,817
Parking & Transportation	\$2,342,683

PARKING REVENUE DISTRIBUTION BY FUND





## CITYWIDE PRIORITIES

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The City of Portsmouth continues to identify priorities and carry out initiatives that benefit the community and promote financial stability. These efforts include improving infrastructure, enhancing cultural planning, stimulate economic development, and improving the delivery and quality of public services, education, and public safety services.

This section is divided into two sections: Accomplishments, which are for the July 1, 2010 to June 30, 2011 period and Continuing Priorities for the coming FY12 fiscal year, which contribute to the City's strong financial position.

### **ACCOMPLISHMENTS:**

#### **Bond Ratings**

In May of 2010, Standard & Poor's Rating Group (S&P), 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 expenditure 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, also the second highest rating obtainable from Moody's, citing strong and stable financial operations, a sizable and diverse economic base and the low overall debt burden. Moody's stated "[w]ith 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 existing position and to improve its bond ratings.

#### **Economic Revitalization Zones**

The City Council applied for, and received approval from, the State Department of Resources and Economic Development to designate Commerce Way as an Economic Revitalization Zone (ERZ). The ERZ designation is an economic development tool that creates incentive for companies to expand or relocate to an ERZ. Location in the ERZ entitles businesses which create new jobs to apply for tax credits to be used against Business Profit and Business Enterprise Taxes up to a maximum of \$40,000 annually for a five-year period depending on the number and salaries of the jobs created. This designation increases the number of ERZ's in the City to three.

### **Budget 101 Presentation**

In January 2011, the City hosted a comprehensive “Budget 101” presentation for the public. Detailed presentations given by the City Manager and Finance Director addressed vital functions of the budget, the Charter requirements governing the City’s budget process, and relevant budget issues impacting the FY12 budget. In addition, various department heads provided information about how they approach budgeting as well as what services their department provides and what those services cost. The presentation was recorded and broadcast on City’s cable channel and made available on the City’s website.

### **City Council Retreat**

In November 2010, the City Council held a half-day retreat to discuss various high priority City initiatives for the new year. City staff made presentations on several topics including the FY12 budget process, parking issues, city-wide revaluation, legislative issues, and neighborhood zoning. Various topics for future work sessions were also raised by the City Council.

### **Mayor’s Blue Ribbon Committee on Operational Efficiencies**

The Mayor’s Blue Ribbon Committee on Operational Efficiencies was appointed by Mayor Ferrini in March of 2010. The Committee was charged with “determining opportunities for operational efficiencies in all departments of City government and reporting back to the City Council with findings and/or recommendations for operational efficiencies.” In December 2010, the Committee presented an Interim Report on the School and Municipal Departments. The recommendations in the report focused on those functions performed by the School Department that are similar or the same as those performed by other City departments; the report also identified many new areas of cooperation. The Committee indicated that cost savings may not immediately result from changes identified through this process, but over time efficiencies created may lead to a positive financial impact. It was agreed that operational changes that improve services at the same cost also contribute to increased efficiency and are a benefit to taxpayers. The Interim Report was made available on the City’s website.

### **Street and Sidewalk Improvements**

In FY11, the City continued investment in the vital infrastructure of its streets and sidewalks. The following projects were completed or started:

- Reconstructed Thornton Street, Clinton Street, Pine Street, Meredith Way and Whipple Street with stabilized base materials and finish pavement.
- Resurfaced Griffin Road, Spinney Road, Pinehurst Road, Lookout Lane, Garden Street and Centre Street with finish pavement.
- Completed construction of the High/Hanover Parking Facility Stair Tower Project which included new precast treads, risers and landings.
- Completed the 2010 High/Hanover Parking Facility Maintenance Project which included select concrete deck replacements throughout the facility.
- Completed design and construction of replacement seawalls on South Mill Street and Mechanic Street.

- Completed design of the Concord and Porpoise Way Streetscape Improvement Project, which includes replacement of water, sewer and drainage infrastructure as well as the installation of new sidewalks, landscaping, and curbing.
- Completed design and construction of Phase 1 of the McDonough Street Area Reconstruction Project which includes Dover Street, Salem Street, Cabot Street (Islington Street to McDonough Street) and McDonough Street (Dover Street to Cabot Street).
- Initiated design of Phase 2 of the McDonough Street Area Reconstruction Project.



- Completed construction of new concrete sidewalks and a bike lane along Market Street from the Port Authority entrance to Michael Succi Drive.
- Completed construction of the Lower State Street Streetscape Project which includes State Street (Pleasant Street to Marcy Street), Penhallow Street (State Street to Daniel Street) and Custom House Court. This project involves granite curbing, landscaping, brick sidewalks and period lighting.
- Completed design and permitting for the Route 1A (Sagamore) Bridge replacement structure.
- Completed construction of the South Street/Lafayette Road Intersection Signal Replacement Project.

Funding was approved to continue the Citywide Sidewalk Reconstruction Program along with the Street Pavement Management and Rehabilitation long range plan.

### **Sewer Division**

State Street Utility Upgrade and Street Improvements were completed in FY11. The project, which included sewer separation, underground utility upgrades and streetscape improvements as well as the installation of several types of innovative stormwater treatment devices, was awarded \$3 million in funding through the American Resources and Recovery Act (ARRA).

Bartlett Area Sewer Improvements were completed in FY11. The project was a part of the City's Long Term Control Plan (LTCP) sewer separation program which will help reduce Combined Sewer Overflows (CSO's) and reduce the frequency of localized flooding that has plagued the area.

### **American Recovery and Reinvestment Act**

In FY 2011, the City continued to implement projects and programs funded through the Federal American Recovery and Reinvestment Act of 2009 (ARRA). Throughout 2009 and 2010, Municipal, Police, Fire, and School Departments applied for competitive grant funding and received formula funding as a result of the Act. Overall, the City accessed more than \$4.2 million in Recovery Act funding.

The following projects and programs were funded all, or in part, with ARRA funds and carried out in FY11:

- The construction of the State Street Improvement Project.
- Energy-related improvements to the Discover Portsmouth Center will benefit from a grant funded through an Energy Efficiency and Conservation Block Grant (through ARRA).
- ARRA funded water conservation rain barrels, awarded in the previous year, which the Public Works Department continues to offer.
- Funding received by the School Department through various formulas for disadvantaged students as well as special education, career development and Title I programming.
- Funding to the Police Department 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. During this period, the department also expended Violence Against Women Act (VAWA) ARRA funding to assist with funding the City's Victim/Witness Advocate.



Discover Portsmouth Center

### **Improvements to City-Owned Parks**

In August 2010, the City celebrated the completion of the Pine Street Park and Playground Renovation Project. The park improvements were coordinated closely with the Christian Shore Neighborhood residents, and the City's Community Development, Public Works and Recreation Departments. The completed improvements include installation of new accessible pathways, picnic tables, and park benches as well as a bike rack, a park sign and some new play equipment. New playground equipment includes new swings, a climbing structure, and spring toys. The basketball court improvements include installation of new backboards as well as color sealcoating and striping. The \$85,000 park project was funded through the City's Capital Improvement budget.



Pine Street Park

The Plains Ball Field Playground renovation is currently in design. This project is also funded through the City's Capital Improvement budget. This project will include improvement to the parking and traffic circulation at the park, replacement of playground equipment and landscaping.



Signs on Peirce Island were upgraded and standardized to identify the major recreational amenities on Peirce Island and inform visitors of traffic, parking and dog ordinance laws. The project scope included removal of existing signs and installation of 25 new signs including a new welcome sign, and two new yard-arm signs for the boat launch and the pool and playground. Information on several free standing signs was consolidated onto one new sign kiosk with "General Rules" and one new "Boat Launch" rules sign. Signs were designed and



manufactured to be consistent with the existing Peirce Island trail markers and interpretive kiosk.

## **CONTINUING PRIORITIES:**

### **Downtown Parking Management Strategies**

Meeting parking demand in the downtown core by providing an adequate parking supply continues to be a very high priority for the City. In early 2010, as the result of a request referred by the Portsmouth City Council relative to off-street parking regulations, the Planning Board initiated a study process regarding parking in the City's downtown. To carry out this work, the Planning Board brought together a "Downtown Parking Focus Group" comprised of members of the City Council, Planning Board, Economic Development Commission and downtown property owners/developers, with the Planning Director and Director of Parking and Transportation providing staff support to the group. The group's charge was to review alternative strategies for managing and financing public parking in the central business district. The Focus Group's June 2010 final report, now endorsed by the Planning Board and City Council, includes the following recommendations:



- Eliminate off-street parking requirements in the central business districts for all projects except those over a specified threshold of lot area and/or building area.
- Repeal the "optional payment in lieu of providing required off-street parking."
- Create additional off-street parking at the Worth Lot (existing surface parking lot), which has long been identified as the site for a second municipal parking garage, and identify other strategic sites for future parking facilities.
- Create a Parking Enterprise Fund.
- Provide limited free and low-cost parking for downtown residents and employees.
- Provide variable on-street parking rates and durations to free up the highest demand spaces for frequent turnover.
- Invest some revenues in downtown enhancements, including rehabilitation of pedestrian plazas, implementing a public signage/wayfinding system, and supporting public art and sculpture.

The goal is to increase the supply of parking in the downtown and enhance the management of off-street parking in the Central Business District, with adequate parking key to insuring a vibrant downtown and future economic development potential, particularly in the retail, office and restaurant sectors. City staff are developing recommendations for an overall coordinated strategy and timetable to implement these





recommendations. Most of these recommendations are expected to be carried out or initiated in 2011. This effort involves the City Manager, Finance, Planning, Economic Development and Public Works staff, as well as the City Council, Planning Board, Economic Development Commission and Parking Committee

### **Market Street Gateway Improvement Project**

The Market Street Gateway Improvement Project was initiated by the Economic Development Commission as part of its focus on the City's major corridors and gateways. Project goals include traffic calming, safe pedestrian and bicycle travel, aesthetic improvements and clear signage that directs visitors from I-95 to the central business district and tourist information center. In 2010, construction of improvements between Russell and Deer Streets was completed. Design and construction of future project phases is included in the City's Capital Plan.

### **Recreation Planning and Improvements**

In 2010, the City completed a Comprehensive Recreation Needs Study to assist in planning for the future of its recreation programs and facilities. Specifically, the study was designed to help address the needs of the City's aging recreational infrastructure and the shortage of outdoor fields. The study placed a large emphasis on public input. As a result, three public meetings were held, 140 comments were submitted over the City's website and meetings with stakeholder groups were held. The study and related materials were made available on the City's website.

The report recommended the City add three to four multi-use fields and two to three adult softball fields to the City's current outdoor field space supply; incorporate artificial lighting in newly developed fields; utilize synthetic turf to maximize play times; and, when possible, group new fields in a complex to increase efficiencies.

In fall 2010, the City completed an artificial turf field at the Portsmouth High School and broke ground at the new Granite Street Ball field.

The report also found that the City's four indoor recreation facilities are programmatically outdated, in need of significant capital improvement, and require individuals to travel from one facility to another to participate in all types of indoor recreational programming. The report recommended that, at some future date, the City consolidate recreation facilities into in a "modestly sized, comprehensive recreation and aquatic facility", which is "regionally-based" and includes substantial investment of partners such as those involved in health and wellness. In the near term, the report recommends the City move forward to add a second gym onto the Middle School.

In June 2010, the City Council agreed to an interim agreement with the Save the Indoor Portsmouth Pool (SIPP) organization and established a timeframe whereby SIPP would take over operation of the pool from the City via a lease agreement. In December 2010, the City entered into a lease with the Portsmouth Housing Authority to operate the City-owned Greenleaf Recreation Center. In March 2011, the City Council began exploring options to replace Connie Bean recreation facility with a new youth recreation facility.

### **Portsmouth Middle School**

The \$37.5 million Portsmouth Middle School project consists of a multi-year phased program that includes the addition of new educational spaces, renovation of the existing space and removal of the 1970s building wings to make room for a new student common area. Improvements to the existing spaces will include new systems, finishes, lighting, technology, etc. Funding, as well as all needed land use and NH Department of Education approvals, have been secured. The existing 80-year old Middle School, serving over 500 middle school students from Portsmouth and Newington, is located at 155 Parrott Avenue in the City's downtown core. The project will break ground in Spring 2011. This project has involved the Joint Building Committee, School Board, City Council, Planning Board, Recreation Board and Library Board, as well as the City Manager, School, Planning, Public Works, and Finance departments.



### **Water Division**

Work continued on the construction of a new Dissolved Air Flotation (DAF) water treatment facility to treat the water from the Bellamy Reservoir. The new plant, which will go online early in FY12 will allow the City to maintain compliance with current and future requirements of the Safe Drinking Water Act. The new facility was designed and is being constructed using the sustainable practices of the Leadership in Energy and Environmental Design (LEED) system and includes such features as passive solar water heating and source water heat pumps, light shelves and construction with local materials.

The Water Division continues to work on conservation efforts in a number of different areas including an expanded leak detection program that monitors the integrity of the pipe distribution system; automated meter reading system that allows monthly tracking of customer water consumption; and the rain barrel program that allows customers to purchase barrels from the Water Division at a reduced cost.

### **Sewer Division**

The Sewer Division completed the three year long Wastewater Master Plan and submitted the final document to the Environmental Protection Agency. The program will now move into the testing and piloting and preliminary engineering phase in order to select a technology to be used on Peirce Island. The selected technology will then be designed into the Peirce Island treatment facility that will bring the treatment plant into compliance with secondary treatment requirements as well as potential nutrient removal requirements.

Lincoln Area Sewer Separation Project Contract 3B began in FY 11 and is another LTCP project that includes complete underground utility upgrades on Lincoln Avenue between

Richards Avenue and Middle Street as well as some of the adjacent streets. The primary focus of the project is a new separate sanitary sewer system and stormwater drainage system that will continue to reduce the volume of CSO and localized flooding.

### **Sustainability Initiatives**

The City has a longstanding commitment to the principles of sustainability, which include decreasing our dependence on fossil fuels and synthetic chemicals, reducing negative impacts on our natural resources and meeting the needs of our residents fairly and inclusively. Under the leadership of the City Council, City Manager and the Committee on Sustainable Practices, as well as the expertise of City staff, the City has implemented numerous initiatives, which further these principles. Many of these initiatives have also resulted in both immediate and long-term cost savings for municipal operations. Recent City accomplishments that further the goals of sustainability and have, or will, result in significant annual cost savings include:

- The design of the Portsmouth Middle School project, which will break ground in Spring 2011, follows the standards of, and will seek certification by, the Northeast Collaborative for High Performance Schools (NECHPS). High performance schools take advantage of recent advances in energy efficiency and incorporate heating, cooling, and lighting systems that produce the highest comfort levels for the least cost and insure that annual operating costs will be lower than a conventionally designed school. The Portsmouth Middle School project will be the first to follow the updated, 2.0 version of NECHPS, which is comparable to LEED certification for other buildings. In addition to creating an environmentally sustainable facility, NECHPS certification will result in Portsmouth receiving an additional 3% in building aid from the State of New Hampshire. Environmentally sustainable features in the Middle School will include using “green” materials in construction; improving the energy efficiency of the 80-year old building; improving water efficiency; using renewable energy whenever possible; and improving the indoor environment for students and teachers.
- Construction of the City’s new Water Treatment Plant, which has been designed with a full complement of green building measures, is underway and expected to be substantially complete by the end of summer 2011. The new \$19 million facility, replaces a 1958 plant and allows the City to maintain compliance with Safe Drinking Water Act requirements. Sustainable design features include a building orientation sited for ventilation and solar benefit; solar hot water collectors; heat pumps that



utilize heat from process water for HVAC needs; “daylight harvesting”; a sustainable

roof system that reflects light and reduces building cooling costs; tank wall insulation to reduce pipe heating requirements; maximum energy efficiency envelope that exceeds the current Energy Code by 30%; high recycled content for building materials and finishes, with recycled wood fiber siding and locally obtained materials; and minimum use of paper-based products. Overall energy use and costs at the new Water Treatment Plant are expected to be 30% lower than a conventional design.

- City recycling, under the auspices of the Public Works Department, went to “no sort” or single stream recycling in July 2010, with the expectation this approach would increase recycling volumes and divert waste from the landfill, thereby saving money for the City through reduced tipping fees. Savings can also be achieved over time by reviewing the types of equipment and City personnel needed in the collection process both curbside and at the City Recycling Center. Data for the first 5 months of single stream recycling operations indicate that an average of 17 additional tons per month were recycled by residents under single stream recycling.
- Portsmouth received a \$55,000 grant from the New Hampshire Department of Environmental Services, which allowed the City’s Public Works Department to offer 60-gallon rain barrels to Portsmouth water customers at a substantially reduced price. The goal is to reduce peak water system demand by allowing residents to irrigate gardens and yards with water collected in rain barrels. Another result of rain barrel use is that untreated stormwater runoff to watercourses and water bodies is reduced. Estimates indicate that a home can save roughly 1,300 gallons of water during the summer months. The City will continue the sale of rain barrels during the 2011 summer season.
- The City is piloting the way with a number of low impact stormwater treatment approaches. As part of the City’s extensive State Street improvement project -- which included complete reconstruction of the water, sewer and drainage infrastructure and extensive streetscape upgrades -- new innovative stormwater devices such as tree box and large sand box and filters have been installed. The Hodgson Brook Watershed restoration group worked with City Planning staff on a grant-funded project to replace standard catch basins in the Coakley Road neighborhood with three tree box filter systems, which collect stormwater, filter pollutants from it and then infiltrate the stormwater. In 2011, the City will continue its efforts to improve water quality in residential neighborhoods through the installation of innovative stormwater devices such as rain gardens in the Pannaway Manor neighborhood.
- With the support of the City Council, City Manager, Committee on Sustainable Practices and the Public Works and School departments, Zero Waste Portsmouth initiated the Downtown Zero Waste Project, a grass roots, community effort to provide uniquely designed, permanent public recycling bins in the downtown area. The intent is to divert waste placed in downtown public trash barrels from the landfill and into the recycling stream. Zero Waste Portsmouth has conducted extensive community outreach for this effort and has attracted project sponsors, and the involvement of City schools and local artists. Installation of the unique recycling

stations began in summer 2010, with plans for the installation of additional recycling stations in early summer 2011.

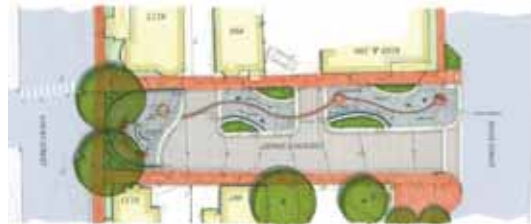
### **Public Undeveloped Lands Assessment**

In December 2010 the City completed the Public Undeveloped Lands Assessment (PULA), which was undertaken by the City's Conservation Commission and Planning Department in order to inventory all City-owned land parcels without buildings or development. The 91 parcels that were the focus of this study are included in a database and mapping system that can be easily updated. The important conservation values of the 91 parcels were identified as were recommendations for access and appropriate public use of each parcel. The undeveloped lands assessment is intended to provide a starting point for improving the overall management of undeveloped City-owned properties. Various implementation measures will be undertaken in the coming year at the direction of the City's Conservation Commission.

### **African Burying Ground Memorial Park, *We Stand in Honor of Those Forgotten***



In October 2003 City contractors conducting utility upgrades on Chestnut Street in downtown Portsmouth unearthed the crumbling remains of wooden coffins, essentially rediscovering the location of the "Negro Burying Ground" cited in records dating back to 1705. In 2004, the Portsmouth City Council appointed the African Burying Ground Committee to determine how best to honor those buried on Chestnut Street. Based on significant input from the general public, abutters, staff in the City's Public Works, Legal, and Community Development departments, and a design team of engineers, landscape architects and artists, the African Burying Ground Committee developed a plan – now endorsed by the City Council – for a memorial park, titled *We Stand in Honor of Those Forgotten*. Similar to other memorial parks in the City, including Goodwin Park, which honors the City's Civil War heroes, Hanscom Park, which honors World War II soldiers, and the recently constructed waterfront park on Ceres Street, which recognizes the City's maritime heritage, this proposed memorial park incorporates sculptural and interpretive elements that tell the history of the African Burying Ground. The planned improvements for this block of Chestnut Street are also not unlike other recent City streetscape improvement projects such as State Street, Court Street, Market Street and Ceres Street where new curbing, sidewalks, pedestrian-scale lighting, street resurfacing, drainage improvements, street furniture and other pedestrian amenities were installed. This \$1 million to \$1.2 million project will be a public-private partnership and, as such, it is included in the City's capital plan. An 18-month private construction fundraising effort was recently initiated and the City established the African Burying Ground Trust Fund to serve as a repository for these contributions.



### **Legislative Subcommittee**

The City, with the help of the City Council's four-member Legislative Subcommittee comprised of the Mayor and three City Councilors, will continue monitoring activities at the State Legislature in Concord that could have an impact on Portsmouth. Chief among them are proposed changes to the New Hampshire Retirement System (NHRS) and the Statewide Property Tax/education funding formula. It is critical to carefully review legislation related to these and other potential changes in laws because they have the potential to substantially affect Portsmouth's budgeting process. In addition, changes in the State Budget also could result in major impacts on THE City's budget. The new Legislature has cited NHRS reform and changing the education funding formula among its top priorities. Although Portsmouth has not been a "Donor" community forced to raise excess Statewide Property Taxes since a new education funding formula was implemented in FY06, legislation is regularly introduced that could change the City's status. 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

### **Implementation of City's Cultural Plan**

Implementation of the City's Cultural Plan in conjunction with Art-Speak, the City's arts advocacy partner, is an ongoing priority. In the past year, the City completed the following initiatives related to the Plan:

- Organized the successful 2010 temporary downtown public art exhibit entitled *Overnight Art* showcasing six local artists.
- Established members for the Arts and Artifact Acquisition Committee whose role is to facilitate the purchase of artwork/artifacts or the acceptance of donated cultural items.
- Applied for and received funding for the *ArtWorks* program at the Portsmouth Middle School which introduced over 70 students to local artists and businesses who educated students about careers in the arts.
- Facilitated preliminary conversations for privately funded acquisition of art for the new Portsmouth Fire Station 2.
- Applied for and received funding for the *(H)art* Program which connected students at the Portsmouth Middle School via the arts to the Seacoast Family Food Pantry and Seacoast Local program while raising money for families in need.
- Began work on the 2011 Americans for the Arts "*Arts and Economic Prosperity Study IV*" which will quantify the contribution of non-profits arts and cultural institutions to the local economy.



Fountainne



Soar



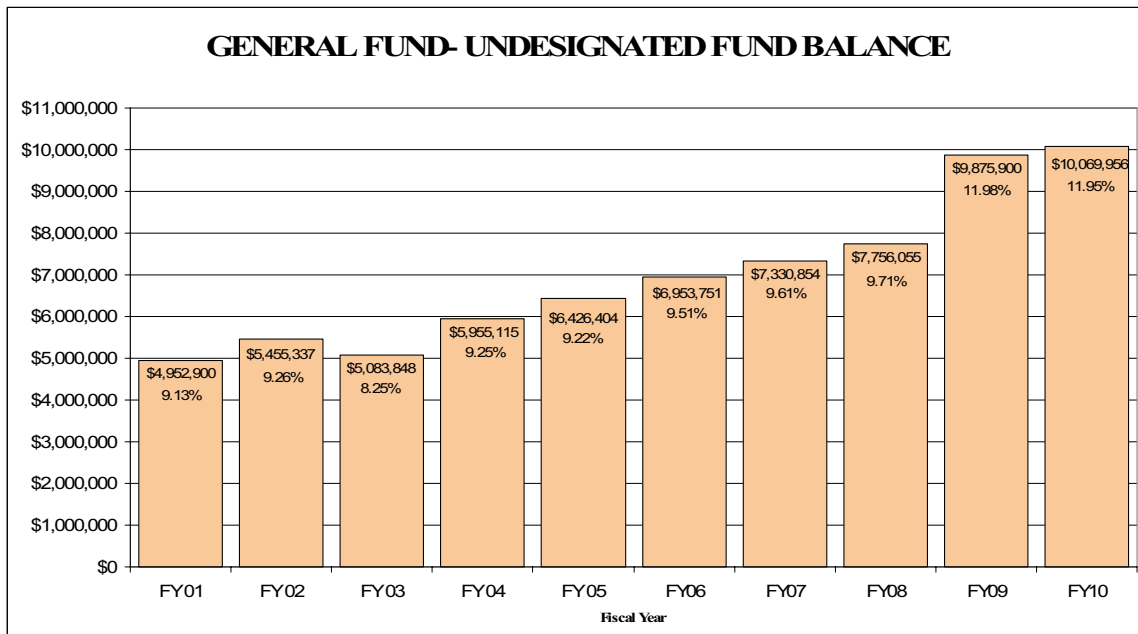


# FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

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. The City has created several approaches to maintain and improve fiscal stability.

## ***UNDESIGNATED FUND BALANCE ORDINANCE***

City Council adopted in Fiscal Year 1998 the “Undesignated Fund Balance Ordinance” which codified our fiscal policy of ensuring that the City would maintain an undesignated fund balance of at least 7% of prior year’s appropriation with a goal of 10%. Since this ordinance was adopted in 1998, the City has remained within this range and in FY09, exceeded the 10% goal. As of June 30, 2010, the undesignated fund balance is 11.95% of prior year appropriation. The chart below shows the history of undesignated fund balance for the last 10 years.



### ***LEAVE AT TERMINATION***

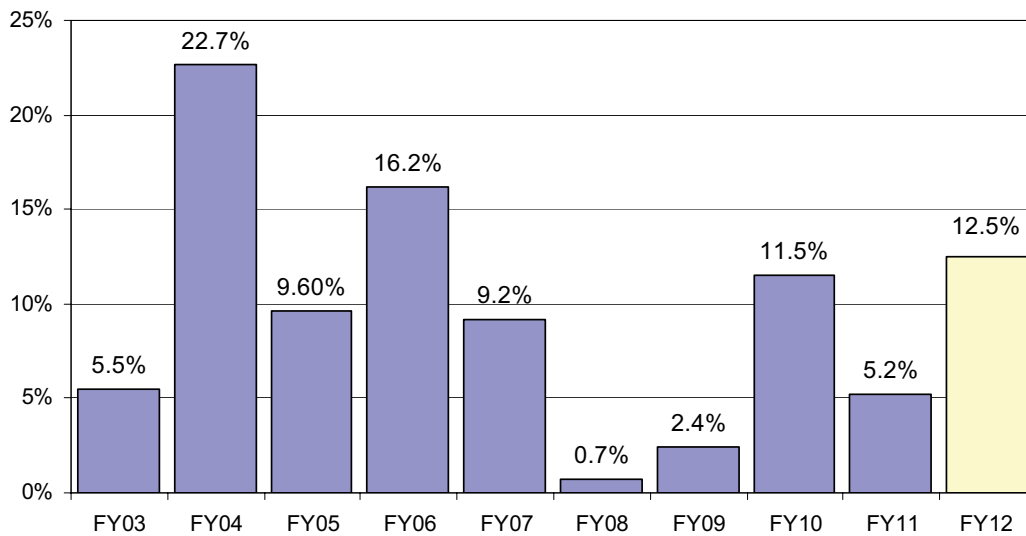
The City has addressed in two methods the significant liability owed to employees for accumulated sick leave pay when they leave municipal service.

1. The City eliminated future growth in this liability by negotiating in all labor agreements that new employees 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.

### ***HEALTH INSURANCE STABILIZATION FUND***

The City faces large annual expenditures from the cost of employee health insurance. The increase in premium rates has spiked both up and down over the last several years as shown in the graph below.

**HEALTH INSURANCE 10 YEAR RATE CHANGE HISTORY**





The City addressed this issue with two approaches.

1. The City negotiated with all labor agreements to share in the cost of health insurance premiums. Every employee contributes a percentage of their medical plan cost. This reduces the City's liability.
2. The City created the Health Insurance Stabilization Fund to stabilize annual budgetary spikes that often negatively impact the operating budget. This special revenue fund is funded by health insurance budgetary appropriation transfers, which shall be made annually by the Municipal, Police, Fire, and School Departments. The appropriation amount is determined in accordance with the average increase of Health Insurance rates over 10 years. This rate is then added to the prior fiscal year budgetary appropriation. At the same time, a reserve for health insurance has been established in the General Fund from operating surplus from previous years. In the event premiums spike higher than the appropriation, the reserve subsidizes this fund. A policy has been established that the utilization of this reserve in any given year shall not be in excess of 25% of its balance.

The Local Government Center (LGC) HealthTrust announced the FY12 health insurance premium rates which results in an overall rate increase of 12.5% over the FY11 premium rates. According the City's policy, the 10 year average percentage rate increase for establishing the annual appropriation for each department began with a budgetary increase of 9.5% over the FY11 appropriations. As each department prepared their proposed budgets, staff reduction reduced the health insurance appropriations.

### ***INVESTMENT POLICY***

The City of Portsmouth recognizes an investment program as one aspect of sound public financial management. The investment program aims at matching the structure of the money market and operations of the City to achieve the best possible results for the City, considering such matters as safety, liquidity, and over-all yield. New Hampshire State Statue (RSA 48:16) authorizes the City Treasurer as custodian of City funds to invest funds not immediately needed for the purpose of expenditure and specifically identifies eligible investments instruments as defined as follows:

1. Direct obligations of the US Treasury or any agency or instrumentality of the US Government.
2. The Public Investment Pool established pursuant to RSA 383.22.
3. Savings accounts of banks incorporated under the laws of the State of New Hampshire.
4. Certificates of deposit with banks incorporated under the laws of the State of New Hampshire or in national banks located within the State of New Hampshire or the Commonwealth of Massachusetts which are insured through the FDIC /FSLIC.
5. Repurchase agreements collateralized by the above mentioned items.
6. Money Market Funds which invest only in above mentioned items and meeting collateral requirements of FDIC/FSLIC limitation.

## ***PROPERTY VALUATION***

New Hampshire State Statute RSA 75:8-a states “the assessors and/or selectmen shall reappraise all real estate within the municipality so that the assessments are at full and true value at least as often as every fifth year beginning with the first year the Commissioner of the Department of Revenue Administration reviews the municipalities assessments pursuant to RSA 21-J:3 XXVI, the assessors and or selectman shall value all real estate within the municipality so that the assessments are valued in accordance with RSA 75:1” which states “ shall appraise all taxable property at its market value”.

The City conducted and completed a full revaluation in FY11 for the April 1, 2010 assessments and is scheduled for a review by the State of New Hampshire Department of Revenue for Tax Year 2011 of their assessment practices, procedures and assessment level

Also in accordance with State law, in the years the City does not conduct a full revaluation, the City may conduct a statistical update annually to maintain proportionality. This means that different classes of properties valued throughout the City may be adjusted up or down as of April 1st of each year to the current overall assessment level.

## ***PERFORMANCE MEASURES***

The FY12 Budget document includes a performance measures section in each departmental narrative. This year’s budget includes a two year history of performance measures and an “estimated FY11” column. The departments use their performance measures to better communicate departmental progress and or efficiencies achieved with in the department.

Performance Measures are statistical and analytical information about departmental performance and services. In general, performance measures can describe relationships between resources (inputs) and what is provided through a Department’s programs and services (outputs). In some cases, these measures will describe a Department’s workload (i.e. number of Police calls for service) or provide some measure of units of service (i.e. number of businesses assisted). Such measures are useful when compared across fiscal years, relaying information about trends and changes in service levels and needs, which can provide some context to budgetary requests.

Performance measures can be both quantitative and qualitative in nature. Often they can be expressed in ratios, percentages, averages, or simple quantifiable outputs, which provide information about a program or service.

## ***ROLLING STOCK PROGRAM***

The City has established a long-term rolling stock program to avoid large expenditures in any one year and to forecast certain expenditures for replacing and upgrading existing equipment in the years ahead. The Rolling Stock Program has enabled all City departments to replace vehicles and equipment on the basis of life cycle costing, which has reduced costs in the area of repairs and maintenance. The purchase of vehicles and

equipment is funded through the non-operating budget. This program provides departments with vehicles and equipment that are more efficient. Detailed information on the rolling stock program can found in Appendix I of this document.

**CAPITAL IMPROVEMENT PLAN**

The Capital Improvement Plan (CIP), prepared by the Planning Board, and adopted by the City Council, identifies equipment, vehicles, building, information systems, transportation and Enterprise Fund infrastructure needs over a six-year period. The City Council reviews these projects and annually appropriates from Governmental and Enterprise Funds, capital outlay to be combined with grants, matching funds and other programs. All projects funded by long-term debt need separate authorization from City Council. The Following is a summary of the Capital Improvement Plan’s FY 2012 funding. Detailed information for each project can found in Appendix II of this document.

**Capital Improvement Plan FY 2012-2017 (FY 2012 Funding)**

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '12 Total
GOVERNMENTAL FUNDS	\$1,018,150	\$0	\$0	\$7,521,050	\$12,493,000	\$1,145,000	\$22,177,200
SEWER FUND	\$0	\$1,700,000	\$7,350,000	\$0	\$0	\$0	\$9,050,000
WATER FUND	\$0	\$1,650,000	\$0	\$0	\$0	\$0	\$1,650,000
<b>TOTAL</b>	<b>\$1,018,150</b>	<b>\$3,350,000</b>	<b>\$7,350,000</b>	<b>\$7,521,050</b>	<b>\$12,493,000</b>	<b>\$1,145,000</b>	<b>\$32,877,200</b>

**BOND RATING**

The City continues to strive for maintaining and improving its bond rating. The City utilizes Moody’s Investors Service and Standard and Poor’s Ratings Group. The rating agencies weigh a host of financial, economic, debt and managerial information and assign a rating to the issue. Higher bond ratings indicate lower perceived risk of default. The City has taken many steps and will continue to seek improvements to maintain fiscal stability. The City currently has been rated AA+ and Aa1 by Standard and Poor’s and Moody’s Investors Service Ratings Group, respectively. Table 1 highlights where the City’s rating is today with respect to the model and Table 2 provides the history of the City’s rating.

Table 1

INVESTMENT GRADE RATINGS	
Standard & Poor’s	Moody’s
AAA	Aaa
<b>AA+</b>	<b>Aa1</b>
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB	Ba

Table 2

Standard & Poor’s		Moody’s	
Year	City of Portsmouth	Year	City of Portsmouth
2010	AA+	2010	Aa1
2009	AA+	2009	Aa2
2008	AA	2008	Aa2
2007	AA	2007	Aa3
2006	AA	2006	Aa3
2005	AA	2005	Aa3
2004	AA-	2004	Aa3
2003	AA-	2003	Aa3
2002	AA-	2002	Aa3
2001	A+	2001	A1
2000	A+	2000	A1
1999	A	1999	A
1998	A	1998	A
1997	A	1997	A
1996	A	1996	A
1995	A	1995	Baa1
1994	A	1994	Baa1
		1993	Baa
		1992	Ba
		1991	Ba

Moody’s Investment Services changed their rating system to no longer use A as a rating.

## ***DEBT SERVICE PLANNING***

The City's Debt Service planning goals are to keep the debt burden and operational debt costs at manageable levels and that, simultaneously, capital needs will be met on an ongoing basis. With these goals in mind, the City has three main Debt Service Planning policies:

### **1) Pay-As-You-Go Financing**

The City will pay for all capital projects on a pay-as-you-go basis using current revenues whenever possible.

### **2) Net Debt Service as Percent of General Fund Appropriations**

One measurement to ensure debt costs are manageable is identifying a maximum net debt service as a percentage of total General Fund appropriation. The City policy is to use no more than 10% of annual appropriations toward net debt service payments. The FY12 proposed budget includes a projected net debt cost of 9.22% of the proposed general fund appropriation (A ten-year Projected Net Long Term Debt Service as a Percentage of the General Fund chart and graph are located in the Debt Service section of this budget document.)

### **3) Debt Burden**

It is the policy of the City to maintain a debt burden of less than 3% of the City's full valuation. The debt burden measures how leveraged the City is by calculating the amount of debt outstanding as compared to the City's full valuation. The City's governmental activities' debt burden as of June 30, 2010, the last completed independent audit, was 2.3%.

## ***MUNICIPAL FEE REVIEW PROCESS***

In order to create a more efficient system for the City to adopt and adjust municipal fees, a process was adopted to review municipal fees annually. A City ordinance was enacted stating that all municipal fees shall be adopted and may be amended by resolution during the annual budget adoption process. Annually, all City departments review their respective fees and propose changes where they consider it necessary to keep abreast of rising administration costs. (Fees are listed in Appendix III.) A Fee Committee consisting of one City Councilor, the City Manager and a Finance Department representative then reviews the department's requests. The Fee Committee recommendation is presented to the City Council for approval through a resolution. The approved municipal fee list becomes law on the first day of the upcoming fiscal year.

## ***ENTERPRISE FUND POLICIES FOR RATE SETTING***

Water and Sewer rates are reviewed annually to ensure that they will generate revenues adequate to cover operating expenses, meet the legal requirements of bond covenants and State Revolving Fund (SRF) loans, and allow adequate capital replacement.

## ***UDAG BUDGET POLICY***

The City of Portsmouth Economic Development Commission (EDC) established a budget policy for the Urban Development Action Grant (UDAG) that allows expenditures based on available funding and economic development program needs.

## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) CERTIFICATE OF ACHIEVEMENT***

The City will seek annual renewal of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. The City has received 17 awards for the fiscal years ended June 30, 1988, 1989, and 1995-2009.

## ***DISTINGUISHED BUDGET PRESENTATION AWARD***

The City will seek annual renewal of the Government Finance Officers Association's Distinguished Budget Presentation Award. The City of Portsmouth received the GFOA's Distinguished Budget Presentation Award for five consecutive years; beginning July 1, 2006-2010. The Distinguished Budget Presentation Award is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. The City of Portsmouth is the first and remains the only community in New Hampshire to receive the award.

## ***EMPLOYEE PAY PLAN***

The City of Portsmouth has a total of fifteen (15) collective bargaining units. As of March 2011, ten (10) bargaining units have approved contracts, while the remaining five (5) are still in negotiations. Employees who are in the expired contracts and are eligible for a step increase will continue to receive step increases however, other wage adjustments will not be provided until new contracts are ratified.

The City embraces a compensation philosophy that provides internal consistency, which includes paying fair and reasonable salaries based on economic conditions and the labor market. This will attract, retain, and motivate qualified personnel to meet organizational requirements, maintain a competitive pay structure for all jobs, increase productivity and efficiency, and further organizational goals and objectives. The City also believes in balancing this with an equitably based system within the organizational pay structure. This philosophy needs to be maintained, while simultaneously being fair to the taxpayers of the community.

## ***PERSONNEL SUMMARY***

The following table is a summary of personnel counts by department for prior, current and budgeted years totaled by each appropriated fund. A table of specific positions and a personnel count by department can be found in each department section of the document.

The Fiscal Year 2012 proposed budget includes a net reduction of 25.5 full-time positions.

- **Finance Department**- Elimination of one full-time position.
- **Planning**-Elimination of one full-time position.
- **Legal** – Reduction of one full time position to part-time.
- **Public Works** –Elimination of one full-time vacant position and a reduction of one full-time position to part-time.

- **Police Department** – 5 full time non ranking officers unfunded.
- **Fire Department** – Fire Inspector position unfunded.
- **School Department** – Reduction of 11.9 full time equivalents.
- **Sewer Divisions** – Elimination of one full-time position.

DEPARTMENT	FY 09 ACTUAL	FY 10 ACTUAL	FY 11 ACTUAL	FY 12 PROPOSED BUDGET	Change From FY11	Change From FY09
<b>FULL-TIME PERSONNEL</b>						
CITY MANAGER	2.00	2.00	2.00	2.00	0.00	0.00
HUMAN RESOURCES	2.00	2.00	2.00	2.00	0.00	0.00
CITY CLERK	3.00	3.00	3.00	3.00	0.00	0.00
LEGAL DEPARTMENT	5.00	6.00	6.00	5.00	(1.00)	0.00
FINANCE DEPARTMENT	17.00	17.00	16.00	15.00	(1.00)	(2.00)
PLANNING DEPARTMENT	6.15	6.15	6.15	4.95	(1.20)	(1.20)
INSPECTION DEPARTMENT	4.00	4.00	4.00	4.00	0.00	0.00
HEALTH DEPARTMENT	1.50	1.50	1.50	1.50	0.00	0.00
PUBLIC WORKS	60.70	60.70	60.70	58.00	(2.70)	(2.70)
LIBRARY	16.00	16.00	13.00	13.00	0.00	(3.00)
RECREATION DEPARTMENT	8.00	7.00	4.00	4.00	0.00	(4.00)
WELFARE DEPARTMENT	2.00	2.00	1.00	1.00	0.00	(1.00)
POLICE DEPARTMENT	92.00	88.00	86.00	81.00	(5.00)	(11.00)
FIRE DEPARTMENT	62.00	62.00	61.00	60.00	(1.00)	(2.00)
SCHOOL DEPARTMENT	378.37	373.75	356.20	344.27	(11.93)	(34.10)
<b>GENERAL FUND - FULL TIME PERSONNEL TOTAL</b>	<b>659.72</b>	<b>651.10</b>	<b>622.55</b>	<b>598.72</b>	<b>(23.83)</b>	<b>(61.00)</b>
<b>% Change</b>					<b>-3.83%</b>	<b>-9.25%</b>
<b>PART-TIME PERSONNEL *</b>						
HUMAN RESOURCES	3.00	3.00	3.00	3.00	0.00	0.00
LEGAL DEPARTMENT	2.00	1.00	1.00	2.00	1.00	0.00
FINANCE DEPARTMENT	2.00	1.00	2.00	2.00	0.00	0.00
INSPECTION DEPARTMENT	1.00	1.00	1.00	1.00	0.00	0.00
PUBLIC WORKS	0.00	0.00	0.00	1.00	1.00	1.00
LIBRARY	12.00	12.00	15.00	15.00	0.00	3.00
RECREATION (number of positions vary seasonally)	1.00	1.00	1.00	1.00	0.00	0.00
WELFARE DEPARTMENT	0.00	0.00	1.00	1.00	0.00	1.00
POLICE DEPARTMENT	37.00	37.00	29.00	29.00	0.00	(8.00)
FIRE DEPARTMENT	3.00	3.00	3.00	3.00	0.00	0.00
SCHOOL DEPARTMENT	188.00	196.17	199.00	198.00	(1.00)	10.00
<b>GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL</b>	<b>249.00</b>	<b>255.17</b>	<b>255.00</b>	<b>256.00</b>	<b>1.00</b>	<b>7.00</b>
<b>% Change</b>					<b>0.4%</b>	<b>2.8%</b>
<b>FULL-TIME PERSONNEL</b>						
WATER AND SEWER FUND	48.10	48.10	47.10	46.10	(1.00)	(2.00)
<b>ENTERPRISE FUNDS - WATER &amp; SEWER FULL TIME PERSONNEL TOTAL</b>	<b>48.10</b>	<b>48.10</b>	<b>47.10</b>	<b>46.10</b>	<b>(1.00)</b>	<b>(2.00)</b>
<b>% Change</b>					<b>-2.1%</b>	<b>-4.16%</b>
<b>PART-TIME PERSONNEL *</b>						
WATER AND SEWER FUND	2.00	2.00	2.00	2.00	0.00	0.00
<b>ENTERPRISE FUNDS - WATER &amp; SEWER PART TIME PERSONNEL TOTAL</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>
<b>% Change</b>					<b>0.0%</b>	<b>0.0%</b>
<b>FULL-TIME PERSONNEL</b>						
PARKING	10.00	10.00	9.00	9.00	0.00	(1.00)
COMMUNITY DEVELOPMENT	1.35	2.10	2.10	1.40	(0.70)	0.05
UDAG	1.00	1.05	1.05	1.05	0.00	0.05
<b>SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL</b>	<b>12.35</b>	<b>13.15</b>	<b>12.15</b>	<b>11.45</b>	<b>(0.70)</b>	<b>(0.90)</b>
<b>% Change</b>					<b>-5.8%</b>	<b>-7.3%</b>
<b>PART-TIME PERSONNEL *</b>						
PARKING	20.00	20.00	20.00	20.00	0.00	0.00
COMMUNITY DEVELOPMENT	1.00	0.00	0.00	0.00	0.00	(1.00)
<b>SPECIAL FUNDS - PART TIME PERSONNEL TOTAL</b>	<b>21.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>0.00</b>	<b>(1.00)</b>
<b>% Change</b>					<b>0.0%</b>	<b>-4.8%</b>
<b>TOTAL FULL-TIME PERSONNEL</b>	<b>720.17</b>	<b>712.35</b>	<b>681.80</b>	<b>656.27</b>	<b>(25.53)</b>	<b>(63.90)</b>
<b>TOTAL PART-TIME PERSONNEL</b>	<b>272.00</b>	<b>277.17</b>	<b>277.00</b>	<b>278.00</b>	<b>1.00</b>	<b>6.00</b>
<b>TOTAL FULL-TIME PERSONNEL % Change</b>					<b>-3.7%</b>	<b>-8.9%</b>
<b>TOTAL PART-TIME PERSONNEL % Change</b>					<b>0.4%</b>	<b>2.2%</b>

**NOTE:**

Part-time personnel numbers may fluctuate due to the seasonality of positions.  
Part-time positions are totaled in this chart by the number of personnel and not FTE.

## **DIRECTORY OF OFFICIALS**

### **CITY COUNCIL**

Thomas G. Ferrini, Mayor  
Nancy Novelline Clayburgh, Assistant Mayor

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

### **BOARD OF EDUCATION**

Edward McDonough, Superintendent  
Mitchell Shuldman, Chairperson  
Ann M. Walker, Vice Chairperson

Carol Chellman                  Rebecca Emerson  
Kent LaPage                      Tom Martin  
Dexter R. Legg                  Leslie Stevens  
Clay Hayward

#### **Police Commission**

Chief David Ferland  
Gerald W. Howe, Chairperson  
John C. Russo  
John F. Golumb

#### **Fire Commission**

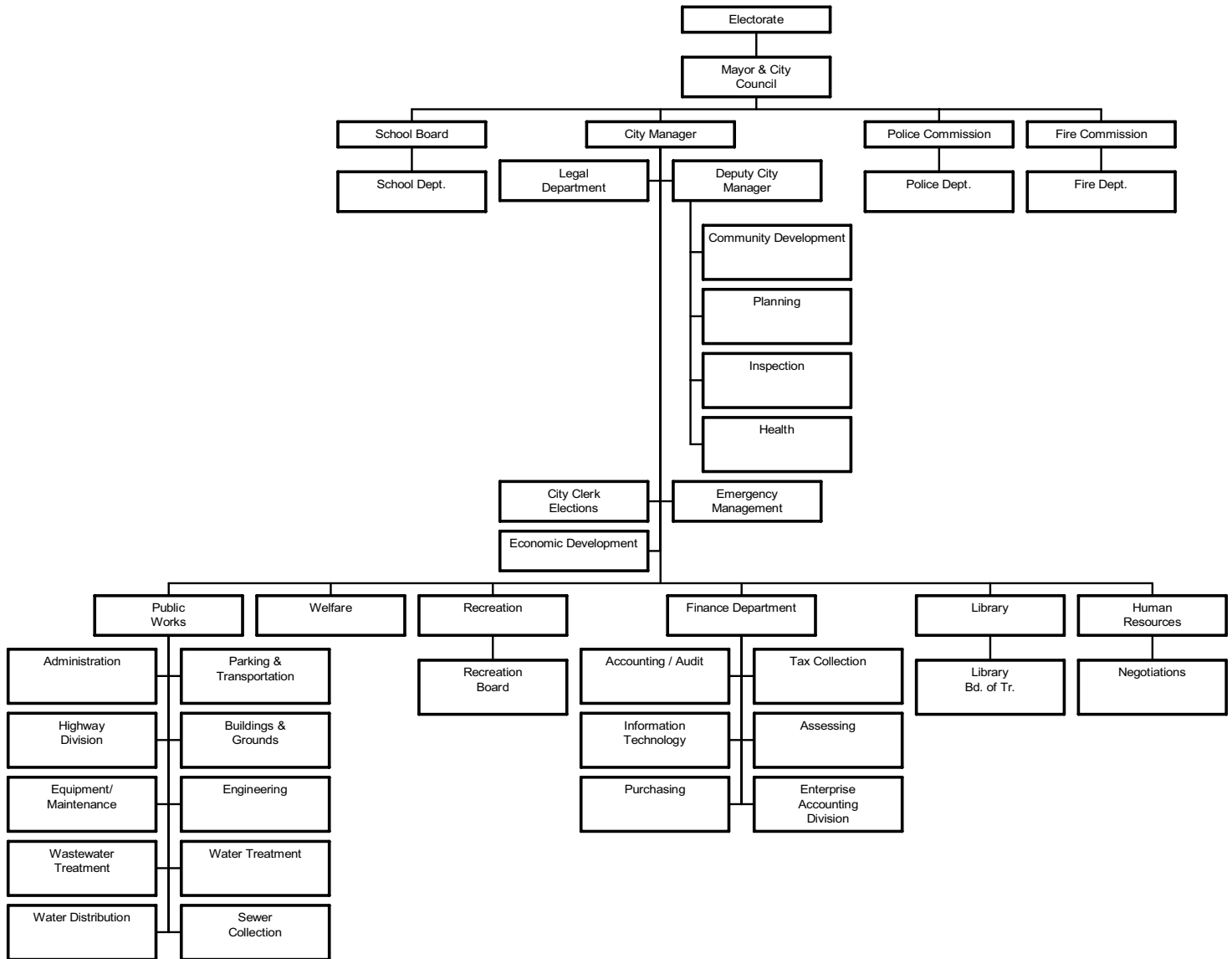
Chief Christopher LeClaire  
Paul T. Wentworth, Chairperson  
Michael K. Hughes  
Richard Gamester

### **PRINCIPAL EXECUTIVE OFFICERS**

**City Manager, John P. Bohenko**  
**Deputy City Manager, Cynthia Hayden**

City Attorney	Robert Sullivan
Finance Director	Judith Belanger
City Contoller	Gail Cunningham
City Contoller	Andrew Purgiel
City Clerk	Kelli Barnaby
Tax Collector	Kristen Regis
City Assessor	Rosann Maurice-Lentz
Director of Public Works	Steven Parkinson
Recreation Director	Melvin Wilson, Jr.
Library Director	Mary Ann List
Human Resource Director	Dianna Fogarty
Community Development Director	Cynthia Hayden
Chief Building Inspector	Richard Hopley
Public Health Director	Kimberly McNamara
Planning Director	Frederick Taintor
Welfare Director	Keith Bates

# City of Portsmouth City-wide Organizational Chart







## COMMUNITY AND ECONOMIC PROFILE

The City of Portsmouth (population: 20,811) is a seaport community on the Piscataqua River, which divides New Hampshire and Maine. It is a regional economic and cultural hub for seacoast New Hampshire and lies 50 miles north of Boston, Massachusetts, and 50 miles south of Portland, Maine.

Settled in 1623, Portsmouth is the nation's third-oldest city with a rich heritage as a working seaport and the home of the State's only deepwater port. The city's quality of life, business climate, arts and cultural resources, and education facilities have attracted a wide variety of industries employing young, entrepreneurial and highly skilled workers in the technology, finance, biotech and health sectors.



Portsmouth also serves as the cultural destination for the region.

This has resulted in a significant creative economy of for-profit and non-profit businesses ranging from theatres and museums to galleries and design/architectural firms. The city's non-profit cultural institutions and organizations alone contribute over \$38 million to the community. These organizations, along with many year-round cultural offerings, make Portsmouth a preferred tourist destination and the media has taken note. In the past year, Portsmouth received the following travel media accolades:

- Portsmouth was named one of 52 top weekend getaway destinations, Food and Wine Category, in the October 2010 *Boston Magazine*.
- Portsmouth was named a "Preserve America Community," one of 29 designated in 2010. The Preserve America Community Program recognizes communities that use their heritage resources to share the myriad benefits of historic preservation with residents and visitors. The program is administered by the federal Advisory Council on Historic Preservation with assistance from the U.S. Department of the Interior.
- *Northshore Magazine* highlighted Portsmouth as an excellent tourist destination 5/12/10 ("Port Authority" article)
- Portsmouth is listed as one of eight North American "Most Romantic" Cities on MSN.com February 2010
- Portsmouth was listed in an 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.

Overall, Portsmouth has maintained a stable economy, due in part to the diversity of businesses that make the City a major employment center. Almost half of working residents are employed locally, but the bulk of the workforce commutes into the city to work.

Despite the economic downturn, the FY 2010 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%. The City's unemployment rate continued to decline over the last quarter of 2010 ending the year with a seasonally unadjusted rate of 4.3%.

Employment in the NH portion of the Portsmouth MetroNECTA at the end of October 2010 was 54,700 which represents an increase of 400 jobs from October 2009. The largest employment losses over the period were in the Government, Financial Services, Transportation/Warehousing/Utilities and Information sectors with a decrease of 100 jobs per sector. These losses were offset by gains of 300 jobs in the Professional and Business sector, and 100 jobs each of the following sectors: Leisure/Hospitality, Education/Health, Manufacturing, Mining/Logging/Construction and other Services. The Retail and Wholesale Trade sectors remained unchanged from the previous year.

Along with its skilled workforce and superior quality of life, the City benefits from major economic assets that attract diverse businesses and workers. The City's economic assets include the Pease International Tradeport, the NH State Port, the Foreign Trade Zone, and the Portsmouth Naval Shipyard, each of which is highlighted below.

### ***Pease International Tradeport***

One of the nation's most successful military base redevelopments, Pease International Tradeport, is located in Portsmouth and continues to grow and be a significant contributor to the economic vitality of the region. Over 7,000 employees currently work at 205 companies at the Tradeport. According to Steven H. Berg of Sargent Consulting, LTD., Pease Tradeport is now home to over 42% of all office space in the city and is responsible for 96% of net growth.

The Pease Development Authority (PDA) administers development of the Tradeport. Because the Tradeport is located primarily within the municipal boundaries of Portsmouth, the PDA and the City entered into a Municipal Services Agreement many years ago for both the Airport and Non-Airport Districts. In accordance with the Agreement, the City received \$2.2 million in revenue from the Airport district and \$3 million from the non-Airport district in property taxes; a total of \$5.2 million in revenue in FY11.

Pease International Tradeport continues to add new businesses. In 2010 the US Passport Center completed an addition to its offices. With the larger facility, the US Passport Center and the VISA Center together employ 1,500 workers. Also in 2010, the Northeast Rehabilitation Hospital broke ground at the Tradeport on a \$16 million acute rehabilitation hospital. The 46,000 square foot, two-story facility will serve up to 623 patients requiring rehabilitative services.

In 2010 Masai Barefoot Technology Footwear renovated and opened a 7,000 square foot space that will serve as the US hub for Swiss-based Masai Marketing & Trading AG. The company produces and markets curved soled shoes which mimic the action of walking barefoot. The company chose Portsmouth for an office location because of the local quality of life and because the local workforce met the company's needs.

Other notable activity at Pease includes the relocation of Tradewings' corporate headquarters to 130 International Drive. Also, Rand Whitney Container Northeast LLC announced its expected move to 162 Corporate Drive. The company specializes in designing and producing corrugated shipping cases, consumer packaging, merchandising displays and corrugated die-cuts and projects that 40 jobs will be created.

The Tradeport is also home to the Pease International Airport, which is an asset to the entire region. Passenger flights are available on several charter and private jets that operate out of the airport. The airport is also home to Alpha Flying Inc., (AFI), an aircraft management company with 25 fractional ownership planes and its sister company Atlas Pilatus Center Inc. (APC), which services the AFI fleet. Port City Air also provides airplane repair services at the Tradeport.

### ***The Port of New Hampshire***

The Port of New Hampshire, located on the Piscataqua River in downtown Portsmouth, is the State's only deepwater port. The Port is overseen by the Pease Development Authority. Its strategic location on a deep natural harbor makes it viable for international cargo shipping as well as for visiting cruise ships. The Harbormaster offices and dock are located onsite. Port infrastructure includes a 66-foot-long wharf, a 310-foot barge pier, two large warehouse structures, and open areas for bulk storage and container facilities. The Port also leases space to local charter fishing and harbor cruise operators and serves as host to the popular tall ships that visit the city periodically.

### ***Foreign Trade Zone (FTZ)***

New Hampshire has one Foreign Trade Zone (FTZ) consisting of five distinct sites, three of which are located in Portsmouth: 1,095 acres at the Tradeport, 10 acres at the Port, and 50 acres at the Portsmouth Industrial Park. A Foreign Trade Zone is a site within the United States where items may be imported, stored and processed with deferral or elimination of customs duties and excise taxes, allowing firms to operate more competitively in the international market. The FTZ, in conjunction with the State's International Trade Resource Center, provides both opportunity and technical assistance for businesses interested in foreign commerce.

### ***Portsmouth Naval Shipyard (PNSY)***

Located in Kittery, Maine, just across the Piscataqua River, the Portsmouth Naval Shipyard is a major submarine overhaul and refueling facility and is the U.S. government's oldest continuously operating naval shipyard. The Seacoast Shipyard Association's regional economic impact for calendar year 2010 revealed a total of 5,168 current employees with a payroll of \$435 million up from \$377 million in 2009. Portsmouth has the third highest number of shipyard employees of all NH communities and the sixth largest of both Maine and NH communities, with 252 shipyard workers. In addition, \$20 million of goods and services were purchased from New England states up from \$16.4 million in 2009.

In May 2010, the US Congress approved a bill that will direct \$11.9 million toward reconstruction and modernization of the structural shops at the PNSY. Shops are used for steel and sheet metal fabrication and for the overhaul of nuclear-powered submarines. Also in 2010, the PNSY began implementing its plan to add 405 new jobs. This workforce expansion will enable the facility to service the newer Virginia-class fast-attack submarines. In other PNSY developments, the Navy Survival Evasion Resistance & Escape School (SERE) relocated to Kittery in 2010. The relocation involves 100 military and civil workers who will train 1,200 students. Finally, in 2011 the Army Recruiting Battalion for all of New England will relocate to the PNSY creating an additional 30 new jobs.

# COMMUNITY PROFILE

## CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

## CITY FINANCE

Tax Rate FY 2011 (per \$1,000)	\$17.41
Total Valuation	\$3,903,031,800

Source: NH Dept. of Revenue Administration

Bond Ratings	
Standard & Poor's	AA+
Moody's Investors Service	Aa1

## LAND

Land Area	10,034 acres
Public Parks & Playgrounds	200 acres*
Public Streets	136 miles
Wetlands	3,538 acres**

\* Source: Taintor and Associates, Existing Conditions, 2003

\*\* Source: City of Portsmouth, 2003 Wetlands Inventory

## UTILITIES

Telephone	Multiple Suppliers
High Speed Internet	Multiple Suppliers
Cable	Comcast
Gas	Unitil
Water	City of Portsmouth
Sewer	City of Portsmouth
Cell phone coverage	Complete Coverage

## ECONOMIC INDICATORS

### **Largest Private Employers (2010)**

HCA Portsmouth Regional Hospital	1100
Liberty Mutual	837
Lonza Biologics	575
John Hancock	400
Thermo Fischer	350
Direct Capital	326
Bottomline Technologies	278
Alpha Flying/PlaneSense	250
LabCorp	225

Source: City of Portsmouth, Economic Development

### **Portsmouth Employed Civilian Population by Industrial Sector**

Professional Services	31.94%
Retail Trade	15.18%
Manufacturing	12.48%
Miscellaneous Services	10.70%
Finance, Insurance, Real Estate	6.88%
Transportation, Comm., Utilities	6.78%
All others	16.04%

Source: U.S. Census 2000

### **Unemployment (Not seasonally-adjusted)**

Portsmouth	4.3%*
State of New Hampshire	5.3%*

\* Source: NH Economic & Labor Market Information Bureau, Dec. 2010

## DEMOGRAPHICS

### **Population**

2009 Estimate, NHOEP	20,668
2000 U.S. Census	20,784
1990 U.S. Census	25,925

### **Registered Voters**

November 2009	17,984
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Source: City of Portsmouth, Office of the City Clerk

### **Households**

2000 U.S. Census	9,875
1990 U.S. Census	10,329

Average Household Size	2.04
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Average Family Size	2.75
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Source: U.S. Census 2000

### **Age (Percent of Total Population)**

Up to 24 years	24.4%
----------------	-------

25 - 54	50.5%
---------	-------

60 and up	20.2%
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Source: U.S. Census 2000

### **Median Household Income**

1990 U.S. Census	\$30,591
------------------	----------

2000 U.S. Census	\$45,198
------------------	----------

### **Housing Types**

#### *Units in Structure*

1-unit, detached	40.2%
------------------	-------

1-unit, attached	5.9%
------------------	------

2 units	8.1%
---------	------

3 or 4 units	10.9%
--------------	-------

5 to 9 units	14.3%
--------------	-------

10 to 19 units	7.0%
----------------	------

20 or more units	11.0%
------------------	-------

Mobile home	2.7%
-------------	------

Source: U.S. Census 2000

### **Housing Unit by Occupancy**

Owner-occupied	50.0%
----------------	-------

Renter-occupied	50.0%
-----------------	-------

Source: U.S. Census 2000

### **Mean Values**

<i>Type</i>	<i>Mean</i>
-------------	-------------

Commercial*	\$1,347,903
-------------	-------------

Residential**	\$318,020
---------------	-----------

#### *Residential Stratified*

Single Family	\$359,871
---------------	-----------

Condo	\$257,037
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Multi-Family 2-8 Units***	\$430,144
---------------------------	-----------

Mobile Homes	\$50,163
--------------	----------

As of April 1, 2010

\* Includes Pease Airport District and Utilities

\*\* Included single family, condos, multi-family 2-8 units and mobile homes

\*\*\* Includes single family parcels with more than one dwelling

Source: City of Portsmouth, Finance Department

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# **BUDGET DOCUMENT**

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## **A GUIDE TO THE BUDGET DOCUMENT**

The City of Portsmouth is a municipal corporation governed by a City Council, including a mayor and eight members, and an appointed City Manager. The City's financial operations are budgeted and accounted for in a number of funds. Each fund is a separate accounting entity with self-balancing accounts.

The budget process is key to the development of the City of Portsmouth's strategic fiscal plan. The budget is the single most important document the City has for establishing policies, guidelines, and control over the direction of change and for determining the future.

This budget serves six vital functions:

1. It is a *policy document*, which establishes the City's priorities for expending funds for services to be provided for the coming fiscal year.
2. It is a *financial plan* for the City for the coming fiscal year.
3. It is an *operations guide*, which establishes the activities, services and functions to be carried out by the City's departments.
4. It is an important means of *communication*, which conveys to Portsmouth residents, local businesses, as well as other parties (such as bond rating agencies and the news media) how the City is being managed.
5. It is a *historical document*, which reflects the past level of services provided by the City.
6. It is a *legal document*, which establishes the legal guidelines for spending each year.

### ***BUDGET DOCUMENT CONTENTS***

The budget document contains the following funds and activities to assist in the understanding of the City's operations.

**GENERAL FUND-** This fund accounts for all general operating expenditures and revenues. This is the City's largest fund. Revenues in the general fund primarily are from property taxes.

**ENTERPRISE FUNDS-** Enterprise funds are supported by user fees and are used to account for ongoing organizations and activities which are similar to those often found in the private sector. The City of Portsmouth maintains two enterprise funds: Water and Sewer.

**SPECIAL REVENUE FUNDS-** These funds account for the proceeds of specific revenue sources, such as Federal, State, and Local grants; private donations, and transfer from other funds that are restricted to expenditure for specified purposes. There are three special revenue funds detailed in this document, which require a budget and are a part of the budget adoption process: Parking and Transportation, Community Development Block Grant (CDBG), and Urban Development Action Grant Fund (UDAG).

**DEBT SERVICE-** This document includes an analysis of debt service for the General, Parking & Transportation, Water, and Sewer Funds. The analysis includes: computation of legal debt margin, long-term debt forecast model, projected long-term debt service as a percentage of the general fund budget, and long-term debt outstanding balance.

**CAPITAL IMPROVEMENT PLAN (CIP)-** The long-term planning for major capital projects as set forth in the six-year Capital Improvement Plan and adopted by the City Council. The capital projects are funded through capital outlays, state and federal aid, revenues, public private partnerships and bond issues. This documents provides a summary of the capital improvement plan in Appendix II; however, the City also publishes a more detailed long-term CIP under separate cover.

**ROLLING STOCK PROGRAM-** The Rolling Stock Program is intended to provide an overall schedule for the expenditure of City funds on replacement of vehicles and equipment necessary to carry out daily City activities. City departments with rolling stock requirements that participate in the program include the Public Works, Police, Fire, School, Water, Sewer Departments and Trust Funds. Such a program serves to inform the City Council and the community that certain expenditures for upgrading the existing equipment are to be expected in the years ahead. The Rolling Stock Program detail is located in Appendix I of this document.

**FEE SCHEDULE-** A City ordinance was enacted stating that all municipal fees shall be adopted and may be amended by resolution during the annual budget adoption process. Appendix III provides a detailed list of all City fees which are reviewed every year.

### ***BUDGETARY FUND STRUCTURE***

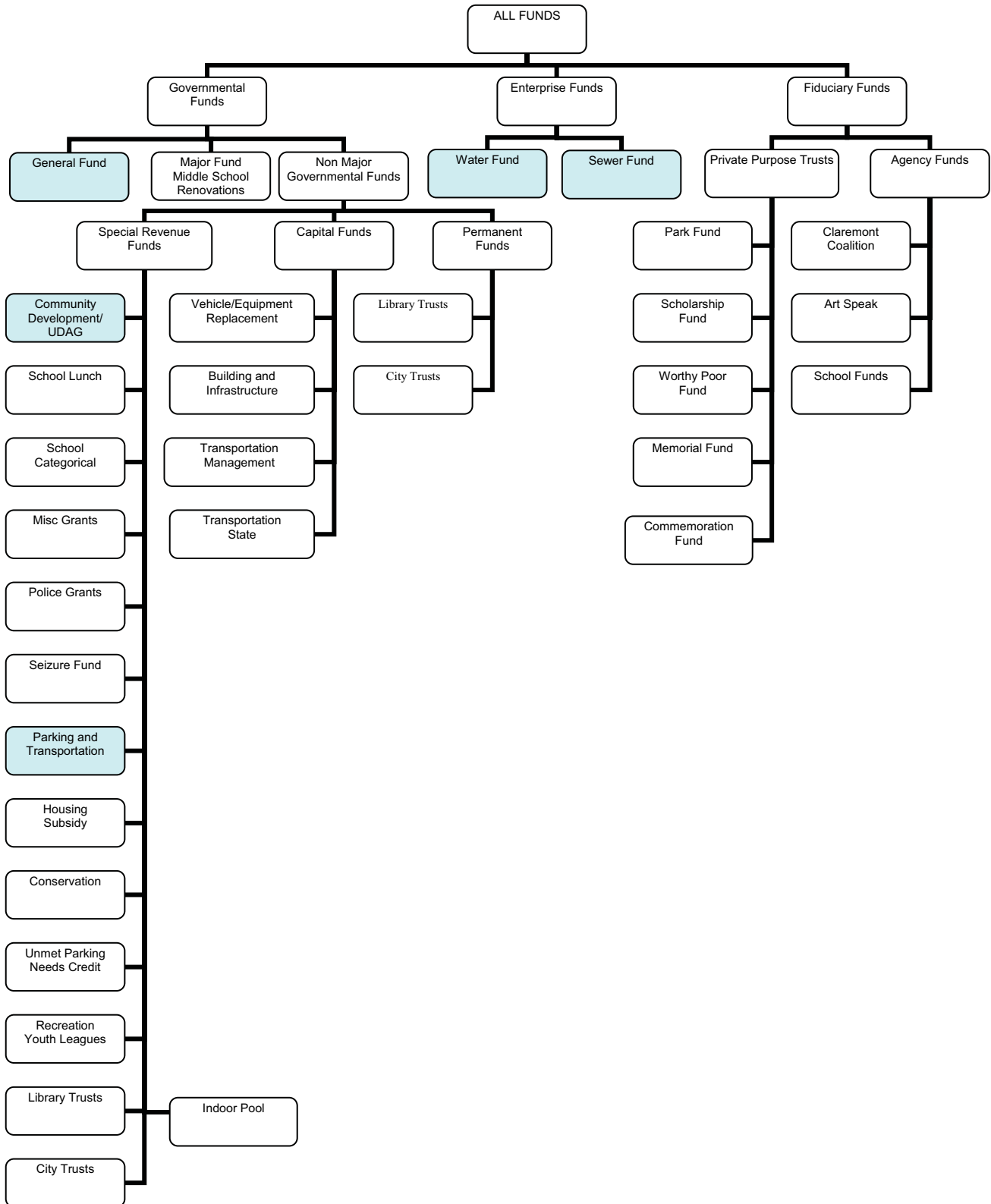
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

The fund structure in the audited financial statements include all Governmental Funds (General, Special Revenue, Capital Projects and Permanent funds), Enterprise Funds (Water and Sewer) and Fiduciary Funds (Private Purpose Trusts and Agency Funds).

The following chart shows the City's audited fund structure and highlights the appropriated funds in this document.

# FLOW OF AUDITED FUNDS

## (Highlighted Funds Represented In Budget Document)





## **MAJOR FUND DESCRIPTIONS:**

Major funds for budgetary purposes are those funds whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10 percent of the revenues or expenditures of the appropriated budget.

### **GENERAL FUND**

The General Fund is a Governmental Fund. It is established to account for all resources obtained and used for those services commonly provided by cities 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.

## **NON-MAJOR FUND DESCRIPTIONS:**

### **COMMUNITY DEVELOPMENT**

The Community Development Fund is a Special Revenue Fund. It accounts 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.

### **URBAN DEVELOPMENT ACTION GRANT (UDAG)**

The UDAG Fund is a Special Revenue Fund. The City's economic development efforts are funded through funds previously repaid to the City from a federal UDAG loan.

### **PARKING AND TRANSPORTATION**

The Parking and Transportation Fund is a Special Revenue Fund. It accounts for operations of the City's parking facility, parking enforcement, parking meter operations and parking administration funded by funds generated from these parking activities.

### **WATER FUND**

The Water Fund is an Enterprise Fund. It accounts for the operation of a water treatment plant, City wells and water system. The activity of the fund is self-supporting based on user charges.

### **SEWER FUND**

The Sewer Fund is an Enterprise Fund. It accounts for the operation of two sewer treatment plants, pumping stations and sewer lines. The activity of the fund is self-supporting based on user charges.

## ***BASIS OF ACCOUNTING – BUDGETARY BASIS OF ACCOUNTING***

When considering any report of financial activity, the question of which basis of accounting to use must be addressed. Basis of accounting refers to when revenues, expenditures, expenses, transfers and related assets and liabilities are recognized in the accounts and reported in the financial statement.

GASB (Government Accounting Standards Board) states that methods of local government budgetary practices are outside the scope of financial reporting standards and therefore, do not prescribe a basis of accounting for use in budgetary reporting. The City of Portsmouth, in most cases, uses the same basis of accounting when preparing both the financial statements and annual budgets.

For Governmental Funds, the City of Portsmouth prepares its budgets using a modified accrual basis, which means the accrual basis with modifications; it emphasizes on sources and uses of current financial resources. Governmental Funds generally account only for current expendable available resources, so only those transactions classified as “current” (that is, affecting the current flow of revenues and expenditures) are recorded.

For Enterprise Funds, the City of Portsmouth prepares its budgets using the accrual basis, which results in an accounting measure that records the substances of transactions or events, not merely cash inflows or outflows. It recognizes non-cash transactions at the time they occur, taking into account not only accruals, but also deferrals, allocations and amortizations.

The Comprehensive Annual Financial Report (CAFR) displays the status of the City’s finances on the basis of “generally accepted accounting principles” (GAAP). The City, in most cases conforms to GAAP, in references to the fund based financial statements, when preparing its budget. Exceptions are as follow:

1. In the General Fund, a full accrual of the amount anticipated to be billed is recorded rather than adjusted for the 60-day rule, receipt of prior fiscal year tax payments and adjustments for abatements.
2. Compensated absences are accrued as earned by employees using GAAP and recorded as expenditures as used in the budget.
3. Use of fund balance is recorded as a revenue in the budget with the exception of the Combined Statement of Revenues and Expenditures and Changes in Undesignated Fund Balance.
4. Transfers in and out are recorded as revenue and expenditures in the budget.

## **THE BUDGET PROCESS**

The City annually initiates a lengthy and extensive budget-setting process following the requirements of the City Charter beginning in the fall and continuing with the final review and adoption by the City Council by June 30th. The City will adopt a balanced

budget, by fund, for all funds maintained by the City, in which total anticipated revenues will equal budgeted expenditures for each fund.

There are two components to the annual budget process: Capital Improvement Program and the Operating/Non-Operating budget process.

### ***CAPITAL IMPROVEMENT PROGRAM PROCESS***

The Capital Improvement Plan (CIP) is prepared by the Planning Board according to State statute. The intent of the CIP is to classify capital projects according to their priority and need, and schedule those improvements over a six-year time horizon. The Capital Improvement Plan process begins in the fall when each department is required to evaluate its six-year capital needs and submit proposed capital projects to the Planning Board. These requests are reviewed and adopted by the Planning Board prior to submission to the City Manager. The City Manager prepares and submits the six-year CIP to the City Council three months prior to the final budget submission. The City Council holds a public hearing on the CIP and adopts the plan. The capital costs shown in year one of the CIP is the only impact to the proposed budget and may be revised by the City Council during the budget approval process.

### ***OPERATING/NON-OPERATING BUDGET PROCESS***

The City Manager initiates the budget process with City departments and provides guidelines for budget preparation. Each department submits its estimates of revenues and expenditures to the City Manager for review by mid-February. Prior to this date, the Police Commission, Fire Commission and School Board each hold public hearings.

The City Manager meets with every department and reviews the budget requests in detail and makes final decisions regarding the proposed budget. The City Manager, per the City Charter, recommends a proposed budget to the City Council. This must occur at least 45 days before the start of the fiscal year.

The City Council then holds a series of work sessions and a public hearing so the public may comment on the budget.

The City Council must adopt the submitted budget by June 30<sup>th</sup>. If the City Council takes no action on or prior to June 30<sup>th</sup>, 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.

## FY '2012' BUDGET SCHEDULE

<b>12/13/10 (Mon)</b>	<b>FY12 Preliminary Budget Work session (Meeting of the Whole)</b>
12/15/10 (Wed)	Department Head Meeting on budget procedure, format and guidelines
<b>*1/19/11 (Wed)</b>	<b>Fire Commission Public Hearing on the proposed FY12 budget</b>
<b>**1/20/11 (Thurs)</b>	<b>School Board Public Hearing #1 on the proposed FY12 budget</b>
<b>1/20/11 (Thurs)</b>	<b>Planning Board meeting; Adoption of the Capital Improvement Program</b>
1/21/11 (Fri)	Proposed Budgets from Municipal Departments due back to Finance Dept
2/2/2011 (Wed)	Capital Improvement Program (CIP) document to be submitted to City Council
<b>***2/2/11 (Wed)</b>	<b>Police Commission Public Hearing on the proposed FY12 budget</b>
<b>2/8/11 (Tues)</b>	<b>School Board Public Hearing #2 on the proposed FY12 budget</b>
2/11/11 (Fri)	Finance Department submits all proposed budgets to the City Manager
2/14/11 to 2/25/11	Departmental budget reviews with City Manager
<b>2/14/11 (Mon)</b>	<b>City Council Work Session on CIP</b>
<b>3/7/11 (Mon)</b>	<b>City Council holds Public Hearing on CIP</b>
<b>3/21/11 (Mon)</b>	<b>City Council meeting; Adoption of the CIP</b>
4/8/11 (Fri)	Proposed Budget document to be submitted to the City Council
<b>****4/11/11 (Mon)</b>	<b>Public Hearing on City Manager's Proposed FY12 budget with presentations from Police, Fire, School and Municipal Departments</b>
<b>4/20/11 (Wed)</b>	<b>Work Session with City Council to review the School Department Budget</b>
<b>4/21/11 (Thur)</b>	<b>Work Session with City Council to review the Municipal Budget</b>
<b>4/27/11 (Wed)</b>	<b>Work Session with City Council to review Police Department Budget and Fire Department Budget</b>
<b>****5/9/11 (Mon)</b>	<b>Re-open Public Hearing on the City Manager's Proposed FY12 budget</b>
<b>5/18/11 (Wed)</b>	<b>Work Session with City Council –final budget review if necessary</b>
<b>6/6/11 (Mon)</b>	<b>City Council meeting; Adoption of the FY12 Budget</b>

**Note: All Work Sessions and Public Hearings will be held in the Eileen Dondero Foley Council Chambers and will be televised with the exception of the following**

- \*Fire Commission Public Hearing to be held at Fire Station 2.**
- \*\*School Board Public Hearing to be held at the Little Harbour School**
- \*\*\*Police Commission Public Hearing will begin at 6:00 pm**
- \*\*\*\*FY12 City Manager's Proposed budget will be held at the High School Auditorium**
- **All Work Sessions will begin at 6:30 p.m.**
- **All Public Hearings will begin at 7:00 p.m.**

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# GENERAL FUND BUDGET SUMMARY - FY 2012

	FY12 PROPOSED GUIDELINES					CITY MANAGER'S RECOMMENDED		
	FY 09/10 BUDGET	FY 10/11 Budget	FY 11/12 Proposed Guidelines	% Change	\$\$ Change	FY12 CM RECOMMENDED	% Change	\$\$ Change
<b>OPERATING BUDGET</b>								
Municipal	15,654,946	15,444,772	15,442,527	-0.01%	(2,245)	15,442,527	-0.01%	(2,245)
Police	8,650,896	8,518,412	8,438,675	-0.94%	(79,737)	8,438,675	-0.94%	(79,737)
Fire	6,822,400	6,736,755	6,722,490	-0.21%	(14,265)	6,722,490	-0.21%	(14,265)
School	36,244,503	36,904,000	36,904,000	0.00%	0	36,904,000	0.00%	0
Collective Bargaining Contingency	913,447	805,996	900,000	11.66%	94,004	900,000	11.66%	94,004
Transfer to Indoor Pool	0	155,000	0		(155,000)	0		(155,000)
<b>Total Operating Budget</b>	<b>68,286,192</b>	<b>68,564,935</b>	<b>68,407,692</b>	<b>-0.23%</b>	<b>(157,243)</b>	<b>68,407,692</b>	<b>-0.23%</b>	<b>(157,243)</b>
<b>NON-OPERATING EXPENSE</b>								
Debt Related Costs/TANS	350,000	350,000	350,000	0.00%	0	350,000	0.00%	0
Debt Service Payments	8,156,496	9,181,827	10,232,755	11.45%	1,050,928	10,232,755	11.45%	1,050,928
Overlay	900,000	1,100,000	1,150,000	4.55%	50,000	1,150,000	4.55%	50,000
Capital Outlay	800,000	1,187,500	1,018,150	-14.26%	(169,350)	1,018,150	-14.26%	(169,350)
County	3,825,800	4,107,894	4,199,167	2.22%	91,273	4,199,167	2.22%	91,273
Contingency	300,000	250,000	250,000	0.00%	0	250,000	0.00%	0
Other General Non-Operating	1,420,248	1,562,298	849,080	-45.65%	(713,218)	849,080	-45.65%	(713,218)
<b>Total Non-Operating Budget</b>	<b>15,752,544</b>	<b>17,739,519</b>	<b>18,049,152</b>	<b>1.75%</b>	<b>309,633</b>	<b>18,049,152</b>	<b>1.75%</b>	<b>309,633</b>
<b>Total Gross Budget</b>	<b>84,038,736</b>	<b>86,304,454</b>	<b>86,456,844</b>	<b>0.18%</b>	<b>152,390</b>	<b>86,456,844</b>	<b>0.18%</b>	<b>152,390</b>
<b>REVENUES</b>								
Municipal	10,592,433	10,168,649	10,063,462	-1.03%	(105,187)	10,063,462	-1.03%	(105,187)
School	4,610,500	5,460,500	5,317,500	-2.62%	(143,000)	5,317,500	-2.62%	(143,000)
State Revenues	2,354,687	2,661,672	2,714,053	1.97%	52,381	2,714,053	1.97%	52,381
State Transition Aid	222,611	0	0		0	0		0
Use of Reserve for property Appraisal	73,500	73,500	73,500	0.00%	0	73,500	0.00%	0
Use of Reserve for Debt/ Bond Premiums	1,360,614	900,000	900,000	0.00%	0	900,000	0.00%	0
Use of Fund Balance for Collective Bargaining	1,053,006	0	0		0	0		0
Use of Fund Balance - Indoor Pool	0	155,000	0	-100.00%	(155,000)	0	-100.00%	(155,000)
<b>Total</b>	<b>20,267,351</b>	<b>19,419,321</b>	<b>19,068,515</b>	<b>-1.81%</b>	<b>(350,806)</b>	<b>19,068,515</b>	<b>-1.81%</b>	<b>(350,806)</b>
<b>BUDGETED PROPERTY TAX LEVY</b>	<b>63,771,385</b>	<b>66,885,133</b>	<b>67,388,329</b>	<b>0.75%</b>	<b>503,196</b>	<b>67,388,329</b>	<b>0.75%</b>	<b>503,196</b>
<b>Total Property Tax Commitment</b>	<b>64,058,155</b>	<b>66,909,535</b>	<b>67,388,329</b>	<b>0.72%</b>	<b>478,794</b>	<b>67,388,329</b>	<b>0.72%</b>	<b>478,794</b>
War Service Credits	611,000	600,500	600,500	0.00%	0	600,500	0.00%	0
Adequate Education Formula	(8,447,047)	(9,038,295)	(9,344,223)	3.38%	(305,928)	(9,344,223)	3.38%	(305,928)
State Education Tax	8,447,047	9,038,295	9,344,223	3.38%	305,928	9,344,223	3.38%	305,928
<b>Total Property Taxes Assessed</b>	<b>64,669,155</b>	<b>67,510,035</b>	<b>67,988,829</b>	<b>0.71%</b>	<b>478,794</b>	<b>67,988,829</b>	<b>0.71%</b>	<b>67,988,829</b>
<b>ASSESSED VALUATION WITH UTILITIES</b>	<b>3,807,536,521</b>	<b>3,903,031,800</b>	<b>3,931,031,800</b>	<b>0.72%</b>	<b>28,000,000</b>	<b>3,931,031,800</b>	<b>0.72%</b>	<b>28,000,000</b>
<b>ASSESSED VALUATION NO UTILITIES</b>	<b>3,634,413,852</b>	<b>3,721,242,300</b>	<b>3,749,242,300</b>	<b>0.75%</b>	<b>28,000,000</b>	<b>3,749,242,300</b>	<b>0.75%</b>	<b>28,000,000</b>
<b>MUNICIPAL TAX RATE</b>	<b>13.73</b>	<b>13.90</b>	<b>13.85</b>	<b>-0.39%</b>	<b>(0.05)</b>	<b>13.85</b>	<b>-0.39%</b>	<b>(0.05)</b>
<b>COUNTY TAX RATE</b>	<b>1.04</b>	<b>1.08</b>	<b>1.07</b>	<b>-0.77%</b>	<b>(0.01)</b>	<b>1.07</b>	<b>-0.77%</b>	<b>(0.01)</b>
<b>STATE EDUCATION TAX RATE</b>	<b>2.32</b>	<b>2.43</b>	<b>2.49</b>	<b>2.61%</b>	<b>0.06</b>	<b>2.49</b>	<b>2.61%</b>	<b>0.06</b>
<b>COMBINED TAX RATE</b>	<b>17.09</b>	<b>17.41</b>	<b>17.41</b>	<b>0.00%</b>	<b>0.00</b>	<b>17.41</b>	<b>0.00%</b>	<b>0.00</b>

# EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY10 BUDGET	FY10 ACTUAL	FY11 BUDGET	FY12 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY12 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>GENERAL FUND</b>									
<b>GENERAL FUND OPERATING BUDGET</b>									
<b>MUNICIPAL</b>									
<b>GENERAL GOVERNMENT</b>									
CITY COUNCIL	32,121	22,479	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	255,927	250,632	255,881	262,373	6,492	2.54%	262,373	6,492	2.54%
HUMAN RESOURCES	2,356,226	2,329,767	2,426,751	2,442,294	15,543	0.64%	2,442,294	15,543	0.64%
CITY CLERK	202,329	198,572	208,456	205,175	(3,281)	-1.57%	205,175	(3,281)	-1.57%
ELECTIONS	43,177	18,947	44,247	51,600	7,353	16.62%	51,600	7,353	16.62%
LEGAL DEPT	430,424	419,228	442,913	442,763	(150)	-0.03%	442,763	(150)	-0.03%
FINANCE	1,636,426	1,604,483	1,654,419	1,641,642	(12,777)	-0.77%	1,641,642	(12,777)	-0.77%
<b>OTHER GENERAL GOVERNMENT</b>									
GENERAL ADMINISTRATION	875,350	891,201	1,060,654	1,103,786	43,132	4.07%	1,103,786	43,132	4.07%
<b>REGULATORY SERVICES</b>									
PLANNING DEPT	523,124	519,994	513,684	441,267	(72,417)	-14.10%	441,267	(72,417)	-14.10%
INSPECTIONS	358,743	337,237	358,390	369,071	10,681	2.98%	369,071	10,681	2.98%
HEALTH	124,272	124,227	124,542	130,563	6,021	4.83%	130,563	6,021	4.83%
<b>PUBLIC WORKS</b>	5,637,436	5,445,542	5,584,126	5,583,948	(178)	0.00%	5,583,948	(178)	0.00%
<b>COMMUNITY SERVICES</b>									
PUBLIC LIBRARY	1,481,871	1,452,309	1,480,349	1,480,315	(34)	0.00%	1,480,315	(34)	0.00%
RECREATION	1,126,912	1,126,911	761,580	761,543	(37)	0.00%	761,543	(37)	0.00%
PUBLIC WELFARE	372,071	379,746	329,478	332,990	3,512	1.07%	332,990	3,512	1.07%
OUTSIDE SOCIAL SERV	188,537	188,537	157,181	151,076	(6,105)	-3.88%	151,076	(6,105)	-3.88%
<b>EMERGENCY MANAGEMENT</b>	10,000	7,570	10,000	10,000	0	0.00%	10,000	0	0.00%
<b>TOTAL MUNICIPAL</b>	<b>15,654,946</b>	<b>15,317,382</b>	<b>15,444,772</b>	<b>15,442,527</b>	<b>(2,245)</b>	<b>-0.01%</b>	<b>15,442,527</b>	<b>(2,245)</b>	<b>-0.01%</b>
POLICE	8,650,896	8,468,292	8,518,412	8,438,675	(79,737)	-0.94%	8,438,675	(79,737)	-0.94%
FIRE DEPT	6,822,400	6,775,434	6,736,755	6,722,490	(14,265)	-0.21%	6,722,490	(14,265)	-0.21%
SCHOOL DEPT	36,244,503	36,241,880	36,904,000	36,904,000	0	0.00%	36,904,000	0	0.00%
<b>POLICE, FIRE, SCHOOL</b>	<b>51,717,799</b>	<b>51,485,605</b>	<b>52,159,167</b>	<b>52,065,165</b>	<b>(94,002)</b>	<b>-0.18%</b>	<b>52,065,165</b>	<b>(94,002)</b>	<b>-0.18%</b>
<b>COLLECTIVE BARGAINING CONTINGENCY</b>	<b>913,447</b>	<b>913,447</b>	<b>805,996</b>	<b>900,000</b>	<b>94,004</b>	<b>11.66%</b>	<b>900,000</b>	<b>94,004</b>	<b>11.66%</b>
<b>TRANSFER TO INDOOR POOL</b>	<b>0</b>	<b>0</b>	<b>155,000</b>	<b>0</b>	<b>(155,000)</b>		<b>0</b>	<b>(155,000)</b>	
<b>TOTAL OPERATING</b>	<b>68,286,192</b>	<b>67,716,435</b>	<b>68,564,935</b>	<b>68,407,692</b>	<b>(157,243)</b>	<b>-0.23%</b>	<b>68,407,692</b>	<b>(157,243)</b>	<b>-0.23%</b>
<b>GENERAL FUND NON-OPERATING BUDGET</b>									
DEBT RELATED EXPENSES	350,000	175,393	350,000	350,000	0	0.00%	350,000	0	0.00%
DEBT SERVICE	8,156,496	7,857,277	9,181,827	10,232,755	1,050,928	11.45%	10,232,755	1,050,928	11.45%
OVERLAY	900,000	644,895	1,100,000	1,150,000	50,000	4.55%	1,150,000	50,000	4.55%
COUNTY TAX	3,825,800	3,949,898	4,107,894	4,199,167	91,273	2.22%	4,199,167	91,273	2.22%
CONTINGENCY	300,000	300,000	250,000	250,000	0	0.00%	250,000	0	0.00%
CAPITAL OUTLAY	800,000	800,000	1,187,500	1,018,150	(169,350)	-14.26%	1,018,150	(169,350)	-14.26%
OTHER GENERAL NON-OPERATING	1,420,248	1,419,822	1,562,298	849,080	(713,218)	-45.65%	849,080	(713,218)	-45.65%
<b>TOTAL NON-OPERATING</b>	<b>15,752,544</b>	<b>15,147,284</b>	<b>17,739,519</b>	<b>18,049,152</b>	<b>309,633</b>	<b>1.75%</b>	<b>18,049,152</b>	<b>309,633</b>	<b>1.75%</b>
<b>TOTAL GENERAL FUND</b>	<b>84,038,736</b>	<b>82,863,719</b>	<b>86,304,454</b>	<b>86,456,844</b>	<b>152,390</b>	<b>0.18%</b>	<b>86,456,844</b>	<b>152,390</b>	<b>0.18%</b>

Title	FY10 BUDGET	FY10 ACTUAL	FY11 BUDGET	FY12 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY12 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>ENTERPRISE FUNDS</b>									
<b>WATER DIVISION</b>									
<b>Administration</b>									
Administration	1,455,595	1,393,967	1,611,990	1,589,948	(22,042)	-1.37%	1,589,948	(22,042)	-1.37%
Engineering	283,247	153,490	309,056	317,936	8,880	2.87%	317,936	8,880	2.87%
Collective Bargaining Contingency	76,866	0	80,051	80,051	0	0.00%	80,051	0	0.00%
sub-total	1,815,708	1,547,456	2,001,097	1,987,935	(13,162)	-0.66%	1,987,935	(13,162)	-0.66%
<b>Water Supply and Treatment</b>									
Treatment Plant	2,266,754	1,898,978	2,396,938	2,833,063	436,125	18.20%	2,833,063	436,125	18.20%
Laboratory	167,648	104,540	122,276	121,026	(1,250)	-1.02%	121,026	(1,250)	-1.02%
Wells	354,770	159,036	309,395	268,204	(41,191)	-13.31%	268,204	(41,191)	-13.31%
Storage Tanks	103,109	95,051	97,943	95,776	(2,167)	-2.21%	95,776	(2,167)	-2.21%
Booster Stations	175,137	130,484	162,384	162,384	0	0.00%	162,384	0	0.00%
sub-total	3,067,418	2,388,088	3,088,936	3,480,453	391,517	12.67%	3,480,453	391,517	12.67%
<b>Water Distribution</b>									
Administration	637,409	649,819	597,923	624,582	26,659	4.46%	624,582	26,659	4.46%
Cross Connection	66,356	27,817	39,901	40,440	539	1.35%	40,440	539	1.35%
Mains	310,005	361,843	297,572	290,334	(7,238)	-2.43%	290,334	(7,238)	-2.43%
Services	154,548	119,115	146,054	147,501	1,447	0.99%	147,501	1,447	0.99%
Hydrants	118,653	82,473	121,200	101,394	(19,806)	-16.34%	101,394	(19,806)	-16.34%
Meters	205,966	97,226	237,765	239,221	1,456	0.61%	239,221	1,456	0.61%
sub-total	1,492,937	1,338,293	1,440,415	1,443,472	3,057	0.21%	1,443,472	3,057	0.21%
<b>Total Water Division</b>	<b>6,376,063</b>	<b>5,273,837</b>	<b>6,530,448</b>	<b>6,911,860</b>	<b>381,412</b>	<b>5.84%</b>	<b>6,911,860</b>	<b>381,412</b>	<b>5.84%</b>
<b>SEWER DIVISION</b>									
<b>Administration</b>									
Administration	2,230,188	1,760,573	2,243,202	3,067,503	824,301	36.75%	3,067,503	824,301	36.75%
Engineering	252,770	196,155	324,581	434,356	109,775	33.82%	434,356	109,775	33.82%
Collective Bargaining Contingency	75,575	0	79,254	79,254	0	0.00%	79,254	0	0.00%
sub-total	2,558,533	1,956,727	2,647,037	3,581,113	934,076	35.29%	3,581,113	934,076	35.29%
<b>Wastewater Treatment</b>									
Treatment Plant	3,607,531	2,955,342	3,463,036	3,292,182	(170,854)	-4.93%	3,292,182	(170,854)	-4.93%
Laboratory	150,439	133,467	135,739	136,203	464	0.34%	136,203	464	0.34%
Lift Stations	1,097,413	754,378	1,022,311	1,079,452	57,141	5.59%	1,079,452	57,141	5.59%
sub-total	4,855,383	3,843,187	4,621,086	4,507,837	(113,249)	-2.45%	4,507,837	(113,249)	-2.45%
<b>Wastewater Collection</b>									
Administration	714,896	646,426	666,776	727,914	61,138	9.17%	727,914	61,138	9.17%
Force Main	16,035	19,879	16,168	205,851	189,683	1173.20%	205,851	189,683	1173.20%
Interceptors	210,422	231,879	187,678	0	(187,678)	-100.00%	0	(187,678)	-100.00%
Laterals	40,300	36,892	42,906	43,342	436	1.02%	43,342	436	1.02%
sub-total	981,653	935,078	913,528	977,107	63,579	6.96%	977,107	63,579	6.96%
<b>Total Sewer Division</b>	<b>8,395,569</b>	<b>6,734,992</b>	<b>8,181,651</b>	<b>9,066,057</b>	<b>884,406</b>	<b>10.81%</b>	<b>9,066,057</b>	<b>884,406</b>	<b>10.81%</b>
<b>TOTAL ENTERPRISE FUNDS</b>	<b>14,771,632</b>	<b>12,008,829</b>	<b>14,712,099</b>	<b>15,977,917</b>	<b>1,265,818</b>	<b>8.60%</b>	<b>15,977,917</b>	<b>1,265,818</b>	<b>8.60%</b>



Title	FY10 BUDGET	FY10 ACTUAL	FY11 BUDGET	FY12 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY12 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>SPECIAL REVENUE FUNDS</b>									
<b>PARKING AND TRANSPORTATION</b>									
Parking Administration	380,735	346,627	367,510	374,338	6,828	1.86%	374,338	6,828	1.86%
Parking Garage	424,179	413,639	452,182	452,616	434	0.10%	452,616	434	0.10%
Parking Enforcement	166,051	140,178	172,177	172,023	(154)	-0.09%	172,023	(154)	-0.09%
Parking Meter Operations	106,788	88,244	104,548	110,014	5,466	5.23%	110,014	5,466	5.23%
Parking Collection	172,914	168,488	175,569	183,915	8,346	4.75%	183,915	8,346	4.75%
Public Transportation	234,069	216,223	233,579	233,618	39	0.02%	233,618	39	0.02%
Snow Removal	50,000	50,000	70,000	100,000	30,000	42.86%	100,000	30,000	42.86%
DOT Reimbursement	(20,000)	(5,154)	0	0	0		0	0	
Debt Service	472,950	472,950	437,159	437,159	0	0.00%	437,159	0	0.00%
Capital	259,000	259,000	279,000	279,000	0	0.00%	279,000	0	0.00%
<b>Total Parking &amp; Transportation</b>	<b>2,246,686</b>	<b>2,150,195</b>	<b>2,291,724</b>	<b>2,342,683</b>	<b>50,959</b>	<b>2.22%</b>	<b>2,342,683</b>	<b>50,959</b>	<b>2.22%</b>
<b>COMMUNITY DEVELOPMENT</b>									
Administration	139,203	134,843	143,800	134,827	(8,973)	-6.24%	134,827	(8,973)	-6.24%
Housing Rehab	30,058	26,834	51,700	19,455	(32,245)	-62.37%	19,455	(32,245)	-62.37%
PEDLP	1,800	1,452	1,800	1,600	(200)	-11.11%	1,600	(200)	-11.11%
<b>Total CDBG</b>	<b>171,061</b>	<b>163,129</b>	<b>197,300</b>	<b>155,882</b>	<b>(41,418)</b>	<b>-20.99%</b>	<b>155,882</b>	<b>(41,418)</b>	<b>-20.99%</b>
<b>ECONOMIC DEVELOPMENT-UDAG</b>									
	268,008	212,898	256,375	229,326	(27,049)	-10.55%	229,326	(27,049)	-10.55%
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>2,685,755</b>	<b>2,526,222</b>	<b>2,745,399</b>	<b>2,727,891</b>	<b>(17,508)</b>	<b>-0.64%</b>	<b>2,727,891</b>	<b>(17,508)</b>	<b>-0.64%</b>
<b>TOTAL APPROPRIATED FUNDS PROPOSED</b>	<b>101,496,123</b>	<b>97,398,771</b>	<b>103,761,952</b>	<b>105,162,652</b>	<b>1,400,700</b>	<b>1.35%</b>	<b>105,162,652</b>	<b>1,400,700</b>	<b>1.35%</b>

City of Portsmouth  
 Combined Statement of Revenues and Expenditures and Changes in Undesignated Fund Balance  
 Governmental Funds and Enterprise Funds as Presented in the Budget Document  
 Fiscal Year 2012 (Note: Beginning Balance Fund Balances/Net Assets are estimated)  
 (For Budgetary Purposes Only)

	Governmental Funds		Enterprise Funds		Total
	General Fund	Special Revenue Funds	Water Fund	Sewer Fund	
<b>Revenues</b>					
Local Fees, Licenses, Permits	833,000				833,000
Other Local Sources	7,473,645				7,473,645
Parking Revenues	1,206,817	2,342,683			3,549,500
Interest & Penalties	550,000	64,000			614,000
School Revenues	5,317,500				5,317,500
State/Federal Revenues	2,714,053	155,882			2,869,935
Fund Transfers	-				-
Use of Fund Balance	-				-
Use of Reserves	973,500				973,500
Property Tax	67,388,329				67,388,329
Enterprise Fund Revenues			6,911,860	9,066,057	15,977,917
<b>Total Revenues</b>	<b>86,456,844</b>	<b>2,562,565</b>	<b>6,911,860</b>	<b>9,066,057</b>	<b>104,997,326</b>
<b>Expenditures</b>					
City Council	32,121				32,121
City Manager	262,373				262,373
Human Resources	2,442,294				2,442,294
City Clerk	205,175				205,175
Elections	51,600				51,600
Legal	442,763				442,763
Finance	1,641,642				1,641,642
General Administrative/Coll Bargaining	2,003,786				2,003,786
Planning	441,267				441,267
Inspection	369,071				369,071
Public Health	130,563				130,563
Public Works	5,583,948	2,342,683	6,911,860	9,066,057	23,904,548
Public Library	1,480,315				1,480,315
Recreation	761,543				761,543
Community Development		155,882			155,882
Economic Development		229,326			229,326
Public Welfare	332,990				332,990
Outside Social Services	151,076				151,076
Emergency Management	10,000				10,000
Police Department	8,438,675				8,438,675
Fire Department	6,722,490				6,722,490
School Department	36,904,000				36,904,000
Non-Operating	18,049,152				18,049,152
<b>Total Expenditures</b>	<b>86,456,844</b>	<b>2,727,891</b>	<b>6,911,860</b>	<b>9,066,057</b>	<b>105,162,652</b>
Net Increase (Decrease) in Undesignated Fund Balance/Net Assets	-	(165,326)	-	-	(165,326)
Estimated:					
Undesignated					
Fund Balance - Beginning FY 12	9,914,956	3,272,335	3,317,876	8,875,354	25,380,521
Fund Balance - Ending FY 12	9,914,956	3,107,009	3,317,876	8,875,354	25,215,195

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**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2010-2012**

	<b>ESTIMATED REVENUES FY 10</b>	<b>ACTUAL REVENUES FY 10</b>	<b>ESTIMATED REVENUES FY 11</b>	<b>ESTIMATED REVENUES FY 12</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>Local Fees, Licenses, Permits</b>						
Other Fees	11,000	14,500	11,000	11,000	0.0%	-
Other Licenses	36,000	33,841	36,000	36,000	0.0%	-
Planning Board	25,000	40,356	25,000	35,000	40.0%	10,000
Board of Adjustments	26,000	37,559	26,000	26,000	0.0%	-
Site Review	40,000	45,845	40,000	40,000	0.0%	-
Building Permits-Portsmouth	230,000	185,663	230,000	200,000	-13.0%	(30,000)
Building Permits-Pease	30,000	46,715	30,000	40,000	33.3%	10,000
Electrical Permits-Portsmouth	55,000	58,345	55,000	55,000	0.0%	-
Electrical Permits-Pease	10,000	11,135	10,000	15,000	50.0%	5,000
Plumbing Permits-Portsmouth	50,000	89,815	50,000	60,000	20.0%	10,000
Plumbing Permits-Pease	10,000	33,060	10,000	15,000	50.0%	5,000
Sign Permits	5,000	8,950	5,000	5,000	0.0%	-
Police Alarms	25,000	10,325	25,000	25,000	0.0%	-
Burning Permits	500	903	500	500	0.0%	-
Excavation Permit	11,500	8,464	11,500	11,500	0.0%	-
Solid Waste	20,000	20,726	20,000	20,000	0.0%	-
Outdoor Pool	12,000	19,406	12,000	20,000	66.7%	8,000
Recreation Department	170,000	136,202	170,000	150,000	-11.8%	(20,000)
Indoor Pool	90,000	92,680	-	-	-	-
Boat Ramp Fees	6,000	12,566	6,000	12,000	100.0%	6,000
Food Permits	56,000	63,170	56,000	56,000	0.0%	-
<b>Total Local Fees, Licenses and Permits</b>	<b>919,000</b>	<b>970,224</b>	<b>829,000</b>	<b>833,000</b>	<b>0.5%</b>	<b>4,000</b>
<b>Other Local Sources</b>						
Timber Tax	500	1,389	500	500	0.0%	-
Payments in Lieu of Taxes	150,000	207,329	125,000	125,000	0.0%	-
Municipal Agent Fees	52,000	65,168	62,000	63,000	1.6%	1,000
Motor Vehicle Permits	3,200,000	3,034,075	3,000,000	3,010,000	0.3%	10,000
Title Applications	11,500	6,744	11,500	11,500	0.0%	-
PDA Airport District	2,100,000	2,072,657	2,050,000	2,125,000	3.7%	75,000
Water/Sewer Overhead	927,697	927,697	927,697	959,064	3.4%	31,367
Sale of Municipal Property	5,000	16,574	5,000	5,000	0.0%	-
Misc Revenue	90,000	76,055	90,000	90,000	0.0%	-
Bond Premium	-	512,701	-	-	-	-
Dog Licenses	8,500	10,700	8,500	8,500	0.0%	-
Marriage Licenses	2,500	2,184	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	18,000	18,324	18,000	18,000	0.0%	-
Rental of City Property	62,652	43,322	26,581	26,581	0.0%	-
Rental City Hall Complex	115,770	115,771	118,095	58,500	-50.5%	(59,595)
Cable Franchise Fee	340,000	360,000	360,000	360,000	0.0%	-
Hand Gun Permits	500	1,090	500	500	0.0%	-
Police Outside Detail	90,000	216,581	90,000	90,000	0.0%	-
Fire Alarms	25,000	40,165	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	445,000	542,169	445,000	475,000	6.7%	30,000
Wood Chips	40,000	-	-	-	-	-
Welfare Dept Reimbursements	20,000	13,008	20,000	20,000	0.0%	-
<b>Total Other Local Sources</b>	<b>7,704,619</b>	<b>8,283,703</b>	<b>7,385,873</b>	<b>7,473,645</b>	<b>1.2%</b>	<b>87,772</b>
<b>Parking Revenues</b>						
Parking Meter Fees	960,000	1,007,637	960,000	960,000	0.0%	-
Parking Metered Space Rental	-	45,549	30,000	35,000	16.7%	5,000
Parking Meter-In Dash	-	16,461	1,000	10,000	900.0%	9,000
Parking Garage Revenue	1,140,000	1,199,995	1,140,000	1,200,000	5.3%	60,000
Garage Space Passes	560,000	614,260	580,000	500,000	-13.8%	(80,000)
Deer/Hanover Parking Lot	-	-	-	30,000	0.0%	30,000
Parking Validation	5,000	10,850	5,000	5,000	0.0%	-
Pass Reinstatement	1,500	2,965	1,500	1,500	0.0%	-
Parking Violations	930,000	837,389	890,000	790,000	-11.2%	(100,000)
Boot Removal Fee	9,000	31,250	18,000	13,000	-27.8%	(5,000)
Summons Admin Fee	10,000	8,783	10,000	5,000	-50.0%	(5,000)
<b>Total Parking Revenues</b>	<b>3,615,500</b>	<b>3,775,139</b>	<b>3,635,500</b>	<b>3,549,500</b>	<b>-2.4%</b>	<b>(86,000)</b>

**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2010-2012**

	ESTIMATED REVENUES FY 10	ACTUAL REVENUES FY 10	ESTIMATED REVENUES FY 11	ESTIMATED REVENUES FY 12	% CHANGE	\$\$ CHANGE
<b>Interest &amp; Penalties</b>						
Interest on Taxes	150,000	270,299	160,000	220,000	37.5%	60,000
Interest on Investments	450,000	543,298	450,000	330,000	-26.7%	(120,000)
<b>Total Interest &amp; Penalties</b>	<b>600,000</b>	<b>813,596</b>	<b>610,000</b>	<b>550,000</b>	<b>-9.8%</b>	<b>(60,000)</b>
<b>School Revenues</b>						
Tuition	4,600,000	5,412,759	5,450,000	5,312,000	-2.5%	(138,000)
Other Sources	10,500	13,300	10,500	5,500	-47.6%	(5,000)
<b>Total School Revenues</b>	<b>4,610,500</b>	<b>5,426,059</b>	<b>5,460,500</b>	<b>5,317,500</b>	<b>-2.6%</b>	<b>(143,000)</b>
<b>State Revenues</b>						
Shared Rev Block Grant	-	-	-	-	0.0%	-
Rooms and Meals Tax	921,495	917,477	921,495	921,495	0.0%	-
Highway Block Grant	370,719	354,960	418,385	429,329	2.6%	10,944
State Aid-Land Fill	46,251	46,154	45,010	44,134	-1.9%	(876)
Impact Aid	-	1,352	-	-	0.0%	-
Bonded Debt-High School	1,016,222	1,016,222	1,016,222	1,016,222	0.0%	-
Bonded Debt-Middle School	-	-	260,560	302,873	16.2%	42,313
Transition Aid	222,611	222,611	-	-	0.0%	-
<b>Total State Revenues</b>	<b>2,577,298</b>	<b>2,558,777</b>	<b>2,661,672</b>	<b>2,714,053</b>	<b>2.0%</b>	<b>52,381</b>
<b>Transfer to Parking and Transportation</b>	<b>(2,246,686)</b>	<b>(2,246,686)</b>	<b>(2,291,724)</b>	<b>(2,342,683)</b>	<b>2.2%</b>	<b>(50,959)</b>
<b>Use of Fund Balance-Collective Bargaining</b>	<b>1,053,006</b>	<b>1,053,006</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>Use of Fund Balance-Indoor Pool</b>	<b>-</b>	<b>-</b>	<b>155,000</b>	<b>-</b>	<b>-100.0%</b>	<b>(155,000)</b>
<b>Use of Reserve for Property Appraisal</b>	<b>73,500</b>	<b>73,500</b>	<b>73,500</b>	<b>73,500</b>	<b>0.0%</b>	<b>-</b>
<b>Use of Reserve-Bond Premium</b>	<b>-</b>	<b>208,230</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>-</b>
<b>Use of Reserve for Debt</b>	<b>1,360,614</b>	<b>1,360,614</b>	<b>900,000</b>	<b>900,000</b>	<b>0.0%</b>	<b>-</b>
<b>Budgeted Property Tax Levy</b>	<b>63,771,385</b>	<b>64,276,918</b>	<b>66,885,133</b>	<b>67,388,329</b>	<b>0.8%</b>	<b>503,196</b>
<b>Total General Fund Revenues</b>	<b>84,038,736</b>	<b>86,553,081</b>	<b>86,304,454</b>	<b>86,456,844</b>	<b>0.2%</b>	<b>152,390</b>

**GENERAL FUND REVENUE SUMMARY**

Municipal	10,592,433	11,595,977	10,168,649	10,063,462	-1.0%	(105,187)
School Revenues	4,610,500	5,426,059	5,460,500	5,317,500	-2.6%	(143,000)
State Revenues	2,354,687	2,336,166	2,661,672	2,714,053	2.0%	52,381
State Transition Aid	222,611	222,611	-	-	0.0%	-
Use of Fund Balance-Collective Barg	1,053,006	1,053,006	-	-	0.0%	-
Use of Fund Balance-Indoor Pool	-	-	155,000	-	-100.0%	(155,000)
Use of Reserve for Property Apprais	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve-Bond Premium	-	208,230	-	-	#DIV/0!	-
Use of Reserve for Debt	1,360,614	1,360,614	900,000	900,000	0.0%	-
Budgeted Property Tax Levy	63,771,385	64,276,918	66,885,133	67,388,329	0.8%	503,196
<b>Total General Fund Revenues</b>	<b>84,038,736</b>	<b>86,553,081</b>	<b>86,304,454</b>	<b>86,456,844</b>	<b>0.2%</b>	<b>152,390</b>

## General Fund Revenue Descriptions and Trends

The City of Portsmouth divides general fund revenue sources into eight categories:

- 1) Local Fees, Licenses, Permits
- 2) Other Local Sources
- 3) Parking Revenues
- 4) Interest & Penalties
- 5) School Revenues
- 6) State Revenues
- 7) Use of Reserves and Fund Balance
- 8) Property Taxes

The following are descriptions of general fund revenues, budget to actual trends (graphed) for major revenue sources along with the methodology used to forecast the major revenues.

### Local Fees, Licenses, Permits:

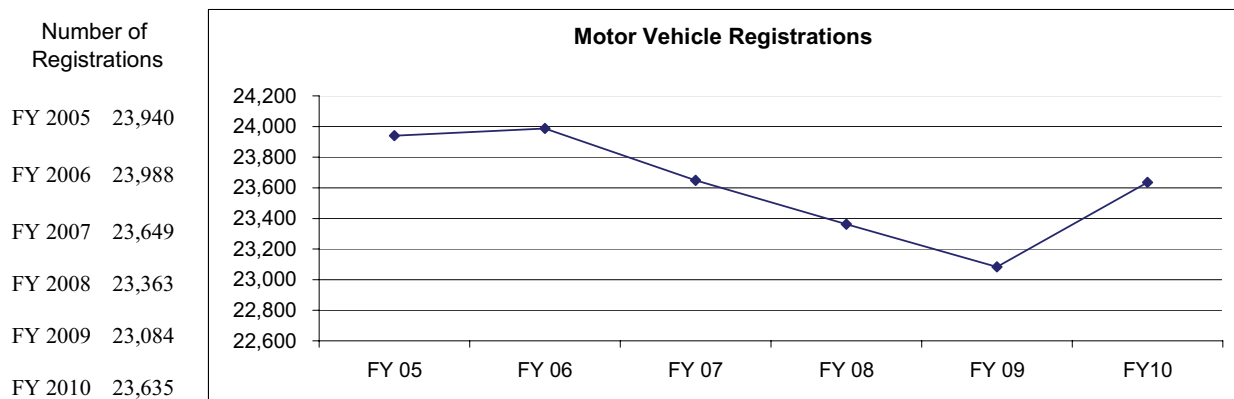
-Revenue raised from locally administered fees, licenses and permits are collected by a variety of departments. Fees charged as well as statistics for each fee are listed in the back of this budget booklet (Appendix III). Local fees are administered to recoup administrative costs associated with producing a specific service.

### Other Local Sources:

**-Payment In Lieu of Taxes (PILOT)-** Payments made to the city by otherwise nontaxable entities; these payments help alleviate financial impact created by the entity.

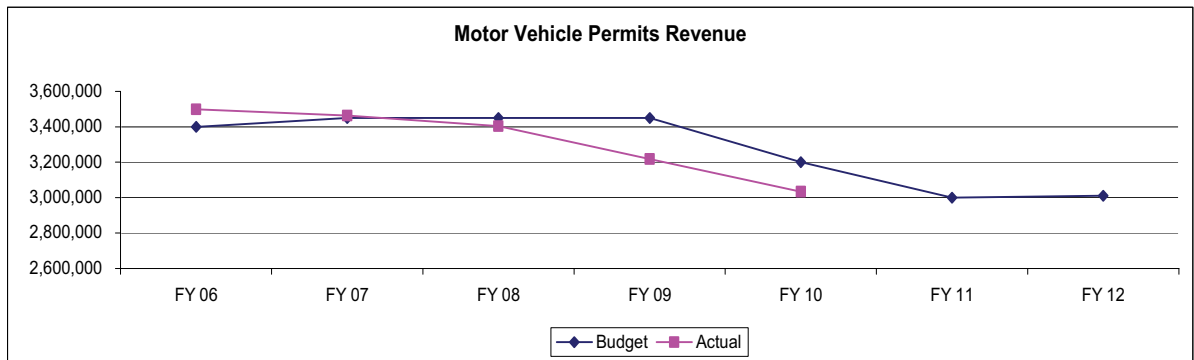
**-Municipal Agent Fees –** RSA 261:74 -d \$3.00 fee charged to each motor vehicle applicant.

**-Motor Vehicle Permits –** RSA 261:153 Registration permits for motor vehicles are based on the year and list price of the vehicle. Revenue produced is a direct product of how many vehicles are registered. Following are registered vehicle numbers for previous fiscal years:



The state statute sets the Motor Vehicle fee as follows:

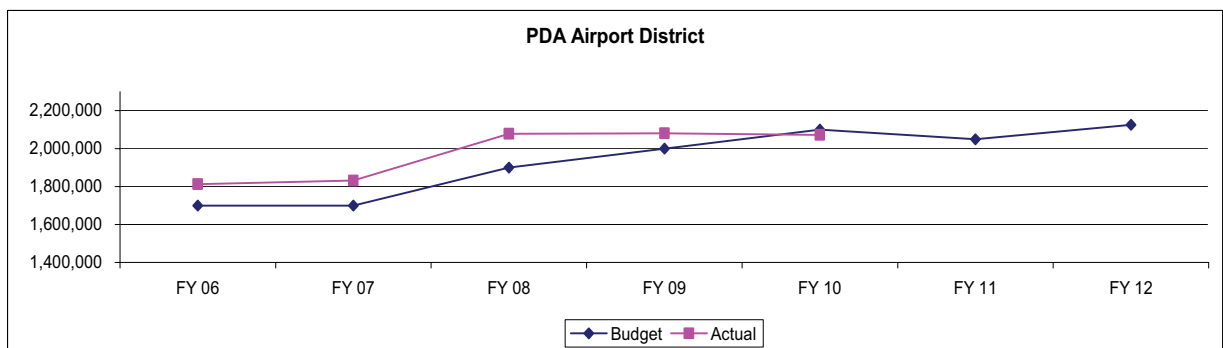
- 18 mills on each dollar of the maker's list price for current model year vehicles.
- 15 mills on each dollar of the maker's list price for the first preceding model year vehicle.
- 12 mills on each dollar of the maker's list price for the second preceding model year vehicle.
- 9 mills on each dollar of the maker's list price for the third preceding model year vehicle
- 6 mills on each dollar of the maker's list price for the fourth preceding model year vehicle
- 3 mills on each dollar of the maker's list price for the fifth preceding model year vehicle and any model year prior thereto.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	3,400,000	3,450,000	3,450,000	3,450,000	3,200,000	3,000,000	3,010,000
Actual	3,498,519	3,463,042	3,403,351	3,218,434	3,034,075		

**-Title Applications** – RSA 261:4 For preparation, examination, record keeping and filing of application for certificate of title the city collects \$2 for each application.

**-PDA Airport District** - RSA 12-G - A Municipal Service Agreement (MSA) effective July 1, 1998 allows for a service cost to be collected by the City on property within the Airport District of the Pease Development Authority (PDA). The Service Cost is an amount equal to the amount that would have been paid annually as Property Tax but excluding any school tax component in respect to such property. Quarterly, the PDA reports leased property to the City. These quarterly reports are used to determine the expected revenue for the following fiscal year. Assessed value of the buildings along with the tax rate applied being the driver of the revenue; the Finance Department projects the estimated revenue to be produced by the MSA.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	1,700,000	1,700,000	1,900,000	2,000,000	2,100,000	2,050,000	2,125,000
Actual	1,812,589	1,832,050	2,078,440	2,081,549	2,072,657		

- Water/Sewer Overhead** – A calculation of Water/Sewer Departments usage of General Government employees and office space to which is reimbursed to the General Fund from the Enterprise Funds.
- Dog Licenses** – RSA 466 – An annual License Fee. Portions of the amount collected go to the State.
- Marriage Licenses** – RSA 457:29 - \$50 is collected for issuing a Marriage License with \$43 going to the State and \$7 remaining with the City.
- Certificates-Birth, Death and Marriage** – RSA 5-C:10 – The City collects a fee in advance from individuals requesting any copy or verification of vital records.
- Rental of City Hall Complex** – Rent received from nonprofit organizations who lease office space in the Seybolt portion of City Hall. Rent is based on square footage used and actual cost to maintain the Seybolt portion of City Hall.
- Cable Franchise Fee** – A Portsmouth Cable Franchise Agreement between the City and local cable television provider stipulates that a 5% franchise fee will be charged to local cable television subscribers. The City Council voted August 3, 2009 to allow any franchise fee collected over \$360,000 to be directed to the Cable Television Public Access Charitable Trust. The amount directed to the trust in FY 10 was \$43,555.
- Hand Gun Permits** – RSA 159:6 Revenues received when the Chief of Police issues a Hand Gun Permit, if the applicant is a suitable person to be licensed.
- Police Outside Detail** – The overhead portion received from the rate charged to vendors when a police detail is used.
- Fire Alarms** – City Ordinance Chapter 5: Article VIII Section 804 – Any person, firm, or corporation maintaining an alarm system located wholly or in part on City premises shall be subject to a service charge.
- Ambulance Fees** – City Ordinance Chapter 5: Article VI Section 601 – Establishes the rate for which emergency medical services shall be charged by the Fire Department.
- Welfare Dept Reimbursements** – RSA 165 – Reimbursements come from federal or state agencies if a welfare recipient becomes eligible for retroactive Social Security or Medicaid; from liens on legal settlements and on real property; from other New Hampshire towns which may be financially responsible for the recipient; or directly from recipients if they become able to reimburse.

### **Parking Revenue:**

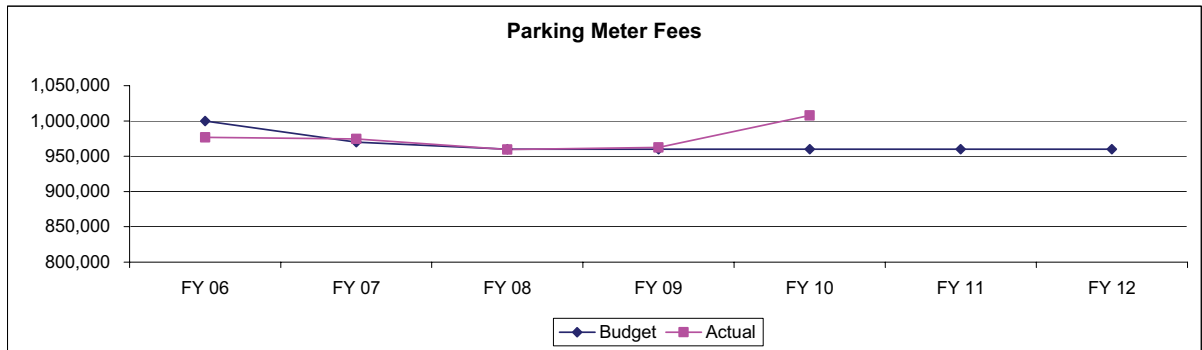
**Parking Metered Space Rental** - City Ordinance Chapter 7. The Department of Public Works may issue to a contractor or person actually engaged in construction and repair work, a temporary permit for exclusive use of a metered parking space for the parking of a vehicle or other equipment being used in construction or repair work (\$20 per day per space).

**Parking Meter-In Dash** - City Ordinance Chapter 7. The In-Dash meter affords the parker the convenience of paying for parking while sitting in their vehicle. The parker needs to first purchase the meter and then contact the City's third party vendor via either the internet or telephone and purchase time in advance.

**Parking Meter Fees** – City Ordinance Chapter 7 – There are approximately 321 single space parking meters and 47 multi-space parking pay stations throughout the City charging \$0.75 per hour. The rates were raised in FY 05 from \$0.50 per hour. One pay station can take the place of 10 on street parking meters or 30 surface parking spaces. The multi-space pay stations allows for payment by credit card which the single space meters do not. The Capital Improvement Plan 12-17 lists as a project the eventual replacement of most of the City's single

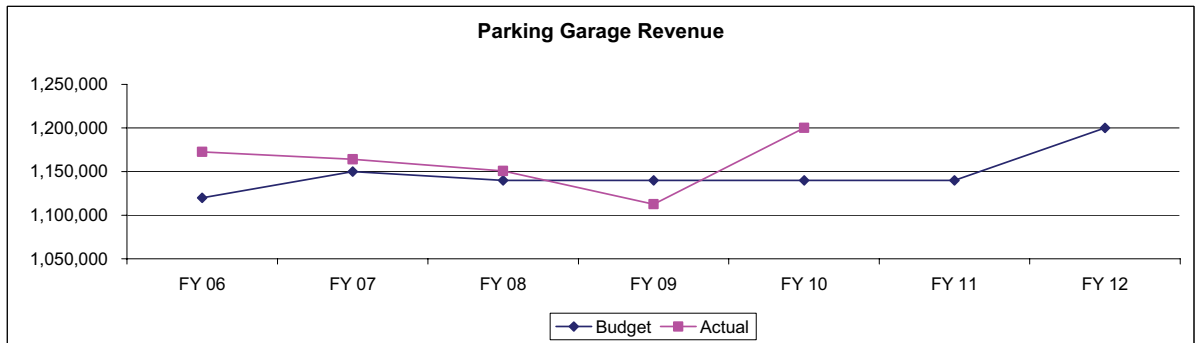


space meter with the multi space meters. Parking Meter Fees revenue is determined using quantitative forecasting trend analysis.



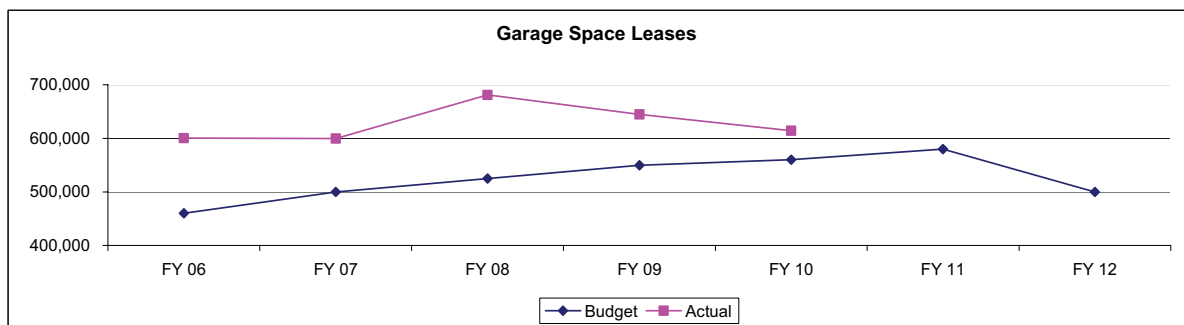
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	1,000,000	970,000	960,000	960,000	960,000	960,000	960,000
Actual	976,651	974,419	959,481	962,454	1,007,637		

**-Parking Garage Revenue** – City Ordinance Chapter 7 - Revenue from non-lease customers in the High-Hanover Parking Facility. Rates per hour are \$0.75 in the 915 space facility, raised in FY 05 from \$0.50 per hour. As with Parking Meters, Parking Garage revenue is determined using quantitative forecasting trend analysis.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	1,120,000	1,150,000	1,140,000	1,140,000	1,140,000	1,140,000	1,200,000
Actual	1,172,473	1,163,899	1,150,535	1,112,516	1,199,995		

**-Garage Space Leases** – City Ordinance Chapter 7 - Monthly pass holders lease payments in the High-Hanover Parking Facility. A 24-hour lease is \$100 per month while a 12-hour lease is \$80 per month. As of March 2011 there were 301- 12-hour passes, 266- 24 hour passes issued.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	460,000	500,000	525,000	550,000	560,000	580,000	500,000
Actual	600,535	599,621	681,160	644,480	614,260		

**-Parking Validation** - City Ordinance Chapter 7 – The validation program is whereby stamps, tokens or the like may be purchased by business owners within a designated geographical area at a discount rate for use by clients or customers.

**-Pass Reinstatement** - City Ordinance Chapter 7 – An administration fee to reissue passes to leaseholders that have misplaced their original.

**-Parking Violations** - City Ordinance Chapter 7 – Payments received from violations of parking ordinances.

**-Boot Removal Fee** - City Ordinance Chapter 7 – Reimbursement received from City expenses incurred to boot a vehicle.

**-Summons Administration Fee** - City Ordinance Chapter 7 – Any person or entity for which the City serves a summons for any traffic or parking offense is also liable to the City for a summons administration fee.

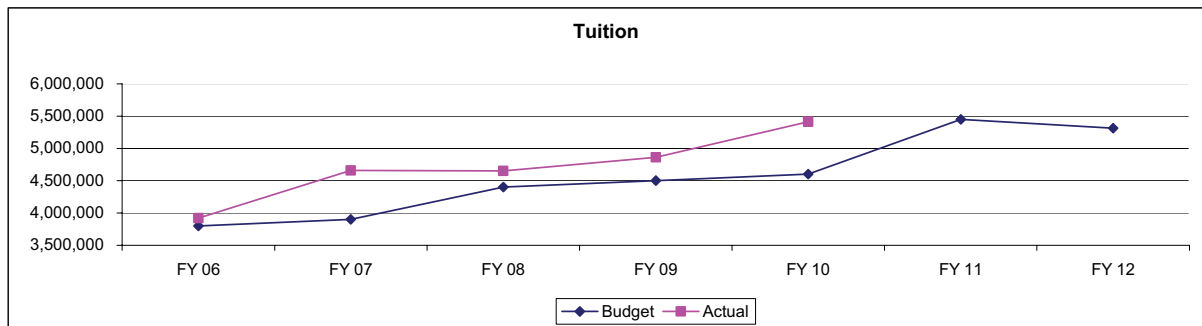
**Interest and Penalties:**

**-Interest on Taxes** – RSA 76:13 & RSA 80:69 – Property taxes are received semiannually. A 12% per annum interest rate is charged upon all property taxes not received by the due date. The interest rate increases to 18% per annum, upon the execution of a real estate tax lien, to the time of payment in full.

**-Interest on Investments** – The amount of interest earned from deposits.

**School Revenues:**

**-Tuition** - Tuition received from the communities of Greenland, New Castle, Newington and Rye. This is the City’s second largest General Fund Revenue source, Property Taxes being the largest. Tuition is estimated for the number of students scheduled to attend from neighboring communities. Both the amount per student to be charged to neighboring communities and how many students will actually be sent to the Portsmouth schools are estimated for budgetary purposes. Forecasting models are used for the estimates.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	3,800,000	3,900,000	4,400,000	4,500,000	4,600,000	5,450,000	5,312,000
Actual	3,920,115	4,659,605	4,651,069	4,861,391	5,412,759		

**-Other Sources** – Majority of revenue produced in Other Sources is received from rent charged to organizations for utilizing school buildings for special functions.

## State Revenues:

**-Shared Revenue Block Grant – RSA 31-A:4 –** Return of revenue to Cities and Towns from the State of New Hampshire. The distribution of the Shared Revenue Block Grant was suspended by the Governor for Fiscal Years 2010 and 2011 and then repealed by the Governor for Fiscal year 2012.

**-Rooms and Meals Tax – RSA 78 –A –** Disposition of revenue from the State is based on local community's population as a percentage of the state population. The goal of the RSA is for the State to distribute 40% of the tax collected to communities while keeping 60%. Currently the State keeps approximately 74% while distributing 26%.

	FY 2007	FY 2008	FY 2009(1)	FY 2010(2)	FY 2011(2)
Rooms & Meals Tax Revenue	194,015,331	\$202,539,068	\$206,984,382	\$203,484,091	\$228,291,000
Cost of Administration by DRA	2,464,964	\$2,604,444			
% change in DRA administration	17%	6%	-100%		
Net Rooms & Meals Tax Revenue (Increase from previous FY)	191,550,367 2.72%	199,934,624 3.17%	206,984,382 2.17%	203,484,091 -1.69%	228,291,000 12.19%
Previous FY Rooms & Meals Tax Revenue	186,486,000	\$193,788,000	\$202,595,000	\$206,984,382	\$203,484,091
Increase/Decrease	5,064,367	6,146,624	4,389,382	(3,500,291)	24,806,909
<b>75 % of Increase In Revenues</b>	<b>3,798,275</b>	<b>4,609,968</b>	<b>3,292,037</b>		
Lesser of above or \$5,000,000					
Previous Year Distribution	47,104,777	50,903,052	55,513,020	58,805,057	58,805,057
Total Amount to be Distributed (Increase from previous FY)	<b>FY 2007</b> 50,903,052 8.06%	<b>FY 2008</b> 55,513,020 9.06%	<b>FY 2009(1)</b> 58,805,057 5.93%	<b>FY 2010(2)</b> 58,805,057 0.00%	<b>FY 2011(2)</b> 58,805,057 0.00%
<b><u>Distributed by Population</u></b>					
Total Population	1,315,215	1,315,227	1,315,224	1,315,215	1,324,795
Portsmouth	20,995	20,811	20,610	20,520	20,668
Portsmouth %	1.60%	1.58%	1.57%	1.56%	1.56%
Portsmouth \$ Share	812,574	878,389	921,495	917,477	917,412
<b><u>Distribution % (Goal 60% State 40% Local)</u></b> (Per RSA 78-A:26)					
State of NH	73.43%	72.23%	71.59%	71.10%	74.24%
<b>NH Communities</b>	<b>26.57%</b>	<b>27.77%</b>	<b>28.41%</b>	<b>28.90%</b>	<b>25.76%</b>

(1) In FY 2009, the State Treasurer interpreted the RSA as the DRA cost of administration could not be deducted from Gross Meals and Rooms Tax.

(2) Per the New Hampshire Operating Budget adopted for FY 2010 and 2011(HB 2) The State Treasurer shall fund the distribution of Meals and Rooms Tax at no more than the Fiscal Year 2009 levels.

**-Highway Block Grant – RSA 235:23 –** Each fiscal year, the State Department of Transportation Commissioner allocates an amount not less than 12% of the total toll revenue and motor vehicle fees collected in the preceding fiscal year to a local highway aid fund. The fund is distributed to each community where ½ of the amount is based on the proportion which the mileage of regularly maintained class IV and V highways in each municipality bears to the total of such mileage in the state, and ½ of the amount is based on local community's population as a percentage of the states population.

**-State Aid Landfill** – RSA 149-M-43 The state pays annually 20% of the annual amortization charges, meaning the principal and interest, on costs resulting from the closure of the Coakley Landfill.

**-School Building Aid** – RSA 198-15 – The City receives aid in the amount of 55% on High School, 40% on Middle School and 30% on Elementary school portions of principal payments made during the fiscal year on debt attributed to those schools.

**Use of Reserves and Fund Balance:**

**-Use of Reserve for Property Appraisal** – The use of Reserve for Property Appraisal is used to offset revaluation expenditures incurred in the budget year.

**-Use of Reserve for Debt** – The use of city Reserves for Debt to offset the fiscal year debt service payments.

**Property Taxes:**

**-Property Taxes** – Property Taxes are Portsmouth’s largest revenue source. The City levies and collects taxes according to state law. Property Taxes are an ad valorem tax (Latin for according to value). There are approximately 8,700 residential and commercial properties (not all taxable) within the city. The amount of property tax levied is directly related to the amount of appropriation less all other revenues estimated. Budgeted property tax revenue is estimated to be \$67,388,329 in the FY12 proposed budget.

The Tax Assessor is mandated to assess all property at its market value as of April 1 of each year making a tax year April 1 to March 31 while the Fiscal Year is July 1 to June 30. The City issues tax bills twice a year which are due December 1<sup>st</sup> and June 1<sup>st</sup>.



Assessed Value	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
With Utilities	3,106,411,197	3,680,472,581	3,730,985,415	3,781,039,963	3,807,536,521	3,903,031,800
% change from previous f	1.9%	18.5%	1.4%	1.3%	0.7%	2.5%
Without Utilities	2,985,036,259	3,547,403,779	3,557,733,890	3,607,856,910	3,634,413,852	3,721,242,300
% change from previous f	1.9%	18.8%	0.3%	1.4%	0.7%	2.4%
State Equalized for Debt l	3,827,448,894	4,180,745,006	4,086,528,948	4,249,484,787	4,161,741,642	N/A
% change from previous f	9.6%	9.2%	-2.3%	4.0%	-2.1%	
% of County Value	8.82%	8.69%	9.23%	9.06%	9.45%	9.95%
Tax rate						
Town Rate	8.13	7.27	7.55	8.14	8.01	8.50
Local School	5.48	5.16	5.50	5.49	5.72	5.40
State School	2.97	2.41	2.34	2.40	2.32	2.43
County	1.02	0.88	0.95	0.95	1.04	1.08
Total Rate	17.60	15.72	16.34	16.98	17.09	17.41

**PROPERTY TAXES**

	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	54,222,971	56,997,051	59,759,718	62,748,088	63,771,385	66,885,133	67,388,329
Actual	54,052,944	56,716,643	60,137,120	62,778,244	64,276,918		

**CITY OF PORTSMOUTH  
WATER FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2010-2012**

	<b>BUDGETED REVENUES FY 10</b>	<b>ACTUAL REVENUES FY10</b>	<b>BUDGETED REVENUES FY11</b>	<b>ESTIMATED REVENUES FY12</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>WATER CONSUMPTION</b>						
MUNICIPAL	206,817	144,921	256,453	238,908	-6.8%	(17,545)
OTHER UTILITIES WATER	45,550	37,147	56,482	45,550	-19.4%	(10,932)
COMMERCIAL TYPE 1	2,771,995	2,363,740	3,468,953	3,313,337	-4.5%	(155,616)
INDUSTRIAL TYPE 1	781,415	613,955	968,955	976,542	0.8%	7,587
RESIDENTIAL TYPE 1	3,112,784	3,045,197	3,859,852	3,536,616	-8.4%	(323,236)
<b>TOTAL WATER CONSUMPTION</b>	<b>6,918,561</b>	<b>6,204,960</b>	<b>8,610,695</b>	<b>8,110,953</b>	<b>-5.8%</b>	<b>(499,742)</b>
<b>PUBLIC HYDRANT FEES</b>						
HYDRANT RENTAL INCOME	107,500	107,200	107,500	107,500	0.0%	-
<b>TOTAL PUBLIC HYDRANT FEES</b>	<b>107,500</b>	<b>107,200</b>	<b>107,500</b>	<b>107,500</b>	<b>0.0%</b>	<b>-</b>
<b>PRIVATE FIRE SERVICE FEES</b>						
FIRE SERVICES	201,000	184,688	201,000	185,000	-8.0%	(16,000)
<b>TOTAL PRIVATE FIRE SERVICE</b>	<b>201,000</b>	<b>184,688</b>	<b>201,000</b>	<b>185,000</b>	<b>-8.0%</b>	<b>(16,000)</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	100,000	67,958	100,000	80,000	-20.0%	(20,000)
BACKFLOW TESTING	100,000	95,621	100,000	100,000	0.0%	-
SERVICE CHARGES-SPECIAL	35,000	25,980	35,000	28,000	-20.0%	(7,000)
PENALTY INCOME	9,500	10,118	9,000	9,000	0.0%	-
INTEREST ON INVESTMENTS	25,000	23,459	25,000	18,000	-28.0%	(7,000)
BOND PREMIUM AMORTIZATION	-	31,400	-	31,400	#DIV/0!	31,400
MISCELLANEOUS	35,000	83,747	45,000	45,000	0.0%	-
COST OF SALES	-	(31,623)	-	-	0.0%	-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>304,500</b>	<b>306,660</b>	<b>314,000</b>	<b>311,400</b>	<b>-0.8%</b>	<b>(2,600)</b>
<b>STATE REVENUES</b>						
STATE GRANT PROGRAMS	-	-	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	-	3,392	-	-	0.0%	-
<b>TOTAL STATE REVENUES</b>	<b>-</b>	<b>3,392</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	20,515	28,399	-	-	0.0%	-
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>20,515</b>	<b>28,399</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>OTHER FINANCING SOURCES</b>						
SALE OF MUNICIPAL PROPERTY	-	2,360	-	-	0.0%	-
USE OF RETAINED EARNINGS	421,318	-	275,746	146,400	-46.9%	(129,346)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>421,318</b>	<b>2,360</b>	<b>275,746</b>	<b>146,400</b>	<b>-46.9%</b>	<b>(129,346)</b>
<b>TOTAL WATER FUND</b>	<b>7,973,394</b>	<b>6,837,659</b>	<b>9,508,941</b>	<b>8,861,253</b>	<b>-6.8%</b>	<b>(647,688)</b>

## Water Fund Revenue Descriptions and Trends

The City of Portsmouth Water Fund operates as a financially self-supporting enterprise fund. It is expected that revenues generated from rates, fees and retained earnings will sustain the cost of all operations and any debt service; no General Fund (tax) support is expected. Revenue sources for the City of Portsmouth Water Fund are classified into seven categories:

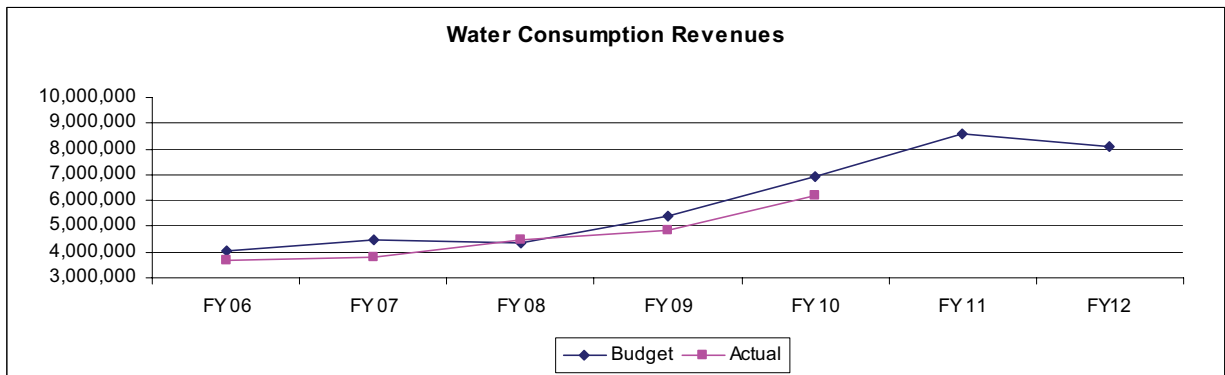
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

Following are descriptions of all water fund revenues with budget to actual trends (graphed) for major revenue sources.

### Water Consumption Revenues:

**-Water Consumption Revenues-** City Ordinance Chapter 16- Revenue generated from water consumption by customers. Revenue generated from this source is the primary cash flow for the division. The Water Fund recognized an increase in water consumption revenues for FY10 attributable to the increase in the water rate. Fluctuations in this revenue source while expected are unpredictable and difficult to budget. The Water Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

Water consumption revenues are subcategorized into five customer classes: municipal, residential, commercial, industrial and other utility customers. The City Council approves through a budget resolution changes in the water rate.



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Budget	\$4,026,473	\$4,485,506	\$4,325,983	\$5,408,581	\$6,918,561	\$8,610,695	\$8,110,953
Actual	\$3,657,037	\$3,792,280	\$4,487,839	\$4,859,701	\$6,204,960		

### **Public Hydrant Fees:**

**-Public Hydrant Fees** - Revenues generated for providing water for public fire service to all municipalities served by the Water Division. The \$100 per public hydrant is collected from the following towns: Greenland, Newington, Madbury, New Castle, Rye and the City of Portsmouth General Fund.

Projections of this revenue is predictable, the only events that effect a change is the removal or installation of fire hydrants.

### **Private Fire Service Fees:**

**-Private Fire Service** – City Ordinance Chapter 16 - Many commercial and residential properties have a water service connection for their fire sprinkler system. The fee is based on the size of the fire service pipe entering the property.

The revenue generated from this source has been level for several years. Based on no additional construction of commercial properties, the Water Fund is anticipating level revenue generation from this revenue source.

### **Miscellaneous Fees:**

**-Job Worked Sales** – City Ordinance Chapter 16- Services rendered by the Water division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of water service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year. The fund has projected annual revenue of \$100,000-\$150,000 for the past five years. Actual revenues have ranged from \$70,000 to \$128,000 annually.

**-Backflow Testing Fees** – City Ordinance Chapter 16- It shall be the duty of the customer-user at any premise where backflow prevention devices are installed to have certified inspections and operational tests made at least twice per year. The Water Division will assess a fee for the inspection and testing of these devices.

**-Service Charges Fees** – City Ordinance – Revenues from charges assessed to customers for special requests. Charges include: final bill request, turn-on/off water service to a property, meter testing, frozen meter charges and returned check fee.

**-Penalty Income** – City Ordinance. Water bills are due and payable upon presentation. An interest charge of 1.5% per month shall be made on outstanding balances unpaid after 30 days. Implementation of monthly billing is anticipated to improve collections; however in FY12, City is forecasting no change in penalty income revenue.

**-Interest on Investments** – The amount of interest earned from deposits.

**-Bond Premium Amortization** – The City received a premium in the amount of \$659,000 in June 2009 on the sale of a bond for the Madbury Water Treatment Plant construction. The premium is recognized and recorded as revenue over the life of the bond.

**-Miscellaneous Income** – Revenue from unexpected events, considered to be unique and unlikely to occur again in the future. Events include: photocopying, sale of maps, water testing for a customer, new connection fees.

### **State Revenues:**

**-State Grant Program** – RSA 486-A:3. Revenue received from the State of New Hampshire for funding water works projects to meet the surface water treatment rules of the EPA. The Water Fund continues to monitor opportunities to apply for grants as they become available. The City expects no revenue in FY12 from this program.

**-Household State Aid Grant Program** – The State of New Hampshire administers a Household Hazardous Waste grant program. HHW Collection Grants are awarded to eligible sponsors at a designated per capita rate for the communities served, up to half of the collection costs. In recent years, this program has been targeted for elimination therefore the City anticipates no revenue from this program.

### **Special Agreements:**

**-Special Agreements** – The Water Fund has entered into agreements with customers whose water requirement necessitates water system improvements. The terms of each agreement are based on system improvements and financing needs of the customer. The annual revenue budget amount equals the annual payment due from all customers for the fiscal year. Based on the terms of each agreement, the annual revenue is predictable and stable. The Water Fund received final payment in FY11 from a customer. New agreements are not expected at this time; therefore the Fund is predicting no revenue from this source.

### **Other Financing Sources:**

**-Budgetary Use of Retained Earnings** – The budgeted use of fund balance is typically used to stabilize rate increases from year to year.



CITY OF PORTSMOUTH  
SEWER FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2010-2012

	BUDGETED REVENUES FY 10	ACTUAL REVENUES FY 10	BUDGETED REVENUES FY 11	ESTIMATED REVENUES FY 12	% CHANGE	\$\$ CHANGE
<b>SEWER CONSUMPTION</b>						
MUNICIPAL	93,442	75,435	86,992	166,289	91.2%	79,297
OTHER UTILITIES WATER	200,250	215,728	220,275	282,316	28.2%	62,041
COMMERCIAL TYPE 1	2,772,854	2,296,241	3,050,139	3,682,502	20.7%	632,363
INDUSTRIAL TYPE 1	492,107	677,255	541,318	751,653	38.9%	210,335
RESIDENTIAL TYPE 1	2,557,751	2,535,388	2,803,526	4,024,648	43.6%	1,221,122
<b>TOTAL SEWER CONSUMPTION</b>	<b>6,116,404</b>	<b>5,800,047</b>	<b>6,702,250</b>	<b>8,907,408</b>	<b>32.9%</b>	<b>2,205,158</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	10,000	5,621	10,000	10,000	0.0%	-
SEPTAGE	100,000	117,343	115,000	115,000	0.0%	-
PENALTY INCOME	11,000	7,720	9,500	9,500	0.0%	-
INTEREST ON INVESTMENTS	100,000	10,186	100,000	10,000	-90.0%	(90,000)
PERMITS	2,500	500	2,500	2,500	0.0%	-
MISCELLANEOUS	55,000	81,542	60,000	60,000	0.0%	-
COST OF SALES	-	(2,702)	-	-	0.0%	-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>278,500</b>	<b>220,210</b>	<b>297,000</b>	<b>207,000</b>	<b>-30.3%</b>	<b>(90,000)</b>
<b>STATE REVENUES</b>						
STATE AID GRANT PROGRAM	1,353,279	1,484,956	1,264,412	1,203,921	-4.8%	(60,491)
<b>TOTAL STATE REVENUES</b>	<b>1,353,279</b>	<b>1,484,956</b>	<b>1,264,412</b>	<b>1,203,921</b>	<b>-4.8%</b>	<b>(60,491)</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	70,532	1,117,178	70,532	35,335	-49.9%	(35,197)
PEASE REIMBURSE SEWER LOAN	57,103	57,103	51,912	46,720	-10.0%	(5,192)
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>127,635</b>	<b>1,174,281</b>	<b>122,444</b>	<b>82,055</b>	<b>-33.0%</b>	<b>(40,389)</b>
<b>OTHER FINANCING SOURCES</b>						
USE OF RETAINED EARNINGS	2,791,550	-	1,865,910	1,400,000	-25.0%	(465,910)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,791,550</b>	<b>-</b>	<b>1,865,910</b>	<b>1,400,000</b>	<b>-25.0%</b>	<b>(465,910)</b>
<b>TOTAL SEWER FUND</b>	<b>10,667,368</b>	<b>8,679,494</b>	<b>10,252,016</b>	<b>11,800,384</b>	<b>15.1%</b>	<b>1,548,368</b>

## Sewer Fund Revenue Descriptions and Trends

The City of Portsmouth Sewer Fund operates as a financially self-supporting enterprise fund. It is expected that revenues generated from rates, fees and retained earnings will sustain the cost of all operations and any debt service; no General Fund (tax) support is expected. Revenue sources for the City of Portsmouth Sewer Fund are classified into five categories:

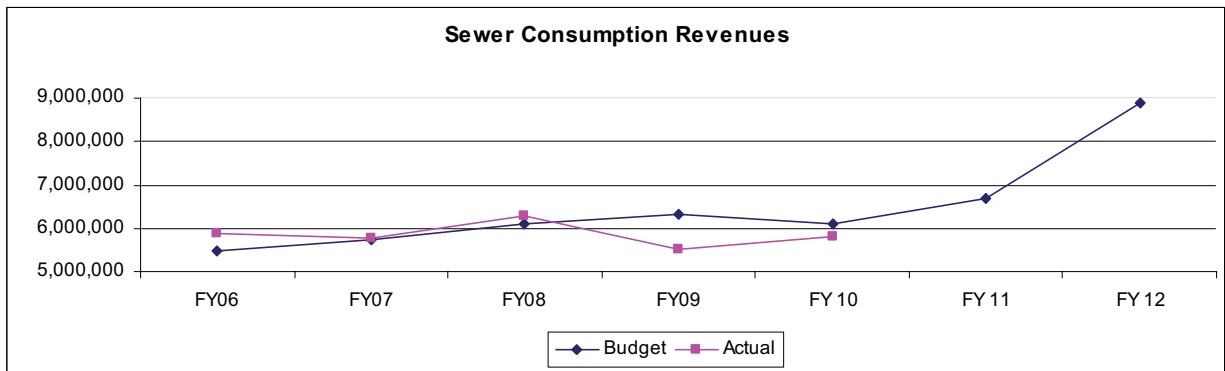
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Revenues
- 4) Special Agreements
- 5) Other Financing Sources

Following are descriptions of all Sewer fund revenues with budget to actual trends (graphed) for major revenue sources.

### Sewer Consumption Revenues:

**-Sewer Consumption Revenues-** Ordinance - Revenue generated from sewer consumption by customers. The revenue generated from this source is the primary cash flow for the division. The Sewer Fund recognized an increase in user rate revenues for FY10. Fluctuations in this revenue source are similar to Water in that while expected they are unpredictable and difficult to budget. The Sewer Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

Sewer consumption revenues are subcategorized into five customer classes: municipal, residential, commercial, industrial and other utility customers. The City Council approves through a budget resolution changes in the sewer rate.



	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Budget	\$5,467,684	\$5,751,538	\$6,119,175	\$6,313,698	\$6,116,404	\$6,702,250	\$8,907,408
Actual	\$5,870,710	\$5,759,147	\$6,294,287	\$5,497,279	\$5,800,047		

## **Miscellaneous Fees:**

**-Job Worked Sales** – Sewer Ordinance - Services rendered by the Sewer division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of Sewer service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year. Actual revenues have ranged from \$2,000 to \$37,000 annually.

**-Septage Charges** – Sewer Ordinance – Revenues generated from accepting sewage from non-sewer customers, such as septage haulers, and recreational vehicles. The sewage requires additional handling and treatment processing costs.

The Sewer Fund has experienced an annual increase in revenues for the past three years. The increase is attributable to: the City accepting septage from outside of the city limits, since the city's septage charge is lower or at the same price as other surrounding communities, the increase in gas prices is making it more costly for septage haulers to leave the city to use other facilities.

**-Penalty Income** – Sewer Ordinance - Sewer bills are due and payable upon presentation. An interest charge of 1.5% per month shall be made on outstanding balances unpaid after 30 days. Implementation of monthly billing is anticipated to improve collections; however in FY12, City is forecasting no change in penalty income revenue.

**-Interest on Investments** – The amount of interest earned from deposits.

**-Permits** – Sewer Ordinance – Revenues from charges assessed to customers for the on-going monitoring by City staff of private sewage disposal facilities and compliance to discharge limits approved by the City.

**-Miscellaneous Income** – Revenue from unexpected events, considered to be unique and unlikely to occur again in the future. Events include: photocopying, sale of maps, sewer testing for a customer, and new connection fees.

## **State Revenues:**

**-State Aid Grant Program** – RSA 486:3. Revenue received from the State of New Hampshire as a contribution for eligible sewage construction projects. The annual contribution is based on the project's amortization schedule and the impact on user fees. The City of Portsmouth is currently eligible for 30 percent contribution from the State on its existing projects. The State did not fund this program for any new debt for the 2009-2010 and the 2010-2011 fiscal years. This program continues to be targeted for elimination therefore the City anticipates no additional revenue from this program.

### **Special Agreements:**

**-Special Agreements** – The Sewer Fund has entered into agreements with customers whose Sewer requirement necessitates Sewer system improvements. The terms of each agreement is based on system improvements and financing needs of the customer. The annual revenue budget amount equals the annual payment due from all customers for the fiscal year. Based on the terms of each agreement, the annual revenue is predictable and stable.

**-Pease Payback Towards Debt** – Per the Municipal Service Agreement (MSA) effective July 1, 1998, the Pease Development Authority (PDA) is to reimburse the City for the cost of upgrades to the sewer treatment plant located on premises.

### **Other Financing Sources:**

**-Budgetary Use of Retained Earnings** – The budgeted use of fund balance is typically used to stabilize rate increases from year to year.

CITY OF PORTSMOUTH  
SPECIAL REVENUE FUNDS  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2010-2012

	BUDGETED REVENUES FY 10	ACTUAL REVENUES FY 10	BUDGETED REVENUES FY 11	ESTIMATED REVENUES FY 12	% CHANGE	\$\$ CHANGE
<b>Community Development</b>						
CDBG Entitlement	139,203	134,843	143,800	134,827	-6.2%	(8,973)
Housing Rehab Program	30,058	26,834	51,700	19,455	-62.4%	(32,245)
PEDLP	1,800	1,800	1,800	1,600	-11.1%	(200)
<b>Total Community Development</b>	<b>171,061</b>	<b>163,477</b>	<b>197,300</b>	<b>155,882</b>	<b>-21.0%</b>	<b>(41,418)</b>
UDAG Interest	70,000	65,415	68,000	64,000	-5.9%	(4,000)
Use of Fund Balance-UDAG	198,008	147,484	188,375	165,326	-12.2%	(23,049)
<b>Total Economic Development-UDAG</b>	<b>268,008</b>	<b>212,899</b>	<b>256,375</b>	<b>229,326</b>	<b>-10.6%</b>	<b>(27,049)</b>
<b>Parking and Transportation</b>						
Portion of Total Parking Revenue	2,246,686	2,246,686	2,291,724	2,342,683	2.2%	50,959
<b>Total Parking and Transportation</b>	<b>2,246,686</b>	<b>2,246,686</b>	<b>2,291,724</b>	<b>2,342,683</b>	<b>2.2%</b>	<b>50,959</b>
<b>Total Special Revenue Funds</b>	<b>2,685,755</b>	<b>2,623,062</b>	<b>2,745,399</b>	<b>2,727,891</b>	<b>-0.6%</b>	<b>(17,508)</b>

## **Special Revenue Fund Revenue Descriptions and Trends**

### **Community Development:**

**-CDBG Entitlement** - The City's Community Development Department administers Community Development Block Grant (CDBG) funds, which are provided to Portsmouth annually by the U.S. Department of Housing and Urban Development (HUD) for the purpose of benefiting people who earn low or moderate incomes. The amount of federal funding is determined by a national formula based on income, age of housing and population growth/decline.

The Community Development Department's General Administration line item covers the administrative costs associated with CDBG-funded programs and projects; this includes salaries and benefits for some of the City's Community Development Department staff, as well as other operational costs such as legal notices, office supplies, postage and staff training. HUD does not allow general administration costs to exceed 20% of the City's annual CDBG grant.

**- Housing Rehab Program** – The CDBG-funded Housing Rehab Program provides grant funds to Portsmouth homeowners who earn low or moderate incomes to repair code deficiencies (plumbing, heating, electrical, structural and other problems). Specifically, the Housing Rehab Program is funded through the annual CDBG entitlement grant to the City from HUD, as well as from repayments from past borrowers who have been assisted with upgrades to their homes through the Housing Rehab Program. The City's Community Development Department staff administers this program.

**-Portsmouth Economic Development Loan Program** - The Portsmouth Economic Development Loan Program (PEDLP), which was funded through federal CDBG dollars, is not currently accepting new loan applications. Community Development staff do, however, manage the existing loan portfolio; the only cost associated with this program is the small annual outside audit fee.

**-UDAG Interest** – Interest earned from investment of lump sum prepayment of Urban Development Action Grant loans. The City of Portsmouth Economic Development Commission established a budget policy for the UDAG Program, which allows expenditures, based on available funding and economic development program needs.

### **Parking and Transportation:**

**-Parking Meter and Garage Revenues** - A portion of total parking related revenues, equal to the budgeted expenditure for the Parking and Transportation Division of Public Works are recorded in this Special Revenue Fund.

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## **DEBT SERVICE**

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The following pages analyze Debt Service for the General, Parking/Transportation, Water, and Sewer Funds.

### **COMPUTATION OF LEGAL DEBT MARGIN (GENERAL (INCLUDES PARKING/TRANSPORTATION), SCHOOL, AND WATER)**

Legal debt margins are established by the State of New Hampshire and are based on an equalized assessed valuation calculated by the State. There are three bonded debt limit margins established by the state: General, School related debt, and Water Fund debt limit margins. The General debt limit (includes Parking/Transportation) is limited to 3% of equalized assessed valuation with landfills being exempt from the calculation. School related debt is limited to 7% of equalized assessed valuation. While the Water Fund is limited to 10% of equalized assessed valuation, it should be noted that the Sewer Fund has no legal debt margin.

### **LONG-TERM DEBT SERVICE FORECAST MODEL (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)**

The long-term debt service forecast model displays issued long-term debt and projected future long-term debt for the General Fund, Parking/Transportation Fund, followed by the Water and Sewer Funds. Also listed are debt-related revenues. These revenues are directly related to the issuance of debt.

### **PROJECTED LONG-TERM DEBT SERVICE AS A PERCENTAGE OF THE GENERAL FUND BUDGET**

This table estimates future General Fund Budget totals and uses the projected net debt service from the Long Term Debt Service Forecast Model previously displayed, to calculate the percentage that debt service will be of the general fund budget. These projections go outward 10 years and a graph displays the result.

### **LONG TERM DEBT OUTSTANDING BALANCES (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)**

This table displays the outstanding debt balance of the General, Parking/Transportation, Water and Sewer Funds by fiscal year.

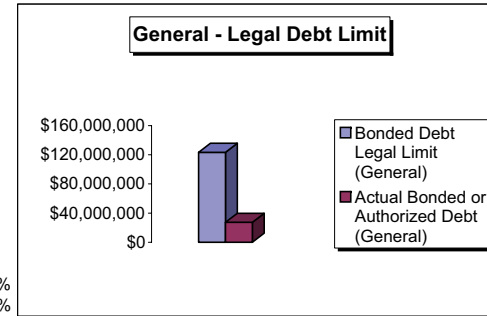


CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 Computation of Legal Debt Margin  
 As of June 30, 2010

Modified local assessed valuation	\$ 3,834,139,021
Department of Revenue Administration inventory adjustment	<u>278,118,399</u>
Equalized assessed valuation	4,112,257,420
Adjustment: RSA 31-A	<u>-</u>
Base valuation for debt limit (1)	<u>\$ 4,112,257,420</u>

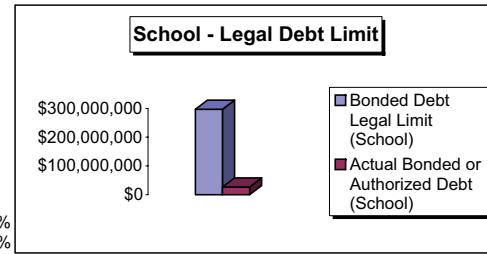
<b>Bonded debt limit - 3.0% of base (General Debt)</b>	<b>\$ 123,367,723</b>
Gross bonded debt June 30	29,333,760
Less:	
Landfill (4)	1,948,760
	<u>27,385,000</u>
Authorized but unissued	-
	<u>-</u>
Total debt applicable to 3% limitation	27,385,000
<b>Legal Debt Margin</b>	<b><u>\$ 95,982,722.60</u></b>

22%  
78%



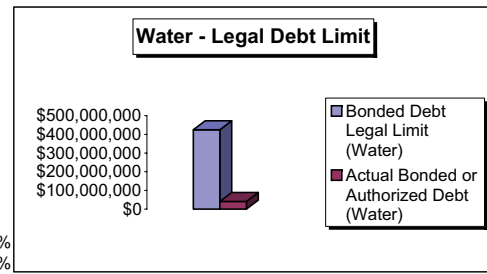
<b>Bonded debt limit - 7.0% of base (School Debt) (5)</b>	<b>\$ 287,858,019.40</b>
Gross bonded debt June 30,	40,600,000
	<u>40,600,000</u>
Authorized but unissued Middle School	22,500,000
	<u>22,500,000</u>
Total debt applicable to 7% limitation	63,100,000
<b>Legal Debt Margin</b>	<b><u>\$ 224,758,019.40</u></b>

22%  
78%



<b>Bonded debt limit - 10% of base (Water Fund) (2) (3)</b>	<b>411,225,742.00</b>
Gross bonded debt June 30,	
Water bonds	22,028,464
	<u>22,028,464</u>
Authorized but unissued	
Water System Improvements	1,320,000
Capital Projects	8,100,000
Madbury Water Treatment Plant	9,000,000
Rain Barrels and Leak Detection	55,000
	<u>18,475,000</u>
Total debt applicable to 10% limitation	40,503,464
<b>Legal Debt Margin</b>	<b><u>370,722,278</u></b>

10%  
90%



- (1) The equalization of all taxable property in the State of New Hampshire is conducted annually by the New Hampshire Department of Revenue Administration under the provisions of RSA 21-J: 3(XIII).
- (2) Enterprise funds.
- (3) Subject to a separate debt limit of 10% of the City's base valuation per RSA 33:5-a.
- (4) Exempt per RSA 33:5-b.
- (5) Subject to a separate debt limit of 7% of the City's base valuation per RSA 33:4-a

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

			<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b>ISSUED DEBT</b>													
<b>GENERAL FUND-Issued Debt</b>													
<b>09/15/02 01 Improvements</b>	<b>3.69%</b>	<b>3,750,000</b>											
Principal		10 Yr	375,000	375,000	375,000								
Interest			30,938	19,219	6,563								
<b>09/15/02 Peverly/Banfield Rd</b>	<b>3.69%</b>	<b>400,000</b>											
Principal		10 Yr	40,000	40,000	40,000								
Interest			3,300	2,050	700								
<b>09/15/02 Spinnaker Point</b>	<b>3.69%</b>	<b>500,000</b>											
Principal		10 Yr	50,000	50,000	50,000								
Interest			4,125	2,563	875								
<b>09/15/02 03 Improvements</b>	<b>3.69%</b>	<b>3,990,000</b>											
Principal		10 Yr	400,000	400,000	390,000								
Interest			32,650	20,150	6,825								
<b>06/15/08 Fire Apparatus</b>	<b>3.80%</b>	<b>750,000</b>											
Principal		5 YR	150,000	150,000	150,000								
Interest			15,375	10,500	5,250								
<b>08/01/05 05 Improvements</b>	<b>3.95%</b>	<b>2,945,000</b>											
Principal		10 Yr	295,000	295,000	295,000	295,000	295,000	290,000					
Interest			64,700	52,900	41,100	29,300	17,500	5,800					
<b>06/15/07 New Castle Ave/Seawall</b>	<b>4.00%</b>	<b>600,000</b>											
Principal		10 Yr	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000			
Interest			17,025	14,625	12,225	9,825	7,425	5,025	2,475				
<b>06/15/07 06 Improvements</b>	<b>4.00%</b>	<b>950,000</b>											
Principal		10 Yr	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000			
Interest			26,956	23,156	19,356	15,556	11,756	7,956	3,919				
<b>06/15/07 07 Improvements</b>	<b>4.00%</b>	<b>4,450,000</b>											
Principal		10 Yr	445,000	445,000	445,000	445,000	445,000	445,000	445,000	445,000			
Interest			126,269	108,469	90,669	72,869	55,069	37,269	18,356				
<b>06/15/08 08 Improvements</b>	<b>3.80%</b>	<b>2,500,000</b>											
Principal		10 Yr	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000			
Interest			72,500	64,375	55,625	46,875	38,125	28,750	19,375	10,000			
<b>06/15/08 08 School Building Improver</b>	<b>3.80%</b>	<b>500,000</b>											
Principal		10 Yr	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000			
Interest			14,500	12,875	11,125	9,375	7,625	5,750	3,875	2,000			
<b>11/18/98 Coakley 20</b>	<b>3.80%</b>	<b>3,605,773</b>											
Principal		20 YR	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289		
Interest			61,659	54,808	47,957	41,106	34,255	27,404	20,553	13,702	6,851		
<b>06/15/09 09 Improvements</b>	<b>3.76%</b>	<b>3,500,000</b>											
Principal		10 Yr	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000		
Interest			150,500	140,000	122,500	105,000	87,500	70,000	52,500	35,000	17,500		
<b>06/15/09 10 Improvements</b>	<b>3.27%</b>	<b>1,800,000</b>											
Principal		10 Yr	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	
Interest			58,950	53,550	50,850	47,250	43,200	38,700	31,500	24,300	16,200	8,100	
<b>06/15/08 10 School Building Improver</b>	<b>3.27%</b>	<b>500,000</b>											
Principal		10 Yr	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Interest			16,375	14,875	14,125	13,125	12,000	10,750	8,750	6,750	4,500	2,250	

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

			<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
<b>07/01/00 Coakley OU-2 20 yr</b>	<b>3.80%</b>	<b>652,330</b>											
Principal		20 YR	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617
Interest			12,394	11,155	9,915	8,676	7,437	6,197	4,958	3,718	2,479	1,239	
<b>09/15/02 School Renovations</b>	<b>3.69%</b>	<b>38,000,000</b>											
Principal		20 YR	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Interest			1,033,125	973,750	909,625	828,875	733,875	638,875	543,875	448,875	363,375	286,188	206,625
<b>08/01/05 Library</b>	<b>3.95%</b>	<b>6,960,000</b>											
Principal		20 YR	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	345,000	345,000	345,000
Interest			220,575	206,575	192,575	178,575	164,575	150,575	136,575	122,575	108,675	94,875	80,644
<b>06/15/08 Fire Station 2 Replacement</b>	<b>3.80%</b>	<b>3,650,000</b>											
Principal		20 YR	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	180,000	180,000	180,000
Interest			126,550	120,538	114,063	107,588	101,113	94,175	87,238	80,300	72,900	66,150	58,950
<b>06/15/08 Fire Station 2 Land</b>	<b>3.80%</b>	<b>1,300,000</b>											
Principal		20 YR	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest			45,175	43,063	40,788	38,513	36,238	33,800	31,363	28,925	26,325	23,888	21,288
<b>06/15/09 Fire Station 2 Replacement</b>	<b>3.76%</b>	<b>1,500,000</b>											
Principal		20 YR	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Interest			61,781	59,531	55,781	52,031	48,281	44,531	40,781	37,031	33,281	29,531	26,906
<b>05/15/10 Middle School Renovation</b>	<b>3.27%</b>	<b>15,000,000</b>											
Principal		20 YR	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Interest			511,875	489,375	478,125	463,125	446,250	427,500	397,500	367,500	333,750	300,000	266,250
<b>Total General Fund Issued Debt Principal Due</b>			<b>6,327,905</b>	<b>6,327,905</b>	<b>6,317,905</b>	<b>5,312,905</b>	<b>5,312,905</b>	<b>5,307,905</b>	<b>5,017,905</b>	<b>4,417,905</b>	<b>4,107,905</b>	<b>3,577,617</b>	<b>3,315,000</b>
<b>Total General Fund Issued Debt Interest Due</b>			<b>2,707,297</b>	<b>2,498,100</b>	<b>2,286,616</b>	<b>2,067,663</b>	<b>1,852,223</b>	<b>1,633,057</b>	<b>1,403,592</b>	<b>1,180,676</b>	<b>985,836</b>	<b>812,221</b>	<b>660,663</b>
<b>Total General Fund-Issued Debt</b>			<b>9,035,202</b>	<b>8,826,005</b>	<b>8,604,521</b>	<b>7,380,568</b>	<b>7,165,128</b>	<b>6,940,962</b>	<b>6,421,497</b>	<b>5,598,582</b>	<b>5,093,741</b>	<b>4,389,837</b>	<b>3,975,663</b>
<b>Issued Debt Related Revenues</b>													
			<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
GF	Coakley Landfill State Aid		(45,144)	(44,135)	(43,125)	(42,115)	(41,106)	(40,096)	(39,087)	(38,077)	(37,067)		
GF	School Building Aid (High School)		(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)
GF	School Building Aid on \$15m (Middle School 40%)		(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)
GF	Use of Debt Reserve		(900,000)	(900,000)	(1,100,000)	(1,000,000)	(850,000)	(750,000)	(592,597)				
<b>Total Issued Debt Related Revenues-General Fund</b>			<b>(2,264,239)</b>	<b>(2,263,230)</b>	<b>(2,462,220)</b>	<b>(2,361,210)</b>	<b>(2,210,201)</b>	<b>(2,109,191)</b>	<b>(1,950,779)</b>	<b>(1,357,172)</b>	<b>(1,356,162)</b>	<b>(1,319,095)</b>	<b>(1,319,095)</b>
<b>Total Net Issued Debt-General Fund</b>			<b>6,770,963</b>	<b>6,562,776</b>	<b>6,142,301</b>	<b>5,019,358</b>	<b>4,954,927</b>	<b>4,831,771</b>	<b>4,470,719</b>	<b>4,241,410</b>	<b>3,737,579</b>	<b>3,070,742</b>	<b>2,656,568</b>

**PROJECTED FUTURE DEBT:**

<b>GENERAL FUND-Projected Future Debt</b>			<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
Allocation to Debt Reserve													
20 yr 3.75%	FY 10 Middle School Renovations 20 yr	22,500,000		421,875	1,947,656	1,905,469	1,863,281	1,821,094	1,778,906	1,736,719	1,694,531	1,652,344	1,610,156
<b>Authorized 08/17/09 Total</b>													
5 yr 3.75 %	FIRE ENGINE #6	500,000	10,625	116,875	113,125	109,375	105,625	101,875					
10 yr 3.75%	MAPLE HAVEN STORM WATER DRAIN SYSTEM	1,000,000	21,250	135,625	131,875	128,125	124,375	120,625	116,875	113,125	109,375	105,625	101,875

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

		<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	
10 yr 3.75%	CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS	1,000,000	21,250	135,625	131,875	128,125	124,375	120,625	116,875	113,125	109,375	105,625	101,875
10 yr 3.75%	STATE STREET SIDEWALK REPLACEMENT	400,000	8,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750	42,250	40,750
10 yr 3.75%	CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	600,000	12,750	81,375	79,125	76,875	74,625	72,375	70,125	67,875	65,625	63,375	61,125
10 yr 3.75%	MIDDLE ROAD NEW SIDEWALK CONSTRUCTION	500,000	10625	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688	52,813	50,938
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000	8,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750	42,250	40,750
10 yr 3.75%	STREET PAVING, MANAGEMENT AND REHABILITATION	2,500,000	53,125	339,063	329,688	320,313	310,938	301,563	292,188	282,813	273,438	264,063	254,688
	<b>Total FY 11 New Bonding (Authorized Nov 8, 2010)</b>	<b>6,900,000</b>											
5 yr 3.75 %	HEAVY RESCUE UNIT 1	500,000			9,375	116,875	113,125	109,375	105,625	101,875			
10 yr 3.75%	SCHOOL FACILITIES CAPITAL IMPROVEMENTS	500,000			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
10 yr 3.75%	RECREATION STUDY: NEW FIELD CONSTRUCTION	500,000			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
10 yr 3.75%	RECREATION STUDY: INDOOR RECREATION FACILITIE	2,317,000			43,444	314,243	305,554	296,866	288,177	279,488	270,799	262,111	253,422
10 yr 3.75%	SCOTT AVENUE BRIDGE REPLACEMENT	650,000			12,188	88,156	85,719	83,281	80,844	78,406	75,969	73,531	71,094
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000			7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750
10 yr 3.75%	MAPLEWOOD AVENUE REHABILITATION	1,300,000			24,375	176,313	171,438	166,563	161,688	156,813	151,938	147,063	142,188
10 yr 3.75%	PEASE-ROADWAY REHABILITATIONS	500,000			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
	<b>Total FY 13 New Bonding</b>	<b>6,667,000</b>											
10 yr 3.75%	RECREATION STUDY: NEW FIELD CONSTRUCTION	3,000,000			56,250	406,875	395,625	384,375	373,125	361,875	350,625	339,375	
10 yr 3.75%	CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS	1,000,000			18,750	135,625	131,875	128,125	124,375	120,625	116,875	113,125	
10 yr 3.75%	CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	600,000			11,250	81,375	79,125	76,875	74,625	72,375	70,125	67,875	
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000			7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	
10 yr 3.75%	GATEWAY IMPROVEMENTS-EXIT 7	550,000			10,313	74,594	72,531	70,469	68,406	66,344	64,281	62,219	
10 yr 3.75%	STREET PAVING, MANAGEMENT AND REHABILITATION	2,500,000			46,875	339,063	329,688	320,313	310,938	301,563	292,188	282,813	
10 yr 3.75%	ISLINGTON STREET-STREETScape IMPROVEMENTS	500,000			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	
	<b>Total FY 14 New Bonding</b>	<b>8,550,000</b>											
5 yr 4.25 %	FIRE ENGINE #4	500,000					9,375	116,875	113,125	109,375	105,625	101,875	
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000					7,500	54,250	52,750	51,250	49,750	48,250	46,750
10 yr 3.75%	PEASE-ROADWAY REHABILITATIONS	500,000					9,375	67,813	65,938	64,063	62,188	60,313	58,438
	<b>Total FY 15 New Bonding</b>	<b>1,400,000</b>											
5 yr 4.25 %	FIRE ENGINE #1	600,000					11,250	140,250	135,750	131,250	126,750	122,250	
10 yr 3.75%	SCHOOL FACILITIES CAPITAL IMPROVEMENTS	500,000					9,375	67,813	65,938	64,063	62,188	60,313	

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

		<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
10 yr 3.75%	GATEWAY IMPROVEMENTS-EXIT 7						10,313	74,594	72,531	70,469	68,406	66,344
10 yr 3.75%	ISLINGTON STREET-STREETSCAPE IMPROVEMENTS						9,375	67,813	65,938	64,063	62,188	60,313
20 yr 3.75%	ELEMENTARY SCHOOL UPGRADES						187,500	865,625	846,875	828,125	809,375	790,625
10 yr 3.75%	CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM						11,250	81,375	79,125	76,875	74,625	72,375
10 yr 3.75%	PEVERLY HILL RD - NEW SIDEWALKS & SHOULDERS						7,875	56,963	55,388	53,813	52,238	50,663
10 yr 3.75%	STREET PAVING, MANAGEMENT AND REHABILITATION						46,875	339,063	329,688	320,313	310,938	301,563
	<b>Total FY 16 New Bonding</b>		<b>15,670,000</b>									
20 yr 3.75%	FIRE STATION THREE REPLACEMENT							56,250	259,688	254,063	248,438	242,813
10 yr 3.75%	CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS							18,750	135,625	131,875	128,125	124,375
10 yr 3.75%	INTERSECTION IMPROVEMENT: BARTLETT AND ISLINC							30,938	223,781	217,594	211,406	205,219
10 yr 3.75%	PEASE-ROADWAY REHABILITATIONS							9,375	67,813	65,938	64,063	62,188
	<b>Total FY 17 New Bonding</b>		<b>6,150,000</b>									
	<b>Total General Fund-Projected Future Debt</b>	<b>146,625</b>	<b>1,406,750</b>	<b>3,029,788</b>	<b>3,948,431</b>	<b>4,877,148</b>	<b>5,254,772</b>	<b>6,535,639</b>	<b>6,932,719</b>	<b>6,642,643</b>	<b>6,454,442</b>	<b>6,168,116</b>
<b>Future Debt Related Revenues</b>												
		<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
GF	Projected School Building Aid On \$22.5m (Middle School 34.74%)			(390,840)	(390,840)	(390,840)	(390,840)	(390,840)	(390,840)	(390,840)	(390,840)	(390,840)
GF	Projected School Building Aid (Elementary Schools 30%)							(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
	<b>Total Future Debt Related Revenues-General Fund</b>	<b>-</b>	<b>-</b>	<b>(390,840)</b>	<b>(390,840)</b>	<b>(390,840)</b>	<b>(390,840)</b>	<b>(540,840)</b>	<b>(540,840)</b>	<b>(540,840)</b>	<b>(540,840)</b>	<b>(540,840)</b>
	<b>Total Net Projected Future Debt-General Fund</b>	<b>146,625</b>	<b>1,406,750</b>	<b>2,638,948</b>	<b>3,557,591</b>	<b>4,486,308</b>	<b>4,863,932</b>	<b>5,994,799</b>	<b>6,391,879</b>	<b>6,101,803</b>	<b>5,913,602</b>	<b>5,627,276</b>
	<b>Total Gross Issued and Projected Debt-General Fund</b>	<b>9,181,827</b>	<b>10,232,755</b>	<b>11,634,309</b>	<b>11,328,999</b>	<b>12,042,276</b>	<b>12,195,734</b>	<b>12,957,136</b>	<b>12,531,301</b>	<b>11,736,384</b>	<b>10,844,279</b>	<b>10,143,778</b>
	<b>Total Debt Related Revenues Actual and Projected</b>	<b>(2,264,239)</b>	<b>(2,263,230)</b>	<b>(2,853,060)</b>	<b>(2,752,050)</b>	<b>(2,601,041)</b>	<b>(2,500,031)</b>	<b>(2,491,619)</b>	<b>(1,898,012)</b>	<b>(1,897,002)</b>	<b>(1,859,935)</b>	<b>(1,859,935)</b>
	<b>Total Net Issued and Projected Debt-General Fund</b>	<b>6,917,588</b>	<b>7,969,526</b>	<b>8,781,249</b>	<b>8,576,948</b>	<b>9,441,235</b>	<b>9,695,703</b>	<b>10,465,518</b>	<b>10,633,289</b>	<b>9,839,382</b>	<b>8,984,344</b>	<b>8,283,843</b>

**GENERAL FUND**

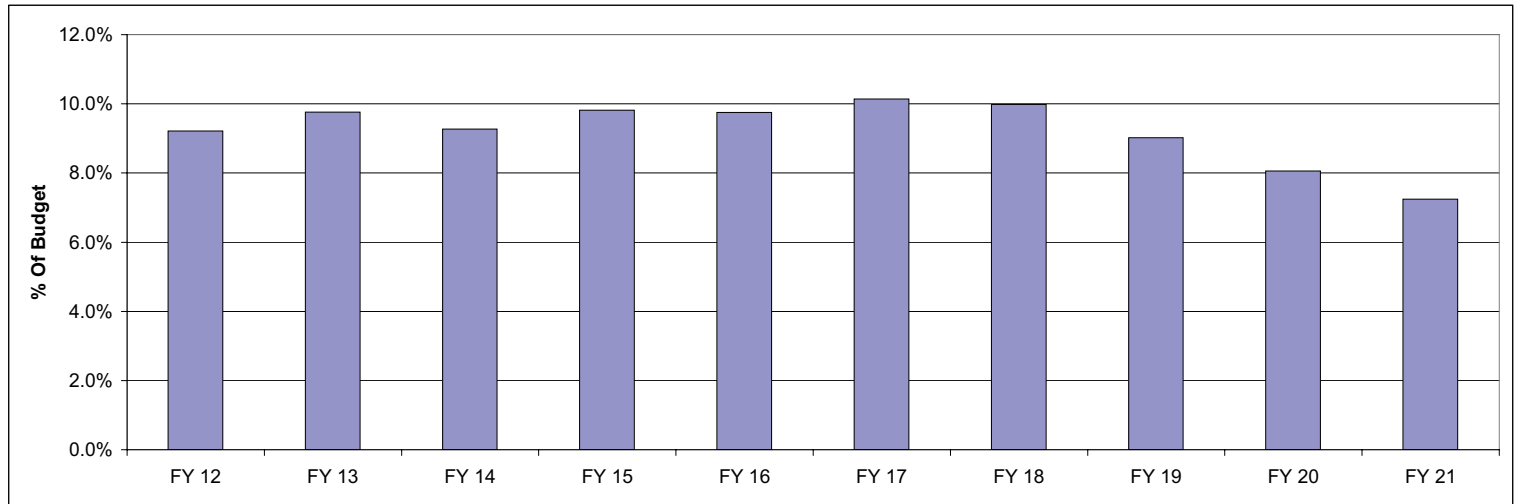
**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

**City of Portsmouth**

**Net Debt Service as a Percentage of the General Fund Budget**

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Total Gen Fund Without Net Debt Service	77,122,627	78,487,318	81,155,887	83,915,187	86,768,303	89,718,426	92,768,852	95,922,993	99,184,375	102,556,644	106,043,569
<small>(increase .2% in FY 12, 3.4 % in FY 13 and beyond)</small>											
Existing Debt Service	9,035,202	8,826,005	8,604,521	7,380,568	7,165,128	6,940,962	6,421,497	5,598,582	5,093,741	4,389,837	3,975,663
Projected Debt Service	146,625	1,406,750	3,029,788	3,948,431	4,877,148	5,254,772	6,535,639	6,932,719	6,642,643	6,454,442	6,168,116
Total Gross Debt Service	9,181,827	10,232,755	11,634,309	11,328,999	12,042,276	12,195,734	12,957,136	12,531,301	11,736,384	10,844,279	10,143,778
Debt Service Related Revenues	(2,264,239)	(2,263,230)	(2,853,060)	(2,752,050)	(2,601,041)	(2,500,031)	(2,491,619)	(1,898,012)	(1,897,002)	(1,859,935)	(1,859,935)
Net Debt	<b>6,917,588</b>	<b>7,969,526</b>	<b>8,781,249</b>	<b>8,576,948</b>	<b>9,441,235</b>	<b>9,695,703</b>	<b>10,465,518</b>	<b>10,633,289</b>	<b>9,839,382</b>	<b>8,984,344</b>	<b>8,283,843</b>
Total General Fund Budget	86,304,454	86,456,844	89,937,135	92,492,135	96,209,539	99,414,129	103,234,370	106,556,282	109,023,757	111,540,988	114,327,413

<b>Percentage Debt Service of Budget:</b>	<b>8.02%</b>	<b>9.22%</b>	<b>9.76%</b>	<b>9.27%</b>	<b>9.81%</b>	<b>9.75%</b>	<b>10.14%</b>	<b>9.98%</b>	<b>9.02%</b>	<b>8.05%</b>	<b>7.25%</b>
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PARKING and TRANSPORTATION FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b><u>ISSUED DEBT</u></b>											
<b><u>PARKING/TRANSPORTATION FUND-Issued Debt</u></b>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b>Total Parking/Trans Fund Issued Debt Principal Due</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parking/Trans Fund Issued Debt Interest Due</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parking/TransFund-Issued Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b><u>PROJECTED FUTURE DEBT:</u></b>											
<b><u>PARKING/TRANSPORTATION FUND- Projected Future Debt</u></b>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b>Total Parking/Transportation Fund-Projected Future Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b><u>Future Debt Related Revenues</u></b>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
20 yr 3.75% Parking Facility-Worth Lot 12,000,000	437,159	437,159	1,050,000	1,027,500	1,005,000	982,500	960,000	937,500	915,000	892,500	870,000
<b>Total Future Debt Related Revenues-Parking/Transportation Fund</b>	437,159	437,159	1,050,000	1,027,500	1,005,000	982,500	960,000	937,500	915,000	892,500	870,000
<b>Total Net Projected Future Debt-Parking/Transportation Fund</b>	437,159	437,159	1,050,000	1,027,500	1,005,000	982,500	960,000	937,500	915,000	892,500	870,000
<b>Total Net Issued and Projected Debt-Parking/Transportation Fund</b>	437,159	437,159	1,050,000	1,027,500	1,005,000	982,500	960,000	937,500	915,000	892,500	870,000

**WATER FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b><u>ISSUED DEBT</u></b>											
<b><u>WATER FUND-Issued Debt</u></b>	<b><u>FY 11</u></b>	<b><u>FY 12</u></b>	<b><u>FY 13</u></b>	<b><u>FY 14</u></b>	<b><u>FY 15</u></b>	<b><u>FY 16</u></b>	<b><u>FY 17</u></b>	<b><u>FY 18</u></b>	<b><u>FY 19</u></b>	<b><u>FY 20</u></b>	<b><u>FY 21</u></b>
<b>05/15/02 Upgrade Motor Control Center 3.98% 300,000</b>											
Principal	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Interest	7,157	6,561	5,964	5,368	4,772	4,175	3,579	2,982	2,386	1,790	1,193
<b>05/15/02 Corrosion Control Program 3.80% 288,000</b>											
Principal	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Interest	6,567	6,020	5,472	4,925	4,378	3,831	3,284	2,736	2,189	1,642	1,095
<b>11/01/02 Constitution Avenue 3.70% 4,800,000</b>											
Principal	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Interest	115,565	106,676	97,786	88,896	80,007	71,117	62,228	53,338	44,448	35,559	26,669
<b>12/01/02 Spinney Tank 3.73% 1,162,560</b>											
Principal	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
Interest	28,172	26,005	23,838	21,671	19,504	17,337	15,170	13,003	10,836	8,669	6,502
<b>06/01/08 Madbury Treatment Plant-Desi 2.49% 2,000,000</b>											
Principal	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Interest	62,784	59,296	55,808	52,320	48,832	45,344	41,856	38,368	34,880	31,392	27,904
<b>01/15/09 Madbury Treatment Plant 3.94% 16,000,000</b>											
Principal	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000	840,000	840,000	840,000
Interest	693,850	668,500	626,250	584,000	541,750	499,500	457,250	415,000	372,750	330,750	301,350
<b>10/01/10 Bellamy Reservoir, Raw Water 0.90% 219,043</b>											
Principal	45,597	49,935	47,189	42,801	33,521						
Interest	7,334	1,812	1,278	770	300						
<b>Total Water Fund Issued Debt Principal Due</b>	<b>1,318,125</b>	<b>1,322,463</b>	<b>1,319,717</b>	<b>1,315,329</b>	<b>1,306,049</b>	<b>1,272,528</b>	<b>1,272,528</b>	<b>1,272,528</b>	<b>1,267,528</b>	<b>1,267,528</b>	<b>1,267,528</b>
<b>Total Water Fund Issued Debt Interest Due</b>	<b>921,429</b>	<b>874,870</b>	<b>816,396</b>	<b>757,950</b>	<b>699,543</b>	<b>641,304</b>	<b>583,367</b>	<b>525,427</b>	<b>467,489</b>	<b>409,802</b>	<b>364,713</b>
<b>Total Water Fund-Issued Debt</b>	<b>2,239,555</b>	<b>2,197,333</b>	<b>2,136,113</b>	<b>2,073,279</b>	<b>2,005,592</b>	<b>1,913,832</b>	<b>1,855,895</b>	<b>1,797,955</b>	<b>1,735,017</b>	<b>1,677,330</b>	<b>1,632,241</b>



**WATER FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

**PROJECTED FUTURE DEBT:**

<b><u>WATER FUND-Projected Future Debt</u></b>				<b><u>FY 11</u></b>	<b><u>FY 12</u></b>	<b><u>FY 13</u></b>	<b><u>FY 14</u></b>	<b><u>FY 15</u></b>	<b><u>FY 16</u></b>	<b><u>FY 17</u></b>	<b><u>FY 18</u></b>	<b><u>FY 19</u></b>	<b><u>FY 20</u></b>	<b><u>FY 21</u></b>
<b>20 yr</b>	Greenland Well <b>Authorized 08/16/05</b>	3.75%	<b>1,000,000</b>			18,750	86,563	84,688	82,813	80,938	79,063	77,188	75,313	73,438
<b>20 yr</b>	Water Source Augmentation <b>Authorized 08/16/05</b>	3.75%	<b>2,000,000</b>			37,500	173,125	169,375	165,625	161,875	158,125	154,375	150,625	146,875
<b>20 yr</b>	Maplewood Ave Waterline Replaceme <b>Authorized 08/16/05</b>	3.75%	<b>3,000,000</b>					56,250	259,688	254,063	248,438	242,813	237,188	231,563
<b>20 yr</b>	Madbury Treatment Plant Upgrades <b>Authorized 11/10/08</b>	3.74%	<b>5,000,000</b>	437,200		427,840	418,480	409,120	399,760	390,400	381,040	371,680	362,320	352,960
<b>20 yr</b>	Little Harbor/Wild Rose Lane Wtr Line	3.75%	<b>3,000,000</b>			56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938	220,313
<b>20 yr</b>	Osprey Landing Water Tank Rep	3.75%	<b>1,000,000</b>			18,750	86,563	84,688	82,813	80,938	79,063	77,188	75,313	73,438
<b>20 yr</b>	Hobbs Hill Landing Water Tank F	3.75%	<b>1,500,000</b>				28,125	129,844	127,031	124,219	121,406	118,594	115,781	112,969
<b>Total Water Fund-Projected Future Debt</b>				<b>-</b>	<b>437,200</b>	<b>559,090</b>	<b>1,052,543</b>	<b>1,188,026</b>	<b>1,366,166</b>	<b>1,335,244</b>	<b>1,304,321</b>	<b>1,273,399</b>	<b>1,242,476</b>	<b>1,211,554</b>
<b>Total Net Issued and Projected Debt Water Fund</b>				<b>2,239,555</b>	<b>2,634,533</b>	<b>2,695,203</b>	<b>3,125,822</b>	<b>3,193,618</b>	<b>3,279,998</b>	<b>3,191,139</b>	<b>3,102,276</b>	<b>3,008,416</b>	<b>2,919,806</b>	<b>2,843,795</b>

**SEWER FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b><u>ISSUED DEBT</u></b>											
<b><u>SEWER FUND-Issued Debt</u></b>											
<b>12/01/92 Peirce Island WWTP Improvem</b>	<b>7.00%</b>	<b>19,500,000</b>									
Principal		975,000	975,000								
Interest		131,625	65,813								
<b>12/21/00 Pease WWTP</b>	<b>4.46%</b>	<b>6,586,836</b>									
Principal		321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450
Interest		143,496	129,146	114,797	100,447	86,098	71,748	57,399	43,049	28,700	14,350
<b>06/11/02 Sewer Projects Phase 1</b>	<b>3.98%</b>	<b>4,931,361</b>									
Principal		246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
Interest		117,643	107,839	98,038	88,232	78,429	68,625	58,822	49,018	39,215	29,411
<b>05/04/05 Sewer Projects Phase 2</b>	<b>3.69%</b>	<b>8,898,110</b>									
Principal		444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
Interest		246,122	229,714	213,305	196,897	180,489	164,081	147,673	131,265	114,857	98,449
<b>12/01/08 Sewer Projects Phase 3</b>	<b>3.49%</b>	<b>5,508,137</b>									
Principal		275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407
Interest		172,911	163,305	153,699	144,093	134,487	124,880	115,274	105,668	96,062	86,456
<b>12/01/08 Stormwater Facilities Loan</b>	<b>1.09%</b>	<b>734,199</b>									
Principal		146,840	146,840	146,840							
Interest		4,802	3,201	1,601							
<b>12/01/08 Lower Court Street Loan</b>	<b>3.49%</b>	<b>688,562</b>									
Principal		34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428
Interest		21,615	20,415	19,214	18,013	16,812	15,611	14,410	13,209	12,009	10,808
<b>01/01/11 Rye Line Pump Station Upgrad</b>	<b>2.95%</b>	<b>1,069,714</b>									
Principal		53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486
Interest		33,522	29,999	28,420	26,841	25,262	23,683	22,105	20,526	18,947	17,368
<b>01/01/11 201 Facilities Plan Updates</b>	<b>2.95%</b>	<b>1,000,000</b>									
Principal		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest		25,538	28,044	26,568	25,092	23,616	22,140	20,664	19,188	17,712	16,236
<b>Total Sewer Fund Issued Debt Principal Due</b>		<b>2,548,084</b>	<b>2,548,084</b>	<b>1,573,084</b>	<b>1,426,245</b>	<b>1,426,245</b>	<b>1,426,245</b>	<b>1,426,245</b>	<b>1,426,245</b>	<b>1,426,245</b>	<b>1,104,794</b>
<b>Total Sewer Fund Issued Debt Interest Due</b>		<b>897,274</b>	<b>777,476</b>	<b>655,642</b>	<b>599,615</b>	<b>545,193</b>	<b>490,769</b>	<b>436,347</b>	<b>381,923</b>	<b>327,501</b>	<b>218,654</b>
<b>Total Sewer Fund-Issued Debt</b>		<b>3,445,359</b>	<b>3,325,560</b>	<b>2,228,726</b>	<b>2,025,860</b>	<b>1,971,438</b>	<b>1,917,014</b>	<b>1,862,592</b>	<b>1,808,168</b>	<b>1,753,746</b>	<b>1,323,448</b>
<b><u>Issued Debt Related Revenues</u></b>											
	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
SEWER PIWWTP Improvements-State Aid	(763,873)	(718,445)									
SEWER PIWWTP Improvements-State Aid	(47,828)	(44,983)									
SEWER PIWWTP Improvements-State Aid	(5,204)	(4,895)									
SEWER Pease WWTP-State Aid	(132,316)	(128,233)	(124,148)	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	(99,646)	(95,563)	
SEWER Phase I-State Aid	(107,883)	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	(84,652)	(81,748)	(78,844)

**SEWER FUND**

## SEWER FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL

				FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
SEWER	Phase 2-State Aid			(207,309)	(202,386)	(197,464)	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	(167,928)	(163,006)	(158,093)
<b>Total Issued Debt Related Revenues-Sewer Fund</b>				<b>(1,264,413)</b>	<b>(1,203,921)</b>	<b>(423,687)</b>	<b>(411,777)</b>	<b>(399,867)</b>	<b>(387,956)</b>	<b>(376,047)</b>	<b>(364,137)</b>	<b>(352,226)</b>	<b>(340,317)</b>	<b>(236,937)</b>
<b>Total Net Issued Debt-Sewer Fund</b>				<b>2,180,946</b>	<b>2,121,639</b>	<b>1,805,039</b>	<b>1,614,083</b>	<b>1,571,571</b>	<b>1,529,058</b>	<b>1,486,545</b>	<b>1,444,031</b>	<b>1,401,520</b>	<b>1,359,004</b>	<b>1,086,511</b>
<b>SEWER FUND-Projected Future Debt</b>				<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
10 yr	SSES - State Street	2.34%	3,000,000	370,200	363,180	356,160	349,140	342,120	335,100	328,080	321,060	314,040	307,020	
Authorized 11/10/08														
20 yr	LTCP Bartlett St. Area Sewer Ext	3.35%	6,000,000	501,120	491,064	481,008	470,952	460,896	450,840	440,784	430,728	420,672	410,616	
Authorized 08/05/02														
20 yr	P.I.W.W.T.P. Prel. Eng and LTCP Imp	3.75%	3,000,000	56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938	220,313	214,688	
20 yr	LTCP Cass St Area	3.75%	3,500,000	65,625	302,969	296,406	289,844	283,281	276,719	270,156	263,594	257,031	250,469	
20 yr	LTCP Contract #3A	3.35%	6,000,000			501,120	491,064	481,008	470,952	460,896	450,840	440,784	430,728	
Authorized 08/05/02														
20 yr	LTCP Contract #3B	3.75%	3,850,000	72,188	333,266	326,047	318,828	311,609	304,391	297,172	289,953	282,734	275,516	
20 yr	LTCP Contract #3C	3.75%	3,400,000		63,750	294,313	287,938	281,563	275,188	268,813	262,438	256,063	249,688	
20 yr	Fleet Street Utilities Upgrade	3.75%	500,000			9,375	43,281	42,344	41,406	40,469	39,531	38,594	37,656	
20 yr	Pease WWTP Upgrades	3.75%	3,500,000				306,250	299,688	293,125	286,563	280,000	273,438	266,875	
20 yr	Route One By-pass Sewer Line	3.75%	4,000,000				350,000	342,500	335,000	327,500	320,000	312,500	305,000	
20 yr	P.I.W.W.T.P. Upgrades	3.75%	3,000,000		56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938	220,313	
20 yr	P.I.W.W.T.P. Upgrades	3.75%	30,000,000			562,500	2,596,875	2,540,625	2,484,375	2,428,125	2,371,875	2,315,625	2,259,375	
Total			33,000,000											
<b>Total Sewer Fund-Projected Future Debt</b>				<b>-</b>	<b>1,065,383</b>	<b>1,870,166</b>	<b>3,340,679</b>	<b>6,006,672</b>	<b>5,876,883</b>	<b>5,747,095</b>	<b>5,617,307</b>	<b>5,487,519</b>	<b>5,357,730</b>	<b>5,227,942</b>
<b>Future Debt Related Revenues</b>				<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
SF	ARRA Reimbursement State Street SSES (50% up to \$1.5M)			-	(185,100)	(181,590)	(178,080)	(174,570)	(171,060)	(167,550)	(164,040)	(160,530)	(117,480)	
<b>Total Future Debt Related Revenues-Sewer Fund</b>				<b>-</b>	<b>(185,100)</b>	<b>(181,590)</b>	<b>(178,080)</b>	<b>(174,570)</b>	<b>(171,060)</b>	<b>(167,550)</b>	<b>(164,040)</b>	<b>(160,530)</b>	<b>(117,480)</b>	<b>-</b>
<b>Total Net Projected Future Debt-Sewer Fund</b>				<b>-</b>	<b>880,283</b>	<b>1,688,576</b>	<b>3,162,599</b>	<b>5,832,102</b>	<b>5,705,823</b>	<b>5,579,545</b>	<b>5,453,267</b>	<b>5,326,989</b>	<b>5,240,250</b>	<b>5,227,942</b>
<b>Total Net Issued and Projected Debt-Sewer Fund</b>				<b>2,180,946</b>	<b>3,001,921</b>	<b>3,493,615</b>	<b>4,776,681</b>	<b>7,403,672</b>	<b>7,234,881</b>	<b>7,066,090</b>	<b>6,897,297</b>	<b>6,728,508</b>	<b>6,599,255</b>	<b>6,314,453</b>

## SEWER FUND

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL**

City of Portsmouth

Outstanding Debt Service by Fiscal Year

Fiscal Year	General Fund		Parking/Trans Fund		Water Fund		Sewer Fund		Total City of Portsmouth		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal/Interest
<u>FY 12</u>	6,327,905	2,498,100	-	-	1,324,067	874,903	2,548,084	777,476	10,200,057	4,150,479	14,350,536
<u>FY 13</u>	6,317,905	2,286,616	-	-	1,324,067	816,485	1,573,084	655,642	9,215,057	3,758,743	12,973,800
<u>FY 14</u>	5,312,905	2,067,663	-	-	1,324,067	758,086	1,426,245	599,615	8,063,217	3,425,364	11,488,581
<u>FY 15</u>	5,312,905	1,852,223	-	-	1,324,067	699,688	1,426,245	545,193	8,063,217	3,097,104	11,160,321
<u>FY 16</u>	5,307,905	1,633,057	-	-	1,272,528	641,304	1,426,245	490,769	8,006,678	2,765,130	10,771,808
<u>FY 17</u>	5,017,905	1,403,592	-	-	1,272,528	583,367	1,426,245	436,347	7,716,678	2,423,306	10,139,984
<u>FY 18</u>	4,417,905	1,180,676	-	-	1,272,528	525,427	1,426,245	381,923	7,116,678	2,088,027	9,204,704
<u>FY 19</u>	4,107,905	985,836	-	-	1,267,528	467,489	1,426,245	327,501	6,801,678	1,780,826	8,582,504
<u>FY 20</u>	3,577,617	812,221	-	-	1,267,528	409,802	1,426,245	273,077	6,271,389	1,495,100	7,766,489
<u>FY 21</u>	3,315,000	660,663	-	-	1,267,528	364,713	1,104,794	218,654	5,687,322	1,244,029	6,931,352
<u>FY 22</u>	3,315,000	529,138	-	-	1,267,528	319,626	1,104,794	178,580	5,687,322	1,027,343	6,714,666
<u>FY 23</u>	3,315,000	394,363	-	-	1,238,128	272,436	858,226	138,506	5,411,354	805,304	6,216,658
<u>FY 24</u>	1,415,000	301,150	-	-	940,000	226,390	858,226	108,236	3,213,226	635,776	3,849,002
<u>FY 25</u>	1,415,000	247,315	-	-	940,000	189,302	858,226	77,966	3,213,226	514,583	3,727,809
<u>FY 26</u>	1,415,000	193,358	-	-	940,000	152,814	413,321	47,696	2,768,321	393,867	3,162,188
<u>FY 27</u>	1,070,000	146,515	-	-	940,000	114,076	413,321	33,834	2,423,321	294,425	2,717,745
<u>FY 28</u>	1,070,000	104,913	-	-	940,000	74,888	413,321	19,972	2,423,321	199,772	2,623,093
<u>FY 29</u>	825,000	63,188	-	-	840,000	35,700	103,486	6,110	1,768,486	104,997	1,873,483
<u>FY 30</u>	750,000	30,000	-	-	-	-	103,486	3,055	853,486	33,055	886,541
<b>Totals</b>	<b>63,605,858</b>	<b>17,390,584</b>	<b>-</b>	<b>-</b>	<b>20,962,093</b>	<b>7,526,496</b>	<b>20,336,081</b>	<b>5,320,150</b>	<b>104,904,032</b>	<b>30,237,231</b>	<b>135,141,263</b>
<b>less Anticipated Debt Related Revenues</b>	<b>(18,274,059)</b>		<b>-</b>		<b>-</b>		<b>(5,155,920)</b>		<b>(23,429,979)</b>		<b>(23,429,979)</b>
<b>Net Outstanding Debt</b>	<b>45,331,799</b>	<b>17,390,584</b>	<b>-</b>	<b>-</b>	<b>20,962,093</b>	<b>7,526,496</b>	<b>15,180,161</b>	<b>5,320,150</b>	<b>81,474,053</b>	<b>30,237,231</b>	<b>111,711,284</b>

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