

# CITY OF PORTSMOUTH NEW HAMPSHIRE



## THE PROPOSED ANNUAL BUDGET 2010-2011

# *City of Portsmouth, New Hampshire*

## Proposed Budget 2010-2011



### **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  
Award*

PRESENTED TO

**City of Portsmouth  
New Hampshire**

For the Fiscal Year Beginning

**July 1, 2009**

A handwritten signature in black ink, appearing to be 'H. H.', written in a cursive style.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Egan', written in a cursive style.

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, 2009. 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 2011**  
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## CITY OF PORTSMOUTH WEB ADDRESS

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

Full view of the proposed FY11 budget document and the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2009 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 2011-2016 can be viewed at the following link on the City's website. <http://www.cityofportsmouth.com/planning>

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John P. Bohenko  
City Manager

## CITY OF PORTSMOUTH

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(603) 610-7201

**To:** Honorable Mayor Thomas G. Ferrini and City Council Members  
**From:** John P. Bohenko, City Manager  
**Date:** April 9, 2010  
**Re:** Fiscal Year 2011 Budget Message

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In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2011 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 FY11 budget is presented amid a persistent financial crisis that continues to affect the entire country. Nationally, unemployment rates have hit record highs and tax revenues are down dramatically while costs – including salaries and benefits for public employees – continue to rise. As the headlines attest, Portsmouth is not alone among cities and towns encountering severe budget challenges as a result of the struggling U.S. economy. We must be mindful that this is not a onetime shortfall, but represents a long-term challenge requiring significant action now and in the future.

Portsmouth is in a better financial situation than most due to a resilient labor market and lower than average unemployment rates, as well as the City's continued pursuit of long-term financial policies to promote stability and predictability that have resulted in our highest bond rating ever. Nonetheless, this is the most difficult budget in my 14 years with the City because of the continuing economic difficulties exacerbated by our inability to recover from last year's loss of revenue from the State of New Hampshire.

Additional financial challenges for FY11 include:

- The decrease in the State's share of retirement costs will result in an approximately \$450,000 increase in the City's contribution to the New Hampshire Retirement System for FY11.
- The City is no longer eligible for a \$222,611 "hold harmless" State education funding transition grant, which Portsmouth received in FY10 and anticipated in FY11. However, because State law requires NH to raise \$363.5 million in Statewide Education Property Taxes (SWEPT) and property values declined statewide, the SWEPT rate will increase from \$2.14 to \$2.19 in FY11. Although

the amount raised in Portsmouth will remain below the State's determined cost of providing an adequate education, it exceeds our FY09 cost of adequacy – the benchmark for qualifying for a transition grant.

- A continued decline in car and truck sales has led to an additional projected \$200,000 reduction in estimated City revenues from motor vehicle registrations, putting the two-year revenue loss at approximately \$450,000.
- In addition, the City continues to experience a decrease in interest revenue on investments. Although the estimated revenue for FY11 remains level with FY10, these investment returns are approximately \$600,000 below the FY08 level.
- The proposed Rockingham County budget reflects an increase in the amount of local taxes required to be raised by municipalities, which also will increase Portsmouth's County tax obligation. This increase is estimated to be in excess of \$282,000 over the FY10 budget.

Each year, the City's budget process begins with a meeting of the Committee of the Whole comprised of the City Council, School Board, and Police and Fire Commissions. At this year's session, the City Council requested that the Departments undertake the financial exercise of developing a FY11 budget that is 4% below the FY10 budget.

Separate from the requested budget reduction exercise outlined above, the City Council requested the Departments prepare, in effect, a budget with a 2% reduction in the workforce in FY11 with the intent being an additional 3% reduction in FY12.

Therefore, I requested that the City Departments prepare their budgets in two formats: one to achieve the City Council's request for a 2% staff reduction in FY11 and the other reflecting the results of the Council-requested operating budget at 96% of the prior year's funding.

While our City faces tough financial choices in FY11, it became apparent in working with the Department heads that a budget at 96% of last year's level would create major reductions in City services. If the City Council chooses this course, it would be my hope that the Council would also create a softer landing by gradually implementing the budget reductions that would be required, possibly over a three-year period. I believe we must tread carefully in order to avoid the draconian cuts imposed nationally by other municipalities in dire financial straits, such as laying off scores of workers, virtually eliminating infrastructure maintenance, imposing cutbacks that could jeopardize public services, and slashing programs vital to quality of life such as libraries.

Workforce reductions naturally affect operations, but the Department heads have made recommendations they hope will have the least effect on overall services while attempting to meet the Council's target as part of the City's overall effort to minimize increases in the tax rate. These recommendations include:

- Municipal – Eliminate four full-time positions and convert four full-time positions to part-time through efficiencies, for a total of eight positions affected;

- Police – Eliminate crossing guards, the position of victim/witness advocate and one School Resource Officer (SRO);
- Fire – Leave one position vacant; and
- School – Eliminate 13 positions.

It should be noted that the City has been reducing its workforce over the past few years and in FY10, reduced full-time personnel by 9 positions, which would bring the two-year total to more than 30.

To meet the Council's workforce reduction target with the least impact on the majority of our residents and without weakening other City programs, it is my recommendation to close the Indoor Pool, saving at least \$536,000 in annual costs. This recommendation, which the City's Recreation Board concurs with, is not made lightly.

The Indoor Pool, built in 1980, currently operates at an 80% subsidy by the taxpayers of Portsmouth. Approximately 40% of the Indoor Pool's members are non-residents. The facility's annual operating cost is in excess of \$478,000 and its income is approximately \$90,000. In addition, the facility is in need of an estimated \$1.2 million in improvements, perhaps not immediately but certainly in the near future. If the City were to bond the cost of these improvements, it would increase the pool's annual budget by an additional \$148,000.

By our estimates, closing the Indoor Pool would impact 3% to 5% of our residents compared to the much larger percentages that otherwise would be affected through the cuts that would be necessary to achieve the Council's requested workforce reduction. If the Indoor Pool is closed, the Recreation Department will work with the owners of other indoor pools, such as the Seacoast Family YMCA located less than five minutes away, to accommodate our residents, swim teams and lessons. Closing a public facility is never easy, but I believe it is necessary in order to minimize the impact on Portsmouth taxpayers now and into the future.

The FY11 budgeting process would have been even more difficult in the current lean 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, upgraded the City of Portsmouth bond rating from AA to AA+ last June and Moody's Investors Service affirmed its Aa2 rating. Both bond rating agencies cited the City's strong financial management and low debt burden.

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 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 40% 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 \$4.6 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 successes:

- After three years of work and significant public input, a major revision to the City's Zoning Ordinance and Site Review Regulations became effective January 1, 2010. This very important ordinance, representing the first major revision in over 14 years, endeavors to make our land use regulations more user-friendly and implement the resource protection, sustainability, economic development, land use and housing goals in the City's 2005 Master Plan.
- We are nearing completion of our new "green" Fire Station No. 2 on Lafayette Road that we hope will become the first fire station in New Hampshire to receive LEED certification from the U.S. Green Building Council as part of our continuing sustainability efforts. Another key initiative involved launching a successful campaign to inspire our residents to participate in the New England Carbon Challenge.
- The City undertook a Comprehensive Recreation Needs Study, with substantial input from the public, to assist in planning for the future of Portsmouth's recreation programs and facilities. A final report is anticipated later this spring.
- The City implemented a system allowing secure online payment of parking fines and water and sewer bills, and expects to expand this convenience soon to property tax payments. Payment is accepted by credit or debit card, and electronic checks.
- The Municipal, Police, Fire and School Departments have been awarded over \$4.2 million in stimulus funding for various programs through both competitive applications and formula funding under the American Recovery and Reinvestment Act (ARRA).

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

### **The Fiscal Year 2011 General Fund Budget**

The City Manager-recommended budget is submitted to you as requested by each Department. This proposed FY11 General Fund budget is \$87,803,155, which is an increase of \$3,764,419 or 4.48% over FY10. The total budget is comprised of \$69,344,336 in the operating budget and \$18,458,819 in the non-operating budget.

The operating budget of \$69,344,336 finances expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire, and School Departments and represents an increase of \$1,058,144 or 1.55% over FY10.

The non-operating budget of \$18,458,819 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 \$2,706,275 or 17.18% over FY10. Most of this increase is due to debt service as a result of the Middle School construction project, some of which will be reimbursed by the State.

<b>2011 PROPOSED BUDGET</b>				
	<b>FY10</b>	<b>FY11 Submitted Budget</b>	<b>\$ Change</b>	<b>Percent Change</b>
<b>Operating</b>	68,286,192	69,344,336	1,058,144	1.55%
<b>Non-Operating</b>	15,752,544	18,458,819	2,706,275	17.18%
<b>Total</b>	\$84,038,736	\$87,803,155	\$3,764,419	4.48%

### **Budget Environment**

The FY11 proposed budget has been carefully prepared to allow the continuation of critical services and improvements to our infrastructure, while reflecting a reduction in workforce as requested by the City Council. To meet the Council's goal, however, we face major challenges as follows.

#### ***Salaries***

All City services are labor-intensive, so it is not surprising that our personnel costs comprise 84% of the operating budget. For the third consecutive year, the budget was developed without final approval of six collective bargaining agreements that expired on June 30, 2008. The Departments have submitted budget requests without cost-of-living adjustments for these remaining six contracts. Although contracts have expired, Departments included step increases for employees who have not reached top step in their job classifications in accordance with current contracts.

Until the remaining contracts have been ratified and approved by the City Council, I can only anticipate what the potential negotiated impact associated with salaries and benefits would be for each Department. Therefore, I am recommending an appropriation in a separate line item within the operating budget that would reserve funds until such time as the contracts are approved, as I have for the past two years. For FY11, I recommend \$900,000 be set aside for this purpose.

**Retirement Costs**

The City Council adopted last year’s budget using the retirement rates provided by the New Hampshire Retirement System (NHRS) during the budget process. However, after the City Council’s adoption of the FY10 budget, NHRS announced RSA 100-A:16 had been modified to change the contribution percentage funded by local employers and the State from a 65/35% cost-sharing of total contributions to 70/30% in Fiscal Year 2010 and 75/25% in Fiscal Year 2011. The increase in rates is depicted in the table below:

<b>RETIREMENT RATES</b>				
	FY10 Rates Prior to Budget Adoption	FY10 Rates After Budget Adoption	FY11 Rates	% Change from FY10 Original Rates
<b>Group I</b>				
Employees	9.09%	9.16%	9.16%	0.77%
Teachers	6.96%	7.49%	8.02%	15.23%
<b>Group II</b>				
Police	12.68%	13.66%	14.63%	15.38%
Fire	16.05%	17.28%	18.52%	15.39%

The State Legislature’s modification of the cost-sharing will require a contribution from the City in excess of \$3.8 million, an additional \$332,000 over FY10. The increase does not include retirement impacts associated with salary adjustments that have not yet been negotiated. This could push the City’s increased retirement contribution closer to \$450,000 in FY11.

**Health Insurance Costs**

Health insurance costs continue to grow and impact the operating budget substantially. The New Hampshire Local Government Center (LGC) HealthTrust has provided the City with a health insurance guaranteed maximum rate increase, which will result in a total premium cost of approximately \$12.2 million. The City employees’ share will be approximately \$2.2 million, or about 18% of the total cost, leaving the City’s share at almost \$10 million.

The Health Insurance Stabilization Fund (*established in Fiscal Year 2002 and detailed in the Financial Guidelines and Policies Section of this budget document*) allows for Departments to annually budget the average growth in health insurance rates established by the LGC over the prior 10 years. For FY11, this average is 11.7%. Departments with large staff cutbacks in FY11 will experience reductions in health insurance appropriations; however, this increase still impacts the operating budget by more than \$757,000 as shown in the table below.

<b>2011 PROPOSED HEALTH INSURANCE</b>				
	FY10 Budget	FY11 Health Appropriation	\$ Change	Percent Change
Municipal	1,652,469	1,755,808	103,339	6.25%
Police	1,409,250	1,574,132	164,882	11.70%
Fire	921,692	1,029,530	107,838	11.70%
School	5,502,811	5,884,262	381,451	6.93%
<b>Health Appropriation</b>	<b>\$9,486,222</b>	<b>\$10,243,732</b>	<b>\$757,510</b>	<b>7.99%</b>

**Other Costs**

Other operating costs such as utilities, building and equipment repairs and maintenance, contracted services, special needs tuition and transportation make up 16.4% 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.

**Department Budget Proposals**

The chart below depicts the submitted budgets for the Municipal, Police, Fire and School Departments. It should be noted that the proposed Municipal budget is less than the FY09 and FY10 budgets.

	FY09	FY10	FY11 Proposed Budget	\$ Change	Percent Change
Municipal	15,653,493	15,654,946	15,636,233	(18,713)	-0.12%
Police	8,621,631	8,650,896	8,726,760	75,864	0.88%
Fire	6,817,399	6,822,400	6,822,400	-	0.00%
School	35,505,754	36,244,503	37,258,943	1,014,440	2.80%

**County Taxes**

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. This year, the Rockingham Legislative Delegation adopted a budget that increased the amount of local taxes required to be raised by municipalities. This is a fixed number outside of the City’s control and adopted by legislators representing all Rockingham County municipalities. However, the actual County tax obligation for the City, which is determined by the Department of Revenue, will not be set until sometime in October. Therefore, we can only estimate that Portsmouth will pay in excess of \$4.1 million.

**Capital Outlay**

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.

In the past, the Planning Board has recommended annual appropriations of \$1 million to \$1.5 million from the General Fund for capital projects. Last year, the budget included an appropriation of \$800,000 due to the economy and resulting need to reduce municipal expenditures wherever possible. This year, the Planning Board has recommended an expenditure of approximately \$1.5 million, which would be combined with grants, matching funds and other programs to support ongoing projects and to initiate those that are most needed.

## Fiscal Year 2011 Tax Rate

Property taxes remain the City of Portsmouth's major source of funding for the services provided by the School, Police, Fire and Municipal Departments. As the following table illustrates, the average annual increase in the tax rate since Fiscal Year 2007 has been 46 cents.

### *Tax Rate History*

	Tax Rate	\$ Rate Increase
FY07	15.72	
FY08	16.34	0.62
FY09	16.98	0.64
FY10	17.09	0.11

Average annual increase of 46 cents over the last three years

If the budget is adopted as proposed, it will result in an overall tax rate of \$18.37, representing a \$1.28 or 7.49% increase over the FY10 rate of \$17.09. This rate increase is the result of the combination of the limited FY10 tax rate increase, reduced State revenues, reduced interest income, decreased revenue from motor vehicle registrations, a State-mandated increase in pension contributions, increased County tax obligation, and the increase in City debt service.

### **City Council Exercise Related to a Budget at 96% of the FY10 Budget**

As requested by the City Council, the Departments completed an exercise to determine the impact from a budget at 96% of the prior year's spending. The results are incorporated within the Department summaries throughout this budget document and reflect further reductions in staff and services.

Predictable and stable tax rates are extremely important for Portsmouth, in good times and bad. I hope that together, working with the City Council, School Board, Commissioners and Department heads during the budget work sessions, we can achieve an acceptable tax rate that allows us to provide the level of services desired by the majority of our citizens.

In addition, we must be mindful that decisions could still be made at the State and Federal levels affecting our FY11 revenues prior to the Department of Revenue Administration (DRA) establishing the City's tax rate in October. If additional State or Federal funds become available or are reduced, DRA would adjust the tax rate.

### **Moving Forward**

I would be remiss if I did not mention 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***

While the New Hampshire Legislature continues to study ways to reform the New Hampshire Retirement System, this issue remains a major concern to the City of Portsmouth. Critical legislation to allow another one-year delay in implementing 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***

The Legislature adopted education funding legislation that will result in the return of “Donor communities” as of FY12. However, at this time Portsmouth is not scheduled to be among them and is slated to receive a State grant to help meet its cost of adequacy. This was 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.” Due to the State’s continuing financial crisis, however, we cannot be certain the Legislature will not change the education funding formula, which could have significant repercussions for the City. Portsmouth was scheduled to receive a transition grant in FY11, but a change in the SWEPT rate eliminated that funding. 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, and Community 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 fourth consecutive Distinguished Budget Presentation Award from GFOA for the Fiscal Year 2010 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 2011 Proposed Budget document.

# 2011 BUDGET HIGHLIGHTS

## GENERAL FUND

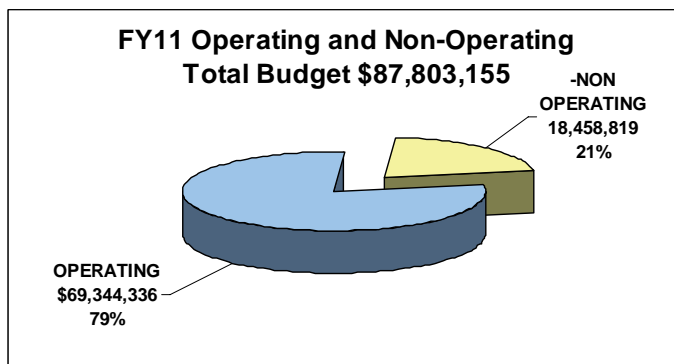
### Total Appropriation

The total proposed FY11 appropriations for the General Fund is \$87,803,155 or 4.48% increase over the FY10 budget. The following table is a summary of major expenditure categories for the FY09 budget and actual, FY10 budget, FY11 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY10.

TOTAL GENERAL FUND	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 DEPARTMENT REQUEST	FY11 CITY MANAGER RECOMMENDED	% Change	\$ Change
SALARIES	33,087,305	32,671,340	33,715,841	33,882,943	33,882,943	0.50%	167,102
PART TIME SALARIES	1,598,426	1,575,237	1,550,315	1,606,271	1,606,271	3.61%	55,956
CITY COUNCIL/COMMISSIONS	38,800	38,250	38,800	38,800	38,800	0.00%	-
OVERTIME	1,618,480	1,731,248	1,509,083	1,355,241	1,355,241	-10.19%	(153,842)
HOLIDAY	287,903	274,900	279,885	272,351	272,351	-2.69%	(7,534)
*LONGEVITY	100,920	96,360	99,818	97,566	97,566	-2.26%	(2,252)
CERTIFICATION STIPENDS	251,627	243,776	265,515	261,268	261,268	-1.60%	(4,247)
SPECIAL DETAIL	50,194	46,265	47,667	44,362	44,362	-6.93%	(3,305)
RETIREMENT	3,179,791	3,102,569	3,474,861	3,807,491	3,807,491	9.57%	332,630
HEALTH INSURANCE	8,582,700	8,582,700	9,486,222	10,243,732	10,243,732	7.99%	757,510
DENTAL INSURANCE	596,963	584,329	610,254	636,962	636,962	4.38%	26,708
INSURANCE REIMBURSEMENT	71,573	71,590	65,897	87,219	87,219	32.36%	21,322
LEAVE AT TERMINATION	1,401,504	1,409,138	996,504	1,061,504	1,061,504	6.52%	65,000
LIFE AND DISABILITY	319,073	284,686	319,380	298,175	298,175	-6.64%	(21,205)
WORKERS' COMPENSATION	692,749	672,622	690,452	631,472	631,472	-8.54%	(58,980)
OTHER BENEFITS	2,748,074	2,676,089	2,745,505	2,825,993	2,825,993	2.93%	80,488
COLLECTIVE BARGAINING CONTINGENCY	334,596	334,596	913,447	900,000	900,000	-1.47%	(13,447)
<b>TOTAL SALARIES AND BENEFITS</b>	<b>54,960,678</b>	<b>54,395,695</b>	<b>56,809,446</b>	<b>58,051,350</b>	<b>58,051,350</b>	<b>2.19%</b>	<b>1,241,904</b>
TRAINING/EDUCATION	90,163	88,605	85,163	76,707	76,707	-9.93%	(8,456)
UTILITIES	2,410,606	2,297,335	2,298,731	2,285,200	2,285,200	-0.59%	(13,531)
DIRECT ASSISTANCE	224,500	224,499	230,000	228,500	228,500	-0.65%	(1,500)
OUTSIDE SOCIAL SERVICES	198,460	198,460	188,537	157,181	157,181	-16.63%	(31,356)
CONTRACTED SERVICES	901,783	843,546	773,736	825,416	825,416	6.68%	51,680
PUPIL TRANSPORTATION	914,075	861,264	913,321	884,992	884,992	-3.10%	(28,329)
TUITION	1,338,395	1,453,057	1,321,655	1,215,927	1,215,927	-8.00%	(105,728)
OTHER OPERATING	5,894,213	6,044,725	5,665,603	5,619,063	5,619,063	-0.82%	(46,540)
<b>TOTAL OTHER OPERATING</b>	<b>11,972,195</b>	<b>12,011,492</b>	<b>11,476,746</b>	<b>11,292,986</b>	<b>11,292,986</b>	<b>-1.60%</b>	<b>(183,760)</b>
<b>TOTAL OPERATING</b>	<b>66,932,873</b>	<b>66,407,187</b>	<b>68,286,192</b>	<b>69,344,336</b>	<b>69,344,336</b>	<b>1.55%</b>	<b>1,058,144</b>
TANS	350,000	150,680	350,000	350,000	350,000	0.00%	-
DEBT SERVICE	7,511,734	7,457,282	8,156,496	9,351,127	9,351,127	14.65%	1,194,631
CONTINGENCY	300,000	300,000	300,000	300,000	300,000	0.00%	-
OVERLAY	1,000,000	558,150	900,000	1,300,000	1,300,000	44.44%	400,000
COUNTY	3,700,000	3,628,417	3,825,800	4,107,894	4,107,894	7.37%	282,094
PROPERTY & LIABILITY	366,000	361,092	378,240	398,000	398,000	5.22%	19,760
OTHER GENERAL GOVERNMENT	1,238,131	1,241,638	1,042,008	1,164,298	1,164,298	11.74%	122,290
CAPITAL	1,035,500	1,035,500	800,000	1,487,500	1,487,500	85.94%	687,500
<b>TOTAL NON-OPERATING</b>	<b>15,501,365</b>	<b>14,732,759</b>	<b>15,752,544</b>	<b>18,458,819</b>	<b>18,458,819</b>	<b>17.18%</b>	<b>2,706,275</b>
<b>TOTAL GENERAL FUND BUDGET</b>	<b>82,434,238</b>	<b>81,139,946</b>	<b>84,038,736</b>	<b>87,803,155</b>	<b>87,803,155</b>	<b>4.48%</b>	<b>3,764,419</b>

\*Excluding School

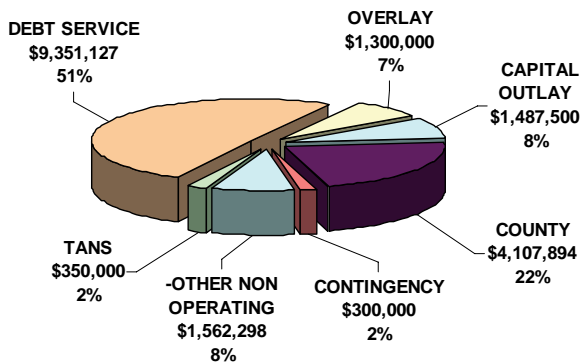
The Total FY11 budget represents \$69,344,336 in operating expenditures and \$18,458,819 for non-operating expenditures as depicted in the pie chart below.



-Operating budget is 79% of the total budget.

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

## Non-Operating Budget

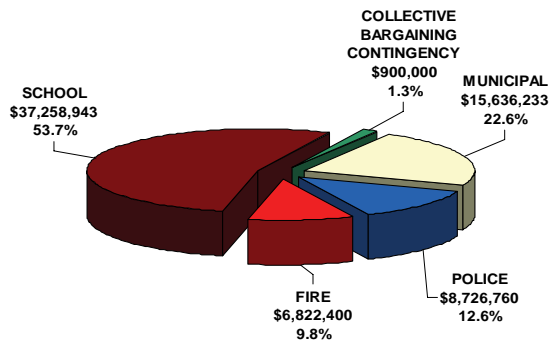


The Non-Operating Budget of \$18,458,819 consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, tax anticipation notes and other non-operating expenditures, and represents a 17.2% increase over the FY10 budget.

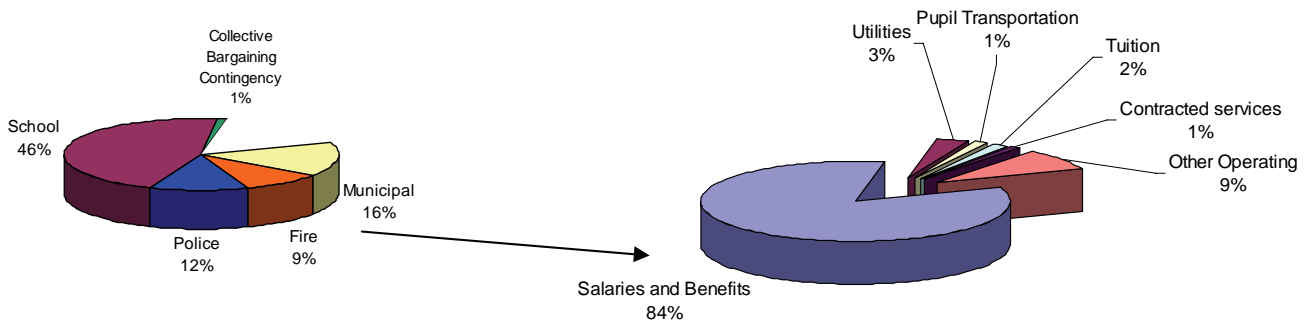
## Operating Budget

The total Operating Budget for FY11 is \$69,344,336 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 is comprised of 84% contractual obligations associated with salaries and benefits. The City of Portsmouth has a total of fifteen (15) collective bargaining units of which six (6) of these bargaining units' contracts expired on June 30, 2008. Therefore, Municipal, Police, Fire and School Departments submitted proposed budgets without salary adjustments for those contracts which have not been negotiated. Departments, however, did budget for step increases for eligible employees under their current contract. To reserve funds for anticipated contract settlements, a proposed \$900,000 of the Operating Budget has been appropriated.

The total Operating Budget of \$69,344,336 which includes \$.9 million for Collective Bargaining Contingency, represents a 1.55% increase over the FY10 budget for all Departments.



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.



## Retirement

After the final adoption of the FY10 budget, the New Hampshire Retirement System had announced RSA 100-A:16 had been modified to change the contribution percentage funded by local employers and the State from a 65/35% cost-sharing of total contributions to 70/30%. Each department absorbed this additional cost within their budget. The modification included another shift of cost-sharing in FY11 reducing the states contribution to 25% thus increase the share for local employers to 75%.

RETIREMENT RATES				
	FY10 Rates Prior to budget adoption	FY10 Rates After Budget Adoption	FY11 Rates	% Change from FY10 Original Rates
<b>Group I</b>				
Employees	9.09%	9.16%	9.16%	0.77%
Teachers	6.96%	7.49%	8.02%	15.23%
<b>Group II</b>				
Police	12.68%	13.66%	14.63%	15.38%
Fire	16.05%	17.28%	18.52%	15.39%

RSA modification will result in an excess of a 15% rate increase for Police, Fire and Teachers.

The impact on the rate change will increase the City's contribution for retirement by more than \$332,000 or 9.57% over FY10.

RETIREMENT APPROPRIATIONS				
	FY10	FY11 Submitted Budget	\$ Change	Percent Change
<b>Municipal</b>	611,794	614,917	3,123	0.51%
<b>Police</b>	677,949	732,300	54,351	8.02%
<b>Fire</b>	697,837	773,959	76,122	10.91%
<b>School</b>	1,487,281	1,686,315	199,034	13.38%
<b>Total</b>	\$ 3,474,861	\$ 3,807,491	\$ 332,630	9.57%

The increase of \$332,630 does not reflect any retirement increases associated with salary adjustments for the remaining six (6) collective bargaining agreements which have not yet been negotiated.

## Health Insurance

At the time of budget preparation, actual health insurance premiums rates have not been finalized; however, the New Hampshire Local Government Center (LGC) Health Trust has announced a guaranteed maximum rate increase for health insurance premiums. The total health insurance premium for FY11 is estimated to be \$12.2 million. The City employees' share will be approximately \$2.2 million or approximately 18% of the total cost, leaving the City's share to be almost \$10 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 FY11, this budget increase impacting the departments is 11.7%. The Municipal and School Department experienced a large in reduction in full time positions which reduced the health insurance appropriations; however, this increase will still impact the budget by 8% or \$757,510.

## Utility Cost

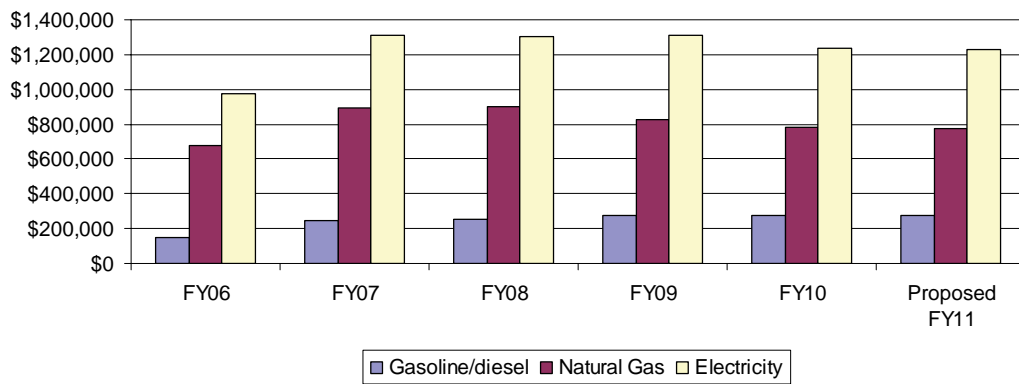
Electricity, gasoline/diesel, and natural gas continue to have a major impact on the Operating budget. The City of Portsmouth continues to reduce energy costs and consumption by upgrades and improvements to the infrastructure of municipal facilities. The City's commitment to the

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.

The new “green” Library has achieved substantial energy savings despite being twice the size of its former home, thanks to its LEED (Leadership in Energy and Environmental Design) design.

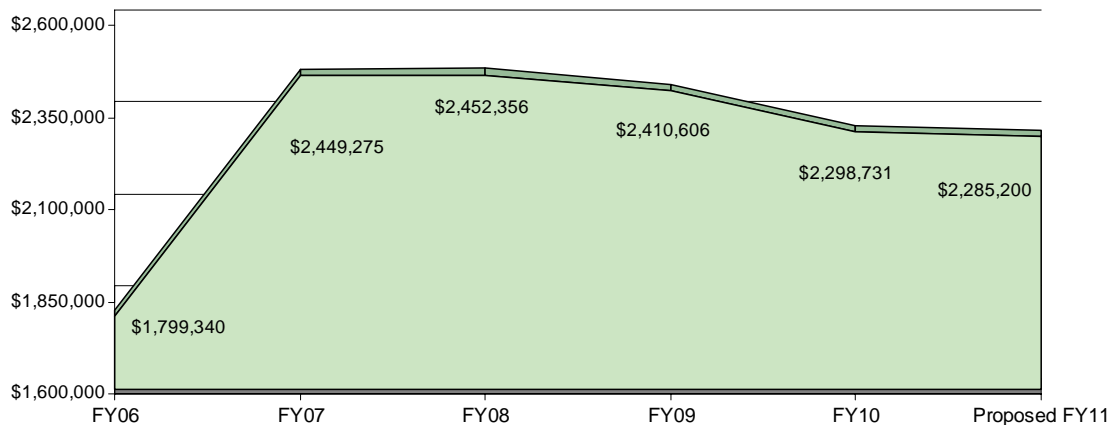
The following chart depicts the General Fund appropriations for natural gas, electricity and gasoline/diesel over the last six years.

**General Fund Energy  
Natural Gas, Electricity, Gasoline**



The proposed energy budget of \$2,285,200 reflects a slight decrease from FY10. This decrease is the result of the City’s commitment to sustainable practices, seeking competitive rates, and electricity and natural gas savings from the closing of the Indoor Pool. However, even with these savings, utility costs have inflated our budget by approximately 27% from five years ago as shown in the chart below.

**General Fund Energy  
Natural Gas, Electricity, Gasoline**

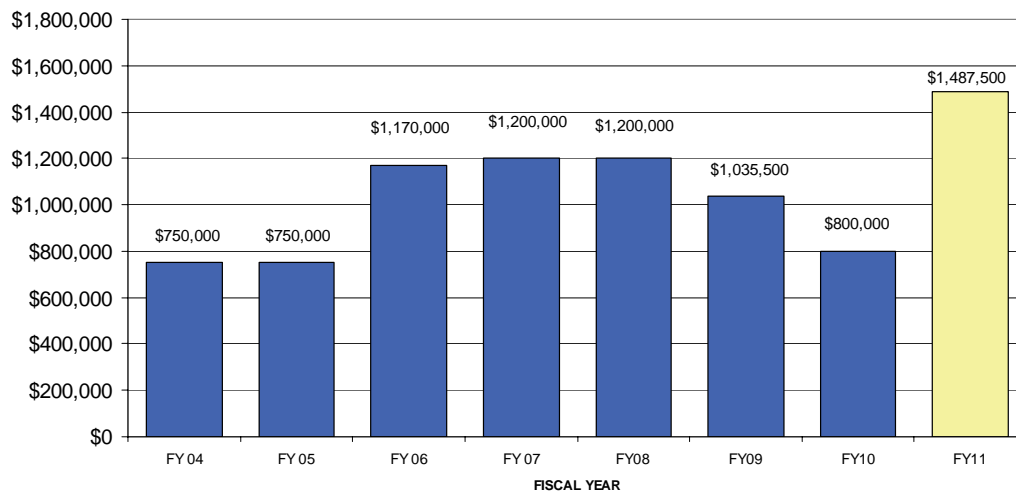


### **Capital Outlay**

The Planning Board has recommended for FY11, an appropriations of \$1,500,000 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 2011-2016 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 FY11 proposed capital outlay of \$1,487,500 as adopted by the City Council on March 15, 2010. The average expenditure for capital outlay over an 8 year period is \$1,049,125 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. Description of each project can be found in Appendix II.

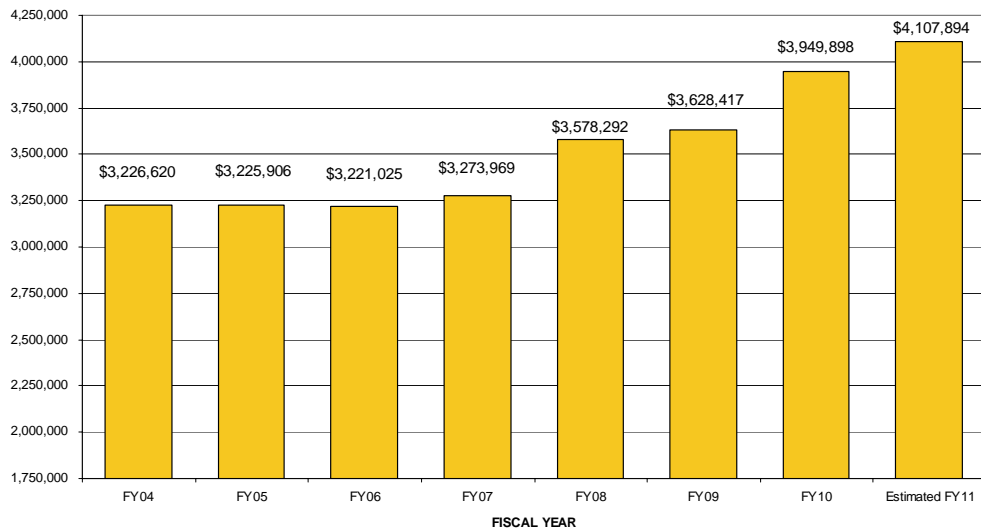
**Capital Improvements  
Fiscal Year 2011  
Taken from Capital Improvement Plan 2011-2016**

APPENDIX II PAGE		CIP FY 11-16 City Council Adopted
II-21	ELECTRONIC DOCUMENT MGT SYSTEM (EDMS)-DIGITAL ARCHIV	\$35,500
II-22	OUTSIDE PERIMETER CAMERAS-LIBRARY	\$12,000
II-24	ELEMENTARY SCHOOL UPGRADES	\$25,000
II-27	PRESCOTT PARK: VARIOUS BUILDING IMPROVEMENTS	\$40,000
II-29	HISTORIC MARKERS	\$10,000
II-30	PLANNING DEPARTMENT MASTER PLAN PLANNING PROCESS	\$25,000
II-31	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	\$50,000
II-32	PLAYGROUND IMPROVEMENTS	\$100,000
II-33	JONES AVENUE CONCEPTUAL MASTER PLAN	\$12,500
II-35	HISTORIC CEMETERY IMPROVEMENTS	\$10,000
II-36	SEAWALL REPAIRS	\$200,000
II-38	MUNICIPAL COMPLEX ELEVATOR REPLACEMENT	\$200,000
II-39	RECLAMATION OF FORMER STUMP DUMP	\$25,000
II-40	MUNICIPAL COMPLEX STORAGE BUILDING REPLACEMENT	\$100,000
II-59	DOWNTOWN SIGNAGE AND PEDESTRIAN WAYFINDING SYSTEM	\$50,000
II-64	TRAFFIC SIGNAL EVALUATION AND REPLACEMENT-CITYWIDE	\$75,000
II-65	CITYWIDE INTERSECTION IMPROVEMENTS	\$50,000
II-66	INTERSECTION/SIGNAL: WOODBURY AVE TURNING LANES	\$100,000
II-68	TRAFFIC CALMING/UPGRADES: OCEAN RD	\$70,000
II-69	ALDRICH RD TRAFFIC SAFETY IMPROVEMENTS	\$25,000
II-70	CITYWIDE TREE REPLACEMENT PROGRAM	\$20,000
II-73	ISLINGTON STREET-STREETScape IMPROVEMENTS	\$100,000
II-74	MAPLEWOOD AVENUE REHABILITATION	\$100,000
II-12	CAPITAL CONTINGENCY	\$52,500
<b>TOTAL</b>		<b>\$1,487,500</b>

## 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 FY11, it is estimated that Portsmouth will pay approximately \$4.1 million to Rockingham County.

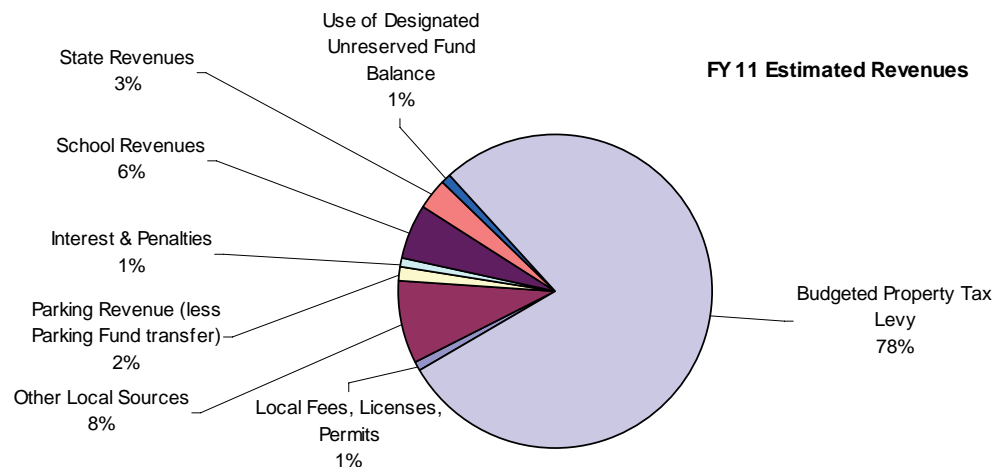
The proportion of the City's share, which determines the actual amount due to the County, is established by the Department of Revenue at the time of setting the tax rate.



## Revenues

The FY11 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$68,888,834 in Property Taxes.
- \$7,385,873 in Other Local Sources.
- \$5,110,500 in School Tuition and other School Fees.
- \$2,661,672 from State Revenue and State School Building Aid.
- \$1,343,776 from Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$973,500 from Use of Designated Unreserved Fund Balance.
- \$829,000 from Local Fees and Permits.
- \$610,000 from Interest and Penalties.



# WATER FUND

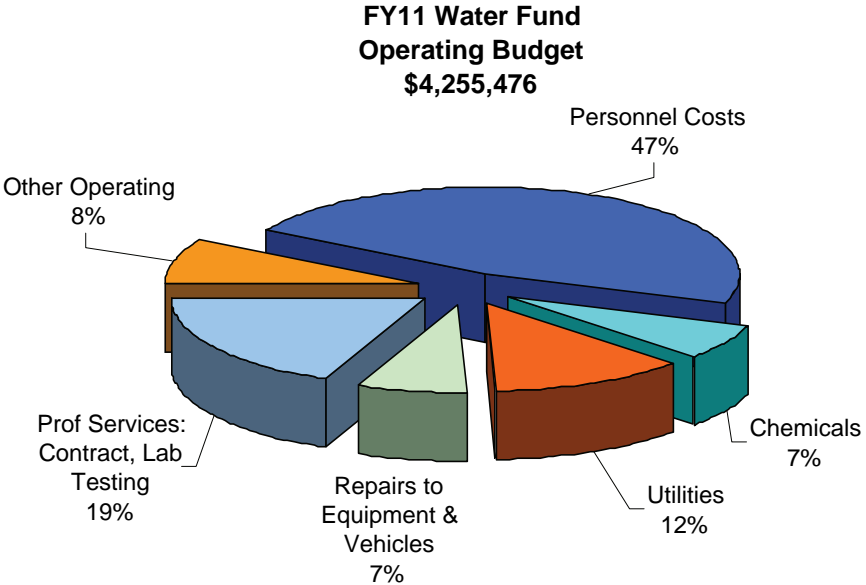
## Total Appropriation

Appropriations for the Water Fund total \$6,530,448 or a 2.42% increase over the FY10 budget. The following table is a summary of major expenditure categories for the FY09 budget and actual, FY10 budget and the proposed FY11 budget.

Water Fund	FY09 Budget	FY09 Actual	FY10 Budget	FY11 Department Request	FY11 City Manager Recommended
<b>EXPENDITURES</b>					
<u>Operations and Maintenance Expenditures</u>					
Personnel Costs	1,992,538	1,835,476	2,063,810	1,981,840	1,981,840
Chemicals	290,000	299,427	318,600	318,600	318,600
Utilities	499,230	382,941	474,230	464,230	464,230
Repairs to Equipment & Vehicles	183,460	149,534	178,460	173,460	173,460
Prof Services: Contract, Lab Testing	308,652	96,672	255,402	260,402	260,402
Other Operating	1,002,292	887,419	985,629	1,056,944	1,056,944
<i>Operations and Maintenance Subtotal</i>	4,276,172	3,651,469	4,276,131	4,255,476	4,255,476
<u>Non-Operating Expenditures</u>					
Interest/Fees on Debt	695,124	410,379	1,181,488	1,315,378	1,315,378
Depreciation	675,753	666,409	751,944	815,094	815,094
Equipment	166,500	61,275	166,500	144,500	144,500
<i>Non-Operating Expenditures Subtotal</i>	1,537,377	1,138,064	2,099,932	2,274,972	2,274,972
<b>TOTAL</b>	<b>5,813,549</b>	<b>4,789,533</b>	<b>6,376,063</b>	<b>6,530,448</b>	<b>6,530,448</b>

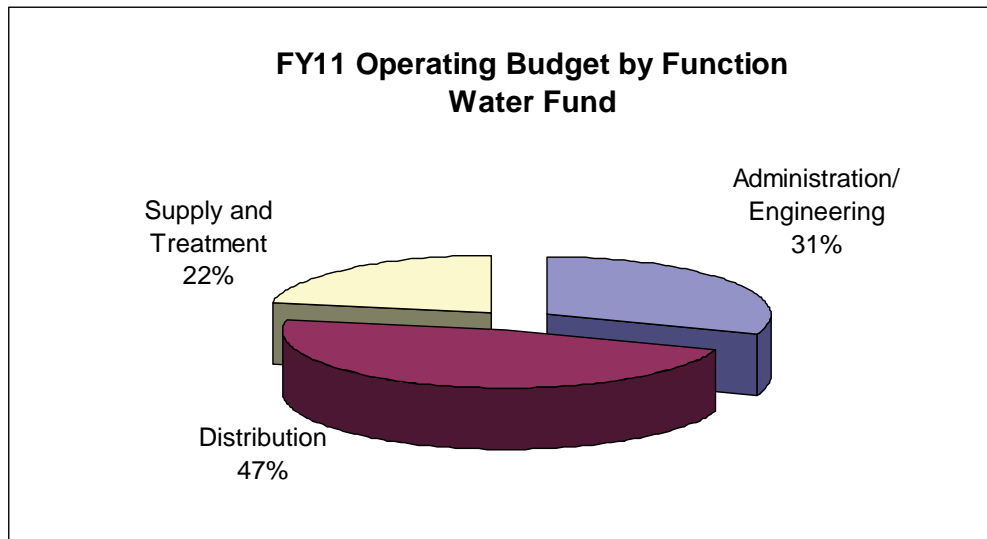
## Operating Budget

The proposed Operating Budget is \$4,255,476 or 65% of the total budget. As depicted in the graph below, the personnel related costs consist of only 47% of the Operating Budget. The remaining 53% includes major costs related to providing quality and adequate supply of water.



The Operating Budget consists of three major functions:

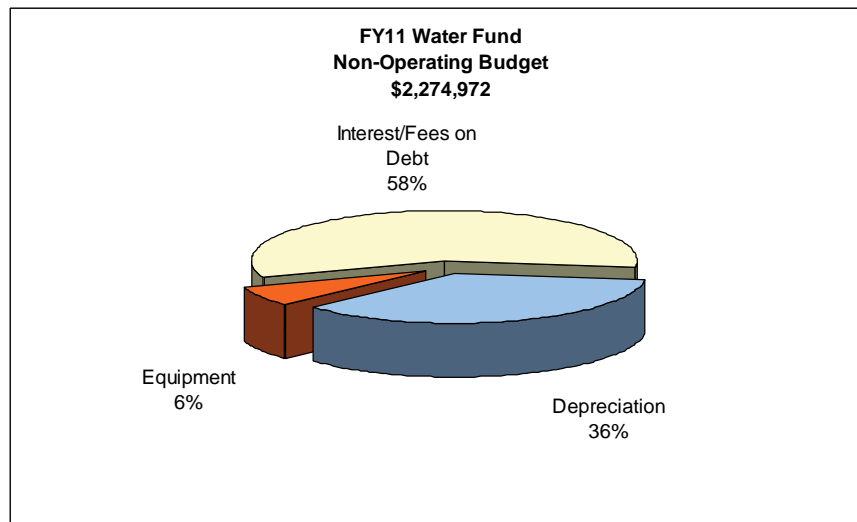
- Administration/Engineering- Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution- Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment- Madbury Treatment Plant, laboratory, a booster station, 9 wells, and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



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

The Non-Operating Budget of \$2,274,972 is 35% of the total proposed budget.

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



## 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 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 FY11 for a total of \$2,550,000. Detail for each of these projects can be found in Appendix II of this document.

### Water Fund Capital Outlay Projects Fiscal Year 2011

Appendix II Page:	CIP #		Water Revenues
II-86	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	2,100,000
II-88	EF-WD-03	MAPLEWOOD AVENUE WTERLINE REPLACEMENT	300,000
II-89	EF-WD-05	HOBBS HILL LANDING WATER TANK REPLACEMENT	50,000
II-90	EF-WD-06	WELL STATIONS IMPROVEMENTS	100,000
<b>Total Water Fund Capital Outlay</b>			<b>2,550,000</b>

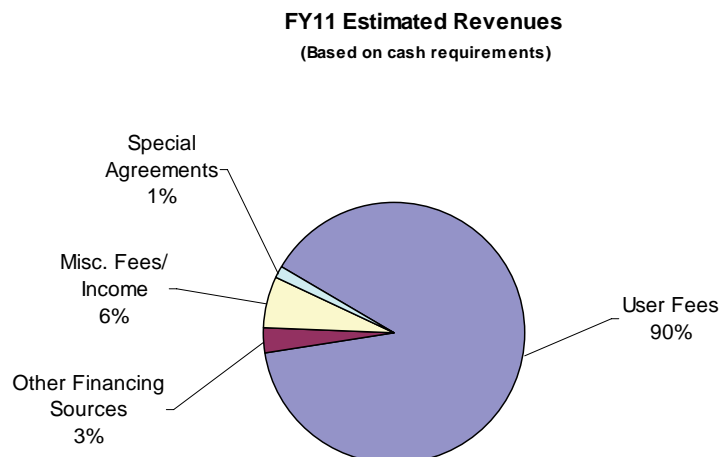
A summary of the Capital Improvement Plan FY 2011-2016 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

## Revenues

The FY11 Water Division appropriations would be funded from the following sources to meet cash requirements:

- \$8,610,695 from User Fees / Minimum Charges
- \$622,500 from Miscellaneous Fees/Income
- \$275,746 from Other Financing Sources
- \$135,115 from Special Agreement Reimbursement

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



# SEWER FUND

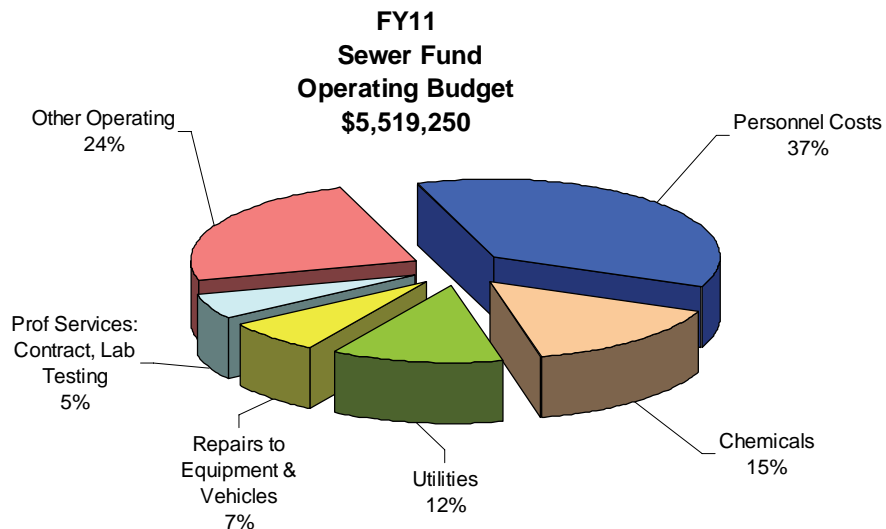
## Total Appropriation

Appropriations for the Sewer Fund total \$8,181,651 or 2.55% less than the FY10 budget. The following table is a summary of major expenditure categories for the FY09 budget and actual, FY10 budget and the proposed FY11 budget.

Sewer Fund	FY09 Budget	FY09 Actual	FY10 Budget	FY11 Department Request	FY11 City Manager Recommended
<b>EXPENDITURES</b>					
<u>Operations and Maintenance Expenditures</u>					
Personnel Costs	1,918,704	1,790,878	2,016,500	2,040,390	2,040,390
Chemicals	780,600	819,301	859,000	821,000	821,000
Utilities	746,500	650,532	746,500	676,500	676,500
Repairs to Equipment & Vehicles	444,645	287,650	392,645	392,645	392,645
Prof Services: Contract, Lab Testing	222,932	90,901	237,932	284,168	284,168
Other Operating	1,369,749	1,034,173	1,362,658	1,304,547	1,304,547
<i>Operations and Maintenance Subtotal</i>	<i>5,483,130</i>	<i>4,673,435</i>	<i>5,615,235</i>	<i>5,519,250</i>	<i>5,519,250</i>
<u>Non-Operating Expenditures</u>					
Interest on Debt	1,723,625	1,248,514	1,132,019	1,132,783	1,132,783
Depreciation	1,324,221	1,207,550	1,389,272	1,320,318	1,320,318
Equipment	264,043	37,019	259,043	209,300	209,300
<i>Non-Operating Expenditures Subtotal</i>	<i>3,311,889</i>	<i>2,493,082</i>	<i>2,780,334</i>	<i>2,662,401</i>	<i>2,662,401</i>
<b>TOTAL</b>	<b>8,795,019</b>	<b>7,166,518</b>	<b>8,395,569</b>	<b>8,181,651</b>	<b>8,181,651</b>

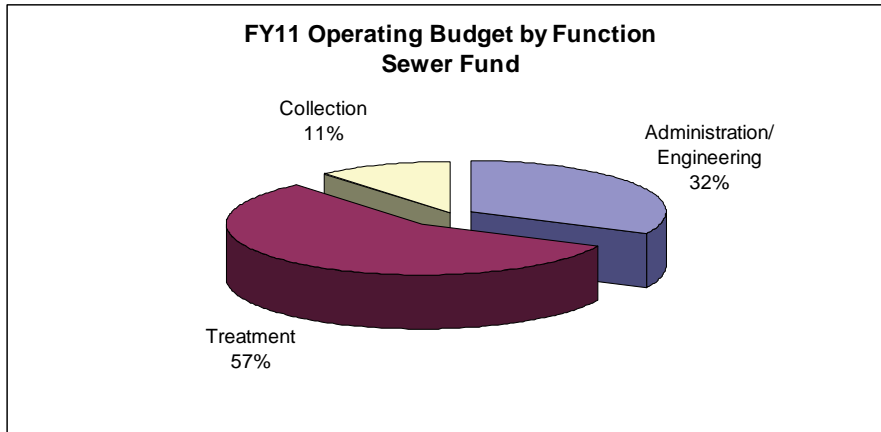
## Operating Budget

The proposed Operating Budget is \$5,519,250 or 67% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart below, 37% is associated with personnel related costs. The remaining 63% is related to major costs associated with collecting and treating city sewage.



The Operating Budget consists of three major functions:

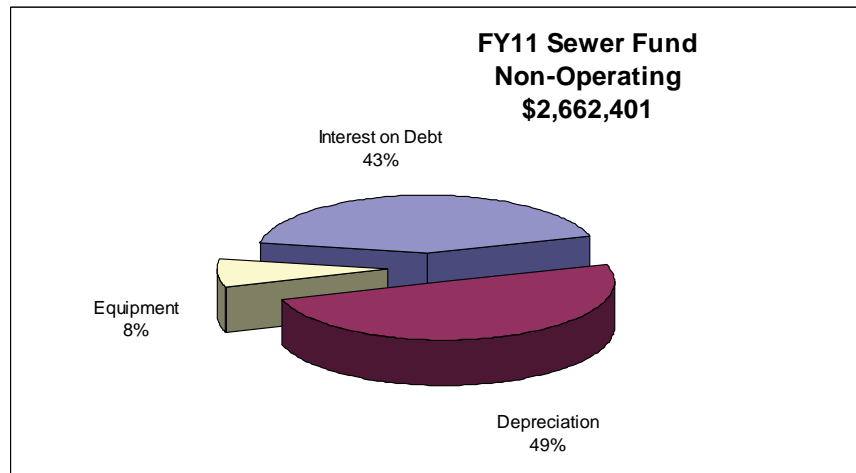
- Administration- Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection- Force mains, interceptors, laterals, and meter reading.
- Treatment- Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 21 pump stations.



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

The Non-Operating Budget of \$2,662,401 is 33% of the total proposed budget.

The Non-Operating Budget consists of expenditures 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 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 FY11 for a total of \$1,200,000. Detail for each of these projects can be found in Appendix II of this document.

<b>Sewer Fund Capital Outlay Projects Fiscal Year 2011</b>			
Appendix II Page:	CIP #		Sewer Revenues
II-81	EF-SD-05	WASTEWATER MASTER PLAN - NON SRF ELIGIBLE COMPONENT	500,000
II-82	EF-SD-07	DRAINAGE IMPROVEMENTS FOR CROSS COUNTRY SEWER LINES	100,000
II-83	EF-SD-08	WASTE WATER TREATMENT PLANT UPGRADES	500,000
II-84	EF-SD-09	MAPLEWOOD AVENUE SEWER LINE	100,000
<b>Total Sewer Fund Capital Outlay</b>			<b>1,200,000</b>

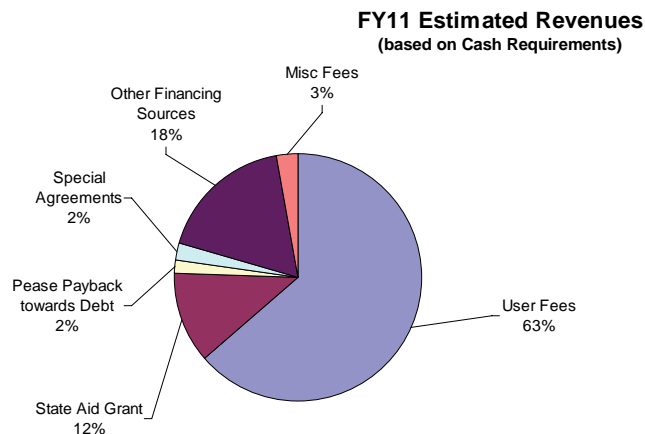
A summary of the Capital Improvement Plan FY 2011-2016 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

## Revenues

The FY11 Sewer Division appropriations would be funded from the following sources to meet cash requirements:

- \$6,702,250 from User Fees
- \$1,865,910 from Other Financing Source
- \$1,264,412 from State Aid Grant
- \$297,000 from Miscellaneous Fees/Income
- \$168,201 from Pease Payback toward Debt
- \$253,086 from Special Agreement Reimbursement

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



## **PARKING AND TRANSPORTATION FUND**

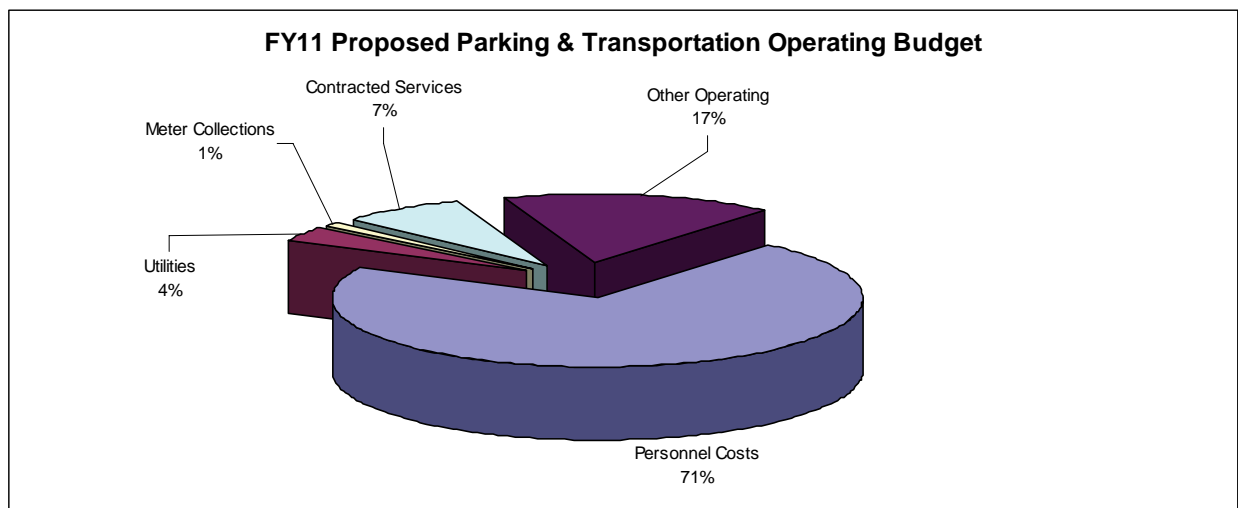
### **Total Appropriation**

The total proposed appropriations for the Parking and Transportation Fund is \$2,291,724. The following table is a summary of major expenditure categories for the FY09 budget and actual, FY10 budget and the proposed FY11 budget. The budget is comprised of an Operating Budget, a Capital Budget, Transportation Budget and Debt Service.

	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 DEPARTMENT REQUEST	FY11 CITY MANAGER RECOMMENDED
<b>OPERATING</b>					
PERSONNEL COSTS	975,125	936,926	1,017,992	929,565	929,565
UTILITIES	68,200	69,617	48,200	48,200	48,200
METER COLLECTION (Police)	25,000	22,028	25,000	12,500	12,500
CONTRACTED SERVICES	47,500	46,673	47,500	97,500	97,500
OTHER OPERATING	135,165	126,540	141,975	218,430	218,430
<b>TOTAL OPERATING</b>	<b>1,250,990</b>	<b>1,201,783</b>	<b>1,280,667</b>	<b>1,306,195</b>	<b>1,306,195</b>
<b>NON OPERATING</b>					
DEBT SERVICE	772,981	495,900	472,950	472,950	472,950
CAPITAL PROJECTS	174,000	222,598	259,000	279,000	279,000
TRANSPORTATION	231,518	232,128	234,069	233,579	233,579
<b>TOTAL NON-OPERATING</b>	<b>1,178,499</b>	<b>950,625</b>	<b>966,019</b>	<b>985,529</b>	<b>985,529</b>
<b>TOTAL PARKING/TRANSP</b>	<b>2,429,489</b>	<b>2,152,408</b>	<b>2,246,686</b>	<b>2,291,724</b>	<b>2,291,724</b>

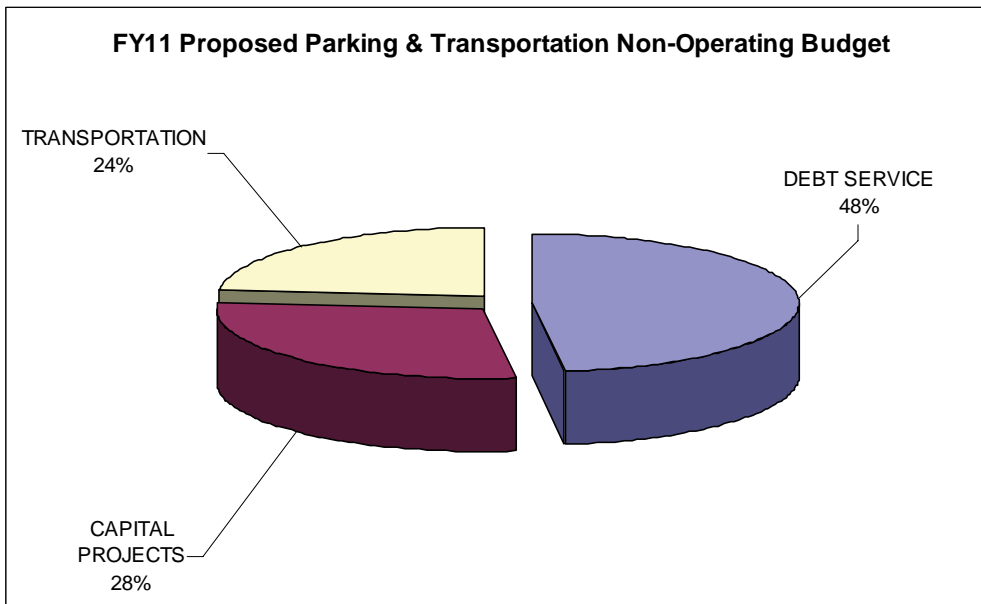
### **Operating Budget**

The proposed Operating Budget is \$1,306,195 or 57% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 71% is associated with personnel related costs. The remaining 29% is related to costs mostly associated with meter collections and parking facility operations.



## Non-Operating Budget

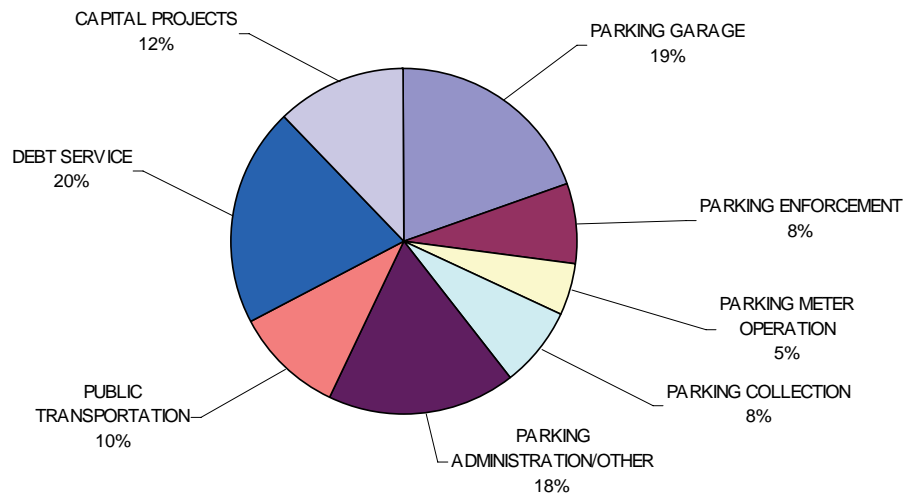
The Non-Operating Budget of \$985,529 is 43% of the total proposed budget.



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



## 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 FY11 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 2011

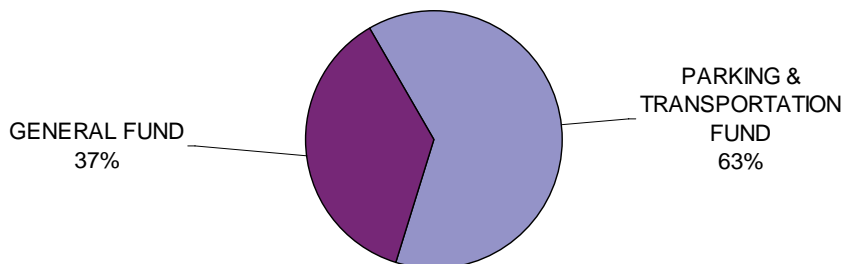
Appendix II			Parking Revenues
Page:	CIP #		
II-46	BI-PW-32	HIGH-HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS	100,000
II-54	TSM-CITY/COAST/PDA-01	TRANSIT INFRASTRUCTURE IMPROVEMENTS-CITYWAIDE	4,000
II-55	TSM-CITY/COAST/PDA-02	GREATER PORTSMOUTH TRANSPORTATION MGT ASSOCIATION	5,000
II-57	TSM-PW-04	VIOLATIONS MANAGEMENT PROGRAM	20,000
II-58	TSM-PW-05	REPLACEMENT OF PARKING METERS	150,000
<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 displays the distribution of revenues between the General and Parking and Transportation Funds.

<u>Revenue Source</u>	<u>Estimated FY11</u>
Parking Garage	\$1,140,000
Parking Meter Fees	\$960,000
Parking Violations	\$890,000
Garage Space Leases	\$580,000
Other	\$65,500
<b>Total Parking Revenue</b>	<b>\$3,635,500</b>
Fund Revenue Recorded:	
General Fund	\$1,343,776
Parking & Transportation	\$2,291,724

**PARKING REVENUE DISTRIBUTION BY FUND**





## **CITYWIDE PRIORITIES**

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The City of Portsmouth continues to identify priorities and initiatives to benefit the community. It is important to note the accomplishments made in the current fiscal year as well as ongoing priorities. These priorities contribute to the City's strategic planning efforts. This section is divided into two sections: Accomplishments, and Continuing Priorities.

### **ACCOMPLISHMENTS:**

#### **Zoning Ordinance Revision**

In October 2009, the Planning Board completed its work on a multi-year comprehensive Zoning Ordinance revision process and recommended it for adoption by the City Council. The Planning Board's process involved more than four dozen Board work sessions and meetings and substantial changes, particularly because the last major revision of the Zoning Ordinance took place 14 years ago. The Planning Board's process included extensive collaboration with other City land use boards, committees and stakeholder groups, as well as substantial opportunities for public review and input, including multiple public hearings and broad dissemination of information via the press, electronic and other media.

The City Council adopted the revised Zoning Ordinance on December 21, 2009 with an effective date of January 1, 2010. The revised Zoning Ordinance will play a key role in positively shaping and managing future development and redevelopment in the City.

#### **Economic Revitalization Zones**

The City Council applied for, and received approval from, the State Department of Resources and Economic Development to designate Pease Tradeport and Highliner Avenue as Economic Revitalization Zones (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. Currently, two companies in the new ERZ areas are applying for the tax credit under the new program.

#### **Islington Street Improvement Action Plan**

The City completed the Islington Street Improvement Action Plan in December 2009. This project was initiated by the Economic Development Commission as part of its focus on the City's major corridors and gateways. The project's goal was to create a long range plan of prioritized actions for corridor improvements. The Plan addresses the City's Master Plan goal of creating a vision for the City's corridors that includes both physical and regulatory strategies for each corridor. Islington Street presents many challenges due

its limited public land and right-of way, dense mixed land uses along the street as well as its role as a major artery into and out of the City. The Plan is based on traffic counts as well as significant outreach and public input collected through a series of eight public meetings and one-on-one interviews. The final plan includes short and long-term action-oriented recommendations for the Islington Street Corridor such as improved circulation, pedestrian and vehicular safety and appropriate economic development tools to benefit growing and creative businesses in the corridor.

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

In February 2009, the President signed the American Recovery and Reinvestment Act (ARRA), which provided hundreds of billions of dollars in funding designed to stimulate economic recovery, promote jobs, and improve the nation's infrastructure. Throughout 2009 and into 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 has accessed more than \$4.2 million in Recovery Act funding. As of spring 2010, ARRA-funded projects and programs included the State Street Improvement Project, the Raleigh Way Streetscape Improvement Project, energy improvements to the Discover Portsmouth Center and a Rain Barrel program. The School Department received funding through various formulas for disadvantaged students as well as special education and career development programming. The Police Department received funding to continue its work as the statewide coordinator of the Internet Crimes Against Children Task Force as well as partial funding for a part-time DWI prosecutor. In many cases, this funding will be received over multiple years.

### **Bond Rating**

The City continues to work to maintain its strong position and improve its credit ratings. In June of 2009, Standard & Poor's Rating Group, one of the nation's largest bond rating agencies, upgraded the City of Portsmouth bond rating from AA to AA+. This is the second highest rating obtainable from Standard & Poor's. In increasing the rating, S&P cited the City's good management practices, consistent financial position and moderate-to-low debt burden as positive factors. In addition, Moody's Investors Service affirmed its Aa2 bond rating for the city, citing strong and stable financial operations, a sizable and diverse economic base and low overall debt burden.

### **Public Access Television**

In 2009, the City Council endorsed the Cable Commission's efforts to promote non-commercial, public access television and Internet media. Those efforts included steps to establish a non-profit organization, to be called Portsmouth Public Media, which will use the additional channel negotiated in the recent Comcast contract for public access programming. An initial eleven-member board has been identified and a charitable trust for public access has been established.

### **Council Retreat**

In February 2010, the City Council held a half-day retreat to discuss various high priority City initiatives for the year. Topics included Charter Revision, City-wide property revaluation, the status of an ongoing comprehensive Recreation Needs Study,

construction projects, downtown parking, the Wastewater Treatment Master Plan, the creation of a City Council subcommittee on combining City services, and the status of a rezoning request that would allow for the development of a Continuing Care Retirement Community.

### **Street and Sidewalk Improvements**

In FY10, the City continued investment in the vital infrastructure of its streets and sidewalks. The following projects were completed or started:

- Reconstructed Aviation Drive on the Pease Tradeport with new base materials, granite curbing and finish pavement.
- Installed new bridge/approach guard rail on the Peirce Island Bridge.
- Completed the Gates Street Area Improvement project. This work involved new water, sewer, gas and drainage infrastructure as well as new curbing, brick sidewalks and paving.
- Reconstructed Shaw Road with new base materials and finish pavement.
- Completed Phases II and III of the Raleigh Way Streetscape Improvement Project, which included replacement of water, sewer and drainage infrastructure as well as the installation of new sidewalks, landscaping, trees, and curbing.
- Market Street sidewalks were reconstructed from Bow Street to Russell Street including new brick sidewalks, drainage, landscaping and period lighting.
- Constructed new concrete sidewalks and a bike lane along Market Street from the Port Authority entrance to Michael Succi Drive.
- Ceres Street Area Improvement project included drainage, brick sidewalks, seawall replacement, period lighting, landscaping, paving and scenic harbor observation area.
- Completed interim structural repairs to the Route 1A (Sagamore) Bridge and commenced the design of the replacement structure.
- Completed the Woodbury Avenue traffic calming and safety improvement project from Bartlett Street to Market Street Extension. Improvements included granite curbing, drainage, signage, pavement striping, water services, sewer lines, landscaping and paving.
- Completed the Route 33 Bridge replacement project. This work includes replacement of the existing railroad bridge, drainage, paving, signage, landscaping, trees, sidewalks and signalized intersections from Peverly Hill Road to Borthwick Avenue.

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

### **Fire Station 2**

The City completed the design and construction of a new fire station to replace and relocate Fire Station 2 servicing the southern geographic part of the City. The new site for Fire Station 2 is located at 3000 Lafayette Road and is ideally suited to accommodate the station, meet the requirements of the National Fire Protection Association (NFPA) and accomplish the City's desire to have the first LEED certified fire station in the State of NH. In addition, the new site allows for drive-through bays, insures safe access to both

US Route 1 and Ocean Road, and provides sufficient parking and room for future expansion. Operations, equipment and personnel moved to the new station in May 2010.

## **CONTINUING PRIORITIES:**

### **Parking**

The Parking Division will continue the implementation of the pay and display parking meter system in conjunction with the in-vehicle parking meters to provide several customer payment options for on-street parking. Twenty-four meters have been installed to date and an additional nineteen are planned for FY11. Additionally, over two hundred in-vehicle parking meters are currently in service.

Maintenance projects in the High-Hanover Parking Facility will continue to ensure a prolonged service life of this parking garage. The Hanover Street stair tower will undergo major renovations and plans are underway to conduct work on the Fleet Street stair tower. Beam painting and seal and joint replacements will also continue into the coming fiscal year.

Meeting parking demand through an adequate parking supply continues to be a very high priority. The Worth Lot has been identified as the site to develop a second municipal parking garage. Other measures continue to provide additional parking at no capital cost, including downtown valet services and a public-private partnership for a two hundred space parking lot.

### **Legislative Subcommittee**

The City, with the help of the City Council's new 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 would be any proposed changes to the New Hampshire Retirement System (NHRS) or the Statewide Property Tax/education funding issue. It is important to carefully review legislation related to these issues because changes in the pertinent laws have the potential to substantially affect Portsmouth's budgeting process. Attempts to continue to try to reform the NHRS will continue in FY2011, and it is important to monitor this issue to gauge the potential impact on the City's budget. Also, Portsmouth has not been a "Donor" community forced to raise excess Statewide Property Taxes since a new education funding formula was implemented in FY06, but 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.

### **Recreation Planning**

In 2009, the City initiated 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 emphasized public input and, as a result, three public meetings were held, 140 comments were submitted over the City's website and several meetings with stakeholder groups were held. Several preliminary recommendations for fields were presented to the public, including potential sites for developing multi-field complexes. A final report is scheduled to be issued to the Recreation Board and the City Council in spring 2010.

### **Online Bill Payment**

This year the City implemented a system allowing online payment of parking fines by credit or debit card and electronic checks via a secure website. In late spring 2010, the City expanded this service by offering bill payment for water and sewer bills. The ability to make property tax payments on line is also planned in 2010. Considerable interest in this service was expressed by the community and the City has taken various steps to insure this service is safe, secure and convenient for users.

### **Automated Meter Reading System**

The Water and Sewer divisions continued the installation of the Automated Meter Reading (AMR) system. Approximately one half of the system was completed at the end of FY09. The new system allows for the monthly reading of all water meters in the system as recommended in the Water/Sewer Rate study completed in 2006. The meters are read through a radio transmission that is collected and sent to the billing office. The new system allows the water division to better track unaccounted for water through the balancing of the production and consumption of water in the system.

### **Middle School**

In 2009, a Joint Building Committee (JBC) was appointed to carry out the renovation of the Portsmouth Middle School. The needed New Hampshire Department of Education waivers have been obtained and schematic design is nearly complete as is the hiring of a Construction Management firm and pre-construction consultants. The JBC has reaffirmed the School Board's commitment to keeping the students together on site during construction and is currently working with the design team to identify safe and effective phasing alternatives. Approvals and design work are underway for the replacement of Alumni Field and resurfacing of the Football Field at Portsmouth High School with a synthetic playing surface, as part of the Middle School Project.

### **City Building Reuse**

The City has continued its efforts to reuse City buildings as a result of the work completed by the Mayor's Blue Ribbon Committee on Building Reuse. Specifically, progress in the following areas took place in FY 2010:

- **Former Library Building** –In January 2008 the City Council signed a three-year renewable lease with Portsmouth Historical Society (PHS) for use of the former Public Library on Islington Street as a visitor center and gallery space. Again this year PHS developed and staged successful exhibits, digital multi-media and collaborative programming for both residents and out-of-town visitors. In addition, PHS received grant funding and raised private funds for the replacement

of the roof on the Academy building completed in late 2009. The PHS, also leased space to the Seacoast African American Cultural Center in the former children's library section of the building. A State of NH energy grant has also been received which will be used to pursue energy improvements for the building. Additional grant writing for other building improvements is currently underway.

- **Former Lafayette School** - In August 2009, the renovation of the former Lafayette School building into 10 units of affordable housing for seniors age 62 and older was completed. This project was the culmination of a decade long search for an appropriate reuse of the historically significant former Lafayette School Building. The project resulted in the transformation of a building once designated as having a "blighting influence" into an appealing neighborhood asset and affordable home for ten seniors. In addition to finding an appropriate reuse of the building and protecting the neighborhood and adjacent park, the project also adapted a historic resource into a useful building, while preserving many architectural features.
  
- **South Meeting House** – Last fall the City initiated \$200,000 in repairs to the currently vacant historic South Meeting House for the purpose of making the building's shell weather tight. Repairs included restoration of the bell tower, replacement of the slate roof, sill replacement and other carpentry repairs. Painting of the building's exterior and landscaping is planned for spring 2010.

### **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 direct visitors from I-95 to the central business district and tourist information center. In FY10 city staff completed design work for the section of the project from Deer Street to Russell Street. Construction on this phase of the project is anticipated to begin in May 2010. The City has applied for Federal Transportation Enhancement grant funds for future phases of the project and has included the project in the City's Capital Plan.

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

Work continues on implementation of the City's Cultural Plan in conjunction with Art-Speak, the City's arts advocacy partner. In the past year, the City completed the following initiatives related to the Plan:

- Adopted an Arts and Artifact Acquisition Policy to facilitate the purchase of artwork/artifacts or the acceptance of donated cultural items.
- Partnered with the Discover Portsmouth Center to inventory, catalogue, appraise and exhibit the City-owned Adam's folk art collection.
- Unveiled its newest public art sculpture at the Central Fire Station; a fountain adorned with bronze-cast statues of past and present firemen.
- Hosted a temporary public art exhibit by Dale Adams at Peirce Island.

- Currently working collaboratively with Art-Speak on the 2010 temporary downtown public art exhibit throughout downtown entitled *Overnight Art*.

The City is in the process of having four casts of a portion of the Parthenon frieze appraised. These casts were gifts of the Classes of 1901 and 1905 to Portsmouth High School.

### **Sustainability**

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:

- Construction is underway on State Street from Pleasant Street to the Memorial Bridge. This project includes completely rebuilding the water, sewer and drainage infrastructure as well as installation of new sidewalks, lighting, and landscaping. As part of this project, new low impact development technologies will be installed to treat stormwater, and allow for improved pedestrian traffic flow.
- With grant funding from the NH Department of Environmental Services, the Hodgson Brook Watershed restoration group has installed three tree box filter systems in the Coakley Road neighborhood to collect, filter and infiltrate stormwater. These devices replace standard catch basins and filter pollutants from stormwater.
- The Portsmouth Middle School design phase, which is nearing completion, follows the standards of, and will seek certification by, the Northeast Collaborative for High Performance Schools. 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 the annual operating costs will be lower than a conventionally designed school. Two other green building projects nearing completion include the new drinking water treatment plant and fire substation.
- The City received a grant from the New Hampshire Department of Environmental Services, which will allow the City to offer rain barrels to Portsmouth water customers at a substantially reduced price. Peak water system demand will be reduced as rain barrel collected water can be used to irrigate gardens and yards.
- Ongoing cost saving upgrades to the wastewater system -- including the recent installation of new energy-efficient motors and drives -- will improve overall efficiency and result in significant rebates from Public Service of New Hampshire. The latest sewer pump stations to be upgraded with more efficient

pumps include the Rye Line Pump station and the City's largest sewer pump station on Mechanic Street.

- The City Water Division has purchased a new leak detection unit which utilizes eight passive acoustical sensors in conjunction with software which will allow crews to monitor and identify the location of system leaks, thus reducing water loss and facilitating quicker repairs.
- As part of recent Court Street upgrades, new light fixtures in 30 street lights have been installed. The new bulbs use less electrical energy than the previously installed incandescent bulbs and result in a cost savings of \$1,015 per year.
- The City has begun using a salt brine liquid on roadways to pre-wet roadways before winter snow and ice storms. Using this brine in place of rock salt has reduced the amount of road salt applied and made for more effective pre-treatment of roadways. The result is a cost savings and net improvement of winter roadway operations. Additionally, in order to reduce corrosive effects and cleanup costs of applying sand on the top level of the parking garage, a new distillery by-product is being applied to aid in snow and ice removal operations. This product creates a barrier between the concrete deck and the snow cover thereby reducing ice buildup and avoiding additional silt or salt to the City's stormwater system.

### **Water Division**

The most significant activity in the Water Division is the commencement of construction of the new water treatment plant in Madbury. The new dissolved air flotation (DAF) plant, and upgrades being constructed at the intake area of the Bellamy Reservoir were designed and are being constructed using LEED principles. The new treatment plant incorporates such features as passive solar water heating and source water heat pumps that will allow the City to maintain compliance with current and future requirements of the Safe Drinking Water Act.

The Water Division also established a rain barrel program as well as a formal leak detection program, which are explained in more detail in the "Sustainability" section above.

### **Sewer Division**

The Sewer Division continued work on the wastewater master plan. That plan will provide the outline of the program for upgrading the City's Peirce Island Treatment Plant to secondary limits and the program to remedy the combined sewer overflows.

- **Rye Line Wastewater Pumping Station Improvements** project was completed which included the installation of new premium efficiency motors and variable frequency drives as well as physical improvements to the building.
- **State Street Utility Upgrade and Street Improvements** was awarded \$3 million in funding through the American Resources and Recovery Act (ARRA). This project

included not only sewer separation, underground utility upgrades and streetscape improvements but also will include the installation of several types of innovative stormwater treatment devices.

- **Bartlett Area Sewer Improvements** project also began construction. This project will begin addressing the combined sewer issue as well as the drainage problems in the Bartlett Street and Islington Street area.

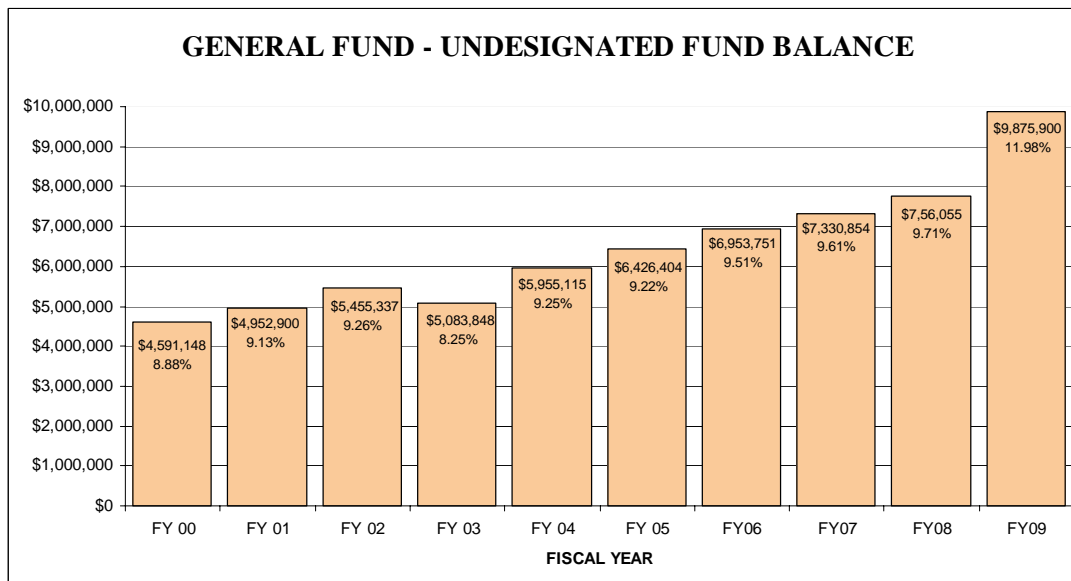


# FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

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 FY 09, exceeded the 10% goal. As of June 30, 2009, the undesignated fund balance is 11.98% of prior year appropriation. The chart below shows the history of undesignated fund balance for the last 10 years.



## ***LEAVE AT TERMINATION***

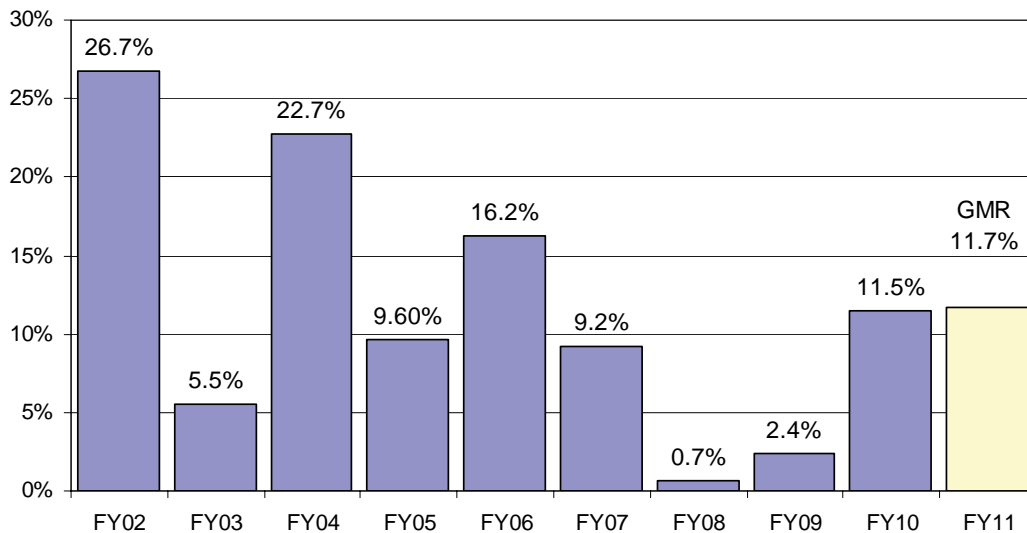
The City has addressed in two methods the significant liability owed to employees for accumulated sick leave pay when they leave municipal service.

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 a large future liability from the cost of employee health insurance. The cost has spiked both up and down over the last several years as shown in the graph below.

**HEALTH INSURANCE 10 YEAR RATE HISTORY**



At the time of developing the annual budget, the Health Insurance premium rates have not been established. However, the Local Government Center (LGC) HealthTrust does supply the City with a guaranteed maximum rate (GMR). For FY11, the GMR is 11.7%.

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.

In FY11, the 10 year average percentage rate increase for establishing the annual appropriation for each department is 11.7%. Due to staff reductions, the Municipal and School Departments will experience a reduction in health insurance appropriations; however, this increase will impact the overall increase in health insurance premiums by more than \$757,000 in FY11.

### ***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 Statute (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 next full reappraisal will be as of April 1, 2010 and will be reflected on the December 1, 2010, (Fiscal Year 2011) first half tax bill. .

Also in accordance with State law, in the years the City does not conduct a revaluation, the City reviews and adjusts property valuation (if necessary) annually to maintain proportionality. This means that the different classes of properties throughout the city will maintain the same level of assessments based on market value.

## ***PERFORMANCE MEASURES***

The FY11 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 FY10” 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 2011 funding. Detailed information for each project can found in Appendix II of this document.

**Capital Improvement Plan FY 2011-2016 (FY 2011 Funding)**

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '11 Total
GOVERNMENTAL FUNDS	\$1,487,500	\$0	\$7,900,000	\$4,866,125	\$657,060	\$785,000	\$15,695,685
SEWER FUND	\$0	\$1,200,000	\$8,250,000	\$0	\$0	\$0	\$9,450,000
WATER FUND	\$0	\$2,550,000	\$1,000,000	\$0	\$0	\$0	\$3,550,000
<b>TOTAL</b>	<b>\$1,487,500</b>	<b>\$3,750,000</b>	<b>\$17,150,000</b>	<b>\$4,866,125</b>	<b>\$657,060</b>	<b>\$785,000</b>	<b>\$28,695,685</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 Aa2 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>	Aa1
AA	<b>Aa2</b>
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
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 Group changed their rating system to no longer using 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 FY11 proposed budget includes a projected net debt cost of 8.07% 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, 2009, the last completed independent audit, was 2.2%.

## ***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 16 awards for the fiscal years ended June 30, 1988, 1989, and 1995-2008.

## ***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 four consecutive years; beginning July 1, 2006-2009. 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 2010, nine bargaining units have approved contracts, while the remaining six 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 2011 proposed budget includes a net reduction of 23.3 full-time positions.

- **Finance Department**- Reduced one full time Account Clerk to a part time position.
- **Library**-Reduce two full time positions (Secretary and Librarian Assistant) to part time positions.
- **Recreation Department** - Eliminated three full time positions from the indoor pool.

- **Welfare** –Reduced one full time position to part time.
- **Fire Department** Eliminated one vacant full time position.
- **School Department** – Reduction of 13.36 full time equivalents.
- **Water and Sewer Divisions** – Eliminated a vacant full time lab technician position.
- **Parking**- Eliminated a full time Traffic Engineer position.

DEPARTMENT	2008/09 ACTUAL	2009/10 ACTUAL	2010/11 PROPOSED BUDGET	Change From 2009/10
<b>FULL-TIME PERSONNEL</b>				
CITY MANAGER	2.00	2.00	2.00	0.00
HUMAN RESOURCES	2.00	2.00	2.00	0.00
CITY CLERK	3.00	3.00	3.00	0.00
LEGAL DEPARTMENT	5.00	6.00	6.00	0.00
FINANCE DEPARTMENT	17.00	17.00	16.00	(1.00)
PLANNING DEPARTMENT	6.15	6.15	6.15	0.00
INSPECTION DEPARTMENT	4.00	4.00	4.00	0.00
HEALTH DEPARTMENT	1.50	1.50	1.50	0.00
PUBLIC WORKS	60.70	60.70	60.70	0.00
LIBRARY	16.00	15.00	13.00	(2.00)
RECREATION DEPARTMENT	8.00	7.00	4.00	(3.00)
WELFARE DEPARTMENT	2.00	2.00	1.00	(1.00)
*POLICE DEPARTMENT	92.00	88.00	88.00	0.00
FIRE DEPARTMENT	62.00	62.00	61.00	(1.00)
SCHOOL DEPARTMENT	378.37	373.65	360.29	(13.36)
<b>GENERAL FUND - FULL TIME PERSONNEL TOTAL</b>	<b>659.72</b>	<b>650.00</b>	<b>628.64</b>	<b>(21.36)</b>
<b>PART-TIME PERSONNEL*</b>				
HUMAN RESOURCES	3.00	3.00	3.00	0.00
LEGAL DEPARTMENT	2.00	1.00	1.00	0.00
FINANCE DEPARTMENT	2.00	1.00	2.00	1.00
INSPECTION DEPARTMENT	1.00	1.00	1.00	0.00
LIBRARY	12.00	13.00	15.00	2.00
RECREATION (number of positions vary seasonally)	1.00	1.00	1.00	0.00
WELFARE DEPARTMENT	0.00	0.00	1.00	1.00
POLICE DEPARTMENT	37.00	34.00	28.00	(6.00)
FIRE DEPARTMENT	3.00	3.00	3.00	0.00
SCHOOL DEPARTMENT	188.00	199.17	199.00	(0.17)
<b>GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL</b>	<b>249.00</b>	<b>256.17</b>	<b>254.00</b>	<b>(2.17)</b>
<b>FULL-TIME PERSONNEL</b>				
WATER AND SEWER FUND	48.10	48.10	47.10	(1.00)
<b>ENTERPRISE FUNDS - WATER &amp; SEWER FULL TIME PERSONNEL TOTAL</b>	<b>48.10</b>	<b>48.10</b>	<b>47.10</b>	<b>(1.00)</b>
<b>PART-TIME PERSONNEL*</b>				
WATER AND SEWER FUND	2.00	2.00	2.00	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>0.00</b>
<b>FULL-TIME PERSONNEL</b>				
PARKING	10.00	10.00	9.00	(1.00)
COMMUNITY DEVELOPMENT	1.35	2.10	2.10	0.00
UDAG	1.00	1.00	1.05	0.05
<b>SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL</b>	<b>12.35</b>	<b>13.10</b>	<b>12.15</b>	<b>(0.95)</b>
<b>PART-TIME PERSONNEL*</b>				
PARKING	20.00	20.00	20.00	0.00
COMMUNITY DEVELOPMENT	1.00	0.00	0.00	0.00
<b>SPECIAL FUNDS - PART TIME PERSONNEL TOTAL</b>	<b>21.00</b>	<b>20.00</b>	<b>20.00</b>	<b>0.00</b>
<b>TOTAL FULL-TIME PERSONNEL</b>	<b>720.17</b>	<b>711.20</b>	<b>687.89</b>	<b>(23.31)</b>
<b>TOTAL PART-TIME PERSONNEL</b>	<b>272.00</b>	<b>278.17</b>	<b>276.00</b>	<b>(2.17)</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.

\*While the Police Department shows no decrease in Full time personnel, two positions within the department are now funded by grants.

## **DIRECTORY OF OFFICIALS**

### **CITY COUNCIL**

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

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

### **BOARD OF EDUCATION**

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

Carol Chellman  
Kent LaPage  
Dexter R. Legg  
Rebecca Emerson  
Tom Martin  
Leslie Stevens  
Lisa C. Sweet

#### **Police Commission**

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

#### **Fire Commission**

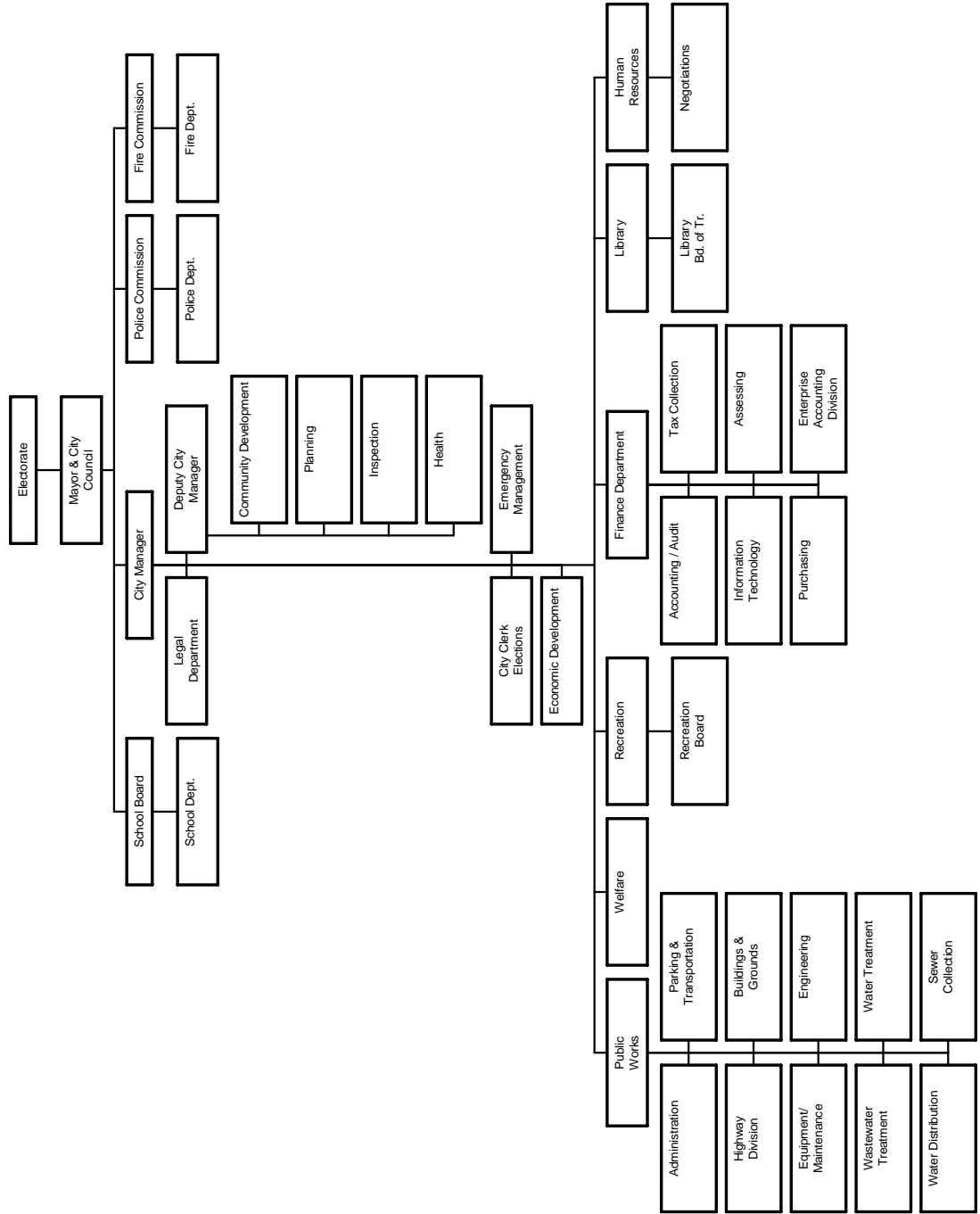
Chief Christopher LeClaire  
Paul T. Wentworth, Chairperson  
Michael K. Hughes  
Richard Gamester

### **PRINCIPAL EXECUTIVE OFFICERS**

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

City Attorney	Robert Sullivan
Finance Director	Judith Belanger
City Controller	Gail Cunningham
City Controller	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, NH Organizational Chart





## **COMMUNITY AND ECONOMIC PROFILE**

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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 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 creative 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 the 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 listed in MSN careers online article "*Today's Best and Worst Cities for Jobs*" as one of the 77 best metro areas for job growth (> 1%) from 7/09-10/09.
- Portsmouth included in ForbesTraveler.com's list of "**America's Prettiest Towns**" (Oct. 2009)
- **Washington Post**-October 10, 2009 – *An Often Overlooked Treasure by the Sea*
- **Gourmet Magazine** – October 2009 – "Slow Down and Stay for Dinner"
- **American Style Magazine**, September 29, 2009, Top 25 Arts Destinations , Small Cities Category
- **New York Times** Dining Section– September 16, 2009 Rosh Hashana Circa 1919
- **Business Week** selects Portsmouth as the best place to start a business in New Hampshire (April 2009)

Overall, Portsmouth has maintained a stable economy, due in part a diversity of businesses that combine to make the City a major employment center. Almost half of the working residents are employed locally. Portsmouth also attracts workers from outside its borders: nearly 80 percent of the total workforce commutes in from other communities. Job growth has been steady and the unemployment rate has averaged 3.72% during the past five years. As a regional employment hub, unemployment has historically been lower than the state and the region and 2009 continued the trend despite the downturn in the economy. The average unemployment rate was 5.4% for Portsmouth in 2009 and over 8.3% for other New England states.

The FY 2009 employment figures reflect the recent economic downturn. As of the end of June 2009 there were approximately 56,000 workers in the Portsmouth Metro North area. This figure reflects the loss of roughly 2,900 jobs compared to the same time in FY 2008. Comparison by employment sectors show that the slight gains in retail (+100) and government employment (+100) were offset by losses in most other sectors including construction, mining & logging (-100), manufacturing (-100) transportation, warehousing and utilities (-100), information (-100), and professional and business (-100). The largest job loss was in the hospitality and leisure sector with a loss of 1,100 jobs compared to year-end FY 2008 employment figures. By December 2009 the loss in this sector had decreased to 800 and government sector employment had increased by 500 reflecting new hires at the Portsmouth Naval Shipyard and the US Passport and VISA Centers.

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. A new high of 7,000 employees at 205 companies was achieved in 2008. This exceeds the number of people employed there prior to closure of the Air Force Base in 1991. 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) is responsible for administering development at the Tradeport as well as complying with all terms of the Base closure. Because the Tradeport is located primarily within the municipal boundaries of Portsmouth, the City generates \$4.6 million in revenue from both the Airport and Non-Airport districts of the Tradeport.

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.

Pease Tradeport is the site of the new employment created in the city. The US Passport Center is planning a four-story, 26,000 sf addition to its current facility at 207 International Dr., the former Liberty Mutual building. The passport center moved to the new facility from its former home at 31 Rochester Ave. in November 2008 to address growing demands. Between 125 and 150 new jobs will be created with the addition, bringing the total number of employees to nearly 1,000. The Portsmouth Passport facility now employs 25 percent of the country's entire passport workforce. Also, Northeast Rehabilitation Hospital has entered into a 50-year lease agreement to construct a \$16 million facility, which will be its third acute rehabilitation hospital at 105 Corporate Drive, a currently vacant 7.3-acre parcel. The 46,000 sf, two-story facility will serve

up to 623 patients requiring rehabilitative services. The new facility is scheduled to break ground in late spring and is expected to create approximately 90 jobs.

Finally, Salient Surgical Technologies opened a new 56,658-square-foot facility this year and Great Bay Kids daycare facility is a new tenant on International Drive, Ocean Properties plans to build a new 72,000 sf office building near the entrance to Pease, and 2 International Group has conceptually designed a new 70,000 sf LEED certified office building at 29 New Hampshire Avenue. Pease will also soon have its first gas station and convenience store, at the intersection of New Hampshire Avenue and Manchester Square, scheduled to begin construction in the spring.

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

The Port of New Hampshire – the State’s only deepwater port – is located on the Piscataqua River in downtown Portsmouth and is administered by the PDA. 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 during visits to the city.

### ***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***

Located in Kittery, Maine, just across the Piscataqua River from Portsmouth, 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 Shipyard was initially recommended for closure in May 2005 as part of the Base Realignment and Closure (BRAC) process. However, due to an unprecedented measure of support from seacoast businesses, residents, employees and state and local officials, the BRAC recommendation was overturned.

The Seacoast Shipyard Association’s regional economic impact for calendar year 2009 revealed a total of 5,033 current employees with a payroll of \$377 million up 3.5% from 2008. Portsmouth has the third highest number of shipyard employees of all NH communities and the sixth largest of both Maine and NH communities, with 269 shipyard workers. In addition, \$16.4 million of goods and services were purchased from New England states up from \$10.8 million in 2008.

# COMMUNITY PROFILE

## CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

## CITY FINANCE

Tax Rate 2009 (per \$1,000)	\$17.09
Total Valuation	\$3,807,536,521

Source: NH Dept. of Revenue Administration

Bond Ratings	
Standard & Poor's	AA+
Moody's Investors Service	Aa2

## 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 (2008)**

HCA Hospital	1150
Liberty Mutual	837
Lonza Biologics	650
Erie Scientific	350
Direct Capital	326
Newmarket International	252
LabCorp	225
Bottomline Technologies	200
Highliner Foods	200
Sheraton Hotel	187

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	5.3%*
State of New Hampshire	6.7%*

\*Source: NH Economic & Labor Market Information Bureau, Dec. 2009

## DEMOGRAPHICS

### **Population**

2008 Estimate, NHOEP	20,520
2000 U.S. Census	20,784
1990 U.S. Census	25,925

### **Registered Voters**

November 2009	17,945
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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
------------------------	------

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%
-----------	-------

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**

Type	Mean
------	------

Commercial*	\$1,370,890
-------------	-------------

Residential**	\$302,198
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#### *Residential Stratified*

Single Family	\$344,594
---------------	-----------

Condo	\$246,369
-------	-----------

Multi-Family 2-8 Units***	\$378,846
---------------------------	-----------

Mobile Homes	\$61,001
--------------	----------

As of April 1, 2009

\* 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



# **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***

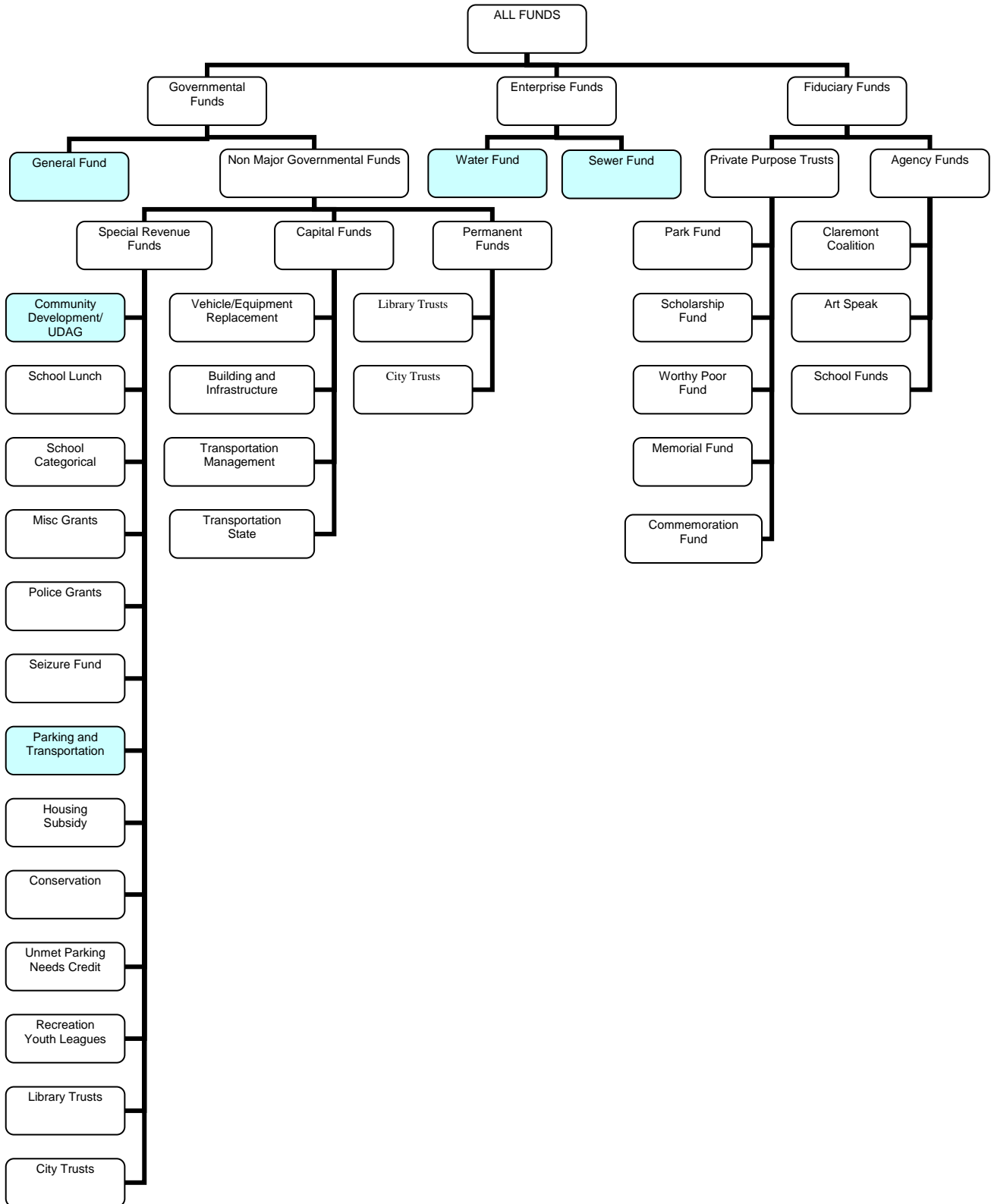
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

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) shows 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 '2011' BUDGET SCHEDULE

12/16/09 (Wed)	Department Head Meeting on budget procedure, format and guidelines.
1/14/10 (Thurs)	<b>FY11 Preliminary Budget Work session (Meeting of the Whole).</b>
<b>*1/20/10 (Wed)</b>	<b>Fire Commission Public Hearing on the proposed FY11 budget</b>
<b>**1/21/10 (Thurs)</b>	<b>School Board Public Hearing #1 on the proposed FY11 budget</b>
1/21/10 (Thurs)	<b>Planning Board meeting; Adoption of the Capital Improvement Program</b>
1/25/10 (Mon)	Capital Improvement Program (CIP) document to be submitted to City Council
2/01/10 (Mon)	Proposed Budgets from all Departments due back to Finance Dept
<b>***2/3/10 (Wed)</b>	<b>Police Commission Public Hearing on the proposed FY11 budget</b>
2/8/10 (Mon)	<b>City Council Work Session on CIP</b>
2/09/10 (Tues)	<b>School Board Public Hearing #2 on the proposed FY11 budget</b>
3/1/10 (Mon)	<b>City Council holds Public Hearing on CIP</b>
3/05/10 (Fri)	Finance Department submits all proposed budgets to the City Manager
3/8/10 to 3/12/10	Departmental budget reviews with City Manager
3/15/10 (Mon)	<b>City Council meeting; Adoption of the CIP</b>
4/09/10 (Fri)	Proposed Budget document to be submitted to the City Council
<b>****4/14/10 (Wed)</b>	<b>Public Hearing on City Manager's Proposed FY2011 budget with presentations from Police, Fire, School and Municipal Departments (Location: High School Auditorium)</b>
4/21/10 (Wed)	<b>Work Session with City Council to review the School Department Budget</b>
4/22/10 (Thur)	<b>Work Session with City Council to review the Municipal Budget</b>
4/28/10 (Wed)	<b>Work Session with City Council to review Police Department Budget and Fire Department Budget</b>
<b>****5/10/10 (Mon)</b>	<b>Re-open Public Hearing on the City Manager's Proposed FY2011 budget</b>
5/11/10 (Tues)	<b>Work Session with City Council –final budget review if necessary</b>
6/7/10 (Mon)	<b>City Council meeting; Adoption of the FY2011 Budget</b>

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

- \*Fire Commission Public Hearing to be held at the Central Fire Station.**
- \*\*School Board Public Hearing to be held at the Little Harbour School**
- \*\*\*Police Commission Public Hearing will begin at 6:00 pm**
- \*\*\*\*FY11 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 2011

		DEPARTMENT REQUESTED				CITY MANAGER'S RECOMMENDED			
	FY 08/09 BUDGET	FY 09/10 Budget	FY 10/11 Department Request	FY 10/11 CM RECOMMENDED	FY 10/11 Department Request	FY 10/11 CM RECOMMENDED	FY 10/11 Department Request	FY 10/11 CM RECOMMENDED	FY 10/11 Department Request
			% Change	% Change	% Change	% Change	% Change	% Change	% Change
			\$\$ Change	\$\$ Change	\$\$ Change	\$\$ Change	\$\$ Change	\$\$ Change	\$\$ Change
<b>OPERATING BUDGET</b>									
Municipal	15,653,493	15,654,946		15,636,233	15,636,233	15,636,233	(18,713)	15,636,233	(18,713)
Police	8,621,631	8,650,896	0.88%	8,726,760	8,726,760	8,726,760	75,864	8,726,760	75,864
Fire	6,817,399	6,822,400	0.00%	6,822,400	6,822,400	6,822,400	0	6,822,400	0
School	35,505,754	36,244,503	2.80%	37,258,943	37,258,943	37,258,943	1,014,440	37,258,943	1,014,440
Collective Bargaining Contingency	334,596	913,447	-1.47%	900,000	900,000	900,000	(13,447)	900,000	(13,447)
<b>Total Operating Budget</b>	<b>66,932,873</b>	<b>68,286,192</b>	<b>1.55%</b>	<b>69,344,336</b>	<b>69,344,336</b>	<b>69,344,336</b>	<b>1,058,144</b>	<b>69,344,336</b>	<b>1,058,144</b>
<b>NON-OPERATING EXPENSE</b>									
Debt Related Costs/TANS	350,000	350,000	0.00%	350,000	350,000	350,000	0	350,000	0
Debt Service Payments	7,511,734	8,156,496	14.65%	9,351,127	9,351,127	9,351,127	1,194,631	9,351,127	1,194,631
Overlay	1,000,000	900,000	-44.44%	1,300,000	1,300,000	1,300,000	400,000	1,300,000	400,000
Capital Outlay	1,035,500	800,000	-85.94%	1,487,500	1,487,500	1,487,500	687,500	1,487,500	687,500
County	3,700,000	3,825,800	7.37%	4,107,894	4,107,894	4,107,894	282,094	4,107,894	282,094
Contingency	300,000	300,000	0.00%	300,000	300,000	300,000	0	300,000	0
Other General Non-Operating	1,604,131	1,420,248	-10.00%	1,562,298	1,562,298	1,562,298	142,050	1,562,298	142,050
<b>Total Non-Operating Budget</b>	<b>15,501,365</b>	<b>15,752,544</b>	<b>17.18%</b>	<b>18,458,819</b>	<b>18,458,819</b>	<b>18,458,819</b>	<b>2,706,275</b>	<b>18,458,819</b>	<b>2,706,275</b>
<b>Total Gross Budget</b>	<b>82,434,238</b>	<b>84,038,736</b>	<b>4.48%</b>	<b>87,803,155</b>	<b>87,803,155</b>	<b>87,803,155</b>	<b>3,764,419</b>	<b>87,803,155</b>	<b>3,764,419</b>
<b>REVENUES</b>									
Municipal	10,644,962	10,592,433	-4.00%	10,168,649	10,168,649	10,168,649	(423,784)	10,168,649	(423,784)
School	4,510,500	4,610,500	10.84%	5,110,500	5,110,500	5,110,500	500,000	5,110,500	500,000
State Revenues	2,957,188	2,354,687	-13.04%	2,661,672	2,661,672	2,661,672	306,985	2,661,672	306,985
State Transition Aid	73,500	222,611	-100.00%	0	0	0	(222,611)	0	(222,611)
Use of Reserve for property Appraisal	1,500,000	1,360,614	-33.85%	900,000	900,000	900,000	(460,614)	900,000	(460,614)
Use of Reserve for Debt/ Bond Premiums	0	1,053,006	-100.00%	0	0	0	(1,053,006)	0	(1,053,006)
Use of Fund Balance for Collective Bargaining	0	0	0.00%	73,500	73,500	73,500	0	73,500	0
<b>Total</b>	<b>19,686,150</b>	<b>20,267,351</b>	<b>-6.68%</b>	<b>18,914,321</b>	<b>18,914,321</b>	<b>18,914,321</b>	<b>(1,353,030)</b>	<b>18,914,321</b>	<b>(1,353,030)</b>
<b>BUDGETED PROPERTY TAX LEVY</b>	<b>62,748,088</b>	<b>63,771,385</b>	<b>8.02%</b>	<b>68,888,834</b>	<b>68,888,834</b>	<b>68,888,834</b>	<b>5,117,449</b>	<b>68,888,834</b>	<b>5,117,449</b>
<b>Total Property Tax Commitment</b>	<b>63,182,919</b>	<b>64,058,155</b>	<b>7.54%</b>	<b>68,888,834</b>	<b>68,888,834</b>	<b>68,888,834</b>	<b>4,830,679</b>	<b>68,888,834</b>	<b>4,830,679</b>
War Service Credits	603,500	611,000	0.00%	611,000	611,000	611,000	0	611,000	0
Adequate Education Formula	(8,669,658)	(8,447,047)	7.00%	(9,038,295)	(9,038,295)	(9,038,295)	(591,248)	(9,038,295)	(591,248)
State Education Tax	8,669,658	8,447,047	7.00%	9,038,295	9,038,295	9,038,295	591,248	9,038,295	591,248
<b>Total Property Taxes Assessed</b>	<b>63,786,419</b>	<b>64,669,155</b>	<b>7.47%</b>	<b>69,499,834</b>	<b>69,499,834</b>	<b>69,499,834</b>	<b>4,830,679</b>	<b>69,499,834</b>	<b>4,830,679</b>
<b>ASSESSED VALUATION WITH UTILITIES</b>	<b>3,781,039,963</b>	<b>3,807,536,521</b>	<b>0.00%</b>	<b>3,807,536,521</b>	<b>3,807,536,521</b>	<b>3,807,536,521</b>	<b>0</b>	<b>3,807,536,521</b>	<b>0</b>
<b>ASSESSED VALUATION NO UTILITIES</b>	<b>3,607,856,910</b>	<b>3,634,413,852</b>	<b>0.00%</b>	<b>3,634,413,852</b>	<b>3,634,413,852</b>	<b>3,634,413,852</b>	<b>0</b>	<b>3,634,413,852</b>	<b>0</b>
<b>MUNICIPAL TAX RATE</b>	<b>13.63</b>	<b>13.73</b>	<b>7.80%</b>	<b>14.80</b>	<b>14.80</b>	<b>14.80</b>	<b>1.07</b>	<b>14.80</b>	<b>1.07</b>
<b>COUNTY TAX RATE</b>	<b>0.95</b>	<b>1.04</b>	<b>3.74%</b>	<b>1.08</b>	<b>1.08</b>	<b>1.08</b>	<b>0.04</b>	<b>1.08</b>	<b>0.04</b>
<b>STATE EDUCATION TAX RATE</b>	<b>2.40</b>	<b>2.32</b>	<b>7.19%</b>	<b>2.49</b>	<b>2.49</b>	<b>2.49</b>	<b>0.17</b>	<b>2.49</b>	<b>0.17</b>
<b>COMBINED TAX RATE</b>	<b>16.98</b>	<b>17.09</b>	<b>7.49%</b>	<b>18.37</b>	<b>18.37</b>	<b>18.37</b>	<b>1.28</b>	<b>18.37</b>	<b>1.28</b>

# GENERAL FUND BUDGET SUMMARY - FY 2011 AS REQUESTED BY THE CITY COUNCIL

96% CITY COUNCIL REQUEST

	FY 08/09 BUDGET	FY 09/10 Budget	FY 10/11 Preliminary Budget	% Change	\$\$ Change
<b>OPERATING BUDGET</b>					
Municipal	15,653,493	15,654,946	15,028,548	-4.00%	(626,398)
Police	8,621,631	8,650,896	8,304,860	-4.00%	(346,036)
Fire	6,817,399	6,822,400	6,549,504	-4.00%	(272,896)
School	35,505,754	36,244,503	34,794,723	-4.00%	(1,449,780)
Collective Bargaining Contingency	334,596	913,447	900,000	-1.47%	(13,447)
<b>Total Operating Budget</b>	<b>66,932,873</b>	<b>68,286,192</b>	<b>65,577,635</b>	<b>-3.97%</b>	<b>(2,708,557)</b>
<b>NON-OPERATING EXPENSE</b>					
Debt Related Costs/TANS	350,000	350,000	350,000	0.00%	0
Debt Service Payments	7,511,734	8,156,496	9,351,127	14.65%	1,194,631
Overlay	1,000,000	900,000	1,300,000	44.44%	400,000
Capital Outlay	1,035,500	800,000	1,487,500	85.94%	687,500
County	3,700,000	3,825,800	4,107,894	7.37%	282,094
Contingency	300,000	300,000	300,000	0.00%	0
Other General Non-Operating	1,604,131	1,420,248	1,562,298	10.00%	142,050
<b>Total Non-Operating Budget</b>	<b>15,501,365</b>	<b>15,752,544</b>	<b>18,458,819</b>	<b>17.18%</b>	<b>2,706,275</b>
<b>Total Gross Budget</b>	<b>82,434,238</b>	<b>84,038,736</b>	<b>84,036,454</b>	<b>0.00%</b>	<b>(2,282)</b>
<b>REVENUES</b>					
Municipal	10,644,962	10,592,433	10,168,649	-4.00%	(423,784)
School	4,510,500	4,610,500	5,110,500	10.84%	500,000
State Revenues	2,957,188	2,354,687	2,661,672	13.04%	306,985
State Transition Aid		222,611	0	-100.00%	(222,611)
Use of Reserve for property Appraisal	73,500	73,500	73,500	0.00%	0
Use of Reserve for Debt/ Bond Premiums	1,500,000	1,360,614	900,000	-33.85%	(460,614)
Use of Fund Balance for Collective Bargaining		1,053,006	0	-100.00%	(1,053,006)
<b>Total</b>	<b>19,686,150</b>	<b>20,267,351</b>	<b>18,914,321</b>	<b>-6.68%</b>	<b>(1,353,030)</b>
<b>BUDGETED PROPERTY TAX LEVY</b>	<b>62,748,088</b>	<b>63,771,385</b>	<b>65,122,133</b>	<b>2.12%</b>	<b>1,350,748</b>
<b>Total Property Tax Commitment</b>	<b>63,182,919</b>	<b>64,058,155</b>	<b>65,122,133</b>	<b>1.66%</b>	<b>1,063,978</b>
War Service Credits	603,500	611,000	611,000	0.00%	0
Adequate Education Formula	(8,669,658)	(8,447,047)	(9,038,295)	7.00%	(591,248)
State Education Tax	8,669,658	8,447,047	9,038,295	7.00%	591,248
<b>Total Property Taxes Assessed</b>	<b>63,786,419</b>	<b>64,669,155</b>	<b>65,733,133</b>	<b>1.65%</b>	<b>1,063,978</b>
Taxes Due State	0	0	0	0	0
<b>ASSESSED VALUATION WITH UTILITIES</b>	<b>3,781,039,963</b>	<b>3,807,536,521</b>	<b>3,807,536,521</b>	<b>0.00%</b>	<b>0</b>
<b>ASSESSED VALUATION NO UTILITIES</b>	<b>3,607,856,910</b>	<b>3,634,413,852</b>	<b>3,634,413,852</b>	<b>0.00%</b>	<b>0</b>
<b>MUNICIPAL TAX RATE</b>	<b>13.63</b>	<b>13.73</b>	<b>13.81</b>	<b>0.59%</b>	<b>0.08</b>
<b>COUNTY TAX RATE</b>	<b>0.95</b>	<b>1.04</b>	<b>1.08</b>	<b>3.74%</b>	<b>0.04</b>
<b>STATE EDUCATION TAX RATE</b>	<b>2.40</b>	<b>2.32</b>	<b>2.49</b>	<b>7.23%</b>	<b>0.17</b>
<b>COMBINED TAX RATE</b>	<b>16.98</b>	<b>17.09</b>	<b>17.38</b>	<b>1.70%</b>	<b>0.29</b>

# EXPENDITURES BY FUNDS AND DEPARTMENTS

## DEPARTMENT REQUESTED BUDGET/CITY MANAGER RECOMMENDED BUDGET

Title	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 DEPARTMENT REQUEST	\$\$\$ CHANGE	% CHANGE	FY11 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$\$ CHANGE	CITY MANAGER % CHANGE
<b>GENERAL FUND</b>									
GENERAL FUND OPERATING BUDGET									
MUNICIPAL									
GENERAL GOVERNMENT									
CITY COUNCIL	32,121	22,167	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	253,918	249,651	255,927	255,881	(46)	-0.02%	255,881	(46)	-0.02%
HUMAN RESOURCES	2,163,698	2,163,440	2,356,226	2,444,162	87,936	3.73%	2,444,162	87,936	3.73%
CITY CLERK	212,958	212,956	202,329	208,456	6,127	3.03%	208,456	6,127	3.03%
ELECTIONS	56,706	42,458	43,177	44,247	1,070	2.48%	44,247	1,070	2.48%
LEGAL DEPT	487,597	479,774	430,424	442,913	12,489	2.90%	442,913	12,489	2.90%
FINANCE	1,641,879	1,612,750	1,636,426	1,654,419	17,993	1.10%	1,654,419	17,993	1.10%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	923,441	923,306	883,462	1,090,154	206,692	23.40%	1,090,154	206,692	23.40%
REGULATORY SERVICES									
PLANNING DEPT	516,383	513,732	515,012	525,433	10,421	2.02%	525,433	10,421	2.02%
INSPECTIONS	360,148	334,609	358,743	358,390	(353)	-0.10%	358,390	(353)	-0.10%
HEALTH	124,250	123,164	124,272	124,542	270	0.22%	124,542	270	0.22%
PUBLIC WORKS	5,676,757	5,676,734	5,637,436	5,666,927	29,491	0.52%	5,666,927	29,491	0.52%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,481,714	1,423,182	1,481,871	1,480,349	(1,522)	-0.10%	1,480,349	(1,522)	-0.10%
RECREATION	1,147,247	1,086,658	1,126,912	811,580	(315,332)	-27.98%	811,580	(315,332)	-27.98%
PUBLIC WELFARE	366,216	366,197	372,071	329,478	(42,593)	-11.45%	329,478	(42,593)	-11.45%
OUTSIDE SOCIAL SERV	198,460	198,460	188,537	157,181	(31,356)	-16.63%	157,181	(31,356)	-16.63%
EMERGENCY MANAGEMENT	10,000	8,226	10,000	10,000	0	0.00%	10,000	0	0.00%
<b>TOTAL MUNICIPAL</b>	<b>15,653,493</b>	<b>15,437,464</b>	<b>15,654,946</b>	<b>15,636,233</b>	<b>(18,713)</b>	<b>-0.12%</b>	<b>15,636,233</b>	<b>(18,713)</b>	<b>-0.12%</b>
POLICE	8,621,631	8,411,945	8,650,896	8,726,760	75,864	0.88%	8,726,760	75,864	0.88%
FIRE DEPT	6,817,399	6,719,748	6,822,400	6,822,400	0	0.00%	6,822,400	0	0.00%
SCHOOL DEPT	35,505,754	35,503,433	36,244,503	37,258,943	1,014,440	2.80%	37,258,943	1,014,440	2.80%
POLICE/FIRE/SCHOOL	50,944,784	50,635,126	51,717,799	52,808,103	1,090,304	2.11%	52,808,103	1,090,304	2.11%
COLLECTIVE BARGAINING CONTINGENCY	334,596	334,596	913,447	900,000	(13,447)	-1.47%	900,000	(13,447)	-1.47%
<b>TOTAL OPERATING</b>	<b>66,932,873</b>	<b>66,407,187</b>	<b>68,286,792</b>	<b>69,344,336</b>	<b>1,058,144</b>	<b>1.55%</b>	<b>69,344,336</b>	<b>1,058,144</b>	<b>1.55%</b>
GENERAL FUND NON-OPERATING BUDGET									
DEBT RELATED EXPENSES	350,000	150,680	350,000	350,000	0	0.00%	350,000	0	0.00%
DEBT SERVICE	7,511,734	7,457,282	8,156,496	9,351,127	1,194,631	14.65%	9,351,127	1,194,631	14.65%
OVERLAY	1,000,000	558,150	900,000	1,300,000	400,000	44.44%	1,300,000	400,000	44.44%
COUNTY TAX	3,700,000	3,628,417	3,825,800	4,107,894	282,094	7.37%	4,107,894	282,094	7.37%
CONTINGENCY	300,000	300,000	300,000	300,000	0	0.00%	300,000	0	0.00%
CAPITAL OUTLAY	1,035,500	1,035,500	800,000	1,487,500	687,500	85.94%	1,487,500	687,500	85.94%
OTHER GENERAL NON-OPERATING	1,604,131	1,602,730	1,420,248	1,562,298	142,050	10.00%	1,562,298	142,050	10.00%
<b>TOTAL NON-OPERATING</b>	<b>15,507,365</b>	<b>14,732,759</b>	<b>15,752,544</b>	<b>18,458,819</b>	<b>2,706,275</b>	<b>17.18%</b>	<b>18,458,819</b>	<b>2,706,275</b>	<b>17.18%</b>
<b>TOTAL GENERAL FUND</b>	<b>82,434,238</b>	<b>81,139,946</b>	<b>84,038,736</b>	<b>87,803,155</b>	<b>3,764,419</b>	<b>4.48%</b>	<b>87,803,155</b>	<b>3,764,419</b>	<b>4.48%</b>

# EXPENDITURES BY FUNDS AND DEPARTMENTS

## CITY MANAGER RECOMMENDED/CITY COUNCIL 96% REQUESTED BUDGET

Title	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 CITY MANAGER RECOMMENDED	CITY MANAGER \$ CHANGE	CITY MANAGER % CHANGE	96% CITY COUNCIL REQUEST	96% CITY COUNCIL \$ \$ CHANGE	96% CITY COUNCIL % CHANGE
<b>GENERAL FUND</b>									
GENERAL FUND OPERATING BUDGET									
MUNICIPAL									
GENERAL GOVERNMENT									
CITY COUNCIL	32,121	22,167	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	253,918	249,651	255,927	255,881	(46)	-0.02%	255,881	(46)	-0.02%
HUMAN RESOURCES	2,163,698	2,163,440	2,356,226	2,444,162	87,936	3.73%	2,444,162	87,936	3.73%
CITY CLERK	212,958	212,956	202,329	208,456	6,127	3.03%	208,456	6,127	3.03%
ELECTIONS	56,706	42,458	43,177	44,247	1,070	2.48%	44,247	1,070	2.48%
LEGAL DEPT	487,597	479,774	430,424	442,913	12,489	2.90%	442,913	12,489	2.90%
FINANCE	1,641,879	1,612,750	1,636,426	1,654,419	17,993	1.10%	1,654,419	17,993	1.10%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	923,441	923,306	883,462	1,090,154	206,692	23.40%	984,114	100,652	11.39%
REGULATORY SERVICES									
PLANNING DEPT	516,363	513,732	515,012	525,433	10,421	2.02%	525,433	10,421	2.02%
INSPECTIONS	360,148	334,609	358,743	358,390	(353)	-0.10%	358,390	(353)	-0.10%
HEALTH	124,250	123,164	124,272	124,542	270	0.22%	124,542	270	0.22%
PUBLIC WORKS	5,676,757	5,676,734	5,637,436	5,666,927	29,491	0.52%	5,391,109	(246,327)	-4.37%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,481,714	1,423,182	1,481,871	1,480,349	(1,522)	-0.10%	1,422,551	(59,320)	-4.00%
RECREATION	1,147,247	1,086,658	1,126,912	811,580	(315,332)	-27.98%	800,732	(326,180)	-28.94%
PUBLIC WELFARE	386,216	366,197	372,071	329,478	(42,593)	-11.45%	329,478	(42,593)	-11.45%
OUTSIDE SOCIAL SERV	198,460	198,460	188,537	157,181	(31,356)	-16.63%	0	(188,537)	-100.00%
EMERGENCY MANAGEMENT	10,000	8,226	10,000	10,000	0	0.00%	10,000	0	0.00%
<b>TOTAL MUNICIPAL</b>	<b>15,653,493</b>	<b>15,437,464</b>	<b>15,654,946</b>	<b>15,636,233</b>	<b>(18,713)</b>	<b>-0.12%</b>	<b>15,028,548</b>	<b>(626,396)</b>	<b>-4.00%</b>
POLICE	8,621,631	8,411,945	8,650,896	8,726,760	75,864	0.88%	8,304,860	(346,036)	-4.00%
FIRE DEPT	6,817,399	6,719,748	6,822,400	6,822,400	0	0.00%	6,549,504	(272,896)	-4.00%
SCHOOL DEPT	35,505,754	35,503,433	36,244,503	37,258,943	1,014,440	2.80%	34,794,723	(1,449,780)	-4.00%
POLICE/FIRE/SCHOOL	<b>50,944,784</b>	<b>50,635,126</b>	<b>51,717,799</b>	<b>52,808,103</b>	<b>1,090,304</b>	<b>2.11%</b>	<b>49,649,087</b>	<b>(2,068,712)</b>	<b>-4.00%</b>
COLLECTIVE BARGAINING CONTINGENCY	334,596	334,596	913,447	900,000	(13,447)	-1.47%	900,000	(13,447)	-1.47%
<b>TOTAL OPERATING</b>	<b>66,932,873</b>	<b>66,407,187</b>	<b>68,286,192</b>	<b>69,344,336</b>	<b>1,058,144</b>	<b>1.55%</b>	<b>65,577,635</b>	<b>(2,708,557)</b>	<b>-3.97%</b>
GENERAL FUND NON-OPERATING BUDGET									
DEBT RELATED EXPENSES	350,000	150,680	350,000	350,000	0	0.00%	350,000	0	0.00%
OVERLAY	7,511,734	7,457,282	8,156,496	9,351,127	1,194,631	14.65%	9,351,127	1,194,631	14.65%
COUNTY TAX	1,000,000	558,150	900,000	1,300,000	400,000	44.44%	1,300,000	400,000	44.44%
CONTINGENCY	3,700,000	3,628,417	3,825,800	4,107,894	282,094	7.37%	4,107,894	282,094	7.37%
CAPITAL OUTLAY	300,000	300,000	300,000	300,000	0	0.00%	300,000	0	0.00%
OTHER GENERAL NON-OPERATING	1,035,500	1,035,500	800,000	1,487,500	687,500	85.94%	1,487,500	687,500	85.94%
TOTAL NON-OPERATING	<b>15,001,365</b>	<b>14,732,769</b>	<b>15,752,544</b>	<b>18,458,819</b>	<b>2,706,275</b>	<b>17.18%</b>	<b>18,458,819</b>	<b>2,706,275</b>	<b>17.18%</b>
<b>TOTAL GENERAL FUND</b>	<b>82,434,238</b>	<b>81,139,946</b>	<b>84,038,736</b>	<b>87,803,155</b>	<b>3,764,419</b>	<b>4.48%</b>	<b>84,036,454</b>	<b>(2,282)</b>	<b>0.00%</b>

Title	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY11 CITY/MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>ENTERPRISE FUNDS</b>									
<b>WATER DIVISION</b>									
Administration									
Administration	1,376,283	1,431,935	1,455,595	1,611,990	156,395	10.74%	1,611,990	156,395	10.74%
Engineering	298,018	101,802	283,247	309,056	25,809	9.11%	309,056	25,809	9.11%
Collective Bargaining Contingency	54,180	0	76,866	80,051	3,185	4.14%	80,051	3,185	4.14%
sub-total	1,728,481	1,533,737	1,815,708	2,001,097	185,389	10.21%	2,001,097	185,389	10.21%
<b>Water Supply and Treatment</b>									
Treatment Plant	1,648,257	1,417,877	2,266,754	2,396,938	130,184	5.74%	2,396,938	130,184	5.74%
Laboratory	167,245	158,662	167,648	122,276	(45,372)	-27.06%	122,276	(45,372)	-27.06%
Wells	414,243	138,525	354,770	309,395	(45,375)	-12.79%	309,395	(45,375)	-12.79%
Storage Tanks	122,636	83,953	103,109	97,943	(5,166)	-5.01%	97,943	(5,166)	-5.01%
Booster Stations	184,503	158,445	175,137	162,384	(12,753)	-7.28%	162,384	(12,753)	-7.28%
sub-total	2,536,884	1,957,462	3,067,418	3,088,936	21,518	0.70%	3,088,936	21,518	0.70%
<b>Water Distribution</b>									
Administration	635,850	675,956	637,409	597,923	(39,486)	-6.19%	597,923	(39,486)	-6.19%
Cross Connection	40,857	38,350	66,356	39,901	(26,455)	-39.87%	39,901	(26,455)	-39.87%
Mains	420,775	286,811	310,005	297,572	(12,433)	-4.01%	297,572	(12,433)	-4.01%
Services	167,065	110,443	154,548	146,054	(8,494)	-5.50%	146,054	(8,494)	-5.50%
Hydrants	118,603	89,507	118,653	121,200	2,547	2.15%	121,200	2,547	2.15%
Meters	165,034	97,267	205,966	31,799	(31,799)	-15.44%	31,799	(31,799)	-15.44%
sub-total	1,548,184	1,298,333	1,492,937	1,440,415	(52,522)	-3.52%	1,440,415	(52,522)	-3.52%
<b>Total Water Division</b>	<b>5,813,549</b>	<b>4,789,533</b>	<b>6,376,063</b>	<b>6,530,448</b>	<b>154,385</b>	<b>2.42%</b>	<b>6,530,448</b>	<b>154,385</b>	<b>2.42%</b>
<b>SEWER DIVISION</b>									
Administration									
Administration	2,557,332	2,042,233	2,230,188	2,243,202	13,014	0.58%	2,243,202	13,014	0.58%
Engineering	245,824	157,645	252,770	324,581	71,811	28.41%	324,581	71,811	28.41%
Collective Bargaining Contingency	50,691	0	75,575	79,254	3,679	4.87%	79,254	3,679	4.87%
sub-total	2,853,847	2,199,879	2,558,533	2,647,037	88,504	3.46%	2,647,037	88,504	3.46%
<b>Wastewater Treatment</b>									
Treatment Plant	3,806,940	3,352,686	3,607,531	3,463,036	(144,495)	-4.01%	3,463,036	(144,495)	-4.01%
Laboratory	150,508	101,046	150,439	135,739	(14,700)	-9.77%	135,739	(14,700)	-9.77%
Lift Stations	1,089,285	709,948	1,097,413	1,022,311	(75,102)	-6.84%	1,022,311	(75,102)	-6.84%
sub-total	5,046,733	4,163,680	4,855,383	4,621,086	(234,297)	-4.83%	4,621,086	(234,297)	-4.83%
<b>Wastewater Collection</b>									
Administration	638,264	560,868	714,896	666,776	(48,120)	-6.73%	666,776	(48,120)	-6.73%
Force Main	15,027	7,761	16,035	16,168	133	0.83%	16,168	133	0.83%
Interceptors	204,286	112,057	210,422	187,678	(22,744)	-10.81%	187,678	(22,744)	-10.81%
Laterals	36,862	122,274	40,300	42,906	2,606	6.47%	42,906	2,606	6.47%
sub-total	894,439	802,960	981,653	913,528	(68,125)	-6.94%	913,528	(68,125)	-6.94%
<b>Total Sewer Division</b>	<b>8,795,019</b>	<b>7,166,518</b>	<b>8,395,569</b>	<b>8,181,651</b>	<b>(213,918)</b>	<b>-2.55%</b>	<b>8,181,651</b>	<b>(213,918)</b>	<b>-2.55%</b>
<b>TOTAL ENTERPRISE FUNDS</b>	<b>14,608,568</b>	<b>11,956,050</b>	<b>14,771,632</b>	<b>14,712,099</b>	<b>(59,533)</b>	<b>-0.40%</b>	<b>14,712,099</b>	<b>(59,533)</b>	<b>-0.40%</b>

Title	FY09 BUDGET	FY09 ACTUAL	FY10 BUDGET	FY11 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY11 CITY/MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>SPECIAL REVENUE FUNDS</b>									
<b>PARKING AND TRANSPORTATION</b>									
Parking Administration	343,363	333,764	380,735	331,719	(49,016)	-12.87%	331,719	(49,016)	-12.87%
Parking Garage	456,488	437,965	424,179	452,182	28,003	6.60%	452,182	28,003	6.60%
Parking Enforcement	139,557	122,545	166,051	172,177	6,126	3.69%	172,177	6,126	3.69%
Parking Meter Operations	106,615	89,932	106,788	104,548	(2,240)	-2.10%	104,548	(2,240)	-2.10%
Parking Collection	174,967	180,669	172,914	175,569	2,655	1.54%	175,569	2,655	1.54%
Public Transportation	231,518	232,128	234,069	233,579	(490)	-0.21%	233,579	(490)	-0.21%
Snow Removal	50,000	50,000	50,000	70,000	20,000	40.00%	70,000	20,000	40.00%
DOT Reimbursement	(20,000)	(13,092)	(20,000)	0	20,000	-100.00%	0	20,000	-100.00%
Debt Service	772,981	495,900	472,950	472,950	0	0.00%	472,950	0	0.00%
Capital	174,000	222,598	259,000	279,000	20,000	7.72%	279,000	20,000	7.72%
<b>Total Parking &amp; Transportation</b>	<b>2,429,489</b>	<b>2,152,408</b>	<b>2,246,686</b>	<b>2,291,724</b>	<b>45,038</b>	<b>2.00%</b>	<b>2,291,724</b>	<b>45,038</b>	<b>2.00%</b>
<b>COMMUNITY DEVELOPMENT</b>									
Administration	136,286	137,449	139,203	121,700	(17,503)	-12.57%	121,700	(17,503)	-12.57%
Housing Rehab	29,165	28,231	30,058	51,700	21,642	72.00%	51,700	21,642	72.00%
PEDLP	1,800	1,800	1,800	1,800	0	0.00%	1,800	0	0.00%
<b>Total CDBG</b>	<b>167,251</b>	<b>167,480</b>	<b>171,061</b>	<b>175,200</b>	<b>4,139</b>	<b>2.42%</b>	<b>175,200</b>	<b>4,139</b>	<b>2.42%</b>
<b>ECONOMIC DEVELOPMENT-JDAG</b>	<b>194,944</b>	<b>179,986</b>	<b>268,008</b>	<b>226,875</b>	<b>(41,133)</b>	<b>-15.35%</b>	<b>226,875</b>	<b>(41,133)</b>	<b>-15.35%</b>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>2,791,684</b>	<b>2,499,874</b>	<b>2,685,755</b>	<b>2,693,799</b>	<b>8,044</b>	<b>0.30%</b>	<b>2,693,799</b>	<b>8,044</b>	<b>0.30%</b>
<b>TOTAL APPROPRIATED FUNDS PROPOSED</b>	<b>99,834,490</b>	<b>95,595,870</b>	<b>101,496,123</b>	<b>105,209,053</b>	<b>3,712,930</b>	<b>3.66%</b>	<b>105,209,053</b>	<b>3,712,930</b>	<b>3.66%</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 2011 (Note: Beginning Balance Fund Balances 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	829,000				829,000	
Other Local Sources	7,385,873				7,385,873	
Parking Revenues	3,635,500				3,635,500	
Interest & Penalties	610,000	68,000			678,000	
School Revenues	5,110,500				5,110,500	
State/Federal Revenues	2,661,672	175,200			2,836,872	
Fund Transfers	(2,291,724)	2,291,724			-	
Use of Fund Balance					-	
Use of Reserves	973,500				973,500	
Property Tax	68,888,834		6,530,448	8,181,651	68,888,834	
Enterprise Fund Revenues					14,712,099	
<b>Total Revenues</b>	<b>87,803,155</b>	<b>2,534,924</b>	<b>6,530,448</b>	<b>8,181,651</b>	<b>105,050,178</b>	
<b>Expenditures</b>						
City Council	32,121				32,121	
City Manager	255,881				255,881	
Human Resources	2,444,162				2,444,162	
City Clerk	208,456				208,456	
Elections	44,247				44,247	
Legal	442,913				442,913	
Finance	1,654,419				1,654,419	
General Administrative/Coll Bargaining	1,990,154				1,990,154	
Planning	525,433				525,433	
Inspection	358,390				358,390	
Public Health	124,542				124,542	
Public Works	5,666,927	2,291,724	6,530,448	8,181,651	22,670,750	
Public Library	1,480,349				1,480,349	
Recreation	811,580				811,580	
Community Development						
Economic Development		175,200			175,200	
Public Welfare		226,875			226,875	
Outside Social Services	329,478				329,478	
Emergency Management	157,181				157,181	
Police Department	10,000				10,000	
Fire Department	8,726,760				8,726,760	
School Department	6,822,400				6,822,400	
Non-Operating	37,258,943				37,258,943	
	18,458,819				18,458,819	
<b>Total Expenditures</b>	<b>87,803,155</b>	<b>2,693,799</b>	<b>6,530,448</b>	<b>8,181,651</b>	<b>105,209,053</b>	
Net Increase (Decrease) in Undesignated Fund Balance	-	(158,875)	-	-	(158,875)	
Estimated: Undesignated Fund Balance - Beginning FY 11	9,875,900	3,886,093	1,950,382	9,077,147	24,789,522	
Fund Balance - Ending FY 11	9,875,900	3,727,218	1,950,382	9,077,147	24,630,647	

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**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2009-2011**

	<b>BUDGETED REVENUES FY 09</b>	<b>ACTUAL REVENUES FY 09</b>	<b>ESTIMATED REVENUES FY 10</b>	<b>ESTIMATED REVENUES FY 11</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>Local Fees, Licenses, Permits</b>						
Other Fees	11,000	9,636	11,000	11,000	0.0%	-
Other Licenses	36,000	31,244	36,000	36,000	0.0%	-
Planning Board	25,000	36,663	25,000	25,000	0.0%	-
Board of Adjustments	26,000	17,838	26,000	26,000	0.0%	-
Site Review	40,000	35,183	40,000	40,000	0.0%	-
Building Permits-Portsmouth	210,000	467,370	230,000	230,000	0.0%	-
Building Permits-Pease	30,000	73,135	30,000	30,000	0.0%	-
Electrical Permits-Portsmouth	52,000	104,690	55,000	55,000	0.0%	-
Electrical Permits-Pease	8,000	27,345	10,000	10,000	0.0%	-
Plumbing Permits-Portsmouth	47,000	160,010	50,000	50,000	0.0%	-
Plumbing Permits-Pease	8,000	52,315	10,000	10,000	0.0%	-
Sign Permits	3,000	7,355	5,000	5,000	0.0%	-
Police Alarms	20,000	36,000	25,000	25,000	0.0%	-
Burning Permits	500	796	500	500	0.0%	-
Excavation Permit	11,500	13,175	11,500	11,500	0.0%	-
Solid Waste	20,000	20,942	20,000	20,000	0.0%	-
Outdoor Pool	12,000	14,432	12,000	12,000	0.0%	-
Recreation Department	160,000	161,527	170,000	170,000	0.0%	-
Indoor Pool	90,000	93,885	90,000	-	-100.0%	(90,000)
Boat Ramp Fees	6,000	13,365	6,000	6,000	0.0%	-
Food Permits	56,000	66,800	56,000	56,000	0.0%	-
<b>Total Local Fees, Licenses and Permits</b>	<b>872,000</b>	<b>1,443,706</b>	<b>919,000</b>	<b>829,000</b>	<b>-9.8%</b>	<b>(90,000)</b>
<b>Other Local Sources</b>						
Timber Tax	500	200	500	500	0.0%	-
Payments in Lieu of Taxes	125,000	119,844	150,000	125,000	-16.7%	(25,000)
Municipal Agent Fees	52,000	54,044	52,000	62,000	19.2%	10,000
Motor Vehicle Permits	3,450,000	3,218,434	3,200,000	3,000,000	-6.3%	(200,000)
Title Applications	11,500	7,242	11,500	11,500	0.0%	-
Boat Registration	5,000	-	-	-	0.0%	-
PDA Airport District	2,000,000	2,081,549	2,100,000	2,050,000	-2.4%	(50,000)
Water/Sewer Overhead	918,409	914,135	927,697	927,697	0.0%	-
Sale of Municipal Property	5,000	6,637	5,000	5,000	0.0%	-
Misc Revenue	90,000	92,291	90,000	90,000	0.0%	-
Bond Premium	-	208,230	-	-	0.0%	-
Dog Licenses	8,500	10,114	8,500	8,500	0.0%	-
Marriage Licenses	2,500	2,271	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	18,000	19,256	18,000	18,000	0.0%	-
Rental of City Property	11,642	69,917	62,652	26,581	-57.6%	(36,071)
Rental City Hall Complex	113,400	113,941	115,770	118,095	2.0%	2,325
Cable Franchise Fee	320,000	374,270	340,000	360,000	5.9%	20,000
Hand Gun Permits	500	960	500	500	0.0%	-
Police Outside Detail	90,000	125,352	90,000	90,000	0.0%	-
Fire Alarms	25,000	40,390	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	440,000	501,418	445,000	445,000	0.0%	-
Wood Chips	40,000	8,173	40,000	-	N/A	(40,000)
Welfare Dept Reimbursements	20,000	25,711	20,000	20,000	0.0%	-
<b>Total Other Local Sources</b>	<b>7,746,951</b>	<b>7,994,378</b>	<b>7,704,619</b>	<b>7,385,873</b>	<b>-4.1%</b>	<b>(318,746)</b>
<b>Parking Revenues</b>						
Parking Meter Fees	960,000	962,454	960,000	960,000	0.0%	-
Parking Metered Space Rental	-	67,500	-	30,000	N/A	30,000
Parking Meter-In Dash	-	-	-	1,000	N/A	1,000
Parking Garage Revenue	1,140,000	1,112,516	1,140,000	1,140,000	0.0%	-
Garage Space Leases	550,000	644,480	560,000	580,000	3.6%	20,000
Parking Validation	5,000	8,800	5,000	5,000	0.0%	-
Pass Reinstatement	1,500	5,740	1,500	1,500	0.0%	-
Parking Violations	940,000	936,518	930,000	890,000	-4.3%	(40,000)
Boot Removal Fee	9,000	14,700	9,000	18,000	100.0%	9,000
Summons Admin Fee	10,000	2,330	10,000	10,000	0.0%	-
<b>Total Parking Revenues</b>	<b>3,615,500</b>	<b>3,755,038</b>	<b>3,615,500</b>	<b>3,635,500</b>	<b>0.6%</b>	<b>20,000</b>

**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2009-2011**

	<b>BUDGETED REVENUES FY 09</b>	<b>ACTUAL REVENUES FY 09</b>	<b>ESTIMATED REVENUES FY 10</b>	<b>ESTIMATED REVENUES FY 11</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>Interest &amp; Penalties</b>						
Interest on Taxes	140,000	136,306	150,000	160,000	6.7%	10,000
Interest on Investments	700,000	784,356	450,000	450,000	0.0%	-
<b>Total Interest &amp; Penalties</b>	<b>840,000</b>	<b>920,662</b>	<b>600,000</b>	<b>610,000</b>	<b>1.7%</b>	<b>10,000</b>
<b>School Revenues</b>						
Tuition	4,500,000	4,861,391	4,600,000	5,100,000	10.9%	500,000
Other Sources	10,500	17,289	10,500	10,500	0.0%	-
<b>Total School Revenues</b>	<b>4,510,500</b>	<b>4,878,680</b>	<b>4,610,500</b>	<b>5,110,500</b>	<b>10.8%</b>	<b>500,000</b>
<b>State Revenues</b>						
Shared Rev Block Grant	657,154	657,154	-	-	0.0%	-
Rooms and Meals Tax	878,389	921,495	921,495	921,495	0.0%	-
Highway Block Grant	358,260	370,720	370,719	418,385	12.9%	47,666
State Aid-Land Fill	47,163	47,164	46,251	45,010	-2.7%	(1,241)
Impact Aid	-	10,403	-	-	0.0%	-
Bonded Debt-High School	1,016,222	970,896	1,016,222	1,016,222	0.0%	-
Bonded Debt-Middle School	-	-	-	260,560	0.0%	260,560
Transition Aid	-	-	222,611	-	-100.0%	(222,611)
<b>Total State Revenues</b>	<b>2,957,188</b>	<b>2,977,831</b>	<b>2,577,298</b>	<b>2,661,672</b>	<b>3.3%</b>	<b>84,374</b>
<b>Transfer to Parking and Transportation</b>	<b>(2,429,489)</b>	<b>(2,429,489)</b>	<b>(2,246,686)</b>	<b>(2,291,724)</b>	<b>2.0%</b>	<b>(45,038)</b>
<b>Use of Fund Balance-Collective Bargainin</b>	<b>-</b>	<b>-</b>	<b>1,053,006</b>	<b>-</b>	<b>0.0%</b>	<b>(1,053,006)</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 for Debt</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,360,614</b>	<b>900,000</b>	<b>-33.9%</b>	<b>(460,614)</b>
<b>Budgeted Property Tax Levy</b>	<b>62,748,088</b>	<b>62,778,244</b>	<b>63,771,385</b>	<b>68,888,834</b>	<b>8.0%</b>	<b>5,117,449</b>
<b>Total General Fund Revenues</b>	<b>82,434,238</b>	<b>83,892,549</b>	<b>84,038,736</b>	<b>87,803,155</b>	<b>4.5%</b>	<b>3,764,419</b>

**GENERAL FUND REVENUE SUMMARY**

Municipal	10,644,962	11,684,295	10,592,433	10,168,649	-4.0%	(423,784)
School Revenues	4,510,500	4,878,680	4,610,500	5,110,500	10.8%	500,000
State Revenues	2,957,188	2,977,831	2,354,687	2,661,672	13.0%	306,985
State Transition Aid	-	-	222,611	-	-100.0%	(222,611)
Use of Fund Balance-Collective Barg	-	-	1,053,006	-	-100.0%	(1,053,006)
Use of Reserve for Tax Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,360,614	900,000	-33.9%	(460,614)
Budgeted Property Tax Levy	62,748,088	62,778,244	63,771,385	68,888,834	8.0%	5,117,449
<b>Total General Fund Revenues</b>	<b>82,434,238</b>	<b>83,892,549</b>	<b>84,038,736</b>	<b>87,803,155</b>	<b>4.5%</b>	<b>3,764,419</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.

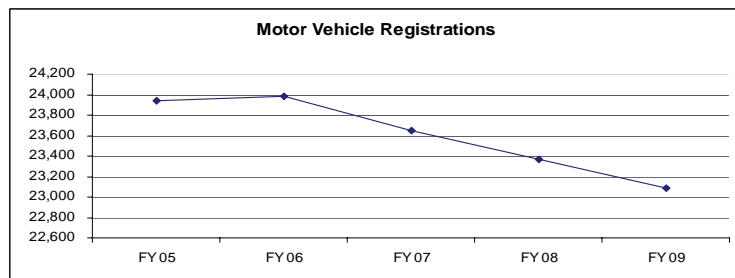
### Other Local Sources:

-**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:

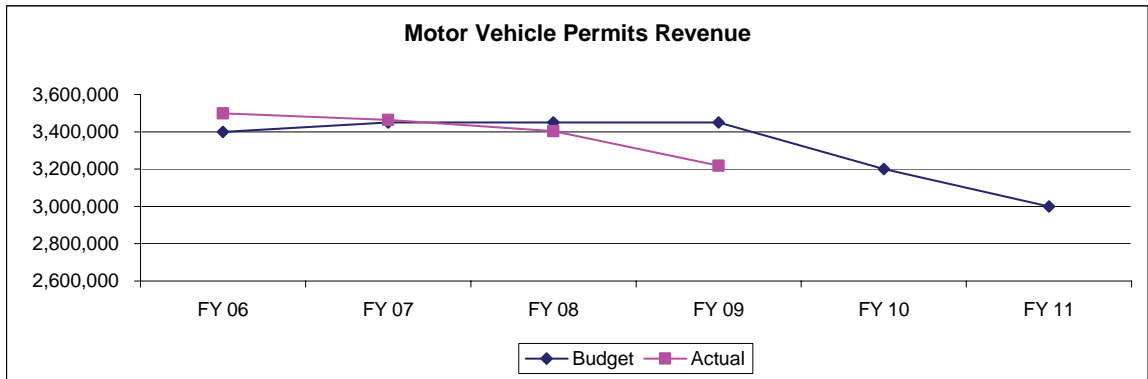
FY 2005	23,940
FY 2006	23,988
FY 2007	23,649
FY 2008	23,363
FY 2009	23,084



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

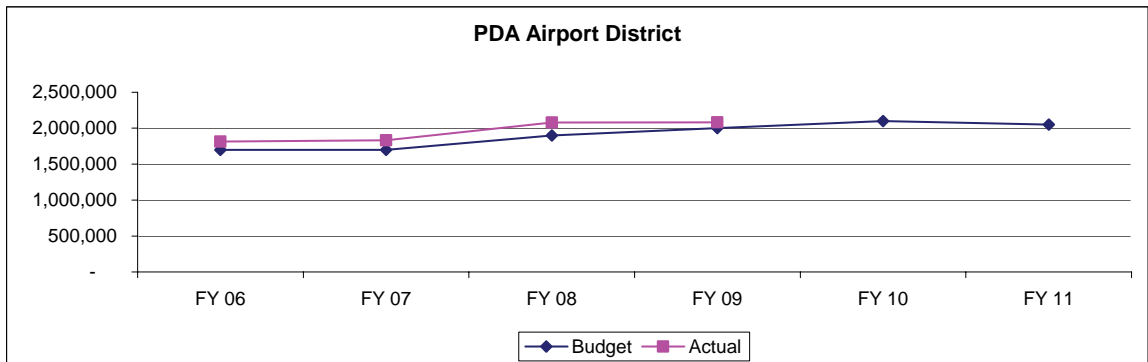
3 mills on each dollar of the maker's list price for the fifth preceding model year vehicle and any model year prior thereto.



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

**-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
Budget	1,700,000	1,700,000	1,900,000	2,000,000	2,100,000	2,050,000
Actual	1,812,589	1,832,050	2,078,440	2,081,549		

**-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.

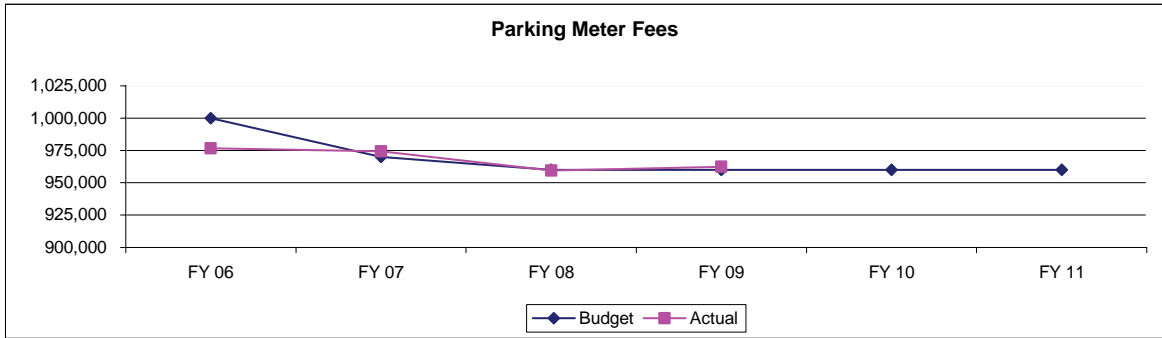
- Marriage Licenses** – RSA 457:29 - \$45 is collected for issuing a Marriage License with \$38 going to the State and \$7 remaining with the City.
- Certificates-Birth, Death and Marriage** – RSA 5-C:10 – The City collects a fee in advance from individuals requesting any copy or verification of vital 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.
- 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 Meter Fees** – City Ordinance Chapter 7 – There are approximately 503 single space parking meters and 24 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 11-16 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.

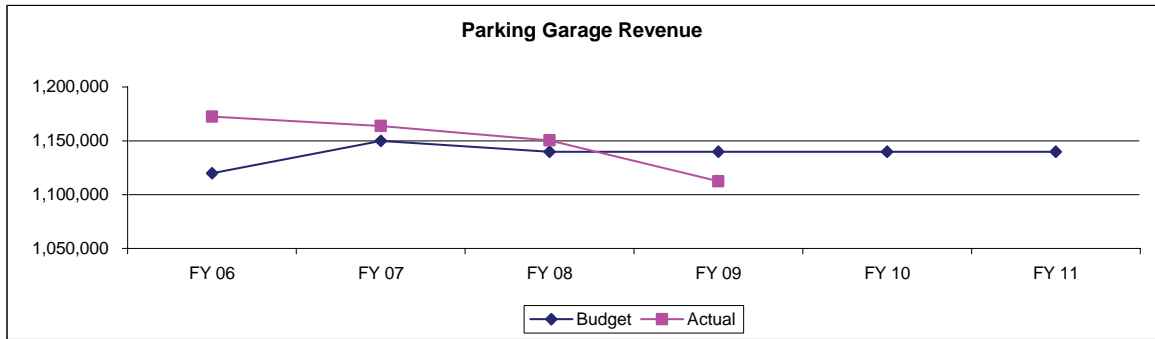
**Parking Metered Space Rental** - City Ordinance Chapter 7. The Department of Public Works may issue to a contractor or person actually engaged in construction and repair work, a temporary permit for exclusive use of a metered parking space for the parking of a vehicle or other equipment being used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



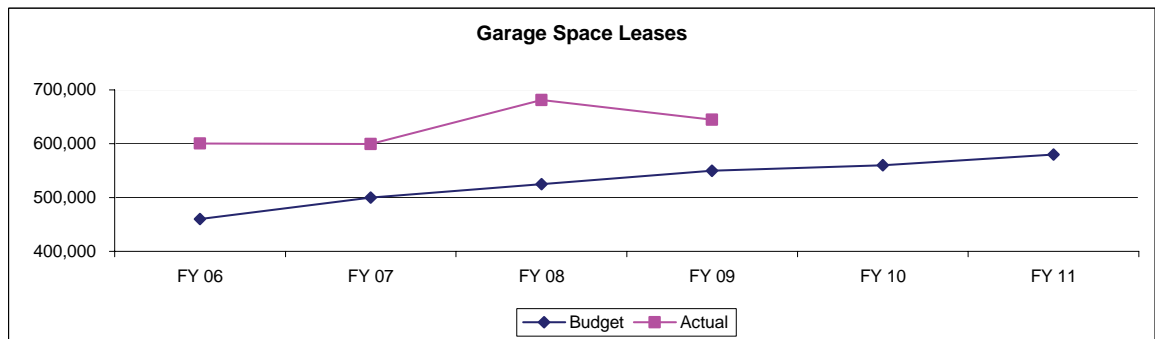
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Budget	1,000,000	970,000	960,000	960,000	960,000	960,000
Actual	976,651	974,419	959,481	962,454	960,000	960,000

**-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
Budget	1,120,000	1,150,000	1,140,000	1,140,000	1,140,000	1,140,000
Actual	1,172,473	1,163,899	1,150,535	1,112,516	1,140,000	1,140,000

**-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 2010 there were 283- 12-hour passes, 304- 24 hour passes issued.



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

**-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.

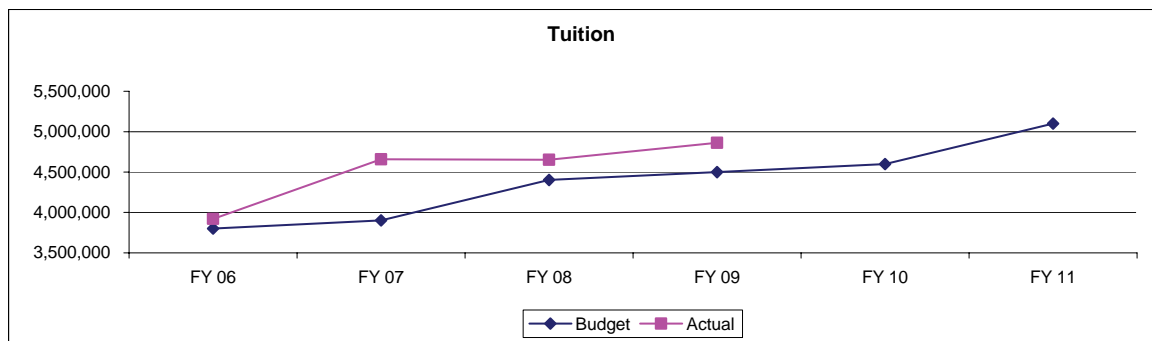
**Interest and Penalties:**

**-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
Budget	3,800,000	3,900,000	4,400,000	4,500,000	4,600,000	5,100,000
Actual	3,920,115	4,659,605	4,651,069	4,861,391		

**-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.

**-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 71% while distributing 29%.

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009(1)</b>	<b>FY 2010(2)</b>
Total Amount to be Distributed (Increase from previous FY)	47,104,777 10.35%	50,903,052 8.06%	55,513,020 9.06%	58,805,057 5.93%	58,805,057 0.00%
<b><u>Distributed by Population</u></b>					
Total Population	1,306,206	1,315,215	1,315,227	1,315,224	1,315,215
Portsmouth	21,053	20,995	20,811	20,610	20,520
Portsmouth %	1.61%	1.60%	1.58%	1.57%	1.56%
Portsmouth \$ Share	759,219	812,574	878,389	921,495	917,477
<b><u>Distribution % (Goal 60% State 40% Local)</u></b> (Per RSA 78-A:26)					
State of NH	74.45%	73.43%	72.23%	71.59%	71.10%
<b>NH Communities</b>	<b>25.55%</b>	<b>26.57%</b>	<b>27.77%</b>	<b>28.41%</b>	<b>28.90%</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 and 30% on Elementary school portions of principal payments made during the fiscal year on debt attributed to those schools.

**-Transition Adequacy Aid** –Although the City anticipated receiving a FY11 \$222,611 “hold harmless” State education funding transition grant as it did in FY2010, it no longer is eligible due to an increase in the Statewide Education Property Tax (SWEPT). Although Portsmouth will raise less than the State’s determined cost of providing an adequate education, the amount at the FY11 SWEPT rate of \$2.19 will exceed our FY09 cost of adequacy -- the benchmark for triggering a transition grant.

**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 \$68,888,834 in the FY11 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
With Utilities	3,106,411,197	3,680,472,581	3,730,985,415	3,781,039,963	3,807,536,521
% change from previous FY	1.9%	18.5%	1.4%	1.3%	0.7%
Without Utilities	2,985,036,259	3,547,403,779	3,557,733,890	3,607,856,910	3,634,413,852
% change from previous FY	1.9%	18.8%	0.3%	1.4%	0.7%
State Equalized for Debt Limits	3,825,166,327	4,168,377,073	4,083,981,593	4,244,939,572	N/A
% change from previous FY	9.5%	9.0%	-2.0%	3.9%	
% of County Value	8.82%	8.69%	9.23%	9.06%	9.45%
Tax rate					
Town Rate	8.13	7.27	7.55	8.14	8.01
Local School	5.48	5.16	5.50	5.49	5.72
State School	2.97	2.41	2.34	2.40	2.32
County	1.02	0.88	0.95	0.95	1.04
Total Rate	17.60	15.72	16.34	16.98	17.09

**PROPERTY TAXES**

	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Budget	54,222,971	56,997,051	59,759,718	62,748,088	63,771,385	68,888,834
Actual	54,052,944	56,716,643	60,137,120	62,778,244		

**CITY OF PORTSMOUTH  
WATER FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2009-2011**

	<b>BUDGETED REVENUES FY 09</b>	<b>ACTUAL REVENUES FY09</b>	<b>BUDGETED REVENUES FY10</b>	<b>ESTIMATED REVENUES FY11</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>WATER CONSUMPTION</b>						
MUNICIPAL	122,483	135,155	206,817	256,453	24.0%	49,636
OTHER UTILITIES WATER	45,550	32,213	45,550	56,482	24.0%	10,932
COMMERCIAL TYPE 1	2,397,478	1,950,368	2,771,995	3,468,953	25.1%	696,958
INDUSTRIAL TYPE 1	531,091	575,439	781,415	968,955	24.0%	187,540
RESIDENTIAL TYPE 1	2,311,979	2,166,526	3,112,784	3,859,852	24.0%	747,068
<b>TOTAL WATER CONSUMPTION</b>	<b>5,408,581</b>	<b>4,859,701</b>	<b>6,918,561</b>	<b>8,610,695</b>	<b>24.5%</b>	<b>1,692,134</b>
<b>PUBLIC HYDRANT FEES</b>						
HYDRANT RENTAL INCOME	105,000	107,200	107,500	107,500	0.0%	-
<b>TOTAL PUBLIC HYDRANT FEES</b>	<b>105,000</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	210,000	195,832	201,000	201,000	0.0%	-
<b>TOTAL PRIVATE FIRE SERVICE</b>	<b>210,000</b>	<b>195,832</b>	<b>201,000</b>	<b>201,000</b>	<b>0.0%</b>	<b>-</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	120,000	79,792	100,000	100,000	0.0%	-
BACKFLOW TESTING	110,000	92,499	100,000	100,000	0.0%	-
SERVICE CHARGES-SPECIAL	40,000	38,747	35,000	35,000	0.0%	-
PENALTY INCOME	9,500	7,482	9,500	9,000	-5.3%	(500)
INTEREST ON INVESTMENTS	80,000	16,496	25,000	25,000	0.0%	-
MISCELLANEOUS	50,000	86,060	35,000	45,000	28.6%	10,000
COST OF SALES	-	(56,500)	-	-	-	-
HOUSEHOLD HAZARDOUS WASTE	-	969	-	-	-	-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>409,500</b>	<b>265,545</b>	<b>304,500</b>	<b>314,000</b>	<b>3.1%</b>	<b>9,500</b>
<b>STATE REVENUES</b>						
STATE AID GRANT PROGRAM	-	16,300	-	-	0.0%	-
<b>TOTAL STATE REVENUES</b>	<b>-</b>	<b>16,300</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	20,515	20,515	20,515	20,515	0.0%	-
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>20,515</b>	<b>20,515</b>	<b>20,515</b>	<b>20,515</b>	<b>0.0%</b>	<b>-</b>
<b>OTHER FINANCING SOURCES</b>						
TRANSFER TO CAPITAL PROJECTS	(1,314,000)	-	(2,320,000)	(2,755,000)	18.8%	(435,000)
USE OF RETAINED EARNINGS	973,953	-	1,143,987	31,738	-97.2%	(1,112,249)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(340,047)</b>	<b>-</b>	<b>(1,176,013)</b>	<b>(2,723,262)</b>	<b>131.6%</b>	<b>(1,547,249)</b>
<b>TOTAL WATER FUND</b>	<b>5,813,549</b>	<b>5,465,093</b>	<b>6,376,063</b>	<b>6,530,448</b>	<b>2.4%</b>	<b>154,385</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:

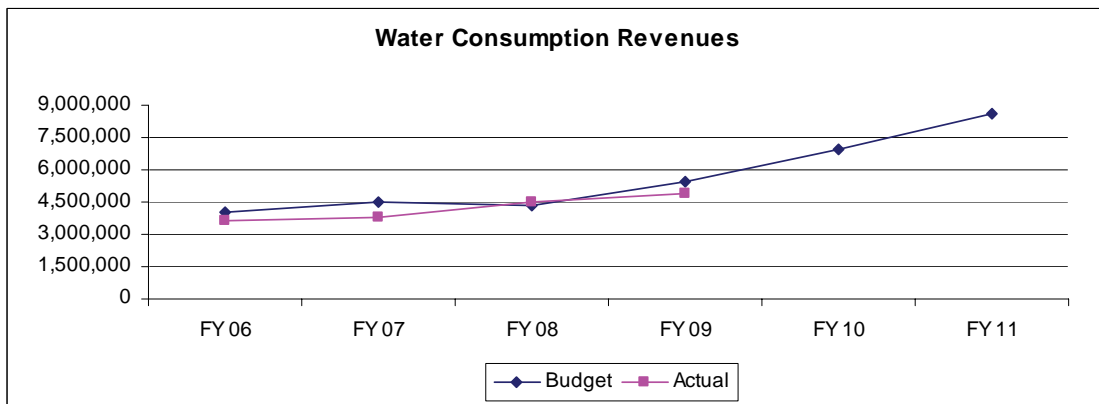
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

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 FY09 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
Budget	\$4,026,473	\$4,485,506	\$4,325,983	\$5,408,581	\$6,918,561	\$8,610,695
Actual	\$3,657,037	\$3,792,280	\$4,487,839	\$4,859,701		

### **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 new construction of commercial properties, the Water Fund is predicting a slight increase in revenues.

### **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-\$130,000 for the past five years. Actual revenues have ranged from \$85,000 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 in 2009 is anticipated to improve collections; therefore the City expects to realize a decrease in revenues associated with penalty assessments. In FY11, the City is forecasting no change in penalty income revenue.

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

**-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 Aid Grant Program** – RSA 486:3. Revenue received from the State of New Hampshire for funding water works construction projects or targeted special purpose issues. The Water Fund continues to monitor opportunities to apply for grants as they become available.

### **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. New agreements are not expected at this time, therefore there is no change in revenue predicted.

### **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 2009-2011

	BUDGETED REVENUES FY 09	ACTUAL REVENUES FY09	BUDGETED REVENUES FY 10	ESTIMATED REVENUES FY11	% CHANGE	\$\$ CHANGE
<b>SEWER CONSUMPTION</b>						
MUNICIPAL	100,504	70,539	93,442	86,992	-6.9%	(6,450)
OTHER UTILITIES WATER	122,544	118,809	200,250	220,275	10.0%	20,025
COMMERCIAL TYPE 1	2,958,434	2,280,109	2,772,854	3,050,139	10.0%	277,285
INDUSTRIAL TYPE 1	457,798	537,310	492,107	541,318	10.0%	49,211
RESIDENTIAL TYPE 1	2,674,418	2,490,512	2,557,751	2,803,526	9.6%	245,775
<b>TOTAL SEWER CONSUMPTION</b>	<b>6,313,698</b>	<b>5,497,279</b>	<b>6,116,404</b>	<b>6,702,250</b>	<b>9.6%</b>	<b>585,846</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	20,000	6,845	10,000	10,000	0.0%	-
SEPTAGE	90,000	117,529	100,000	115,000	15.0%	15,000
PENALTY INCOME	14,000	8,444	11,000	9,500	-13.6%	(1,500)
INTEREST ON INVESTMENTS	350,000	70,581	100,000	100,000	0.0%	-
PERMITS	5,000	-	2,500	2,500	0.0%	-
MISCELLANEOUS	45,000	66,334	55,000	60,000	9.1%	5,000
COST OF SALES	-	(5,367)	-	-		-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>524,000</b>	<b>264,366</b>	<b>278,500</b>	<b>297,000</b>	<b>6.6%</b>	<b>18,500</b>
<b>STATE REVENUES</b>						
STATE AID GRANT PROGRAM	1,701,035	1,431,113	1,353,279	1,264,412	-6.6%	(88,867)
<b>TOTAL STATE REVENUES</b>	<b>1,701,035</b>	<b>1,431,113</b>	<b>1,353,279</b>	<b>1,264,412</b>	<b>-6.6%</b>	<b>(88,867)</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	153,086	225,204	70,532	70,532	0.0%	-
PEASE REIMBURSE SEWER LOAN	178,583	-	57,103	51,912	-9.1%	(5,191)
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>331,669</b>	<b>225,204</b>	<b>127,635</b>	<b>122,444</b>	<b>-4.1%</b>	<b>(5,191)</b>
<b>OTHER FINANCING SOURCES</b>						
TRANSFER TO CAPITAL PROJECTS	(1,555,000)	(1,555,000)	(1,218,000)	(1,325,000)	8.8%	(107,000)
USE OF RETAINED EARNINGS	1,479,617		1,737,751	1,120,545	-35.5%	(617,206)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(75,383)</b>	<b>(1,555,000)</b>	<b>519,751</b>	<b>(204,455)</b>	<b>-139.3%</b>	<b>(724,206)</b>
<b>TOTAL SEWER FUND</b>	<b>8,795,019</b>	<b>5,862,962</b>	<b>8,395,569</b>	<b>8,181,651</b>	<b>-2.5%</b>	<b>(213,918)</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 six categories:

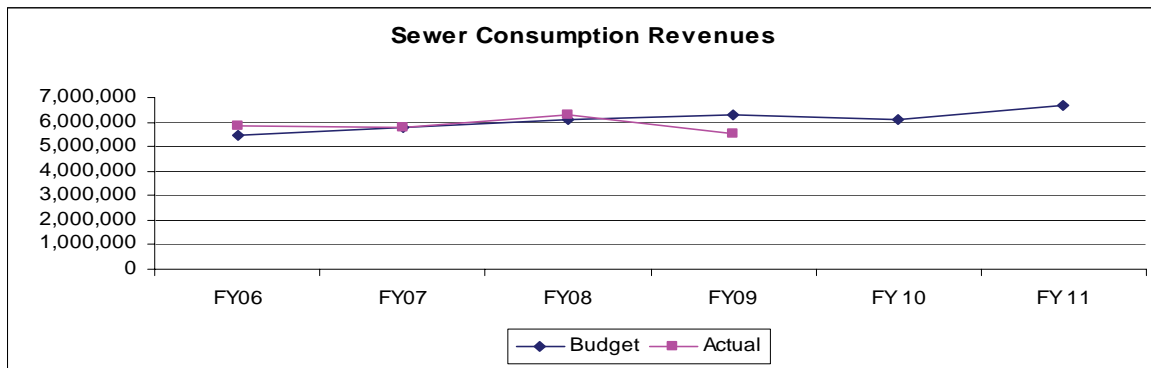
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Aid Grant Program
- 4) Special Agreements
- 5) Other Financing Sources

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 a decrease in user rate revenues for FY09. 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
Budget	\$5,467,684	\$5,751,538	\$6,119,175	\$6,313,698	\$6,116,404	\$6,702,250
Actual	\$5,870,710	\$5,759,147	\$6,294,287	\$5,497,279		

## **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.

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

**-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.

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

**-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.

## **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 2009-2011

	BUDGETED REVENUES FY 09	ACTUAL REVENUES FY 09	BUDGETED REVENUES FY 10	ESTIMATED REVENUES FY 11	% CHANGE	\$\$ CHANGE
<b>Community Development</b>						
CDBG Entitlement	136,286	137,449	139,203	121,700	-12.6%	(17,503)
Housing Rehab Program	29,165	28,231	30,058	51,700	72.0%	21,642
PEDLP	1,800	1,800	1,800	1,800	0.0%	-
<b>Total Community Development</b>	<b>167,251</b>	<b>167,480</b>	<b>171,061</b>	<b>175,200</b>	<b>2.4%</b>	<b>4,139</b>
UDAG Interest	194,944	148,989	70,000	68,000	-2.9%	(2,000)
Use of Fund Balance-UDAG	-	34,300	198,008	158,875	-19.8%	(39,133)
<b>Total Economic Development-UDAG</b>	<b>194,944</b>	<b>183,289</b>	<b>268,008</b>	<b>226,875</b>	<b>-15.3%</b>	<b>(41,133)</b>
<b>Parking and Transportation</b>						
Portion of Total Parking Revenue	2,429,489	2,429,489	2,246,686	2,291,724	2.0%	45,038
<b>Total Parking and Transportation</b>	<b>2,429,489</b>	<b>2,429,489</b>	<b>2,246,686</b>	<b>2,291,724</b>	<b>2.0%</b>	<b>45,038</b>
<b>Total Special Revenue Funds</b>	<b>2,791,684</b>	<b>2,780,258</b>	<b>2,685,755</b>	<b>2,693,799</b>	<b>0.3%</b>	<b>8,044</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 low interest loans and deferred loans 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 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 payback of Urban Development Action Grants. 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.

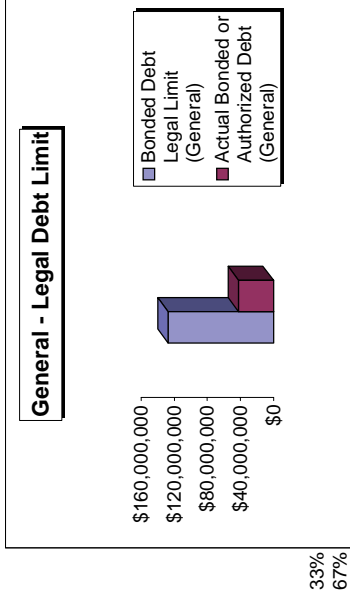
### **LONG TERM DEBT OUTSTANDING BALANCES (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)**

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

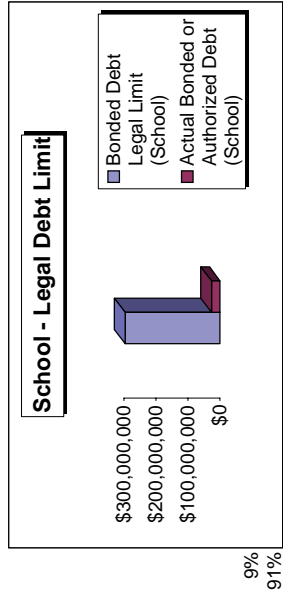
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 Computation of Legal Debt Margin  
 As of June 30, 2009

Modified local assessed valuation Department of Revenue Administrator inventory adjustment	\$ 3,805,456,063
	<u>396,337,858</u>
Equalized assessed valuation Adjustment: RSA 31-A	4,201,793,921
	<u>43,145,651</u>
Base valuation for debt limit (1)	\$ 4,244,939,572

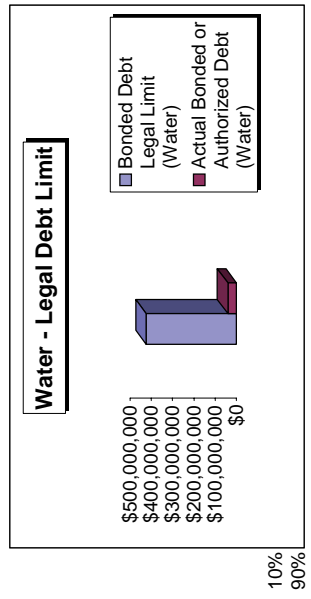
<b>Bonded debt limit - 3.0% of base (General Debt)</b>	\$ 127,348,187
Gross bonded debt	31,691,665
Less:	
Landfill (4)	2,161,666
Authorized but unissued Purchase of Parking Garage	29,529,999
	12,500,000
	<u>12,500,000</u>
Total debt applicable to 3% limitation <b>Legal Debt Margin</b>	\$ 42,029,999
	<u><b>85,318,188.16</b></u>



<b>Bonded debt limit - 7.0% of base (School Debt) (5)</b>	\$ 297,145,770
Gross bonded debt	27,050,000
Authorized but unissued	27,050,000
	-
Total debt applicable to 7% limitation <b>Legal Debt Margin</b>	\$ 27,050,000
	<u><b>270,095,770.04</b></u>



<b>Bonded debt limit - 10% of base (Water Fund) (2) (3)</b>	424,493,957
Gross bonded debt Water bonds	22,455,992
Authorized but unissued Water System Improvements Capital Projects Madbury Water Treatment Plant	22,455,992
	1,320,000
	8,100,000
	9,000,000
	18,420,000
Total debt applicable to 10% limitation <b>Legal Debt Margin</b>	\$ 40,875,992
	<u><b>383,617,965</b></u>



(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-

GENERAL FUND

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

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
<b>ISSUED DEBT</b>											
<b>GENERAL FUND-Issued Debt</b>											
06/15/00 99 City Improvements											
Principal	260,000										
Interest	13,260										
06/15/00 00 City Improvements											
Principal	50,000										
Interest	2,550										
09/15/02 01 Improvements											
Principal	375,000	375,000	375,000								
Interest	42,188	30,938	19,219	6,563							
09/15/02 Pevery/Banfield Rd											
Principal	40,000	40,000	40,000	40,000							
Interest	4,500	3,300	2,050	700							
09/15/02 Spinnaker Point											
Principal	50,000	50,000	50,000	50,000							
Interest	5,625	4,125	2,563	875							
09/15/02 03 Improvements											
Principal	400,000	400,000	400,000	390,000							
Interest	44,650	32,650	20,150	6,825							
06/15/08 Fire Apparatus											
Principal	150,000	150,000	150,000	150,000							
Interest	20,250	15,375	10,500	5,250							
08/01/05 05 Improvements											
Principal	295,000	295,000	295,000	295,000	295,000	295,000	290,000				
Interest	76,500	64,700	52,900	41,100	29,300	17,500	5,800				
06/15/07 New Castle Ave/Seawall											
Principal	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000			
Interest	19,425	17,025	14,625	12,225	9,825	7,425	5,025	2,475			
06/15/07 06 Improvements											
Principal	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000			
Interest	30,756	26,956	23,156	19,356	15,556	11,756	7,956	3,919			
06/15/07 07 Improvements											
Principal	445,000	445,000	445,000	445,000	445,000	445,000	445,000	445,000			
Interest	144,069	126,269	108,469	90,669	72,869	55,069	37,269	18,356			
06/15/08 08 Improvements											
Principal	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000		
Interest	80,625	72,500	64,375	55,625	46,875	38,125	28,750	19,375	10,000		
06/15/08 08 School Building Improvermer											
Principal	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000		
Interest	16,125	14,500	12,875	11,125	9,375	7,625	5,750	3,875	2,000		
11/18/98 Coakley 20											
Principal	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289
Interest	68,510	61,659	54,808	47,957	41,106	34,255	27,404	20,553	13,702	6,851	
06/15/09 09 Improvements											
Principal											
Interest											
Total											

GENERAL FUND

GENERAL FUND

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

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Principal	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Interest	91,875	150,500	140,000	122,500	105,000	87,500	70,000	52,500	35,000	17,500	
<b>07/01/00 Coakley OU-2 20 yr</b>											
Principal	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617
Interest	13,634	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 20 yr</b>											
Principal	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	1,090,125	1,033,125	973,750	909,625	828,875	733,875	638,875	543,875	448,875	363,375	286,188
<b>08/01/05 Library</b>											
Principal	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Interest	234,575	220,575	206,575	192,575	178,575	164,575	150,575	136,575	122,575	108,675	94,875
<b>06/15/08 Fire Station 2 Replacement</b>											
Principal	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Interest	132,563	126,550	120,538	114,063	107,588	101,113	94,175	87,238	80,300	72,900	66,150
<b>06/15/08 Fire Station 2 Land</b>											
Principal	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest	47,288	45,175	43,063	40,788	38,513	36,238	33,800	31,363	28,925	26,325	23,888
<b>06/15/09 Fire Station 2 Replacement</b>											
Principal	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Interest	36,914	61,781	59,531	55,781	52,031	48,281	44,531	40,781	37,031	33,281	29,531
<b>Total General Fund Issued Debt Principal Due</b>	5,657,905	5,347,905	5,337,905	5,337,905	4,332,905	4,332,905	4,327,905	4,037,905	3,437,905	3,127,905	2,597,617
<b>Total General Fund Issued Debt Interest Due</b>	2,216,005	2,120,097	1,940,300	1,743,516	1,544,163	1,350,773	1,156,107	965,842	782,126	631,386	501,871
<b>Total General Fund-Issued Debt</b>	7,873,910	7,468,002	7,288,205	7,081,421	5,877,068	5,683,678	5,484,012	5,003,747	4,220,032	3,759,291	3,099,487
<b>Issued Debt Related Revenues</b>											
GF Coakley Landfill State Aid	(46,154)	(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 Use of Debt Reserve	(1,300,000)	(900,000)	(700,000)	(1,200,000)	(500,000)	(550,000)	(468,771)				
<b>Total Issued Debt Related Revenues-General Fund</b>	<b>(2,362,376)</b>	<b>(1,961,366)</b>	<b>(1,760,357)</b>	<b>(2,259,347)</b>	<b>(1,558,337)</b>	<b>(1,607,328)</b>	<b>(1,525,089)</b>	<b>(1,055,309)</b>	<b>(1,054,299)</b>	<b>(1,053,289)</b>	<b>(1,016,222)</b>
<b>Total Net Issued Debt-General Fund</b>	5,511,534	5,506,636	5,527,849	4,822,074	4,318,731	4,076,350	3,958,923	3,948,439	3,165,733	2,706,002	2,083,265
<b>PROJECTED FUTURE DEBT:</b>											
<b>GENERAL FUND-Projected Future Debt</b>											
Allocation to Debt Reserve	83,711										
20 yr 4.25% FY 10 Middle School Renovations 20 yr	150,000	1,387,500	1,355,625	1,323,750	1,291,875	1,260,000	1,228,125	1,196,250	1,164,375	1,132,500	1,100,625
20 yr 4.25% FY 10 Middle School Renovations 20 yr			2,081,250	2,033,438	1,985,625	1,937,813	1,890,000	1,842,188	1,794,375	1,746,563	
<b>Authorized 08/17/09 Total</b>	<b>37,500,000</b>										
10 yr 4.25% FY 10 Municipal Complex Boiler Replacement	8,500	57,000	55,300	53,600	51,900	50,200	48,500	46,800	45,100	43,400	41,700
10 yr 4.25% FY 10 McDonough Street Area Improvements	8,500	57,000	55,300	53,600	51,900	50,200	48,500	46,800	45,100	43,400	41,700

GENERAL FUND

GENERAL FUND

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

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
10 yr 4.25% FY 10 School Building Improvements	10,625	71,250	69,125	67,000	64,875	62,750	60,625	58,500	56,375	54,250	52,125
10 yr 4.25% FY 10 Sagamore Bridge Replacement	21,250	142,500	138,250	134,000	129,750	125,500	121,250	117,000	112,750	108,500	104,250
<b>5 yr 4.25 % FIRE ENGINE #6</b>		10,625	119,125	114,875	110,625	106,375	102,125				
10 yr 4.25% MAPLE HAVEN STORM WATER DRAIN SYSTEM		21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625	106,375
10 yr 4.25% CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS		21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625	106,375
10 yr 4.25% INDOOR POOL BUILDING REHABILITATION		21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625	106,375
10 yr 4.25% STATE STREET SIDEWALK REPLACEMENT		8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250	42,550
10 yr 4.25% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM		12,750	84,225	81,675	79,125	76,575	74,025	71,475	68,925	66,375	63,825
10 yr 4.25% MIDDLE ROAD NEW SIDEWALK CONSTRUCTION		10625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313	53,188
10 yr 4.25% McDONOUGH STREET AREA IMPROVEMENTS		8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250	42,550
10 yr 4.25% STREET PAVING, MANAGEMENT AND REHABILITATION		53,125	350,938	340,313	329,688	319,063	308,438	297,813	287,188	276,563	265,938
<b>5 yr 4.25 % HEAVY RESCUE UNIT 1</b>			8,500	95,300	91,900	88,500	85,100	81,700			
10 yr 4.25% SCHOOL FACILITIES CAPITAL IMPROVEMENTS		10625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313	53,188
10 yr 4.25% McDONOUGH STREET AREA IMPROVEMENTS		8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250	42,550
10 yr 4.25% GATEWAY IMPROVEMENTS-EXIT 7		10625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313	53,188
10 yr 4.25% MAPLEWOOD AVENUE REHABILITATION		27,625	182,488	176,963	171,438	165,913	160,388	154,863	149,338	143,813	138,288
10 yr 4.25% PEASE-ROADWAY REHABILITATIONS		10625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313	53,188
<b>5 yr 4.25 % FIRE ENGINE #4</b>				10,625	119,125	114,875	110,625	106,375	102,125		
10 yr 4.25% CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS			21,250	21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875
10 yr 4.25% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM			12,750	84,225	81,675	79,125	76,575	74,025	71,475	68,925	66,375
10 yr 4.25% McDONOUGH STREET AREA IMPROVEMENTS			8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250
10 yr 4.25% STREET PAVING, MANAGEMENT AND REHABILITATION			53,125	350,938	340,313	329,688	319,063	308,438	297,813	287,188	276,563
10 yr 4.25% ISLINGTON STREET-STREETSCAPE IMPROVEMENTS			10625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313
<b>5 yr 4.25 % FIRE ENGINE #1</b>			12,750	12,750	10625	142,950	137,850	132,750	127,650	122,550	117,450
10 yr 4.25% SCHOOL FACILITIES CAPITAL IMPROVEMENTS			10625	10625	10625	70,188	68,063	65,938	63,813	61,688	59,563
10 yr 4.25% McDONOUGH STREET AREA IMPROVEMENTS			8,500	8,500	8,500	56,150	54,450	52,750	51,050	49,350	47,650
10 yr 4.25% GATEWAY IMPROVEMENTS-EXIT 7			10625	10625	10625	70,188	68,063	65,938	63,813	61,688	59,563
10 yr 4.25% ISLINGTON STREET-STREETSCAPE IMPROVEMENTS			10625	10625	10625	70,188	68,063	65,938	63,813	61,688	59,563
10 yr 4.25% PEASE-ROADWAY REHABILITATIONS			10625	10625	10625	70,188	68,063	65,938	63,813	61,688	59,563

GENERAL FUND

GENERAL FUND

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

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
20 yr 4.25% ELEMENTARY SCHOOL UPGRADES						212,500	914,375	893,125	871,875	850,625	829,375
10 yr 4.25% CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS						21,250	140,375	136,125	131,875	127,625	123,375
10 yr 4.25% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM						12,750	84,225	81,675	79,125	76,575	74,025
10 yr 4.25% PEVERLY HILL RD - NEW SIDEWALKS & SHOULDERS						8,925	58,958	57,173	55,388	53,603	51,818
10 yr 4.25% STREET PAVING, MANAGEMENT AND REHABILITATION						53,125	350,938	340,313	329,688	319,063	308,438
<b>20 yr 4.25% FIRE STATION THREE REPLACEMENT</b>	<b>282,586</b>	<b>1,883,125</b>	<b>2,908,000</b>	<b>5,496,775</b>	<b>6,122,488</b>	<b>6,679,475</b>	<b>7,867,520</b>	<b>8,132,029</b>	<b>7,814,794</b>	<b>7,481,384</b>	<b>7,132,649</b>
10 yr 4.25% ELEMENTARY SCHOOL UPGRADES							10625	70,188	68,063	65,938	63,813
10 yr 4.25% INTERSECTION IMPROVEMENT: BARTLETT AND ISLINK							35,063	231,619	224,606	217,594	210,581
10 yr 4.25% GATEWAY IMPROVEMENTS-EXIT 7							10625	70,188	68,063	65,938	63,813
10 yr 4.25% PEASE-ROADWAY REHABILITATIONS							10625	70,188	68,063	65,938	63,813
<b>Total General Fund-Projected Future Debt</b>	<b>282,586</b>	<b>1,883,125</b>	<b>2,908,000</b>	<b>5,496,775</b>	<b>6,122,488</b>	<b>6,679,475</b>	<b>7,867,520</b>	<b>8,132,029</b>	<b>7,814,794</b>	<b>7,481,384</b>	<b>7,132,649</b>
<b>Future Debt Related Revenues</b>	<b>FY 10</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>
GF Projected School Building Aid on \$15m (Middle School 34.74%)		(260,560)	(260,560)	(260,560)	(260,560)	(260,560)	(260,560)	(260,560)	(260,560)	(260,560)	(260,560)
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)
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>(260,560)</b>	<b>(260,560)</b>	<b>(651,400)</b>	<b>(651,400)</b>	<b>(651,400)</b>	<b>(801,400)</b>	<b>(801,400)</b>	<b>(801,400)</b>	<b>(801,400)</b>	<b>(801,400)</b>
<b>Total Net Projected Future Debt-General Fund</b>	<b>282,586</b>	<b>1,622,565</b>	<b>2,647,440</b>	<b>4,845,375</b>	<b>5,471,088</b>	<b>6,028,075</b>	<b>7,066,120</b>	<b>7,330,629</b>	<b>7,013,394</b>	<b>6,679,984</b>	<b>6,331,249</b>
<b>Total Gross Issued and Projected Debt-General Fund</b>	<b>8,156,496</b>	<b>9,351,127</b>	<b>10,196,205</b>	<b>12,578,196</b>	<b>11,999,556</b>	<b>12,363,153</b>	<b>13,351,532</b>	<b>13,135,776</b>	<b>12,034,825</b>	<b>11,240,675</b>	<b>10,232,136</b>
<b>Total Debt Related Revenues Actual and Projected</b>	<b>(2,362,376)</b>	<b>(2,221,926)</b>	<b>(2,020,917)</b>	<b>(2,910,747)</b>	<b>(2,209,737)</b>	<b>(2,258,728)</b>	<b>(2,326,489)</b>	<b>(1,856,709)</b>	<b>(1,855,699)</b>	<b>(1,854,689)</b>	<b>(1,817,622)</b>
<b>Total Net Issued and Projected Debt-General Fund</b>	<b>5,794,120</b>	<b>7,129,201</b>	<b>8,175,289</b>	<b>9,667,449</b>	<b>9,789,818</b>	<b>10,104,425</b>	<b>11,025,043</b>	<b>11,279,067</b>	<b>10,179,126</b>	<b>9,385,986</b>	<b>8,414,514</b>

GENERAL FUND

GENERAL FUND

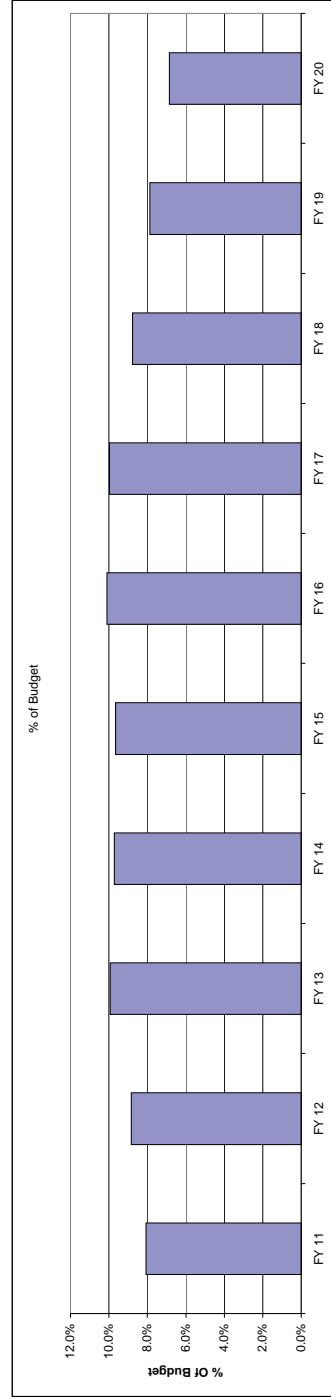
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Total Gen Fund Without Net Debt Service (increase 3.85% FY 11 and beyond)	81,257,034	84,385,430	87,634,269	91,008,188	94,512,003	98,150,715	101,929,518	105,853,804	109,929,176	114,161,449
Existing Debt Service	7,468,002	7,288,205	7,081,421	5,877,068	5,683,678	5,484,012	5,003,747	4,220,032	3,759,291	3,099,487
Projected Debt Service	1,883,125	2,908,000	5,496,775	6,122,488	6,679,475	7,867,520	8,132,029	7,814,794	7,481,384	7,132,649
Total Gross Debt Service	9,351,127	10,196,205	12,578,196	11,999,556	12,363,153	13,351,532	13,135,776	12,034,825	11,240,675	10,232,136
Debt Service Related Revenues	(2,221,926)	(2,020,917)	(2,910,747)	(2,209,737)	(2,258,728)	(2,326,489)	(1,856,709)	(1,855,699)	(1,854,689)	(1,817,622)
<b>Net Debt</b>	<b>7,129,201</b>	<b>8,175,289</b>	<b>9,667,449</b>	<b>9,789,818</b>	<b>10,104,425</b>	<b>11,025,043</b>	<b>11,279,067</b>	<b>10,179,126</b>	<b>9,385,986</b>	<b>8,414,514</b>
Total General Fund Budget	88,386,234	92,560,718	97,301,718	100,798,006	104,616,428	109,175,759	113,208,585	116,032,931	119,315,161	122,575,963

**Percentage Debt Service of Budget:** 8.07% 8.83% 9.94% 9.71% 9.66% 10.10% 9.96% 8.77% 7.87% 6.86%



GENERAL FUND

PARKING and TRANSPORTATION FUND

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

ISSUED DEBT

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
<u>PARKING/TRANSPORTATION FUND-Issued Debt</u>											
06/15/00 High Hanover Expansion											
Principal	450,000										
Interest	22,950										
Total Parking/Trans Fund Issued Debt	450,000										
Total Parking/Trans Fund Issued Debt Interest Due	22,950										
Total Parking/TransFund-Issued Debt	472,950										

PROJECTED FUTURE DEBT:

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
<u>PARKING/TRANSPORTATION FUND- Projected Future Debt</u>											
Total Parking/Transportation Fund-Projected Future Debt	-										
Future Debt Related Revenues											
Total Future Debt Related Revenues-Parking/Transportation Fund	-										
Total Net Projected Future Debt-Parking/Transportation Fund	-										
Total Net Issued and Projected Debt-Parking/Transportation Fund	472,950										

WATER FUND

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

WATER FUND-Issued Debt

	FY.10	FY.11	FY.12	FY.13	FY.14	FY.15	FY.16	FY.17	FY.18	FY.19	FY.20
<b>05/15/02 Upgrade Motor Control Center</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	7,754	7,157	6,561	5,964	5,368	4,772	4,175	3,579	2,982	2,386	1,790
<b>05/15/02 Corrosion Control Program</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	7,114	6,567	6,020	5,472	4,925	4,378	3,831	3,284	2,736	2,189	1,642
<b>11/01/02 Constitution Avenue</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	124,455	115,565	106,676	97,786	88,896	80,007	71,117	62,228	53,338	44,448	35,559
<b>12/01/02 Spinney Tank</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	30,339	28,172	26,005	23,838	21,671	19,504	17,337	15,170	13,003	10,836	8,669
<b>06/01/08 Madbury Treatment Plant-Desi</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	73,242	66,272	62,784	59,296	55,808	52,320	48,832	45,344	41,856	38,368	34,880
<b>01/15/09 Madbury Treatment Plant</b>											
Principal	404,746	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000
Interest		693,850	668,500	626,250	584,000	541,750	499,500	457,250	415,000	372,750	330,750
<b>Total Water Fund Issued Debt Principal Due</b>	427,528	1,272,528	1,272,528	1,272,528	1,272,528	1,272,528	1,272,528	1,272,528	1,272,528	1,267,528	1,267,528
<b>Total Water Fund Issued Debt Interest Due</b>	647,650	917,583	876,546	818,606	760,668	702,731	644,792	586,855	528,915	470,977	413,290
<b>Total Water Fund-Issued Debt</b>	1,075,178	2,190,111	2,149,074	2,091,134	2,033,196	1,975,259	1,917,320	1,859,383	1,801,443	1,738,505	1,680,818

WATER FUND

WATER FUND

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

PROJECTED FUTURE DEBT:

		<u>WATER FUND-Projected Future Debt</u>										
		<u>FY 10</u>	<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>
20 yr	Bellamy Reservoir, Raw Water Mgmt Authorized 08/16/05	90,028	88,185	86,341	84,498	82,654	80,810	78,967	77,123	75,280	73,436	71,592
20 yr	Greenland Well Authorized 08/16/05		92,500	90,375	88,250	86,125	84,000	81,875	79,750	77,625	75,500	73,375
20 yr	Water Source Augmentation Authorized 08/16/05			185,000	180,750	176,500	172,250	168,000	163,750	159,500	155,250	151,000
20 yr	Maplewood Ave Waterline Replaceme Authorized 08/16/05			437,200	427,840	418,480	409,120	399,760	390,400	381,040	371,680	362,320
20 yr	Madbury Treatment Plant Upgrades Authorized 11/10/08				277,500	271,125	264,750	258,375	252,000	245,625	239,250	232,875
20 yr	Little Harbor/Wild Rose Lane Wtr Line				277,500	92,500	90,375	88,250	86,125	84,000	81,875	79,750
20 yr	Osprey Landing Water Tank Rep				138,750	135,563	132,375	129,188	126,000	122,813	119,625	116,438
20 yr	Hobbs Hill Landing Water Tank F											
	<b>Total Water Fund-Projected Future Debt</b>	<b>90,028</b>	<b>180,685</b>	<b>798,916</b>	<b>1,197,588</b>	<b>1,540,447</b>	<b>1,504,805</b>	<b>1,469,164</b>	<b>1,433,523</b>	<b>1,397,882</b>	<b>1,362,241</b>	<b>1,326,600</b>
	<b>Total Net Issued and Projected Debt Water Fund</b>	<b>1,165,206</b>	<b>2,370,796</b>	<b>2,947,990</b>	<b>3,288,722</b>	<b>3,573,643</b>	<b>3,480,064</b>	<b>3,386,484</b>	<b>3,292,906</b>	<b>3,199,325</b>	<b>3,100,746</b>	<b>3,007,418</b>

WATER FUND

**SEWER FUND**

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

**ISSUED DEBT**

**SEWER FUND-Issued Debt**

	<u>FY_10</u>	<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>
<b>08/01/89 Belt Press</b>											
Principal	30,000										
Interest	1,020										
<b>12/01/92 Peirce Island WWTP Improvem</b>											
Principal	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Interest	197,438	131,625	65,813								
<b>12/21/00 Pease WWTP</b>											
Principal	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450
Interest	157,845	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>											
Principal	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
Interest	127,447	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>											
Principal	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
Interest	262,530	246,122	229,714	213,305	196,897	180,469	164,081	147,673	131,265	114,857	98,449
<b>12/01/08 Sewer Projects Phase 3</b>											
Principal	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407
Interest	182,518	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>											
Principal	146,840	146,840	146,840	146,840	146,840	146,840	146,840	146,840	146,840	146,840	146,840
Interest	6,402	4,802	3,201	1,601							
<b>12/01/08 Lower Court Street Loan</b>											
Principal	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428
Interest	22,816	21,615	20,415	19,214	18,013	16,812	15,611	14,410	13,209	12,009	10,808
<b>Total Sewer Fund Issued Debt Principal Due</b>	2,474,599	2,444,599	2,444,599	1,469,599	1,322,759	1,322,759	1,322,759	1,322,759	1,322,759	1,322,759	1,322,759
<b>Total Sewer Fund Issued Debt Interest Due</b>	958,016	838,214	719,432	600,654	547,682	496,315	444,946	393,579	342,209	290,842	239,473
<b>Total Sewer Fund-Issued Debt</b>	3,432,614	3,282,813	3,164,031	2,070,252	1,870,441	1,819,074	1,767,705	1,716,337	1,664,968	1,613,601	1,562,232
<b><u>Issued Debt Related Revenues</u></b>											
SEWER Belt Press-State Aid	(28,373)										
SEWER PIWWTP Improvements-State Aid	(809,302)	(763,873)	(718,445)								
SEWER PIWWTP Improvements-State Aid	(50,672)	(47,828)	(44,983)								
SEWER PIWWTP Improvements-State Aid	(5,514)	(5,204)	(4,895)								
SEWER Pease WWTP-State Aid	(136,400)	(132,316)	(128,233)	(124,148)	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	(99,646)	(95,563)
SEWER Phase 1-State Aid	(110,787)	(107,883)	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	(84,652)	(81,748)
SEWER Phase 2-State Aid	(212,231)	(207,309)	(202,386)	(197,464)	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	(167,928)	(163,006)
<b>Total Issued Debt Related Revenues-Sewer Fund</b>	<b>(1,353,279)</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>Total Net Issued Debt-Sewer Fund</b>	<b>2,079,335</b>	<b>2,018,400</b>	<b>1,960,110</b>	<b>1,646,565</b>	<b>1,458,664</b>	<b>1,419,207</b>	<b>1,379,749</b>	<b>1,340,290</b>	<b>1,300,831</b>	<b>1,261,375</b>	<b>1,221,915</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 11</u>	5,347,905	2,120,097	-	-	1,272,528	917,583	2,444,599	838,214	9,065,032	3,875,894	12,940,926
<u>FY 12</u>	5,347,905	1,940,300	-	-	1,272,528	876,546	2,444,599	719,432	9,065,032	3,536,279	12,601,310
<u>FY 13</u>	5,337,905	1,743,516	-	-	1,272,528	818,606	1,469,599	600,654	8,080,032	3,162,776	11,242,807
<u>FY 14</u>	4,332,905	1,544,163	-	-	1,272,528	760,668	1,322,759	547,682	6,928,192	2,852,513	9,780,705
<u>FY 15</u>	4,332,905	1,350,773	-	-	1,272,528	702,731	1,322,759	496,315	6,928,192	2,549,819	9,478,011
<u>FY 16</u>	4,327,905	1,156,107	-	-	1,272,528	644,792	1,322,759	444,946	6,923,192	2,245,845	9,169,037
<u>FY 17</u>	4,037,905	965,842	-	-	1,272,528	586,855	1,322,759	393,579	6,633,192	1,946,275	8,579,467
<u>FY 18</u>	3,437,905	782,126	-	-	1,272,528	528,915	1,322,759	342,209	6,033,192	1,653,251	7,686,443
<u>FY 19</u>	3,127,905	631,386	-	-	1,267,528	470,977	1,322,759	290,842	5,718,192	1,393,205	7,111,397
<u>FY 20</u>	2,597,617	501,871	-	-	1,267,528	413,290	1,322,759	239,473	5,187,903	1,154,634	6,342,537
<u>FY 21</u>	2,565,000	394,413	-	-	1,267,528	368,201	1,001,308	188,105	4,833,836	950,718	5,784,555
<u>FY 22</u>	2,565,000	285,388	-	-	1,267,528	323,114	1,001,308	151,086	4,833,836	759,587	5,593,424
<u>FY 23</u>	2,565,000	174,988	-	-	1,238,128	275,924	754,740	114,067	4,557,868	564,978	5,122,847
<u>FY 24</u>	665,000	106,150	-	-	940,000	229,878	754,740	86,851	2,359,740	422,879	2,782,620
<u>FY 25</u>	665,000	78,565	-	-	940,000	192,790	754,740	59,636	2,359,740	330,991	2,690,732
<u>FY 26</u>	665,000	50,858	-	-	940,000	155,702	309,835	32,421	1,914,835	238,981	2,153,816
<u>FY 27</u>	320,000	30,265	-	-	940,000	117,564	309,835	21,614	1,569,835	169,443	1,739,278
<u>FY 28</u>	320,000	16,788	-	-	940,000	78,376	309,835	10,807	1,569,835	105,971	1,675,806
<u>FY 29</u>	75,000	3,188	-	-	940,000	39,188	-	-	-	-	-
<b>Totals</b>	<b>52,633,763</b>	<b>13,876,781</b>	<b>-</b>	<b>-</b>	<b>22,128,464</b>	<b>8,501,700</b>	<b>20,814,451</b>	<b>5,577,934</b>	<b>94,561,678</b>	<b>27,914,039</b>	<b>122,475,717</b>
<b>less Anticipated Debt Related Revenues</b>		(17,899,609)				(6,420,333)			(24,319,942)		(24,319,942)
<b>Net Outstanding Debt</b>	<b>34,734,154</b>	<b>13,876,781</b>	<b>-</b>	<b>-</b>	<b>22,128,464</b>	<b>8,501,700</b>	<b>14,394,118</b>	<b>5,577,934</b>	<b>70,241,736</b>	<b>27,914,039</b>	<b>98,155,775</b>

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