

# *City of Portsmouth, New Hampshire*

Proposed Budget  
2007-2008



## **Mayor**

Steve R. Marchand

Assistant Mayor

Thomas G. Ferrini

Joanne M. Grasso, Councilor  
M. Chris Dwyer, Councilor  
Edward R. Reynolds, Councilor  
Laura C. Pantelakos, Councilor  
Harold Whitehouse, Councilor  
Kenneth E. Smith, Councilor  
John Hynes, Councilor

## **City Manager**

John P. Bohenko



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
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**City of Portsmouth**

**New Hampshire**

For the Fiscal Year Beginning

**July 1, 2006**

President

Executive Director

*The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to The City of Portsmouth, New Hampshire for its annual budget for the fiscal year beginning July 1, 2006. 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.*

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**  
**PROPOSED BUDGET FISCAL YEAR 2008**  
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# CITY OF PORTSMOUTH WEB ADDRESS

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

Full view of the proposed budget document and the Comprehensive Annual Financial Report (CAFR) can be found by visiting the Finance section of the city's website.

The entire Master Plan can be viewed at the following link on the City's website.  
<http://www.cityofportsmouth.com/masterplan/MasterPlanFinalComplete-Aug2005.pdf>

The entire Capital Improvement Plan for 2008-2013 can be viewed at the following link on the City's website.  
<http://www.cityofportsmouth.com/planning/2008-2013CapitalImprovements.pdf>

# INTRODUCTION



# CITY OF PORTSMOUTH

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City Hall, One Junkins Avenue  
Portsmouth, New Hampshire 03801  
(603) 431-2000 x201 Fax (603) 427-1526

John P. Bohenko  
City Manager

**To:** Honorable Mayor Steve Marchand and City Council Members  
**From:** John P. Bohenko, City Manager  
**Date:** April 6, 2007  
**Re:** Fiscal Year 2008 Budget Message

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In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2008 Proposed Budget document for all major City funds, including General, Water, Sewer, Parking and Transportation, and Community Development.

This budget reflects prior accomplishments, current initiatives, and was designed to maintain a quality of life and level of Municipal, School, Fire, and Police services that our residents of Portsmouth have come to expect.

There are a number of accomplishments made by the City of Portsmouth which are detailed later in this message. Three major achievements in FY07 as a result of the cooperation of the City Council, residents and the dedication of City staff are as follows:

- The dedication of the new Public Library in January 2007.
- The City of Portsmouth becoming the first New Hampshire municipality to receive the Distinguished Budget Document Presentation Award from the Government Finance Officers Association (GFOA) for its 2006-2007 proposed budget document.
- The recognition of the Peirce Island Waste Water Treatment Plant in September 2006 by New Hampshire Water Pollution Control Association, naming this plant as the "Water Treatment Plant of the Year".

Portsmouth's economy continues to grow and our city remains attractive to new businesses and visitors, alike. Our Central Business District is the focus of several significant development and redevelopment proposals that will change our downtown landscape, particularly in the Northern Tier section. This growth has resulted in the continued expansion of our tax base, which has a positive impact on our efforts to limit increases in the tax rate.

The budget continues to benefit from implemented financial policies to address long-term liabilities and improve our fiscal stability. 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 many efforts, the City's bond rating remains at its highest

level ever, realizing substantial savings to our taxpayers in the form of reduced borrowing costs annually.

### **Budget Environment**

I am submitting to you the budget as requested from the School Board, Police and Fire Commissions, and Municipal Department Heads. It has been carefully prepared to allow the continued provision of critical services and improvements to our infrastructure.

With the exception of the Fire Department's request to reinstate the position of the Fire Prevention Officer, this budget was designed to maintain status quo level of services and does not require the addition of new full-time staffing. In fact, overall, the total full-time position count for this budget represents a net decrease by 1.7 positions.

In addition, to implement a uniform citywide approach for long-term and short-term capital investments in our city facilities, the FY08 proposed budget includes a provision for contracted services of a Facilities Engineer. The responsibility of the engineer will be to assess all City facilities, including schools, and create a master plan for capital improvements, which will include sustainable practices and energy management. The funding for this position is shared by the General, Water and Sewer funds.

### **The 2008 General Fund Budget**

The proposed Fiscal Year 2008 General Fund budget is \$80,428,802 or a 5.45% increase over FY07. This is an increase of \$4,160,416. The total budget is comprised of \$64,545,882 in the operating budget and \$15,882,920 in the non-operating budget.

The operating budget of \$64,545,882 finances expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire, and School Departments and represents a combined increase of 5.77% and is allocated by departments as follows:

<b>2008 PROPOSED OPERATING BUDGET</b>				
	FY07	FY08 Submitted Budget	\$ Change	Percent Change
<b>Municipal</b>	14,596,083	15,285,182	689,099	4.72%
<b>Police</b>	7,830,154	8,367,250	537,096	6.86%
<b>Fire</b>	6,126,861	6,508,821	381,960	6.23%
<b>School</b>	32,472,916	34,384,629	1,911,713	5.89%
<b>Total Operating</b>	<b>\$ 61,026,014</b>	<b>\$ 64,545,882</b>	<b>\$ 3,519,868</b>	<b>5.77%</b>



The non-operating budget of \$15,882,920 represents an increase of \$640,548 or 4.2% over FY07 as depicted in the following table.

<b>2008 PROPOSED NON-OPERATING BUDGET</b>				
	FY07	FY08 Submitted Budget	\$ Change	Percent Change
TANS	400,000	400,000	-	0.00%
Debt Service	7,330,930	7,584,387	253,457	3.46%
Overlay	800,000	1,000,000	200,000	25.00%
Capital Outlay	1,200,000	1,470,000	270,000	22.50%
County	3,680,000	3,680,000	-	0.00%
Contingency	400,000	400,000	-	0.00%
Other General Non-Operating	1,431,442	1,348,533	(82,909)	-5.79%
<b>Total Non-Operating</b>	<b>\$ 15,242,372</b>	<b>\$ 15,882,920</b>	<b>\$ 640,548</b>	<b>4.20%</b>

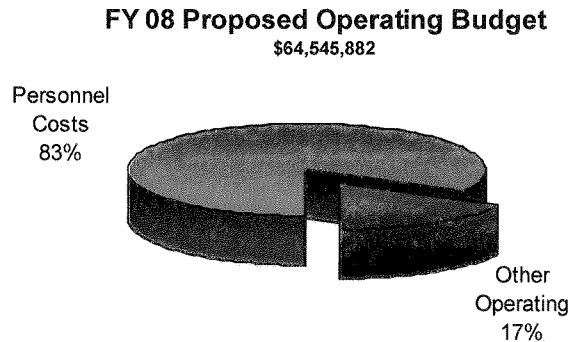
### Major Factors Affecting the Proposed Budget

The increase of \$4,160,416 in the proposed General Fund Budget is represented in the table below:

<b>GENERAL FUND</b>	<b>FY07</b>	<b>PROPOSED FY08</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
TOTAL SALARIES	33,300,096	34,472,350	1,172,254	3.52%
OVERTIME	1,374,629	1,417,840	43,211	3.14%
RETIREMENT	2,333,991	3,123,595	789,604	33.83%
HEALTH INSURANCE	8,209,081	9,169,543	960,462	11.70%
WORKERS' COMPENSATION	699,412	666,183	(33,229)	-4.75%
OTHER PERSONNEL BENEFITS	4,361,976	4,511,909	149,933	3.44%
<i>Total Personnel Costs</i>	<i>50,279,185</i>	<i>53,361,420</i>	<i>3,082,235</i>	<i>6.13%</i>
UTILITIES	2,421,286	2,452,943	31,657	1.31%
PUPIL TRANSPORTATION	671,910	713,424	41,514	6.18%
TUITION	751,292	821,292	70,000	9.32%
CONTRACTED SERVICES	835,639	827,480	(8,159)	-0.98%
OTHER OPERATING	6,066,702	6,369,323	302,621	4.99%
<i>Total Operating Other Costs</i>	<i>10,746,829</i>	<i>11,184,462</i>	<i>437,633</i>	<i>4.07%</i>
<b>TOTAL OPERATING</b>	<b>61,026,014</b>	<b>64,545,882</b>	<b>3,519,868</b>	<b>5.77%</b>
<b>TOTAL NON OPERATING</b>	<b>15,242,372</b>	<b>15,882,920</b>	<b>640,548</b>	<b>4.20%</b>
<b>TOTAL GENERAL FUND BUDGET</b>	<b>76,268,386</b>	<b>80,428,802</b>	<b>4,160,416</b>	<b>5.45%</b>

- Personnel costs consist of \$3,082,235 of the total increase.
- Other operating costs such as pupil transportation, tuition, contracted services, welfare, repairs and maintenance to our equipment and buildings consist of \$437,633 of the total increase.
- Non-operating expenditures which comprises mainly of the City's share of the Rockingham County tax, Overlay, and Capital Outlay makes up \$640,548 of the total increase.

By far, the largest increase in the proposed General Fund Budget are costs associated with Personnel. It is important to note that personnel costs make up 83% of the operating budget as depicted in the chart below.



While overall inflation has remained at a level that is manageable, individual increases in key personnel benefits due to factors beyond the City's control has made it a challenge to limit budget increases. For instance, while inflation has been hovering around 2.5%, two major employee benefits, health insurance and retirement contributions, have increased at rates 5 to 25 times the rate of inflation.

**Retirement Costs**

The New Hampshire Retirement System has announced the FY08 contribution rates for all of the City's full-time employees. The rate increase has caused substantial and dramatic impacts to the department's budget as shown in the table below.

<b>RETIREMENT BUDGET BY DEPARTMENT</b>				
	<i>FY07 Budget</i>	<i>FY08 Proposed Budget</i>	<i>Budget Increase</i>	<i>Percent Change</i>
MUNICIPAL	434,026	573,663	139,637	32%
POLICE	483,588	620,508	136,920	28%
FIRE	583,336	675,808	92,472	16%
SCHOOL	833,041	1,253,616	420,575	50%
<b>TOTAL</b>	<b>\$2,333,991</b>	<b>\$3,123,595</b>	<b>\$789,604</b>	<b>34%</b>

The overall budget for retirement contributions is increasing 34% above FY07 with the School Department experiencing the largest budget increase of 50%; Municipal 32%; Police Department 28%; and the Fire Department 16%. The total impact represents almost \$790,000.

**Health Insurance Costs**

Health insurance costs continue to grow and impact the operating budget substantially. New Hampshire Local Government Center (LGC) HealthTrust has provided the City with a health insurance rate that will result in a total premium cost of just over \$11 million. This is an increase of nearly \$1.2 million, or 12% over last year. City

employees' contributions to their health insurance premiums will be slightly over \$2 million or approximately 18% of the total cost, leaving the City's share to be just over \$9 million. The Health Insurance Stabilization Fund (*detailed in the Financial Guidelines and Policies section of this budget document*), allows for departments to budget annually the average growth in health insurance rates established by the LGC over the prior 10 years. For FY08, this average is 11.7%. However, this increase still impacts the operating budget by almost \$1 million, as shown in the table below.

<b>HEALTH INSURANCE</b>			
10 year average increase of 11.7%			
	FY07 Budget	11.7% Increase	FY08 Proposed Budget
		<b>11.70%</b>	
Municipal	1,477,897	172,914	1,650,811
Police Department	1,230,207	143,934	1,374,141
Fire Department	679,644	79,518	759,162
School	4,821,333	564,096	5,385,429
<b>Total</b>	<b>\$8,209,081</b>	<b>\$960,462</b>	<b>\$9,169,543</b>

### **Salary Costs**

Salaries and personnel costs are predetermined by the City's fifteen (15) collective bargaining units for employing our teachers, firefighters, police officers, and other municipal professional staff. Per each collective bargaining unit agreement, salaries are adjusted annually by the Consumer Price Index (CPI) for the November to November Boston-Brockton-Nashua rate. For FY08, this impact is **2.06%**. In addition to this cost-of-living-adjustment (COLA), employees who have not reached top step in their job classification will receive step increases. As a result, full-time and part-time salaries have increased over 3% overall. It is important to note that the number of employees who will receive step increases represent 43% of the staff in the Police Department, 23% in the Fire Department, 38% in the School Department and 27% of all other Municipal employees.

### **Worker's Compensation**

A bright spot in the area of personnel costs is Worker's Compensation, where premium rates will decrease by 5%, or an overall net decrease of \$33,000 in FY08. This decrease in the premium rate is because of the Experience Modification Factor used to calculate our rate by Primex, the City's Worker's Compensation insurance company. The "mod" value compares the City's Worker's Compensation claim profile to the claim profile that would be expected of a municipality with a similar sized payroll. Due to the fact that Portsmouth's losses were lower than expected for the rating period and thanks to increased risk management activities on the part of the City, we have experienced a reduction in our premium rate.

### **Energy**

Once again this year, the City is not alone in having its budget impacted by the high costs of electricity, gasoline and diesel, natural gas and heating oil. Although the proposed budgeted amount of \$2.45 million reflects only a 1.3% increase over our FY07 energy budget, it is 38.5% more than we budgeted for energy just two years ago.

However, we are taking steps to address this area. The issue of sustainable practices has been identified as an important goal in the City's recently adopted Master Plan. The Mayor and City Council have appointed a seven-member Committee on Sustainable Practices to work with City staff, local officials and the community to identify initiatives to reduce both the cost and consumption of energy and other resources. This includes the addition of the Facilities Engineer. The City Council adopted resolutions in 2006 making Portsmouth the first municipality in the Seacoast - and one of only a handful in the state - to formally pledge to take steps to reduce global warming.

### Property Taxes

Property taxes remain the City of Portsmouth's major source of funding for the services provided by the School, Police, Fire and Municipal services, as well as fund our share of the Rockingham County budget. I have submitted the budget for these departments as requested. If adopted as proposed, the total FY08 budget would result in an overall 78¢ increase in the tax rate, or 4.97% over FY07. This increase would result in a tax rate of \$16.50 per \$1,000 of property value. This means that an average home assessed at \$330,000 will see an increase in their tax bill of \$257.

<i>Proposed Tax Rate</i>			
	FY07	FY08 Proposed	Difference
Municipal/Local School	12.43	13.18	0.75
Statewide Property Tax	2.41	2.33	(0.08)
County Tax	0.88	0.99	0.11
	15.72	16.50	0.78

In order to reduce this tax rate, the City Council must make policy decisions to either reduce expenditures, increase revenues or a combination of both. Such policy decisions to increase revenue would mean establishing a new revenue source. Decisions to reduce the operating budget may result in the reduction of staff, and a decision to reduce the non-operating budget could result in the delay or the elimination of much needed capital improvements.

***As a general rule every 1¢ reduction in the tax rate is equal to approximately \$37,000 reduction in expenditures, increase in revenues or a combination of both.***

I look forward to working with all members of the City Council, School Board, Commissioners and Department Heads as we proceed through the budget work sessions in the upcoming months. I believe that together we can finalize a budget for Fiscal Year 2008 which continues to provide a high level of services while reaching an acceptable tax rate for the citizens of Portsmouth.

## **Conclusion**

My budget message continues on the following pages with citywide budget highlights for all funds presented in this budget document, citywide priorities, financial policies and long-term financial guidelines, and a community and economic profile. All of these factors are incorporated while creating the current proposed budget as well as long-term planning for future years.

I would like to thank all of the Departments for their invaluable input, assistance and commitment to producing the Fiscal Year 2008 Proposed Budget document.

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# 2008 BUDGET HIGHLIGHTS

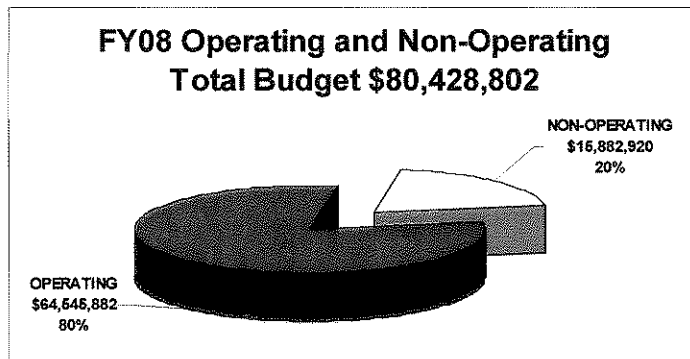
## GENERAL FUND

### Total Appropriation

The total proposed FY08 appropriations for the General Fund total \$80,428,802 or 5.45% increase over the FY07 budget. The following table is a summary of major expenditure categories for the FY06 actual, FY07 budget, FY08 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY07.

TOTAL GENERAL FUND	FY06 ACTUAL	FY07 BUDGET	FY08 DEPARTMENT REQUEST	FY08 CITY MANAGER RECOMMENDED	% Change	\$ Change
SALARIES	29,803,572	31,141,445	32,179,552	32,179,552	3.33%	1,038,107
PART TIME SALARIES	1,382,113	1,523,181	1,597,205	1,597,205	4.86%	74,024
OVERTIME	1,421,919	1,374,629	1,417,840	1,417,840	3.14%	43,211
HOLIDAY	256,534	271,237	280,413	280,413	3.38%	9,176
LONGEVITY	86,771	93,946	98,196	98,196	4.52%	4,250
STIPENDS	243,227	270,287	316,984	316,984	17.28%	46,697
RETIREMENT	2,186,189	2,333,991	3,123,595	3,123,595	33.83%	789,604
HEALTH INSURANCE	7,200,949	8,209,081	9,169,543	9,169,543	11.70%	960,462
DENTAL INSURANCE	529,160	567,808	579,630	579,630	2.08%	11,822
INSURANCE REIMBURSEMENT	60,920	67,818	69,128	69,128	1.93%	1,310
LEAVE AT TERMINATION	919,887	958,888	958,887	958,887	0.00%	(1)
WORKERS' COMPENSATION	575,298	699,412	666,183	666,183	-4.75%	(33,229)
OTHER FRINGE BENEFITS	2,458,579	2,767,462	2,904,264	2,904,264	4.94%	136,802
<b>TOTAL SALARIES AND BENEFITS</b>	<b>47,125,118</b>	<b>50,279,185</b>	<b>53,961,420</b>	<b>53,961,420</b>	<b>6.13%</b>	<b>3,082,235</b>
TRAINING	60,997	72,850	70,478	70,478	-3.26%	(2,372)
UTILITIES	2,362,334	2,421,286	2,452,943	2,452,943	1.31%	31,657
DIRECT ASSISTANCE	240,885	218,000	218,500	218,500	0.23%	500
OUTSIDE SOCIAL SERVICES	192,223	188,304	194,570	194,570	3.33%	6,266
CONTRACTED SERVICES	947,089	835,639	827,480	827,480	-0.98%	(8,159)
PUPIL TRANSPORTATION	597,133.13	671,910.00	713,424.00	713,424.00	6.18%	41,514
TUITION	864,852.65	751,292.00	821,292.00	821,292.00	9.32%	70,000
OTHER OPERATING	5,268,165.30	5,587,548.00	5,885,775.00	5,885,775.00	5.34%	298,227
<b>TOTAL OTHER OPERATING</b>	<b>10,533,679</b>	<b>10,746,829</b>	<b>11,184,482</b>	<b>11,184,482</b>	<b>4.07%</b>	<b>437,633</b>
<b>TOTAL OPERATING</b>	<b>57,658,797</b>	<b>61,026,014</b>	<b>64,545,882</b>	<b>64,545,882</b>	<b>5.77%</b>	<b>3,519,868</b>
TANS	114,687	400,000	400,000	400,000	0.00%	
DEBT SERVICE	6,653,140	7,330,930	7,584,387	7,584,387	3.46%	253,457
CONTINGENCY	400,000	400,000	400,000	400,000	0.00%	
OVERLAY	800,000	800,000	1,000,000	1,000,000	25.00%	200,000
COUNTY	3,221,027	3,680,000	3,680,000	3,680,000	0.00%	
PROPERTY & LIABILITY	308,000	313,000	334,000	334,000	6.71%	21,000
OTHER GENERAL GOVERNMENT	1,107,034	1,118,442	1,014,533	1,014,533	-9.29%	(103,909)
CAPITAL	1,170,000	1,209,000	1,470,000	1,470,000	22.50%	270,000
<b>TOTAL NON-OPERATING</b>	<b>13,773,888</b>	<b>15,242,372</b>	<b>15,882,920</b>	<b>15,882,920</b>	<b>4.20%</b>	<b>640,548</b>
	<b>71,432,685</b>	<b>76,268,386</b>	<b>80,428,802</b>	<b>80,428,802</b>	<b>5.45%</b>	<b>4,160,416</b>

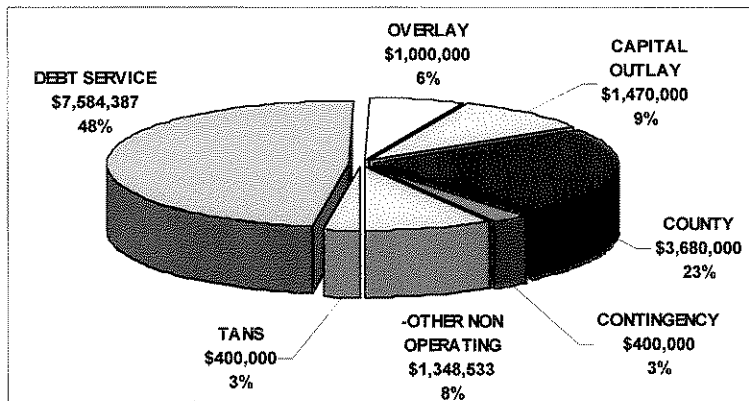
The Total FY08 budget represents \$64,545,882 in operating expenditures and \$15,882,920 for non operating expenditures as depicted in the pie chart below.



-Operating budget is 80% of the total budget.

-Non-operating budget is 20% of the total budget.

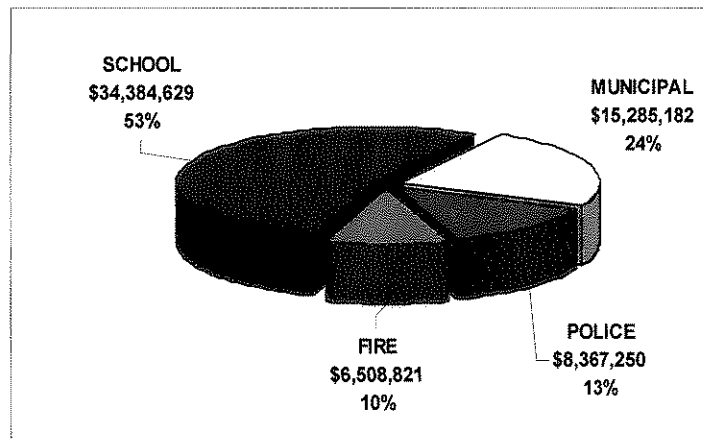
## Non-Operating Budget



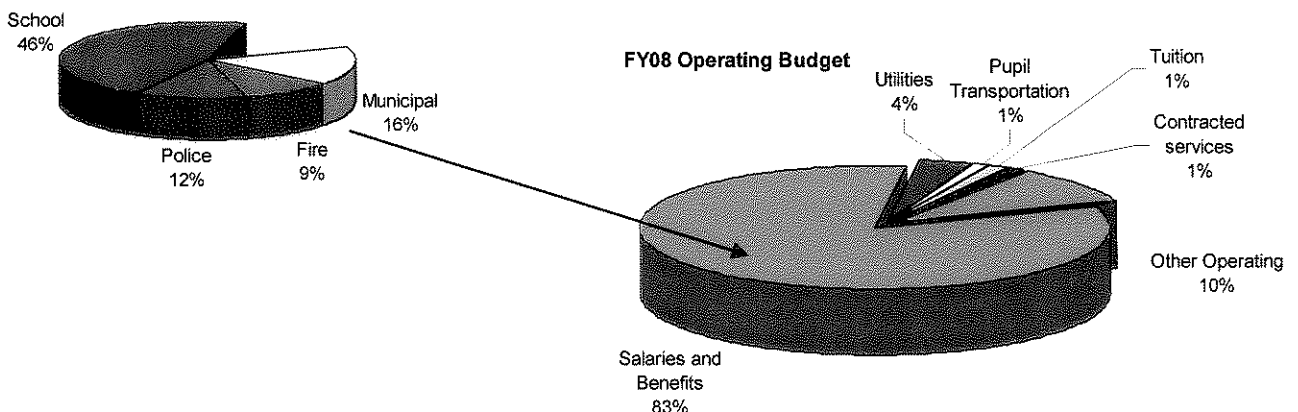
The Non-Operating Budget for \$15,882,920 consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, tax anticipation notes and other non-operating expenditures, and represents a 4.2% increase over the FY07 budget.

## Operating Budget

The total Operating Budget of \$64,545,882 funds expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire and School Departments, and represents a 5.77% increase over the FY07 budget for all Departments.



Contractual obligations associated with salaries and benefits constitute 83% of the Operating Budget. The remaining 17% 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.



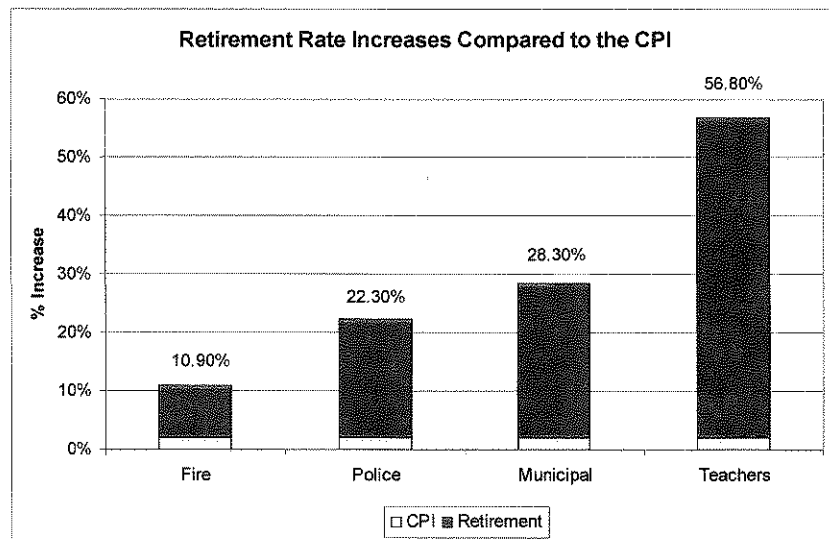


## Retirement

The New Hampshire Retirement System has announced that the City's share of contributions for all full-time personnel will increase beginning July 1, 2007. The table provides the rate increase by classification.

Classification	FY07 Rate	FY08 Rate	Rate % Increase
<b>Group I</b>			
Employees	6.81%	8.74%	28.3%
Teachers	3.70%	5.80%	56.8%
<b>Group II</b>			
Police	9.68%	11.84%	22.3%
Fire	14.36%	15.92%	10.9%

The graph below shows the rate increase as compared to the Consumer Price Index (CPI) used for salary increases.



The overall budget increase for retirement contributions is 34% over FY07. The impact for each department is shown in the table below. The total impact represents almost \$790,000.

<b>RETIREMENT BUDGET BY DEPARTMENT</b>				
	FY07 Budget	FY08 Proposed Budget	Budget Increase	Percent Change
MUNICIPAL	434,026	573,663	139,637	32%
POLICE	483,588	620,508	136,920	28%
FIRE	583,336	675,808	92,472	16%
SCHOOL	833,041	1,253,616	420,575	50%
<b>TOTAL</b>	<b>\$2,333,991</b>	<b>\$3,123,595</b>	<b>\$789,604</b>	<b>34%</b>

### ***Health Insurance***

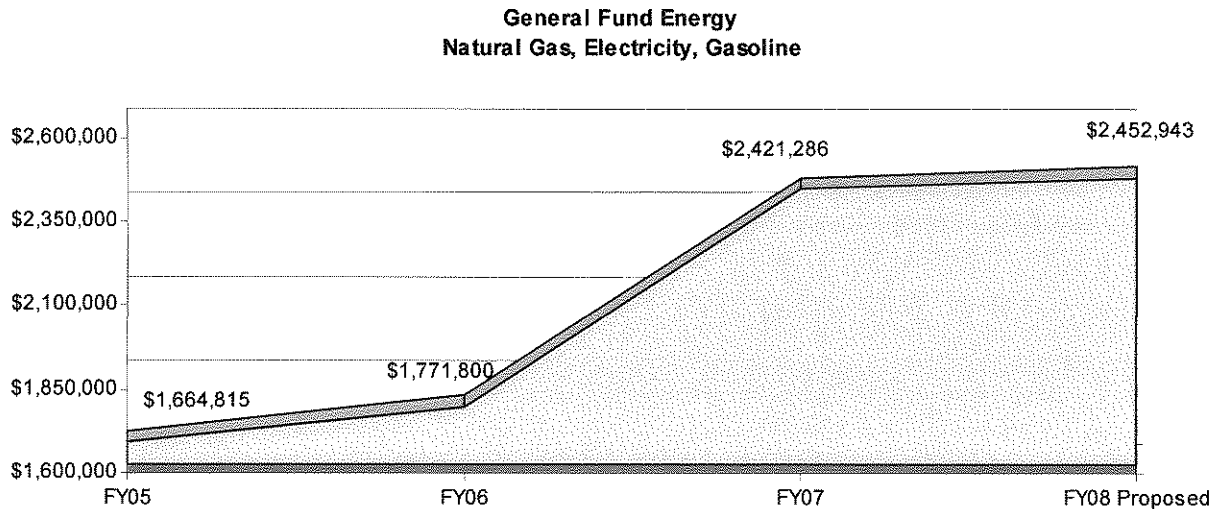
The New Hampshire Local Government Center (LGC) Health Trust has announced that the guaranteed maximum rate increase for health insurance premiums will be 11.7%. The total health insurance premium for FY08 is estimated to be \$11.2 million, an increase of \$1.2 million from FY07. The allocation of the total premium cost comes from three sources: employee share (*approximately 18%*), general fund budget, and the Health Insurance Stabilization Fund. Information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document.

Each Department's proposed budget for Health Insurance increased 11.7% for FY08. This is an impact to the General Fund of nearly \$1 million.

### ***Utilities Cost***

Utilities include Natural Gas, Electricity, and Gasoline. The FY08 proposed budget for utility costs reflects an increase of 1.3% over prior year. The City has been monitoring the consumption of energy very closely and has initiated steps through the bid process and by recommendations by the Committee on Sustainable Practices to reduce the impact on the City's budget.

Although the increase from FY07 to FY08 is slight, in total this is a 38.5% increase from FY06 as shown in the graph below.



## Capital Outlay

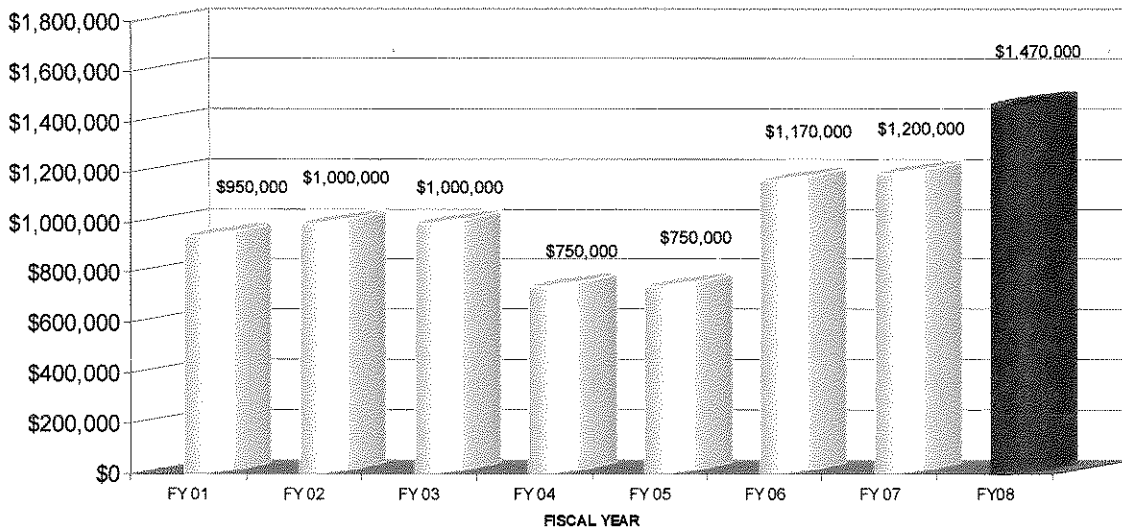
The Planning Board recommends annual appropriations of \$1 million to \$1.5 million from the General Fund for capital projects within the Capital Improvement Plan. Appendix II identifies projects funded by all funds within the plan. The Following is a summary of the Capital Improvement Plan's FY 2008 funding:

**Capital Improvement Plan FY 2008-2013 (FY 2008 Funding)**

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '08 Total
GOVERNMENTAL FUNDS	\$1,470,000	\$0	\$7,044,000	\$7,444,000	\$345,000	\$384,000	\$16,687,000
SEWER FUND	\$0	\$2,500,000	\$3,245,000	\$0	\$0	\$1,000,000	\$6,745,000
WATER FUND	\$0	\$1,150,000	\$3,200,000	\$0	\$0	\$0	\$4,350,000
<b>TOTAL</b>	<b>\$1,470,000</b>	<b>\$3,650,000</b>	<b>\$13,489,000</b>	<b>\$7,444,000</b>	<b>\$345,000</b>	<b>\$1,384,000</b>	<b>\$27,782,000</b>

The entire Capital Improvement Plan FY 2008-2013 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning/2008-2013CapitalImprovements.pdf>

For FY08, the Planning Board identified projects totaling a recommended budget of \$1,500,000. The City Council reduced the Planning Board recommendation to \$1,470,000. The adopted appropriation for capital outlay in FY07 was \$1,200,000. This was a reduction of \$300,000 from the proposed budget. The chart below provides the history of capital outlay in the General Fund.



With the FY08 budget, the average expenditure for capital outlay over an 8 year period will be \$1,036,250 per year. The estimated property tax rate impact of the \$1,470,000 capital outlay will be \$.39 in FY08.

The requested appropriation of \$1,470,000 is in the Capital Outlay line item within the non-operating budget of the General Fund. The following is a list of recommended individual projects that comprise the Capital Outlay appropriation and was approved by the City Council March 19, 2007 in the Capital Improvement Plan FY 2008-2013. The description of these projects can be found in Appendix II.

**Capital Improvements  
Fiscal Year 2008  
Taken from Capital Improvement Plan 2008-2013  
General Fund, Capital Outlay Projects Only FY 08**

Appendix II  
Page

FY 08  
General Fund  
Capital Improvement Plan

II-21	FIRE COMMUNICATIONS	\$50,000
II-22	POWERED AMBULANCE COT	\$12,000
II-23	MUNICIPAL FIRE ALARM SYSTEM: REPAIRS AND IMPROVEMENTS	\$10,000
II-24	BIO-MEDICAL EQUIPMENT	\$7,000
II-25	COMMUNITY NOTIFICATION SYSTEM	\$25,000
II-26	AUTOMATED EXTERNAL DEFIBRILLATOR	\$9,000
II-31	SCHOOL DEPARTMENT COMPREHENSIVE FACILITY ASSESSMENT	\$25,000
II-32	WALKWAY, DOCK AND BUILDING LIGHTING-PRESCOTT PARK & FOUR TREE ISLAND	\$14,000
II-33	CHESTNUT ST IMPROVEMENTS-AFRICAN BURIAL GROUND	\$50,000
II-34	LAND ACQUISITION	\$25,000
II-35	HISTORIC MARKERS	\$10,000
II-36	PLAYGROUND IMPROVEMENTS	\$75,000
II-37	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	\$25,000
II-38	MCINTYRE FEDERAL OFFICE BUILDING-PHASE I	\$25,000
II-40	SOUTH MILL POND DOG PARK IMPROVEMENTS	\$5,000
II-41	SOUND BARRIERS I-95 - ATLANTIC HEIGHTS AND PANNAWAY MANOR	\$25,000
II-42	RECLAMATION OF FORMER STUMP DUMP	\$25,000
II-43	HISTORIC CEMETERY IMPROVEMENTS	\$10,000
II-44	MUNICIPAL COMPLEX SITE IMPROVEMENTS	\$25,000
II-45	MAPLE HAVEN STORM WATER DRAIN SYSTEM	\$75,000
II-48	CITY HALL SERVERS UPGRADE/REPLACEMENT	\$60,000
II-49	CITYWIDE WORK STATION REPLACEMENT	\$100,000
II-54	GREATER PORTSMOUTH TRANSPORTATION MGT ASSOC (GPTMA)	\$10,000
II-60	ISLINGTON ST/SPINNEY RD INTERSECTION SAFETY IMPROVEMENTS	\$25,000
II-61	TRAFFIC SIGNAL EVALUATION AND REPLACEMENT-CITYWIDE	\$100,000
II-62	CITYWIDE TRAFFIC SIGNAL INVENTORY	\$50,000
II-63	PEDESTRIAN SIGNAL UPGRADES	\$20,000
II-64	INTERSECTION/SIGNAL: PLAINS AVE/PEVERLY HILL RD	\$150,000
II-65	SAGAMORE AVE/SAGAMORE CREEK BRIDGE REPLACEMENT	\$40,000
II-66	PEIRCE ISLAND BRIDGE: REPAIR RAILS	\$50,000
II-69	CERES ST IMPROVEMENT	\$100,000
II-71	ELWYN PARK NEIGHBORHOOD INTERSECTION TRAFFIC CALMING	\$25,000
II-72	TRAFFIC MOLDING PROJECT	\$20,000
II-73	TRAFFIC CALMING/UPGRADES: OCEAN RD	\$150,000
II-74	CITYWIDE SIGN INVENTORY AND GIS APPLICATION	\$15,000
II-75	CITYWIDE TREE REPLACEMENT PROGRAM	\$20,000
	CAPITAL CONTINGENCY	\$8,000

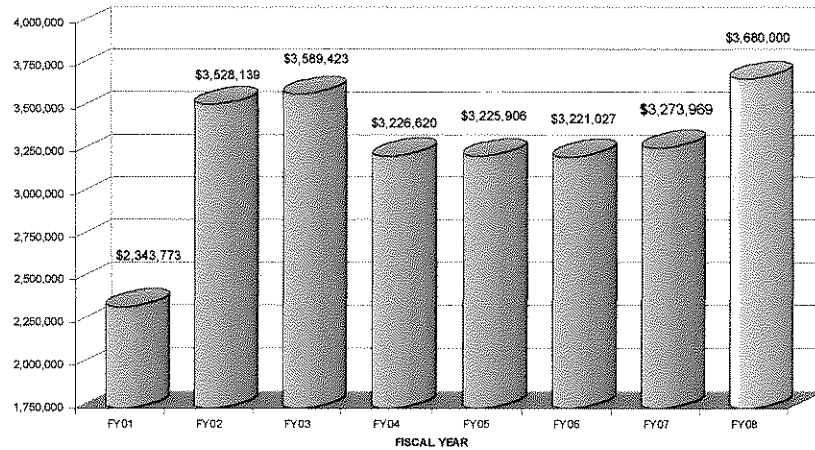
Total General Fund FY 08 Capital Outlay

\$1,470,000

## 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 FY08, it is estimated that Portsmouth will pay approximately \$3.7 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.

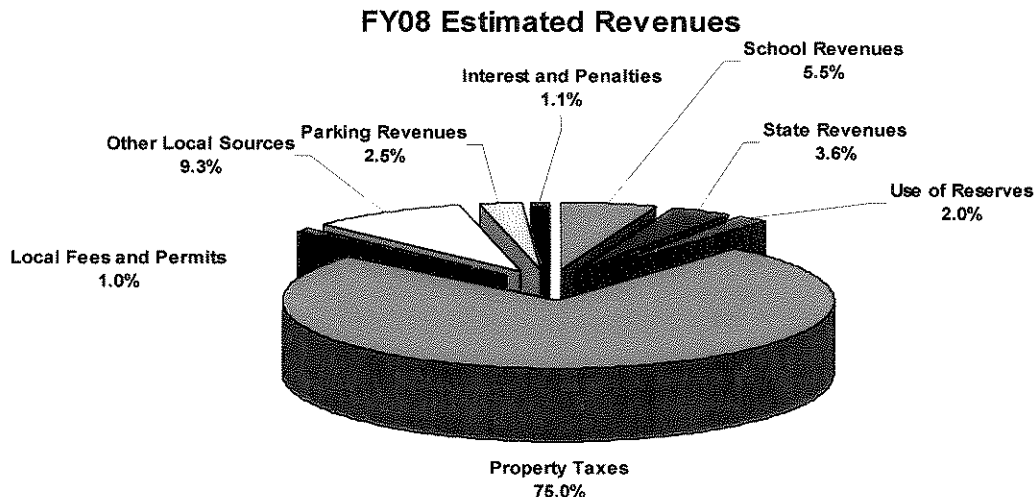


## Revenues

The FY08 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$60,329,718 in Property Taxes.
- \$7,498,419 in Other Local Sources.
- \$4,437,000 in School Tuition and other School Fees.
- \$2,883,774 from State Revenue Sharing Funds and State School Building Aid.
- \$1,984,391 from Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$1,573,500 from Use of Designated Unreserved Fund Balance.
- \$832,000 from Local Fees and Permits.
- \$890,000 from Interest and Penalties.

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



# WATER FUND

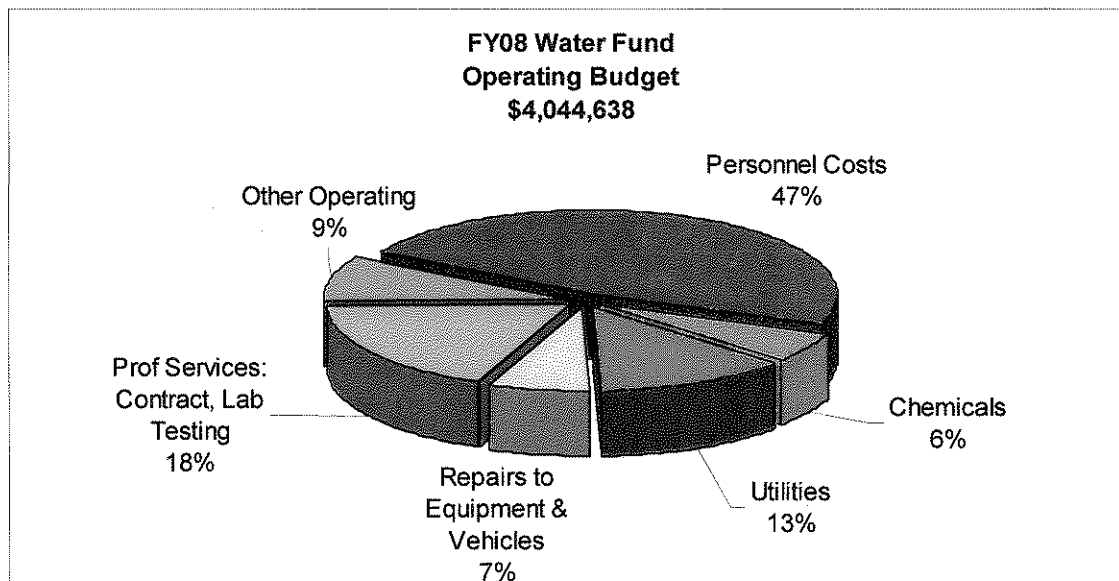
## Total Appropriation

Appropriations for the Water Fund total \$6,468,136, or a 3% increase over the FY07 budget. The following table is a summary of major expenditure categories for the FY06 budget and actual, FY07 budget and the proposed FY08 budget.

Water Fund	FY06 Budget	FY06 Actual	FY07 Budget	FY08 Department Request	FY08 City Manager Recommended
<b>EXPENDITURES</b>					
<i>Operations and Maintenance Expenditures</i>					
Personnel Costs	1,843,049	1,615,717	1,951,884	1,924,403	1,924,403
Chemicals	193,150	210,191	233,150	233,150	233,150
Utilities	413,750	406,784	493,180	521,180	521,180
Repairs to Equipment & Vehicles	241,870	165,348	257,430	263,180	263,180
Prof Services: Contract, Lab Testing	630,961	638,139	703,530	754,996	754,996
Other Operating	356,569	328,163	387,807	347,729	347,729
<i>Operations and Maintenance Subtotal</i>	3,679,349	3,364,341	4,026,981	4,044,638	4,044,638
<i>Non-Operating Expenditures</i>					
Interest on Debt	219,641	237,935	206,260	194,060	194,060
Depreciation	677,134	567,636	668,944	667,938	667,938
Other Non-Operating	88,440	77,322	93,128	97,000	97,000
Equipment and Minor Capital Outlay	283,409	40,960	231,500	314,500	314,500
Non-SRF Capital Projects	900,000	196,302	1,050,000	1,150,000	1,150,000
<i>Non-Operating Expenditures Subtotal</i>	2,168,624	1,120,155	2,249,832	2,423,498	2,423,498
<b>TOTAL</b>	<b>5,847,973</b>	<b>4,484,497</b>	<b>6,276,813</b>	<b>6,468,136</b>	<b>6,468,136</b>

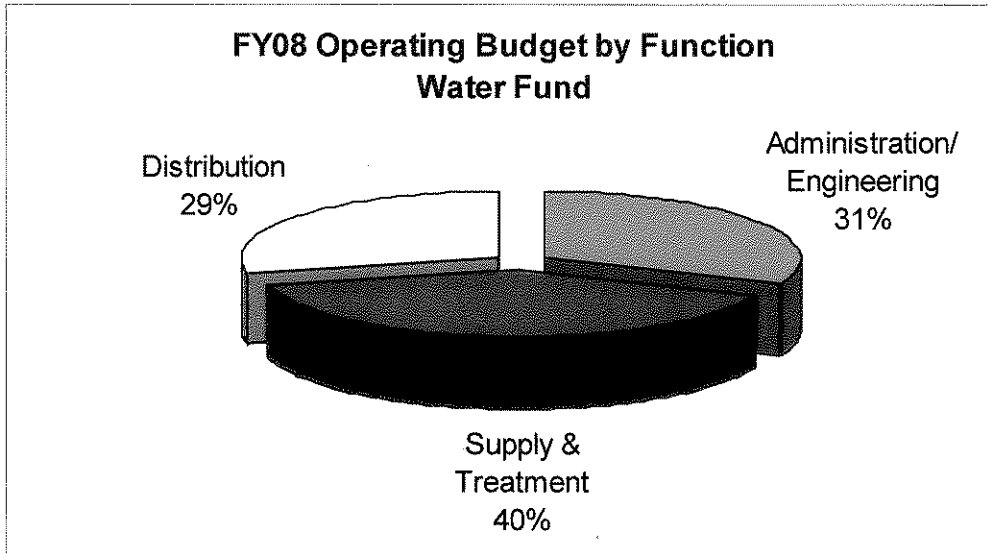
## Operating Budget

The proposed Operating Budget is \$4,044,638 or 62.5% of the total budget. The Water Division is not as labor intense as other departments within the City. 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:

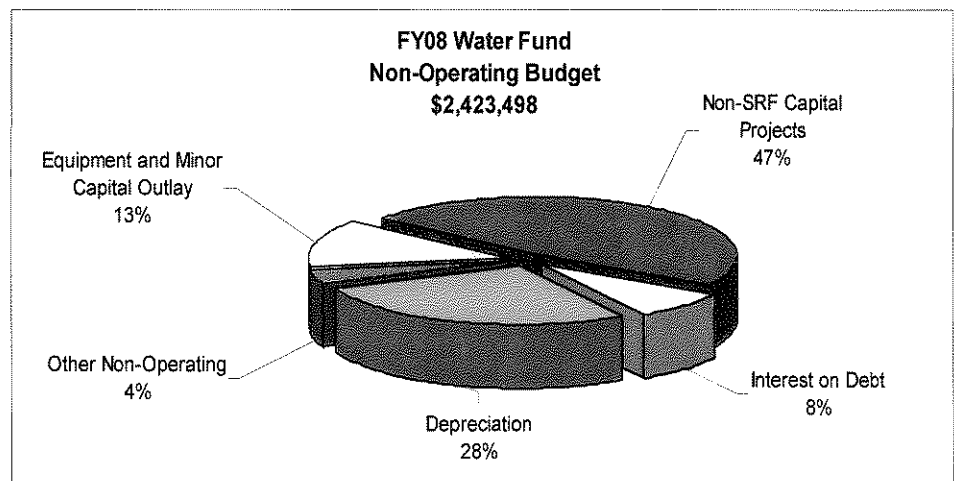
- Administration/Engineering- Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution- Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment- Madbury Treatment Plant, laboratory, a booster station, 9 wells, and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



### *Non-Operating Budget*

The Non-Operating Budget of \$2,423,498 is 37.5% of the total proposed budget.

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



## 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 FY08 which totals \$1,150,000:

<b>Water Fund Capital Outlay Projects Fiscal Year 2008</b>			
Appendix II Page:	CIP #		Water Revenues
II-91	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	700,000
II-95	EF-WD-09	WIDE AREA RADIO METER READING SYSTEM	450,000
<b>Total Water Fund Capital Outlay</b>			<b>1,150,000</b>

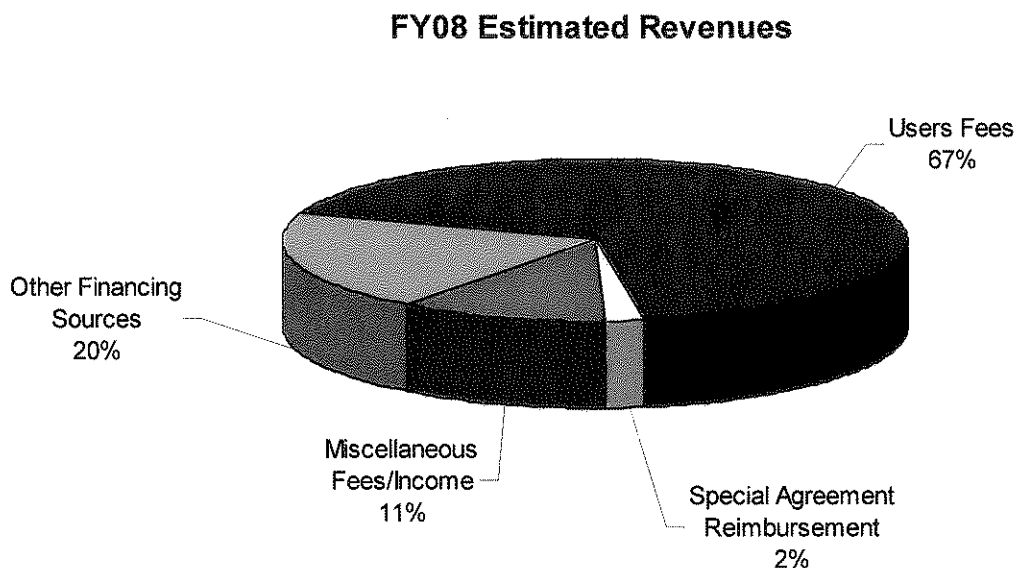
Appendix II identifies projects funded by all funds within the plan. The entire Capital Improvement Plan FY 2008-2013 can be viewed and downloaded at the following link:  
<http://www.cityofportsmouth.com/planning/2008-2013CapitalImprovements.pdf>

## Revenues

The FY08 Water Division appropriations would be funded from the following sources:

- \$4,325,983 from User Fees
- \$1,316,538 from Other Financing Sources
- \$690,500 from Miscellaneous Fees/Income
- \$135,115 from Special Agreement Reimbursement

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





# SEWER FUND

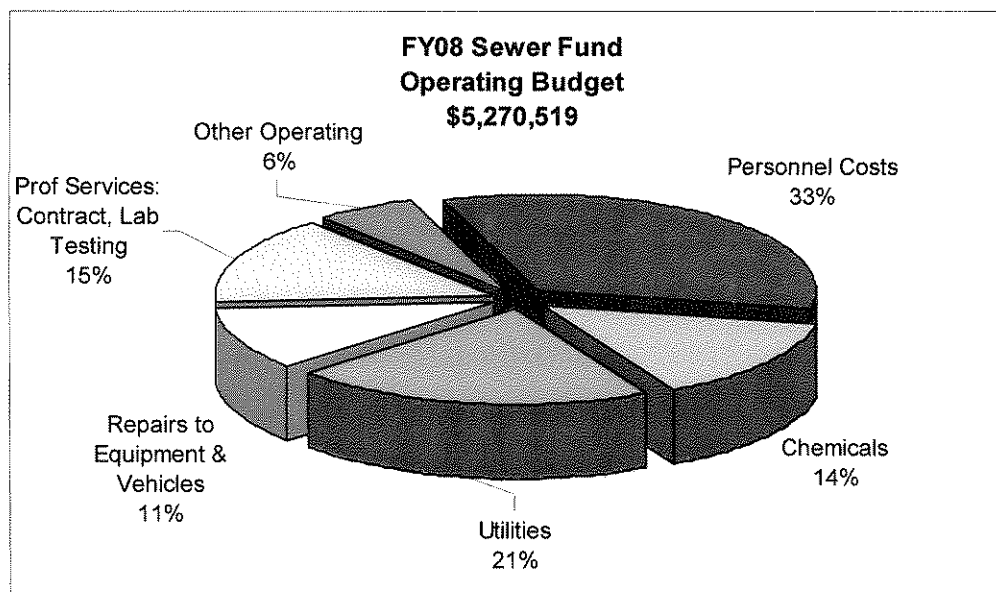
## Total Appropriation

Appropriations for the Sewer Fund total \$11,748,493, or 18.4% over the FY07 budget. The following table is a summary of major expenditure categories for the FY06 budget and actual, FY07 budget and the proposed FY08 budget.

Sewer Division	FY06 Budget	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recommended
<b>EXPENDITURES</b>					
<b>Operations and Maintenance Expenditures</b>					
Personnel Costs	1,605,020	1,524,132	1,716,383	1,771,679	1,771,679
Chemicals	703,000	681,327	745,600	745,600	745,600
Utilities	887,100	910,268	1,059,600	1,108,000	1,108,000
Repairs to Equipment & Vehicles	460,505	283,909	537,765	565,265	565,265
Prof Services: Contract, Lab Testing	678,526	678,468	727,019	771,645	771,645
Other Operating	236,540	228,111	286,480	308,330	308,330
<b>Operations and Maintenance Subtotal</b>	<b>4,570,691</b>	<b>4,306,215</b>	<b>5,072,847</b>	<b>5,270,519</b>	<b>5,270,519</b>
<b>Non-Operating Expenditures</b>					
Interest on Debt	1,364,935	1,490,605	1,071,033	990,599	990,599
Depreciation	1,208,885	1,158,398	1,191,753	1,377,332	1,377,332
Other Non-Operating	61,860	38,209	39,364	44,000	44,000
Equipment and Minor Capital Outlay	340,883	32,348	544,043	566,043	566,043
Non-SRF Capital Projects	500,000	240,255	2,000,000	3,500,000	3,500,000
<b>Non-Operating Expenditures Subtotal</b>	<b>3,476,563</b>	<b>2,959,815</b>	<b>4,846,193</b>	<b>6,477,974</b>	<b>6,477,974</b>
<b>TOTAL</b>	<b>8,047,254</b>	<b>7,266,030</b>	<b>9,919,040</b>	<b>11,748,493</b>	<b>11,748,493</b>

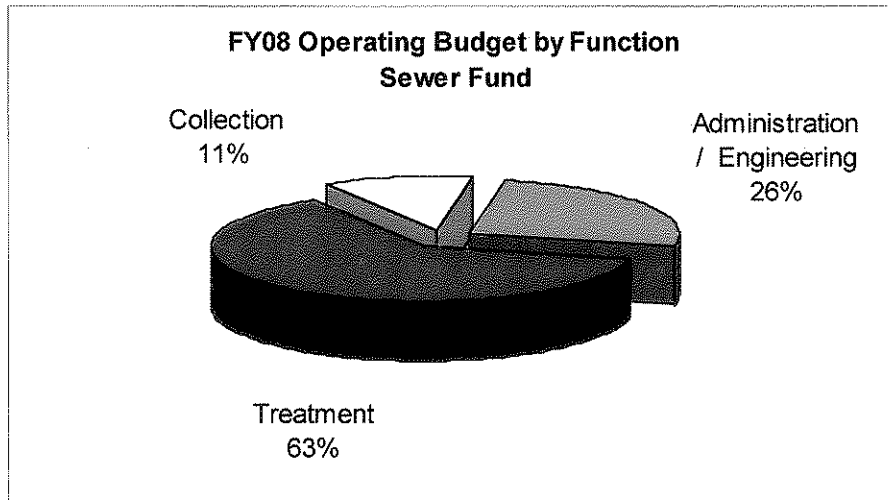
## Operating Budget

The proposed Operating Budget is \$5,270,519 or 44.8% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, only 33% is associated with personnel related costs. The remaining 67% is related to major costs associated with collecting and treating city sewage.



The Operating Budget consists of three major functions:

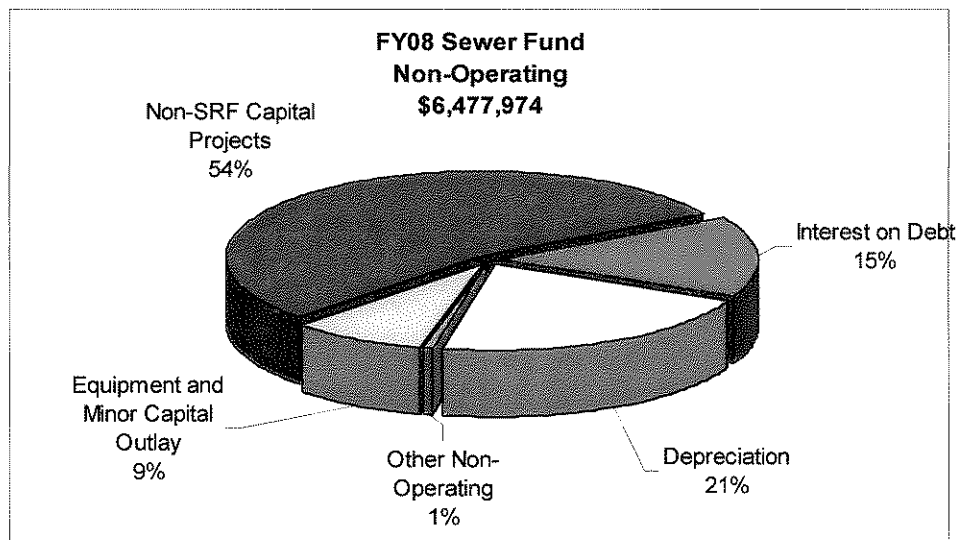
- Administration- Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection- Force mains, interceptors, laterals, and meter reading.
- Treatment- Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 21 pump stations.



### *Non-Operating Budget*

The Non-Operating Budget of \$6,477,974 is 55.2% of the total proposed budget.

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



## 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 FY08 which totals \$3,500,000:

### Sewer Fund Capital Outlay Projects Fiscal Year 2008

Appendix II Page:	CIP #		Sewer Revenues
II-85	EF-SD-08	MECHANIC ST PUMP STATION IMPROVEMENTS	500,000
II-87	EF-SD-10*	COLLECTION SYSTEM EXTENSIONS; SAGAMORE NORTH	400,000
II-88	EF-SD-11*	COLLECTION SYSTEM EXTENSIONS; SAGAMORE SOUTH	600,000
II-89	EF-SD-12	LONG TERM CONTROL PLAN - NON SRF ELIGIBLE COMPONENT	2,000,000
<b>Total Sewer Fund Capital Outlay</b>			<b>3,500,000</b>

\*Funds provided for these projects through the benefitting property owners.

Appendix II identifies projects funded by all funds within the plan. The entire Capital Improvement Plan FY 2008-2013 can be viewed and downloaded at the following link:  
<http://www.cityofportsmouth.com/planning/2008-2013CapitalImprovements.pdf>

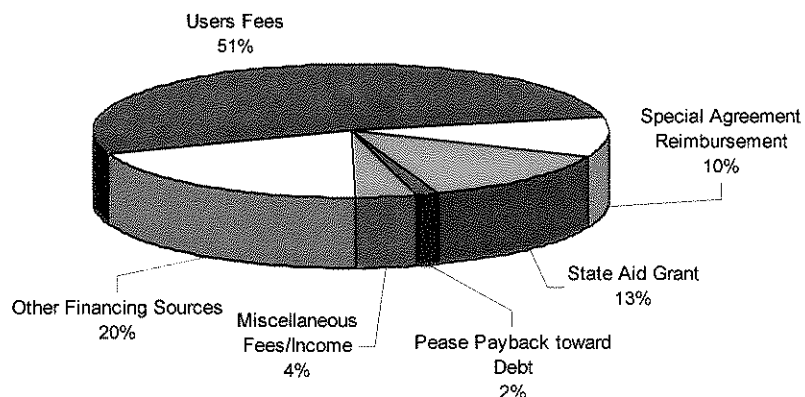
## Revenues

The FY08 Sewer Division appropriations would be funded from the following sources:

- \$6,119,175 from User Fees
- \$2,304,391 from Other Financing Sources
- \$1,534,067 from State Aid Grant
- \$454,000 from Miscellaneous Fees/Income
- \$183,774 from Pease Payback toward Debt
- \$1,153,086 from Special Agreement Reimbursement

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

FY08 Estimated Revenues





## **CITYWIDE PRIORITIES**

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The City of Portsmouth has several accomplishments and major initiatives underway to benefit our citizens. This section is divided into two sections: Accomplishments, and Continuing Priorities.

### **ACCOMPLISHMENTS:**

#### **GFOA Budget Award**

The Government Finance Officers Association of the United States and Canada (GFOA) presented the City of Portsmouth with the distinguished Budget Presentation Award for the fiscal year 2007 proposed budget document. The City of Portsmouth is the first New Hampshire municipality to receive this prestigious award, which is the highest form of recognition in governmental budgeting. In order to receive this award, the city's budget must satisfy specific criteria in four primary areas as serving as a policy document, financial plan, operations guide, and as a communications device.

This award is valid for one year only. For long-term planning, the City will continue to work to enhance the information provided in this document for our citizens, as well as continue to meet the national standard requirements established by GFOA.

#### **Completion of New Library**

In January 2007, the City dedicated the new \$8 million Public Library at 175 Parrott Avenue. A private fund-raising campaign collected donations of over \$700,000 for the new facility, which is more than twice the size of the former library on Islington Street. The City is currently in the process of applying for the national environmental design certification known as Leadership in Energy and Environmental Design (LEED). If formally certified, the new Library would be the first LEED-certified municipal building in the State of New Hampshire. The use of "green building" design standards will not only be good for the environment, they also will reduce energy and other operating costs while providing a healthy environment for the public and employees.

#### **Sustainability**

Incorporating sustainable practices was identified as an important goal in the City's new Master Plan. As a result, training regarding sustainable practices has been carried out with key City staff, local board members, and the community as a whole. A Mayor's Blue Ribbon Committee on Sustainable Practices has also been appointed to work with City staff, local officials and the community to identify initiatives to reduce the cost and consumption of energy and other resources.

In addition to continuing the support of the City's successful recycling program and public transportation, the City began new sustainability efforts. Recent new initiatives include distribution of water conservation kits for households, expanding the Recycling Center, pursuit of LEED Certification for the new Portsmouth Public Library, and initiating a household cooking

oil recycling program. Many additional efforts have been made to monitor energy consumption and achieve cost savings.

In November 2006, the City Council voted to authorize the Mayor to join the International Council for Local Environmental Initiatives (ICLEI) to undertake the Cities for Climate Protection Campaign (CCP) to make a good faith commitment to meet the campaign's five milestones. The CCP Campaign enlists cities to adopt policies and implement measures to achieve quantifiable reductions in local greenhouse gas emissions, improve air quality, and enhance urban livability and sustainability. In addition, the Council authorized the Mayor to sign onto the US Conference of Mayors Climate Protection Agreement to take steps to meet or exceed the Kyoto Protocol targets to reduce global warming pollution. A graduate level intern is being sought to help the City inventory global warming emissions within City operations and in the community, set reduction targets and create an action plan.

The City Council adopted a new water ordinance that is part of a comprehensive update of our utility governance documents. The new ordinance replaces the outdated water tariff and provides updated legal definitions, billing practices and enforcement options. The new ordinance includes surcharge fees to be paid by new connections into the system.

Water Conservation kits were offered to all residential customers at no charge. The kits represent one of the Water Division's sustainable practices initiatives and are intended to both reduce system-wide water consumption as well as provide a cost savings for our customers.

### **Sewer Division**

The Peirce Island Waste Water Treatment Plant was recognized in October 2006 by the State of New Hampshire Water Pollution Control Association as the Wastewater Treatment Plant of the Year. To win the statewide competition, a community's plant facility and operations are judged in six categories: compliance with the discharge permit, safety, employee education, public outreach, professional participation and a tour of the plant.

### **Public Communications**

Improvements and enhancements to the City's public communications strategy continue, including efforts to inform and involve neighborhood residents, businesses and other stakeholders, and to ensure that City staff are accessible, responsive and inclusive of the public.

The City continued to televise a broad array of meetings on local government access cable Channel 22. In FY 2007, Channel 22 expanded service to include televising both the City Council and Planning Board Work Sessions. The City has also added school-sponsored athletic events. In addition, the City's electronic "Community Newsletter" is emailed to 1,400 points every other week.

### **Building Re-use Committee**

The Mayor's Blue Ribbon Committee on Building Re-use was formed in fall 2006 to analyze six surplus City-owned buildings: the former Library, the Lafayette School, the Rock Street Garage, the Plains School, the South Meeting House, and the Creek Athletic Club. The Committee inventoried each building, conducted site visits and held public listening sessions to receive suggestions for re-use of each structure. It also developed re-use guidelines and stewardship

policies for the properties. A final report with recommendations will be provided to the City Council in May 2007.

## **CONTINUING PRIORITIES:**

### **Master Plan**

The City is continuing to work on implementation of the Master Plan, including substantial revisions to the City's land use regulations. The Master Plan, developed through extensive participation by Portsmouth residents and officials, was adopted by the Planning Board in March 2005 and lays out a set of goals, objectives and strategies that describe a direction and vision for the City over the next ten years. The City is continuing to redraft the City's Zoning Ordinance and prepares to make substantial revisions to the Planning Board's Site Review Regulations and Subdivision Regulations, as well as develop a set of new design review guidelines. This on-going and phased-review process is continuing in FY08, allowing our land use board members, City Council and the public the ability to have meaningful in-depth review and discussion regarding proposed revisions to our land use regulations. The Mater Plan can be viewed at: <http://www.cityofportsmouth.com/masterplan/MasterPlanFinalComplete-Aug2005.pdf>

### **Adoption of Tax Increment Financing Legislation**

In May 2006, the City Council adopted NH RSA 162-K, the state regulation that allows a community to adopt Tax Increment Financing districts. With this action the City is able to employ Tax Increment Financing (TIF) as a method of targeting tax revenue to a specified area of the municipality (development district) to finance improvements. The district is usually an area that the municipality wishes to develop for economic development reasons, such as a downtown in need of revitalization, streetscape improvements, property acquisition, a parking garage or a commercial or industrial park. The City's Economic Development Commission has researched TIF for potential financing for streetscape and infrastructure improvements associated with the Schultz Brewery, the Islington Street Corridor and possibly the McIntyre Block.

### **Islington Street Corridor Study**

The City has developed a Request for Proposals (RFP) for a feasibility study of the Islington Street Corridor to determine ways to enhance the value and economic vitality of the street and as a major artery into the City's central business district. The City is partnering with Art-Speak, the City's Cultural Commission, to incorporate an analysis of an Arts District in the Corridor.

### **Downtown/Northern Tier Development**

The City of Portsmouth's central business district is the focus of several significant, large-scale development and redevelopment proposals that will change the landscape of the city. Much of the contemplated development is a result of the 1999 Northern Tier Study which analyzed the feasibility of future mixed-use development in an underutilized area on the northern portion of the central business district.

In keeping with the plan and at the direction of the City Council, the City entered into a public/private partnership agreement with HarborCorp to develop a conference/hotel facility. The proposed facility will contain 18,500 square feet of flexible meeting and banquet space capable of seating 750 people for a sit-down meal and 1,200 people theatre style. It will also contain a 200-plus-room Westin Hotel, 21 condominium residences and a shared public/private parking garage with roughly 657 spaces. It is anticipated that the public/private development

will generate an estimated \$750,000 annually in City property tax revenues and create 300 new full- and part-time jobs. This project is currently before the City's land use boards for approvals.

Within the Northern Tier there are three other key parcels in various stages of project development and land use review. Other recent developments completed in the downtown area include the redevelopment of the Eagle Photo Block in Market Square and the construction of a new Hilton Garden Inn on Hanover Street.

### **McIntyre Federal Building**

The City is working on initiating the conceptual planning and the public input process for the redevelopment of the McIntyre Federal building site downtown in preparation for its transfer from the U.S. Government to the City of Portsmouth. The decisions made concerning this valuable piece of real estate will reshape the face of the immediate neighborhood and downtown activities, as well as impact our tax base. The first phase of this multi-year project will involve substantial public input regarding how best to redevelop this key site.

### **Madbury Water Treatment Plant**

The Water Division has begun the design phase for upgrades to the 50-year-old Madbury Water Treatment Plant. The new plant is being designed to better meet the current and future regulatory requirements for our primary drinking water supply. Other projects, including the upgrade of the Greenland Well and the study of developing additional sources of water, are planned for the next year.

### **Automated Meter Reading System**

The Water Division will begin implementing new meter reading technology in FY08. The project consists of the installation of hardware to allow for radio reading of water meters. This project will be phased in over a number of years. The new automated meter reading system will improve the quality of our services to customers through improved accuracies and efficiencies.

### **Sewer Division Projects**

The Sewer Division continues with the capital improvement program, including sewer separation work under contract in the Lincoln Avenue area, replacement of the cross-country sewer main adjacent to Borthwick Avenue, and the reconstruction of the Deer Street pumping station.

The Sewer Division also has begun using its new pipeline inspection system to video sewer lines both for investigation of problem areas and also for performing condition assessments for use in prioritizing capital projects.

### **Statewide Property Tax**

The City will continue monitoring the Statewide Property Tax and education funding issues as the New Hampshire Legislature works to define a "costable" adequate education by the July 1, 2007 deadline set by the NH Supreme Court. Because the Governor and legislative leadership announced that education funding would be addressed only after adequacy was defined, there was no impact on the City's FY08 budget as Portsmouth is no longer a "Donor" community forced to raise extra Statewide Property Taxes. However, we will be closely monitoring the Legislature's future funding discussions for their potential to affect the City's Fiscal Year 2009 budget. We will do so through the Coalition Communities office based at Portsmouth City Hall, which is funded by the City and contributions from Coalition-member towns.

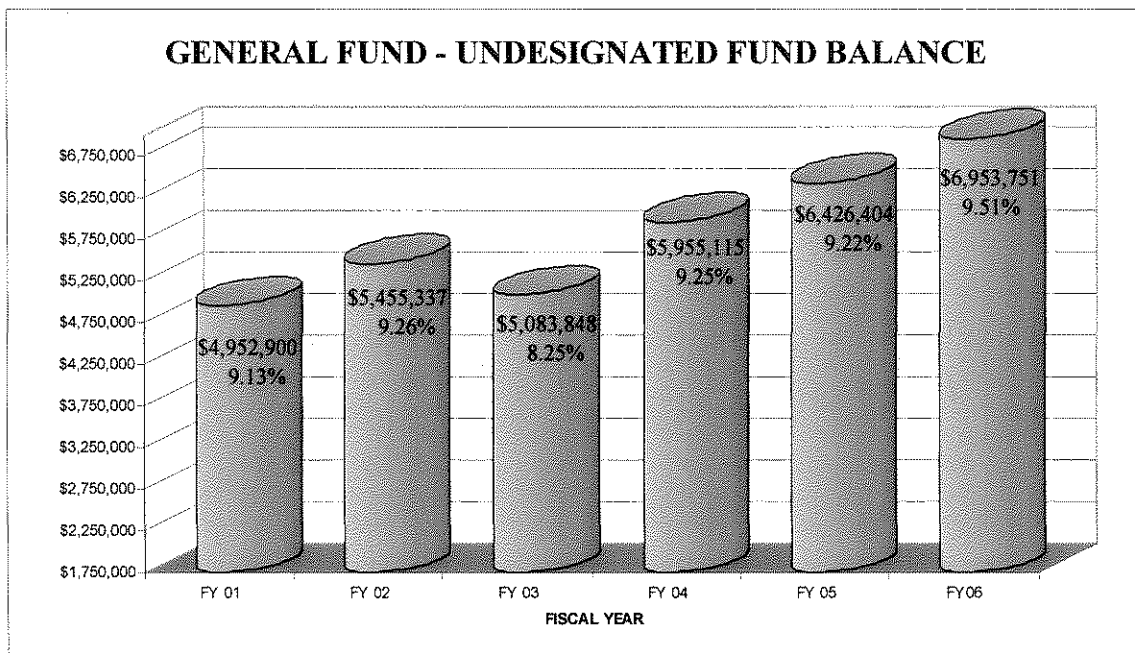


## **FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES**

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 2001 the “Undesignated Fund Balance Ordinance” which codified our fiscal policy of ensuring that we would maintain an undesignated fund balance of at least 7% of prior year’s appropriation with an ultimate goal of 10%. Over the last several years, the Undesignated Fund Balance has remained within the policy guidelines. At the end of Fiscal Year 2006, Undesignated Fund Balance increased by \$527,347 over FY05 which increased the percentage of appropriation from 9.22% to 9.51%. The chart below shows the history of undesignated fund balance for the last 6 years.





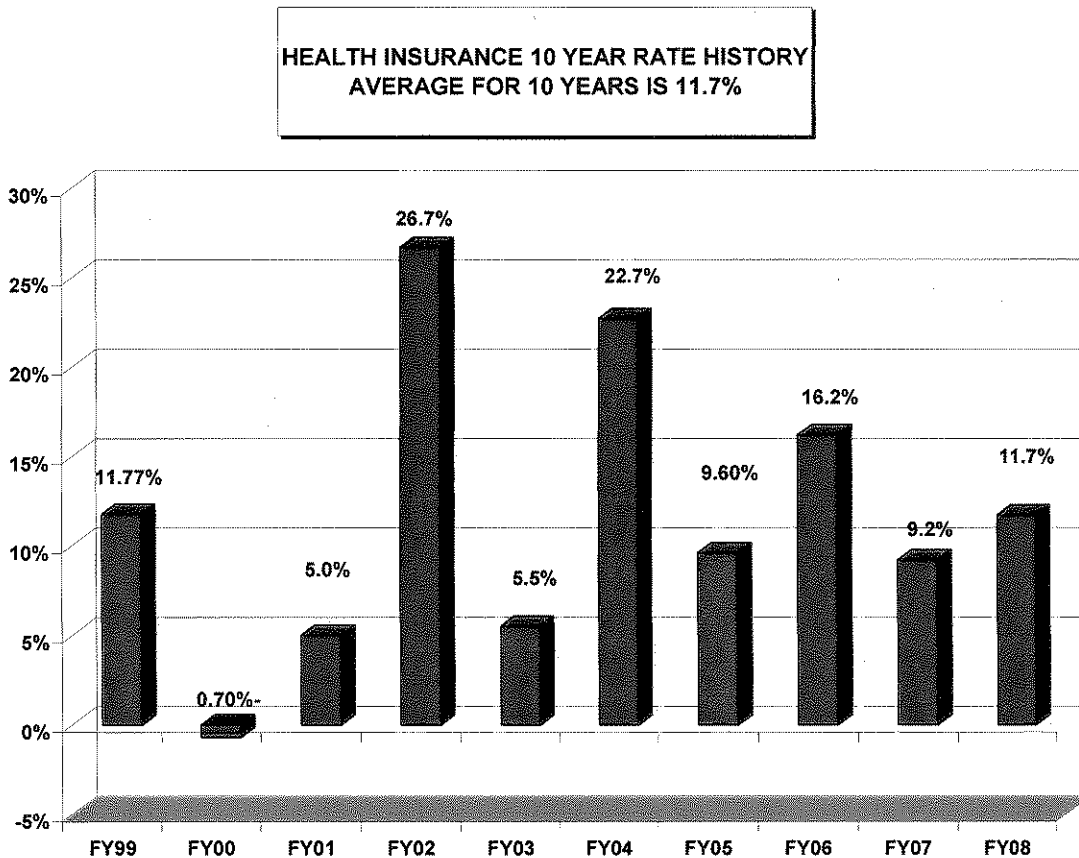
## ***LEAVE AT TERMINATION***

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, 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.



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.

### ***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".

Tax Year 2006 (FY07) marked the revaluation year for the City of Portsmouth in accordance with the aforementioned State law. The next full reappraisal will be due in Tax Year 2011 (FY12).

Also in accordance with State law, in the years that do not require a full 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 FY08 Budget document includes a performance measures section in each departmental narrative. FY06 was the first year that performance measures were reported in the budget document. This year's budget includes a two year history of performance measures and an "estimated FY07" 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.

### ***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 the General 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.

### ***UDAG BUDGET POLICY***

The City of Portsmouth Economic Development Commission (EDC) established a budget policy for the Urban Development Action Grant (UDAG) that allows 75% of the interest earned on the principal balance as of July 1<sup>st</sup> of the fiscal year to be used for the following year's Economic Development Program. The balance of the interest remains in the account for fund growth.

## ***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 Aa3 and AA by Moody's Investors Service and Standard and Poor's 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
AA+	Aa1
<b>AA</b>	Aa2
AA-	<b>Aa3</b>
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
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

## ***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 FY08 proposed budget includes a projected net debt cost of 6.24% 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 debt burden as of June 30, 2006, the last completed independent audit, was 1.43% (A Debt Burden calculation is located in the Debt Service section of this budget document.)

### ***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.

### ***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 13 awards for the fiscal years ended June 30, 1988, 1989, 1995, and 1996-2005.

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

The City will seek annual renewal of the Government Finance Officers Association's Achievement for Distinguished Budget Presentation Award. 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 received its first award for the Proposed FY 2006-2007 budget document.

## ***EMPLOYEE PAY PLAN***

The City of Portsmouth has a total of fifteen (15) collective bargaining units. All fifteen contracts have been negotiated and are scheduled to expire on June 30, 2008. In an effort to try to control costs while allowing the employees to keep pace with inflation, the City negotiated salary increases into all (15) fifteen agreements that are tied to the CPI for the Boston-Brockton-Nashua-MA-NH-ME-CT that shall not be less than 2% nor more than 5%. This language will allow the City to manage and address fixed costs in the future.

The proposed FY08 budget includes salary reclassifications for the Public Works Director, Finance Director, City Attorney, Purchasing Coordinator, Health Officer, Facility/Solid Waste Foreman and Assistant Community Development Director. These reclassifications are due to the City's contractual agreement with PMA, SMA and non-union employees that the City would review twenty percent (20%) of the positions in the bargaining unit each fiscal year.

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.

Settled agreements establish sound relations between the City and its employees, which promote harmony, genuine cooperation and efficiency, to the end that the employees and the City may mutually benefit. Historically, the settlement of collective bargaining has resulted in increased job satisfaction, improved productivity, and more cost-effective services through improved labor and management cooperation.

## PERSONNEL SUMMARY

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

While overall, full-time personnel decreased citywide by 1.76 positions from FY07 to FY08, the Fire Department has requested to increase personnel by 1 position to reinstate the Fire Prevention Officer.

DEPARTMENT	2005/06 BUDGET	2006/07 BUDGET	2007/08 PROPOSED BUDGET
<b>FULL-TIME PERSONNEL</b>			
CITY MANAGER	2.00	2.00	2.00
HUMAN RESOURCES	2.00	2.00	2.00
CITY CLERK	3.00	3.00	3.00
LEGAL DEPARTMENT	4.00	5.00	5.00
FINANCE DEPARTMENT	19.50	19.00	17.00
PLANNING DEPARTMENT	5.90	6.10	6.15
INSPECTION DEPARTMENT	4.00	4.00	4.00
HEALTH DEPARTMENT	1.40	1.40	1.45
PUBLIC WORKS	57.00	60.00	60.00
LIBRARY	15.00	14.00	14.00
RECREATION DEPARTMENT	8.50	8.50	8.50
WELFARE DEPARTMENT	2.00	2.00	2.00
POLICE DEPARTMENT	91.00	91.00	91.00
FIRE DEPARTMENT	60.00	60.00	61.00
SCHOOL DEPARTMENT	378.20	371.04	370.28
<b>GENERAL FUND - FULL TIME PERSONNEL TOTAL</b>	<b>653.50</b>	<b>649.04</b>	<b>647.38</b>
<b>PART-TIME PERSONNEL*</b>			
HUMAN RESOURCES	4.00	4.00	4.00
FINANCE DEPARTMENT	1.00	1.00	2.00
LIBRARY	8.00	12.00	18.00
RECREATION (Number of Positions vary seasonally)			
POLICE DEPARTMENT	37.00	38.00	38.00
INSPECTION DEPARTMENT	1.00	1.00	1.00
LEGAL DEPARTMENT	1.00	1.00	1.00
PARKING DEPARTMENT	20.00	20.00	19.00
FIRE DEPARTMENT	2.00	3.00	3.00
SCHOOL DEPARTMENT	183.70	177.30	179.50
<b>GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL</b>	<b>257.70</b>	<b>257.30</b>	<b>265.50</b>
<b>FULL-TIME PERSONNEL</b>			
WATER AND SEWER FUND	48.10	48.10	48.10
<b>ENTERPRISE FUNDS - WATER &amp; SEWER FULL TIME PERSONNEL</b>	<b>48.10</b>	<b>48.10</b>	<b>48.10</b>
<b>PART-TIME PERSONNEL*</b>			
WATER AND SEWER FUND	3.00	2.00	2.00
<b>ENTERPRISE FUNDS - WATER &amp; SEWER PART TIME PERSONNEL</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>
<b>FULL-TIME PERSONNEL</b>			
PARKING	9.50	10.50	10.50
COMMUNITY DEVELOPMENT	3.40	3.20	3.10
UDAG	1.00	1.00	1.00
<b>SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL</b>	<b>13.90</b>	<b>14.70</b>	<b>14.60</b>
<b>PART-TIME PERSONNEL*</b>			
PARKING	20.00	20.00	19.00
<b>SPECIAL FUNDS - PART TIME PERSONNEL TOTAL</b>	<b>20.00</b>	<b>20.00</b>	<b>19.00</b>
<b>TOTAL FULL-TIME PERSONNEL</b>	<b>715.50</b>	<b>711.84</b>	<b>710.08</b>
<b>TOTAL PART-TIME PERSONNEL</b>	<b>280.70</b>	<b>279.30</b>	<b>286.50</b>

\*NOTE: Part-time personnel numbers may fluctuate due to the seasonality of positions.

## DIRECTORY OF OFFICIALS

### CITY COUNCIL

Steve R. Marchand, Mayor  
Thomas G. Ferrini, Ass't Mayor

Joanne M. Grasso      M. Chris Dwyer  
Edward R. Reynolds    Laura C. Pantelakos  
Kenneth E. Smith      Harold Whitehouse, Jr.  
John W. Hynes

### BOARD OF EDUCATION

Robert J. Lister, Superintendent  
Kent F. LaPage, Chairperson  
Nancy Novelline Clayburgh, Vice Chairperson

Henry C. Hayward      Sheri Ham Garrity  
Carson T. Smith      John E. Lyons, Jr.  
Brendan Ristaino      Mitchell Shuldman  
Ann M. Walker

#### **Police Commission**

Chief Michael Magnant  
John D. Kelley, Chairperson  
Gerald W. Howe  
John C. Russo

#### **Fire Commission**

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

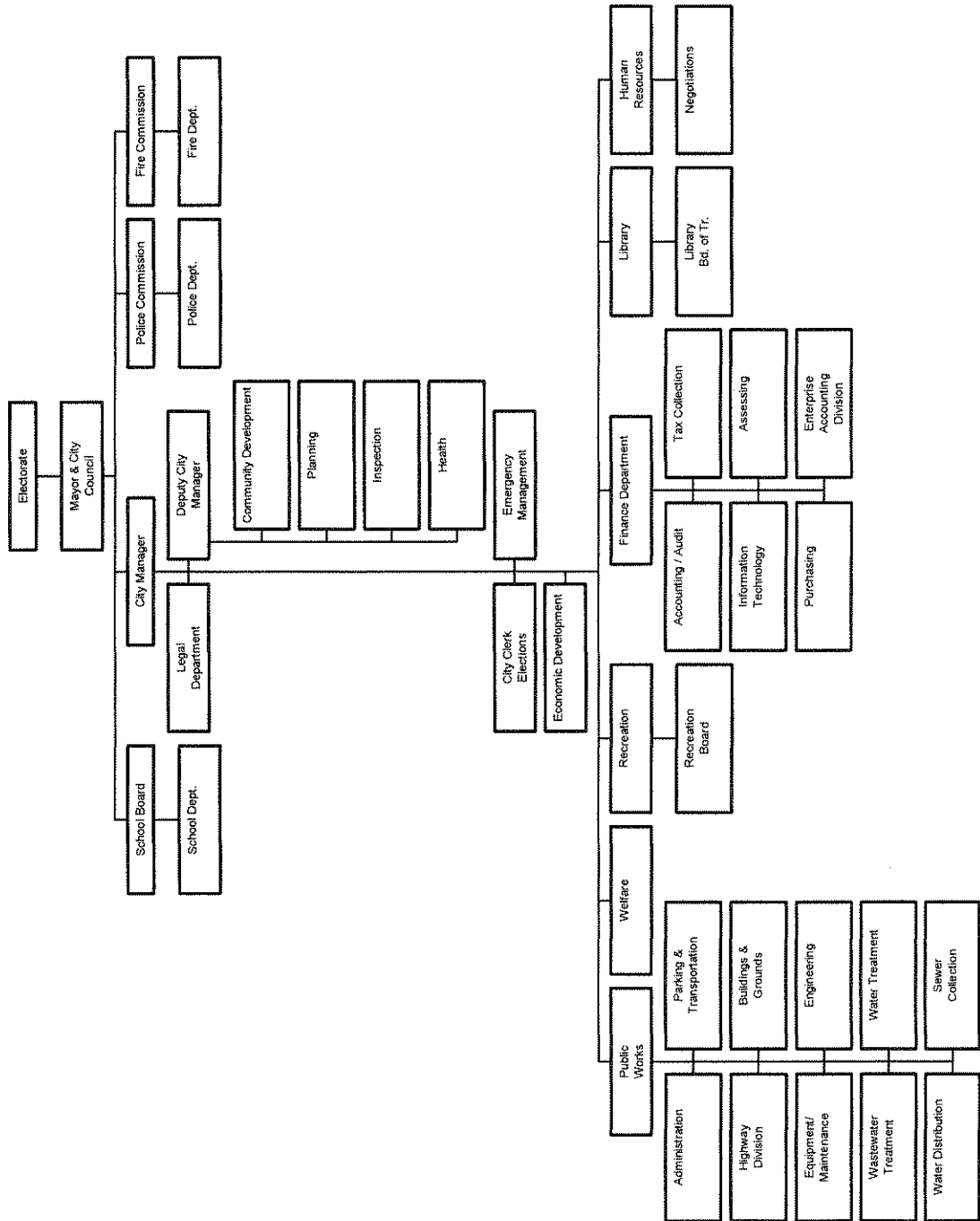
### PRINCIPAL EXECUTIVE OFFICERS

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

City Attorney	Robert Sullivan
Finance Director	Judith Belanger
City Auditor	Andrew Purgiel
City Clerk	Kelli Barnaby
Tax Collector	Colleen Franzoso
City Assessor	Rosann Maurice
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	David Holden
Welfare Director	Keith Bates



# City of Portsmouth, NH Organizational Chart





## **COMMUNITY AND ECONOMIC PROFILE**

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The City of Portsmouth (population 20,784) lies near the mouth of the Piscataqua River, which divides New Hampshire and Maine. It is a regional economic and cultural hub of several small cities and towns 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. Its quaint and historic downtown – and proximity to the ocean, and New Hampshire's lakes and mountains – attracts visitors year round. Its quality of life, business climate, arts and cultural resources, and education facilities have attracted a wide variety of industries led by cutting-edge technology firms employing young, entrepreneurial and highly skilled workers.

Portsmouth enjoys a healthy economy, due in part to tourism and 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. The City's unemployment rate traditionally falls well below the state and national rates.

Portsmouth is a tourism destination and the City benefits from the significant investment and growth in Portsmouth's hospitality sector, with three new hotels proposed and a major new hotel/conference facility expected to come on line in the next few years. Portsmouth serves as the cultural destination for the region and its non-profit cultural institutions contribute over \$25 million to the local community.

Over 40 percent of the City's more than \$3 billion in total property valuation is attributable to non-residential uses, which softens the tax burden on home owners. An increasing amount of property is owned by non-profit entities that are tax exempt and the City's Master Plan has identified the need for growth in valuation to generate tax revenues that exceed service demands.

While the City's property tax rates had been negatively impacted since 1999 by the State's education funding formulas that forced Portsmouth to raise \$11.7 million in excess property taxes for redistribution to other communities, Portsmouth's "Donor" status ended in FY06. Nonetheless, the City continues to closely monitor the State education funding issue with respect to potential adverse impacts on the local tax base as a recent New Hampshire Supreme Court ruling makes it likely the State's education funding formula will be changing once again.

To expand its tax base, the City endeavors to develop and maintain diverse commercial centers, to sustain the working waterfront, and to support arts and cultural activities as an especially desirable and distinctive component of our economy.

Along with its skilled workforce and superior quality of life, the City benefits from major economic assets that attract businesses and workers that are the heart of Portsmouth's diverse economy. They include the:

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

Much of the City's new domestic and international business development and job creation has occurred at the Tradeport, which was established following the 1990 closure of Pease Air Force Base. It is now one of the nation's most successful military base redevelopments, employing 6,400 people in 220 companies, generating \$351 million in annual wages and creating approximately 10,000 "spin-off" jobs. It is also home to the ***Pease International Airport***, which is an asset to the entire region. A number of Portsmouth's largest employers are located at the Tradeport, including several corporate headquarters, and manufacturing, biotech, and information technology firms. However, it is controlled by the State and therefore the City does not capture all of the potential benefits from the Tradeport's growth. The Pease Development Authority (PDA) stewards its development and local and State officials sit on the PDA's board of directors. New businesses can build structures suitable for their operations on State-leased property. The State receives rent while the City receives property taxes from the structures, as well as user fees in exchange for providing municipal services to the Tradeport. Together, these generated \$4.2 million in revenue for the City in 2005.

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

The Port of New Hampshire – the State's only deepwater port – is located on the Piscataqua River in Portsmouth. Also administered by the PDA, its strategic location on a deep natural harbor guarantees its future viability for international shipping and cruise ships. The Port has a 66-foot-long wharf, a 310-foot barge pier, two large warehouse structures and container port operations. Recreational boating and commercial fishing are other popular activities. The State Harbormaster position is located at the Port and administers all coastal moorings.

### ***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 at the Pease Tradeport, 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 206-year-old Portsmouth Naval Shipyard is a major submarine overhaul and refueling facility and is the U.S. government's oldest continuously operating naval shipyard. Although recommended for closure in May 2005, a successful grassroots effort raised support and awareness of its unparalleled record and it was removed from the Base Realignment and Closure (BRAC) list in August 2005. It boasts a military and civilian payroll of \$333 million, employs 4,871 workers, accounts for \$22 million in New England area purchases and contracts for \$55 million in facility services.

# COMMUNITY PROFILE

## CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

## CITY FINANCE

Tax Rate 2005 (per \$1,000)	\$15.72
Total Valuation	\$3,680,472,581

Source: NH Dept. of Revenue Administration

### Bond Ratings

Standard & Poor's	AA
Moody's Investors Service	Aa3

## LAND

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

\*Source: City of Portsmouth, 2003 Wetlands Inventory

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

## UTILITIES

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

## ECONOMIC INDICATORS

### Largest Private Employers (2006)

Liberty Mutual	1,800
HCA Hospital	1,040
Demoulas Market Basket	425
Lonza Biologics	390
Erie Scientific/ Sybron Lab Products	310
Pan Am Airlines/Boston Maine	300
Shaw's Supermarkets	226

Source: City of Portsmouth, Economic Development

### Portsmouth Employed Civilian Population

#### By Industrial Sector (2000 U.S. Census)

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%

### Unemployment (Not seasonally-adjusted)

Portsmouth	2.6%
State	3.3%

Source: Bureau of Labor Statistics, Department of Labor, Dec. 2006

## DEMOGRAPHICS

### Population

2005 Estimate, NHOEP est.	20,995
2000 U.S. Census	20,784
1990 U.S. Census	25,925

### Registered Voters

November 2006	16,618
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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

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

### 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

### Housing Unit by Occupancy

Owner-occupied	50.0%
Renter-occupied	50.0%

### Mean Values

Type	Mean
COMMERCIAL*	\$1,444,760
RESIDENTIAL**	\$301,020
<i>Residential Stratified</i>	
SINGLE FAMILY	\$338,670
CONDO	\$232,050
MULTI-FAMILY 2-8 UNITS***	\$384,080
MOBILE HOMES	\$56,430

\* 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



# **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, 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, and School Departments. 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.

### ***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 and receipt of prior fiscal year tax payments.
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.
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 '2008' BUDGET SCHEDULE

- 11/2/06 (Thurs) Department Head Meeting on budget procedure, format and guidelines
- 11/27/06 (Mon) FY08 Preliminary Budget Work session
- 1/17/07 (Wed) Fire Commission Public Hearing on the proposed FY08 budget
- 1/18/07 (Thurs) Planning Board Adoption of the Capital Improvement Program Budget
- 1/22/07 (Mon) Capital Improvement Program Budget (CIP) to City Council
- 1/29/07 (Mon) City Council Work Session on CIP
- 1/30/07 (Tues) School Board Public Hearing #1 on the proposed FY08 budget
- 2/8/2007 (Thurs) Police Commission Public Hearing on the proposed FY08 budget
- 2/13/07 (Tues) School Board Public Hearing #2 on the proposed FY08 budget
- 2/16/07 (Fri) Proposed Budgets from all Departments due back to Finance Dept
- 3/2/07 (Fri) Finance Department submits all proposed budgets to the City Manager
- 3/5/07 (Mon) City Council holds Public Hearing on CIP
- 3/6/07 to 3/09/07 Departmental budget reviews with City Manager
- 3/19/07 (Mon) City Council Adoption of the CIP
- 4/6/07 (Fri) Budget sent to the City Council
- 4/18/07 (Wed) Public Hearing on City Manager's Proposed FY2008 budget with presentations from Police, Fire, School and Municipal Departments
- 5/1/07 (Tues) Work Session with City Council to review Police Department Budget and Fire Department Budget
- 5/3/07 (Thurs) Work Session with City Council to review the School Department Budget
- 5/9/07 (Wed) Work Session with City Council to review the Municipal Budget
- 5/14/07 (Mon) Re-open Public Hearing on the City Manager's Proposed FY2008 budget**
- 5/15/07 (Tues) Work Session with City Council –final budget review if necessary
- 5/22/07 (Tues) City Council Adoption of the FY2008 Budget

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

- All Work Sessions will begin at 6:30 p.m.
- All Public Hearings will begin at 7:00 p.m.

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# FUND SUMMARIES

# GENERAL FUND BUDGET SUMMARY - FY08 PROPOSED TAX RATE

	DEPARTMENT REQUESTED				CITY MANAGER RECOMMENDED			
	FY 06/07 BUDGET	FY 07/08 Operating Budget	% Change	\$\$ Change	FY 07/08 Operating Budget	% Change	\$\$ Change	
<b>OPERATING BUDGET</b>								
Municipal	14,596,083	15,285,182	4.72%	689,099	15,285,182	4.72%	689,099	
Police	7,830,154	8,367,250	6.86%	537,096	8,367,250	6.86%	537,096	
Fire	6,126,861	6,508,821	6.23%	381,960	6,508,821	6.23%	381,960	
School	32,472,916	34,384,629	5.89%	1,911,713	34,384,629	5.89%	1,911,713	
<b>Total</b>	<b>61,026,014</b>	<b>64,545,882</b>	<b>5.77%</b>	<b>3,519,868</b>	<b>64,545,882</b>	<b>5.77%</b>	<b>3,519,868</b>	
<b>NON-OPERATING EXPENSE</b>								
Tax Anticipation Note Interest	400,000	400,000	0.00%	0	400,000	0.00%	0	
Debt Service Payments	7,330,930	7,584,387	3.46%	253,457	7,584,387	3.46%	253,457	
Overlay	800,000	1,000,000	25.00%	200,000	1,000,000	25.00%	200,000	
Capital Outlay	1,200,000	1,470,000	22.50%	270,000	1,470,000	22.50%	270,000	
County	3,680,000	3,680,000	0.00%	0	3,680,000	0.00%	0	
Contingency	400,000	400,000	0.00%	0	400,000	0.00%	0	
Other General Non-Operating	1,431,442	1,348,533	-5.79%	(82,909)	1,348,533	-5.79%	(82,909)	
<b>Total</b>	<b>15,242,372</b>	<b>15,882,920</b>	<b>4.20%</b>	<b>640,548</b>	<b>15,882,920</b>	<b>4.20%</b>	<b>640,548</b>	
<b>Total Gross Budget</b>	<b>76,268,386</b>	<b>80,428,802</b>	<b>5.45%</b>	<b>4,160,416</b>	<b>80,428,802</b>	<b>5.45%</b>	<b>4,160,416</b>	
<b>REVENUES</b>								
Municipal/State	13,747,835	14,088,584	2.48%	340,749	14,088,584	2.48%	340,749	
School	3,950,000	4,437,000	12.33%	487,000	4,437,000	12.33%	487,000	
Use of Fund Balance	0	0	0.00%	0	0	0.00%	0	
Use of Reserve for Property Appraisal	73,500	73,500	0.00%	0	73,500	0.00%	0	
Use of Reserve for Debt	1,500,000	1,500,000	0.00%	0	1,500,000	0.00%	0	
<b>Total</b>	<b>19,271,335</b>	<b>20,099,084</b>	<b>4.30%</b>	<b>827,749</b>	<b>20,099,084</b>	<b>4.30%</b>	<b>827,749</b>	
<b>BUDGETED PROPERTY TAX LEVY</b>	<b>56,997,051</b>	<b>60,329,718</b>	<b>5.85%</b>	<b>3,332,667</b>	<b>60,329,718</b>	<b>5.85%</b>	<b>3,332,667</b>	
<b>Total Property Tax Commitment</b>	<b>57,028,634</b>	<b>60,329,718</b>	<b>5.79%</b>	<b>3,301,084</b>	<b>60,329,718</b>	<b>5.79%</b>	<b>3,301,084</b>	
War Service Credits	507,700	507,700	0.00%	0	507,700	0.00%	0	
Adequate Education Formula	(8,560,475)	(8,336,956)	-2.61%	223,519	(8,336,956)	-2.61%	223,519	
State Education Tax	8,560,475	8,336,956	-2.61%	(223,519)	8,336,956	-2.61%	(223,519)	
<b>Total Property Taxes Assessed</b>	<b>57,536,334</b>	<b>60,837,418</b>	<b>5.74%</b>	<b>3,301,084</b>	<b>60,837,418</b>	<b>5.74%</b>	<b>3,301,084</b>	
Taxes Due State	0	0	0.00%	0	0	0.00%	0	
<b>ASSESSED VALUATION WITH UTILITIES</b>	<b>3,680,472,681</b>	<b>3,705,472,681</b>	<b>0.68%</b>	<b>25,000,000</b>	<b>3,705,472,681</b>	<b>0.68%</b>	<b>25,000,000</b>	
<b>ASSESSED VALUATION NO UTILITIES</b>	<b>3,547,403,779</b>	<b>3,572,403,779</b>	<b>0.70%</b>	<b>25,000,000</b>	<b>3,572,403,779</b>	<b>0.70%</b>	<b>25,000,000</b>	
<b>MUNICIPAL TAX RATE</b>	<b>12.43</b>	<b>13.18</b>	<b>6.00%</b>	<b>0.75</b>	<b>13.18</b>	<b>6.00%</b>	<b>0.75</b>	
<b>COUNTY TAX RATE</b>	<b>0.88</b>	<b>0.99</b>	<b>12.86%</b>	<b>0.11</b>	<b>0.99</b>	<b>12.86%</b>	<b>0.11</b>	
<b>STATE EDUCATION TAX RATE</b>	<b>2.41</b>	<b>2.33</b>	<b>-3.17%</b>	<b>(0.08)</b>	<b>2.33</b>	<b>-3.17%</b>	<b>(0.08)</b>	
<b>COMBINED TAX RATE</b>	<b>15.72</b>	<b>16.50</b>	<b>4.97%</b>	<b>0.78</b>	<b>16.50</b>	<b>4.97%</b>	<b>0.78</b>	

# EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY06 BUDGET	FY06 ACTUAL	FY07 BUDGET	FY08 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY08 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>GENERAL FUND</b>									
GENERAL FUND OPERATING BUDGET									
MUNICIPAL									
GENERAL GOVERNMENT									
CITY COUNCIL	32,121	26,623	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	231,311	230,604	238,679	247,576	8,897	3.73%	247,576	8,897	3.73%
HUMAN RESOURCES	1,989,107	1,944,968	2,172,667	2,303,786	131,119	6.03%	2,303,786	131,119	6.03%
CITY CLERK	163,617	160,193	171,638	178,650	7,012	4.09%	178,650	7,012	4.09%
ELECTIONS	35,071	31,144	43,780	50,722	6,942	15.86%	50,722	6,942	15.86%
LEGAL DEPT	459,607	428,497	434,876	455,932	21,056	4.84%	455,932	21,056	4.84%
FINANCE	1,516,478	1,445,215	1,537,566	1,615,492	77,926	5.07%	1,615,492	77,926	5.07%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	844,241	816,824	827,006	847,506	20,500	2.48%	847,506	20,500	2.48%
REGULATORY SERVICES									
PLANNING DEPT	419,581	408,481	462,180	498,076	35,916	7.77%	498,076	35,916	7.77%
INSPECTIONS	319,314	313,124	332,087	350,626	18,539	5.58%	350,626	18,539	5.58%
HEALTH	98,573	93,736	103,151	107,604	4,453	4.32%	107,604	4,453	4.32%
PUBLIC WORKS									
PUBLIC WORKS	4,972,694	4,972,069	5,246,728	5,494,095	247,367	4.71%	5,494,095	247,367	4.71%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,272,858	1,255,566	1,368,399	1,434,090	65,691	4.80%	1,434,090	65,691	4.80%
RECREATION	1,013,808	1,013,807	1,086,440	1,117,848	31,408	2.89%	1,117,848	31,408	2.89%
PUBLIC WELFARE	326,790	363,123	344,981	350,988	6,007	1.74%	350,988	6,007	1.74%
OUTSIDE SOCIAL SERV	192,223	182,223	188,304	194,570	6,266	3.33%	194,570	6,266	3.33%
EMERGENCY MANAGEMENT									
EMERGENCY MANAGEMENT	5,500	9,402	5,500	5,500	0	0.00%	5,500	0	0.00%
<b>TOTAL MUNICIPAL</b>	<b>13,872,894</b>	<b>13,705,589</b>	<b>14,596,083</b>	<b>15,285,182</b>	<b>689,099</b>	<b>4.72%</b>	<b>15,285,182</b>	<b>689,099</b>	<b>4.72%</b>
POLICE	7,420,295	7,419,632	7,830,154	8,367,250	537,096	6.86%	8,367,250	537,096	6.86%
FIRE DEPT	5,791,007	5,782,584	6,126,861	6,508,821	381,960	6.23%	6,508,821	381,960	6.23%
SCHOOL DEPT	30,751,492	30,750,982	32,472,916	34,384,629	1,911,713	5.89%	34,384,629	1,911,713	5.89%
POLICE FIRE SCHOOL	43,962,794	43,953,208	46,429,931	49,260,700	2,830,769	6.10%	49,260,700	2,830,769	6.10%
<b>TOTAL OPERATING</b>	<b>57,635,688</b>	<b>57,658,797</b>	<b>61,026,014</b>	<b>64,545,882</b>	<b>3,519,868</b>	<b>5.77%</b>	<b>64,545,882</b>	<b>3,519,868</b>	<b>5.77%</b>
GENERAL FUND NON-OPERATING BUDGET									
TAX ANTICIPATION NOTES	400,000	114,687	400,000	400,000	0	0.00%	400,000	0	0.00%
DEBT SERVICE	7,402,012	6,653,140	7,330,930	7,584,387	253,457	3.46%	7,584,387	253,457	3.46%
OVERLAY	800,000	800,000	800,000	1,000,000	200,000	25.00%	1,000,000	200,000	25.00%
COUNTY TAX	3,680,000	3,221,027	3,680,000	3,680,000	0	0.00%	3,680,000	0	0.00%
CONTINGENCY	400,000	400,000	400,000	400,000	0	0.00%	400,000	0	0.00%
CAPITAL OUTLAY	1,170,000	1,170,000	1,200,000	1,470,000	270,000	22.50%	1,470,000	270,000	22.50%
OTHER GENERAL NON-OPERATING	1,417,529	1,415,034	1,431,442	1,348,533	(82,909)	-5.79%	1,348,533	(82,909)	-5.79%
<b>TOTAL NON-OPERATING</b>	<b>15,269,541</b>	<b>13,773,868</b>	<b>15,242,372</b>	<b>15,882,920</b>	<b>640,548</b>	<b>4.20%</b>	<b>15,882,920</b>	<b>640,548</b>	<b>4.20%</b>
<b>TOTAL GENERAL FUND</b>	<b>73,105,229</b>	<b>71,432,685</b>	<b>76,268,396</b>	<b>80,428,802</b>	<b>4,160,416</b>	<b>5.45%</b>	<b>80,428,802</b>	<b>4,160,416</b>	<b>5.45%</b>

Title	FY06 BUDGET	FY06 ACTUAL	FY07 BUDGET	FY08 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY08 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>ENTERPRISE FUNDS</b>									
<b>WATER DIVISION</b>									
Administration	1,228,088	1,125,253	1,300,743	1,293,171	(7,572)	-0.58%	1,293,171	(7,572)	-0.58%
Engineering	285,951	215,417	308,311	328,743	20,432	6.63%	328,743	20,432	6.63%
sub-total	1,514,039	1,340,670	1,609,054	1,621,914	12,860	0.80%	1,621,914	12,860	0.80%
<b>Water Supply and Treatment</b>									
Treatment Plant	1,040,507	1,011,865	1,202,807	1,281,606	78,799	6.55%	1,281,606	78,799	6.55%
Laboratory	172,028	147,049	168,852	165,070	(3,782)	-2.24%	165,070	(3,782)	-2.24%
Wells	357,106	243,795	404,453	346,135	(58,318)	-14.42%	346,135	(58,318)	-14.42%
Storage Tanks	102,527	73,914	109,610	107,443	(2,167)	-1.96%	107,443	(2,167)	-1.96%
Booster Stations	136,304	121,460	160,407	168,330	7,923	4.94%	168,330	7,923	4.94%
sub-total	1,808,472	1,598,063	2,046,129	2,068,584	22,455	1.10%	2,068,584	22,455	1.10%
<b>Water Distribution</b>									
Administration	721,142	584,739	719,958	608,183	(111,775)	-15.53%	608,183	(111,775)	-15.53%
Cross Connection	33,140	34,552	39,718	60,571	20,853	52.50%	60,571	20,853	52.50%
Mains	430,314	404,138	370,885	329,566	(41,319)	-11.14%	329,566	(41,319)	-11.14%
Services	142,985	134,914	128,886	179,475	50,589	39.25%	179,475	50,589	39.25%
Hydrants	101,004	106,222	70,550	62,557	(8,000)	-11.33%	62,557	(8,000)	-11.33%
Meters	150,077	104,875	146,633	168,736	22,103	15.07%	168,736	22,103	15.07%
sub-total	1,578,662	1,349,440	1,476,630	1,479,638	3,008	0.20%	1,479,638	3,008	0.20%
<b>Capital</b>									
Non-SRF Capital	946,800	196,302	1,145,000	1,298,000	153,000	13.36%	1,298,000	153,000	13.36%
sub-total	946,800	196,302	1,145,000	1,298,000	153,000	13.36%	1,298,000	153,000	13.36%
<b>Total Water Division</b>	<b>5,847,973</b>	<b>4,484,496</b>	<b>6,276,813</b>	<b>6,468,136</b>	<b>191,323</b>	<b>3.05%</b>	<b>6,468,136</b>	<b>191,323</b>	<b>3.05%</b>
<b>SEWER DIVISION</b>									
Administration	1,995,927	1,328,743	1,596,083	1,788,870	192,787	12.08%	1,788,870	192,787	12.08%
Engineering	210,049	172,003	267,982	248,269	(19,713)	-7.36%	248,269	(19,713)	-7.36%
sub-total	2,205,976	1,500,747	1,864,065	2,037,139	173,074	9.28%	2,037,139	173,074	9.28%
<b>Wastewater Treatment</b>									
Treatment Plant	3,495,247	3,965,145	3,782,728	3,710,832	(71,896)	-1.90%	3,710,832	(71,896)	-1.90%
Laboratory	212,710	56,371	246,635	239,790	(6,845)	-2.78%	239,790	(6,845)	-2.78%
Lift Stations	895,356	762,416	994,783	1,062,520	67,737	6.81%	1,062,520	67,737	6.81%
sub-total	4,603,313	4,783,933	5,024,146	5,013,142	(11,004)	-0.22%	5,013,142	(11,004)	-0.22%
<b>Wastewater Collection</b>									
Administration	244,403	482,512	435,900	638,295	202,395	46.43%	638,295	202,395	46.43%
Force Main	33,994	46,158	6,577	15,172	8,595	130.68%	15,172	8,595	130.68%
Interceptors	396,392	181,706	270,179	205,635	(64,544)	-23.89%	205,635	(64,544)	-23.89%
Laterals	19,176	30,719	18,173	37,110	18,937	104.20%	37,110	18,937	104.20%
sub-total	693,965	741,096	730,829	896,212	165,383	22.63%	896,212	165,383	22.63%
<b>Capital</b>									
Non-SRF Capital	544,000	240,255	2,300,000	3,802,000	1,502,000	65.30%	3,802,000	1,502,000	65.30%
sub-total	544,000	240,255	2,300,000	3,802,000	1,502,000	65.30%	3,802,000	1,502,000	65.30%
<b>Total Sewer Division</b>	<b>8,047,254</b>	<b>7,266,030</b>	<b>9,919,040</b>	<b>11,748,493</b>	<b>1,829,453</b>	<b>18.44%</b>	<b>11,748,493</b>	<b>1,829,453</b>	<b>18.44%</b>
<b>TOTAL ENTERPRISE FUNDS</b>	<b>13,895,227</b>	<b>11,750,526</b>	<b>16,195,853</b>	<b>18,216,629</b>	<b>2,020,776</b>	<b>12.48%</b>	<b>18,216,629</b>	<b>2,020,776</b>	<b>12.48%</b>

48		Title	FY08 BUDGET	FY06 ACTUAL	FY07 BUDGET	FY08 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY08 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>SPECIAL REVENUE FUNDS</b>											
<b>PARKING AND TRANSPORTATION</b>											
		Parking Administration	230,930	183,516	291,235	296,480	5,245	1.80%	296,480	5,245	1.80%
		Parking Garage	424,351	484,054	447,034	435,838	(11,196)	-2.50%	435,838	(11,196)	-2.50%
		Parking Enforcement	129,011	145,361	136,426	129,391	(7,037)	-5.16%	129,391	(7,037)	-5.16%
		Parking Meter Operations	76,996	81,390	86,370	87,937	1,567	1.81%	87,937	1,567	1.81%
		Parking Collection	152,403	153,338	162,997	169,581	6,584	4.04%	169,581	6,584	4.04%
		Public Transportation	186,246	137,030	195,163	221,882	26,719	13.69%	221,882	26,719	13.69%
		Snow Removal	50,000	50,000	(20,000)	50,000	0	0.00%	50,000	0	0.00%
		DOT Reimbursement	(20,000)	(4,617)	0	225,000	225,000	0.00%	225,000	225,000	0.00%
		Capital	0	0	0	225,000	225,000	0.00%	225,000	225,000	0.00%
		<b>Total Parking &amp; Transportation</b>	<b>1,229,937</b>	<b>1,230,071</b>	<b>1,349,227</b>	<b>1,596,109</b>	<b>246,882</b>	<b>18.30%</b>	<b>1,596,109</b>	<b>246,882</b>	<b>18.30%</b>
<b>COMMUNITY DEVELOPMENT</b>											
		Administration	154,512	152,240	142,456	143,924	1,468	1.03%	143,924	1,468	1.03%
		Housing Rehab	71,767	70,614	73,521	75,399	1,878	2.55%	75,399	1,878	2.55%
		PEDLP	1,800	1,800	1,800	1,800	0	0.00%	1,800	0	0.00%
		<b>Total CDBG</b>	<b>228,079</b>	<b>224,654</b>	<b>217,777</b>	<b>221,123</b>	<b>3,346</b>	<b>1.54%</b>	<b>221,123</b>	<b>3,346</b>	<b>1.54%</b>
<b>ECONOMIC DEVELOPMENT-UDAG</b>											
			173,524	146,325	148,248	130,331	(17,917)	-12.09%	130,331	(17,917)	-12.09%
		<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>1,631,540</b>	<b>1,601,050</b>	<b>1,715,252</b>	<b>1,947,563</b>	<b>232,311</b>	<b>13.54%</b>	<b>1,947,563</b>	<b>232,311</b>	<b>13.54%</b>
<b>TOTAL ALL FUNDS PROPOSED</b>											
			<b>88,631,996</b>	<b>84,784,261</b>	<b>94,179,491</b>	<b>100,592,994</b>	<b>6,413,503</b>	<b>6.81%</b>	<b>100,592,994</b>	<b>6,413,503</b>	<b>6.81%</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 2008 (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	832,000				832,000
Other Local Sources	7,498,419				7,498,419
Parking Revenues	3,580,500				3,580,500
Interest & Penalties	890,000	174,000			1,064,000
School Revenues	4,437,000				4,437,000
State/Federal Revenues	2,883,774	221,123			3,104,897
Fund Transfers	(1,596,109)	1,596,109			-
Use of Fund Balance/Reserves	1,573,500				1,573,500
Property Tax	60,329,718				60,329,718
Enterprise Fund Revenues			6,468,136	11,748,493	18,216,629
<b>Total Revenues</b>	<b>80,428,802</b>	<b>1,991,232</b>	<b>6,468,136</b>	<b>11,748,493</b>	<b>100,636,663</b>
<b>Expenditures</b>					
City Council	32,121				32,121
City Manager	247,576				247,576
Human Resources	2,303,786				2,303,786
City Clerk	178,650				178,650
Elections	50,722				50,722
Legal	455,932				455,932
Finance	1,615,492				1,615,492
General Administrative	847,506				847,506
Planning	498,076				498,076
Inspection	350,626				350,626
Public Health	107,604				107,604
Public Works	5,494,095	1,596,109	6,468,136	11,748,493	25,306,833
Public Library	1,434,090				1,434,090
Recreation	1,117,848				1,117,848
Community Development		351,454			351,454
Public Welfare	350,988				350,988
Outside Social Services	194,570				194,570
Emergency Management	5,500				5,500
Police Department	8,367,250				8,367,250
Fire Department	6,508,821				6,508,821
School Department	34,384,629				34,384,629
Non-Operating	15,882,920				15,882,920
<b>Total Expenditures</b>	<b>80,428,802</b>	<b>1,947,563</b>	<b>6,468,136</b>	<b>11,748,493</b>	<b>100,592,994</b>
Net Increase (Decrease) in Undesignated Fund Balance	-	43,669	-	-	43,669
Estimated:					
Undesignated Fund Balance - Beginning FY 08	7,245,500	3,500,000	3,842,362	13,256,210	27,844,072
Fund Balance - Ending FY 08	7,245,500	3,543,669	3,842,362	13,256,210	27,887,741

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# REVENUES

**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2006-2008**

BUDGETED REVENUES FY 06	ACTUAL REVENUES FY 06	BUDGETED REVENUES FY 07	ESTIMATED REVENUES FY 08	% CHANGE	\$\$ CHANGE
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**Local Fees, Licenses, Permits**

Other Fees	10,000	16,539	11,000	11,000	0.0%	-
Other Licenses	35,000	39,760	36,000	36,000	0.0%	-
Planning Board	24,000	34,173	25,000	25,000	0.0%	-
Board of Adjustments	26,000	22,115	26,000	26,000	0.0%	-
Site Review	40,000	27,213	40,000	40,000	0.0%	-
Building Permits-Portsmouth	140,000	239,650	170,000	200,000	17.6%	30,000
Building Permits-Pease	21,000	51,700	21,000	21,000	0.0%	-
Electrical Permits-Portsmouth	40,000	81,442	50,000	50,000	0.0%	-
Electrical Permits-Pease	7,000	14,000	7,000	7,000	0.0%	-
Plumbing Permits-Portsmouth	40,000	98,479	45,000	45,000	0.0%	-
Plumbing Permits-Pease	7,000	23,920	7,000	7,000	0.0%	-
Sign Permits	3,000	4,000	3,000	3,000	0.0%	-
Police Alarms	25,000	17,520	20,500	15,000	-26.8%	(5,500)
Burning Permits	600	233	500	500	0.0%	-
Excavation Permit	12,000	13,050	11,500	11,500	0.0%	-
Solid Waste	20,000	20,957	20,000	20,000	0.0%	-
Outdoor Pool	12,000	17,332	12,000	12,000	0.0%	-
Recreation Department	160,000	162,217	160,000	160,000	0.0%	-
Indoor Pool	80,000	81,593	80,000	80,000	0.0%	-
Boat Ramp Fees	6,000	6,735	6,000	6,000	0.0%	-
Food Permits	50,000	56,465	56,000	56,000	0.0%	-

<b>Total Local Fees, Licenses and Permits</b>	<b>758,600</b>	<b>1,029,092</b>	<b>807,500</b>	<b>832,000</b>	<b>3.0%</b>	<b>24,500</b>
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**Other Local Sources**

Timber Tax	500	203	500	500	0.0%	-
Payments in Lieu of Taxes	160,000	170,640	160,000	160,000	0.0%	-
Municipal Agent Fees	52,000	51,563	52,000	52,000	0.0%	-
Motor Vehicle Permits	3,400,000	3,498,519	3,450,000	3,450,000	0.0%	-
Title Applications	11,500	10,832	11,500	11,500	0.0%	-
Boat Registration	4,200	5,618	5,000	5,000	0.0%	-
PDA Airport District	1,700,000	1,812,589	1,700,000	1,900,000	11.8%	200,000
Water/Sewer Overhead	770,875	758,407	806,351	817,068	1.3%	10,717
Sale of Municipal Property	5,000	15,382	5,000	5,000	0.0%	-
Misc Revenue	90,000	43,277	90,000	90,000	0.0%	-
Dog Licenses	8,500	7,999	8,500	8,500	0.0%	-
Marriage Licenses	2,500	1,834	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	17,000	22,562	18,000	18,000	0.0%	-
Rental of City Property	602	14,103	602	11,642	1833.9%	11,040
Rental City Hall Complex	109,195	99,490	103,325	111,209	7.6%	7,884
Cable Franchise Fee	280,000	297,997	282,000	300,000	6.4%	18,000
Hand Gun Permits	750	520	500	500	0.0%	-
Police Outside Detail	90,000	84,229	90,000	90,000	0.0%	-
Fire Alarms	25,000	30,150	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	410,000	452,305	420,000	420,000	0.0%	-
Welfare Dept Reimbursements	20,000	24,406	20,000	20,000	0.0%	-

<b>Total Other Local Sources</b>	<b>7,157,622</b>	<b>7,402,625</b>	<b>7,250,778</b>	<b>7,498,419</b>	<b>3.4%</b>	<b>247,641</b>
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**Parking Revenues**

Parking Meter Fees	1,000,000	976,651	970,000	960,000	-1.0%	(10,000)
Parking Garage Revenue	1,120,000	1,172,473	1,150,000	1,140,000	-0.9%	(10,000)
Garage Space Leases	460,000	600,535	500,000	525,000	5.0%	25,000
Parking Validation	4,000	8,050	5,000	5,000	0.0%	-
Pass Reinstatement	500	2,500	1,000	1,500	50.0%	500
Parking Violations	950,000	1,111,363	925,000	930,000	0.5%	5,000
Boot Removal Fee	7,000	12,605	8,000	9,000	12.5%	1,000
Summons Admin Fee	9,000	10,837	10,000	10,000	0.0%	-

<b>Total Parking Revenues</b>	<b>3,550,500</b>	<b>3,895,014</b>	<b>3,569,000</b>	<b>3,580,500</b>	<b>0.3%</b>	<b>11,500</b>
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CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2006-2008

	BUDGETED REVENUES FY 06	ACTUAL REVENUES FY 06	BUDGETED REVENUES FY 07	ESTIMATED REVENUES FY 08	% CHANGE	\$\$ CHANGE
<b>Interest &amp; Penalties</b>						
Interest on Taxes	160,000	161,637	140,000	140,000	0.0%	-
Interest on Investments	300,000	994,156	500,000	750,000	50.0%	250,000
<b>Total Interest &amp; Penalties</b>	<b>460,000</b>	<b>1,155,792</b>	<b>640,000</b>	<b>890,000</b>	<b>39.1%</b>	<b>250,000</b>
<b>School Revenues</b>						
Tuition	3,800,000	3,920,115	3,900,000	4,400,000	12.8%	500,000
Other Sources	50,000	68,254	50,000	37,000	-26.0%	(13,000)
<b>Total School Revenues</b>	<b>3,850,000</b>	<b>3,988,369</b>	<b>3,950,000</b>	<b>4,437,000</b>	<b>12.3%</b>	<b>487,000</b>
<b>State Revenues</b>						
Shared Rev Block Grant	657,154	657,154	657,154	657,154	0.0%	-
Rooms and Meals Tax	696,000	759,219	760,000	815,000	7.2%	55,000
Highway Block Grant	342,377	338,406	347,225	347,225	0.0%	-
State Aid-Land Fill	50,192	50,192	49,183	48,173	-2.1%	(1,010)
Impact Aid	-	5,100	-	-	0.0%	-
Bonded Debt-School	1,016,250	993,082	1,016,222	1,016,222	0.0%	-
<b>Total State Revenues</b>	<b>2,761,973</b>	<b>2,803,153</b>	<b>2,829,784</b>	<b>2,883,774</b>	<b>1.9%</b>	<b>53,990</b>
Transfer to Fund 17	(1,229,937)	(1,229,937)	(1,349,227)	(1,596,109)	18.3%	(246,882)
Use of Fund Balance	0	-	0	-	0	(0)
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,500,000	1,500,000	0.0%	-
Budgeted Property Tax Levy	54,222,971	54,052,944	56,997,051	60,329,718	5.8%	3,332,667
<b>Total General Fund Revenues</b>	<b>73,105,229</b>	<b>74,670,554</b>	<b>76,268,386</b>	<b>80,428,802</b>	<b>5.5%</b>	<b>4,160,416</b>

**GENERAL FUND REVENUE SUMMARY**

Municipal/State Revenues	13,458,758	15,055,740	13,747,835	14,088,584	2.5%	340,749
School Revenues	3,850,000	3,988,369	3,950,000	4,437,000	12.3%	487,000
Use of Fund Balance	0	-	0	-		(0)
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	1,500,000	1,500,000	0.0%	-
Budgeted Property Tax Levy	54,222,971	54,052,944	56,997,051	60,329,718	5.8%	3,332,667
<b>Total General Fund Revenues</b>	<b>73,105,229</b>	<b>74,670,554</b>	<b>76,268,386</b>	<b>80,428,802</b>	<b>5.5%</b>	<b>4,160,416</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 product.

### 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 \$2.50 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 2004	24,361
FY 2005	23,940
FY 2006	23,988

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.

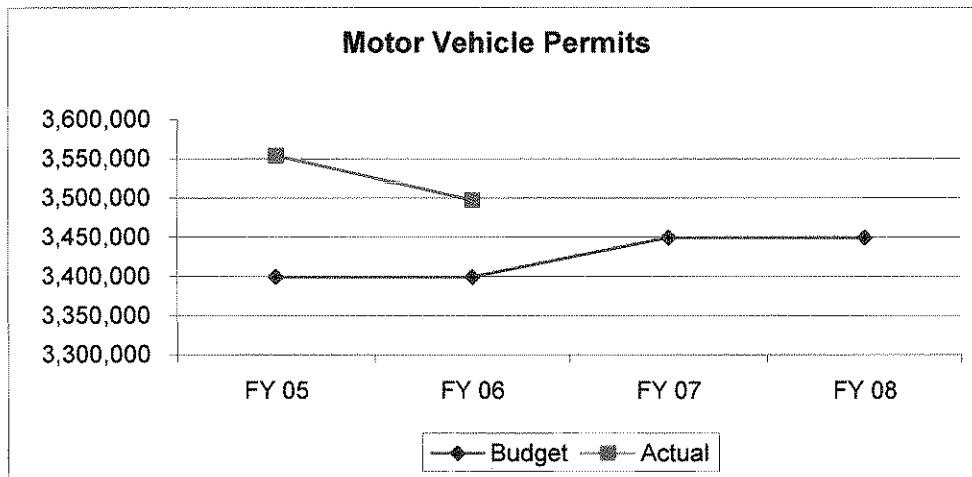
15 mills on each dollar of the maker's list price for the first preceding model year vehicle.

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.

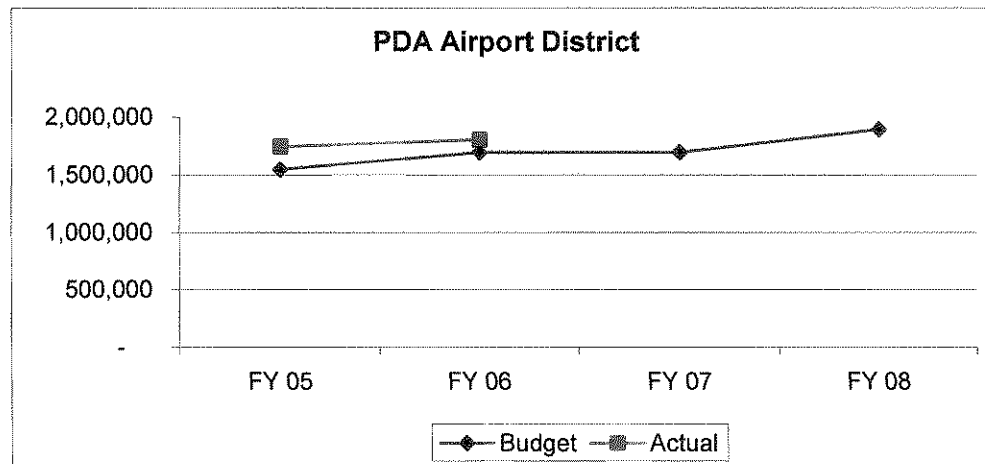


	FY 05	FY 06	FY 07	FY 08
Budget	3,400,000	3,400,000	3,450,000	3,450,000
Actual	3,555,120	3,498,519	3,450,000	3,450,000

**-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.

**-Boat Registration** – RSA 72-A:3 Fee charged for boats, which are required to be registered.

**-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 05	FY 06	FY 07	FY 08
Budget	1,550,000	1,700,000	1,700,000	1,900,000
Actual	1,751,599	1,812,589	1,700,000	1,900,000

**-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.

**-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.

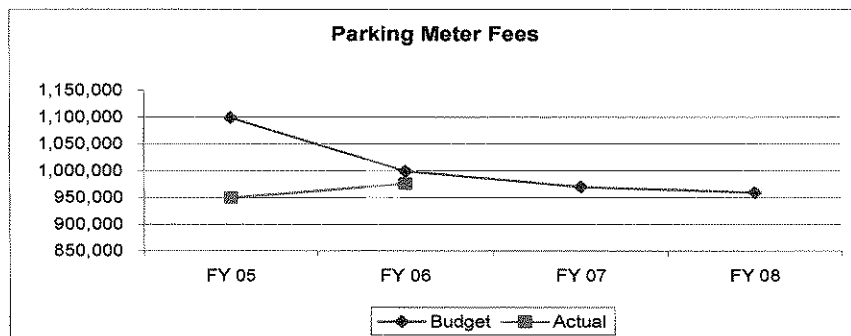
**-Fire Alarms** – City Ordinance Chapter 5: Article VIII Section 804 – Any person, firm, or corporation maintaining an alarm system located wholly or in part on City premises shall be subject to a service charge.

**-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:**

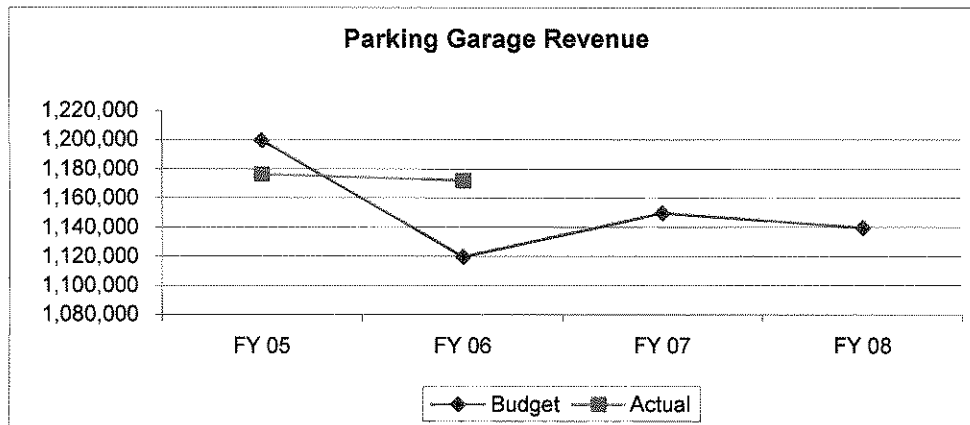
**Parking Meter Fees** – City Ordinance Chapter 7 – There are approximately 840 meters throughout the City charging \$0.75 per hour. The rates were raised in FY 05 from \$0.50 per hour. Qualitative forecasting using relevance historical forecasting methods is used to determine Parking Meter Fees revenue.



	FY 05	FY 06	FY 07	FY 08
Budget	1,100,000	1,000,000	970,000	960,000
Actual	950,319	976,651		



**-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 qualitative forecasting using relevance historical forecasting methods is used to determine Parking Garage Revenue. Revenues have remained steady since the increase in rates to start FY 05.



	FY 05	FY 06	FY 07	FY 08
Budget	1,200,000	1,120,000	1,150,000	1,140,000
Actual	1,176,864	1,172,473		

**-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 February 2007 there were 290- 12-hour passes and 302- 24 hour passes issued.

**-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.

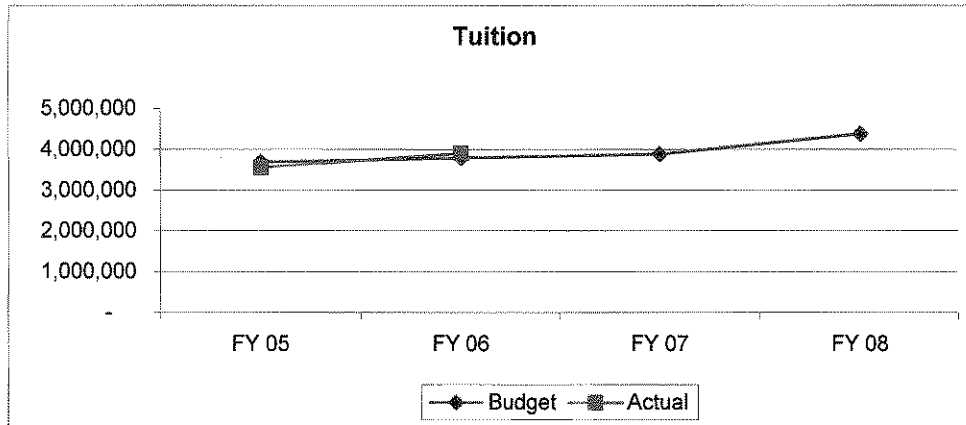
### Interest and Penalties:

**-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 05	FY 06	FY 07	FY 08
Budget	3,700,000	3,800,000	3,900,000	4,400,000
Actual	3,576,385	3,920,115		

**-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.

**-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 73% while distributing 27%.

**-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.

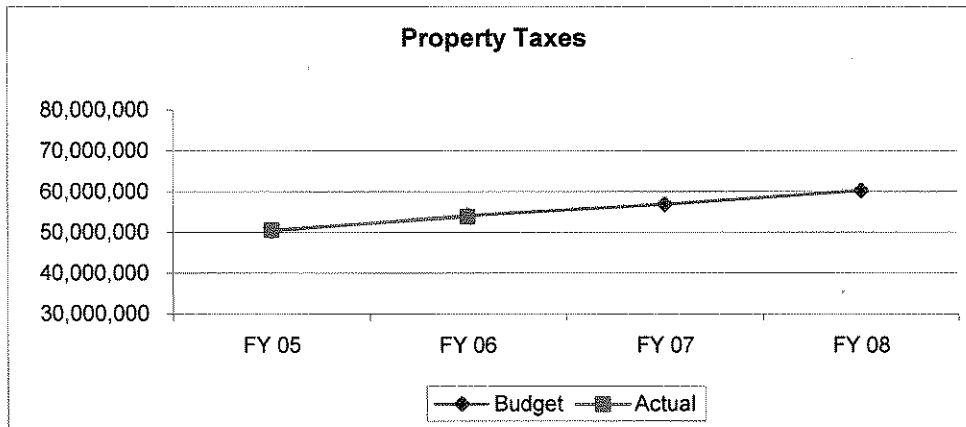
**Use of Reserves and Fund Balance:**

**-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 remain Portsmouth’s largest revenue source. The City levies and collects taxes according to state law. There are approximately 8,500 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 \$60,329,718 in the FY08 proposed budget.



	FY 05	FY 06	FY 07	FY 08
Budget	50,468,078	54,222,971	56,997,051	60,329,718
Actual	50,715,557	54,052,944		

The city issues tax bills twice a year which are due December 1<sup>st</sup> and June 1<sup>st</sup>

CITY OF PORTSMOUTH  
WATER FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2006-2008

	BUDGETED REVENUES FY 06	ACTUAL REVENUES FY 06	BUDGETED REVENUES FY 07	ESTIMATED REVENUES FY 08	% CHANGE	\$\$ CHANGE
<b>WATER CONSUMPTION</b>						
MUNICIPAL	95,459	90,921	201,055	110,890	-44.8%	(90,165)
OTHER UTILITIES WATER	47,556	48,948	62,000	33,852	-45.4%	(28,148)
COMMERCIAL TYPE 1	1,521,703	1,556,403	1,820,356	1,886,887	3.7%	66,531
INDUSTRIAL TYPE 1	635,734	421,448	635,734	438,918	-31.0%	(196,816)
RESIDENTIAL TYPE 1	1,726,021	1,539,318	1,766,361	1,855,436	5.0%	89,075
<b>TOTAL WATER CONSUMPTION</b>	<b>4,026,473</b>	<b>3,657,037</b>	<b>4,485,506</b>	<b>4,325,983</b>	<b>-3.6%</b>	<b>(159,523)</b>
<b>PUBLIC HYDRANT FEES</b>						
HYDRANT RENTAL INCOME	110,000	101,500	110,000	105,000	-4.5%	(5,000)
<b>TOTAL PUBLIC HYDRANT FEES</b>	<b>110,000</b>	<b>101,500</b>	<b>110,000</b>	<b>105,000</b>	<b>-4.5%</b>	<b>(5,000)</b>
<b>PRIVATE FIRE SERVICE FEES</b>						
FIRE SERVICES	210,000	192,072	214,000	216,000	0.9%	2,000
<b>TOTAL PRIVATE FIRE SERVICE</b>	<b>210,000</b>	<b>192,072</b>	<b>214,000</b>	<b>216,000</b>	<b>0.9%</b>	<b>2,000</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	150,000	107,917	130,000	120,000	-7.7%	(10,000)
BACKFLOW TESTING	105,000	86,542	105,000	95,000	-9.5%	(10,000)
SERVICE CHARGES-SPECIAL	41,340	22,459	42,000	50,000	19.0%	8,000
PENALTY INCOME	18,000	9,975	18,000	10,500	-41.7%	(7,500)
INTEREST ON INVESTMENTS	30,000	80,144	60,000	78,000	30.0%	18,000
MISCELLANEOUS	30,000	13,999	20,000	16,000	-20.0%	(4,000)
COST OF SALES	-	(48,034)	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	10,000	5,044	-	-	0.0%	-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>384,340</b>	<b>278,045</b>	<b>375,000</b>	<b>369,500</b>	<b>-1.5%</b>	<b>(5,500)</b>
<b>STATE REVENUES</b>						
STATE AID GRANT PROGRAM	7,962	7,962	-	-	0.0%	-
<b>TOTAL STATE REVENUES</b>	<b>7,962</b>	<b>7,962</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	42,000	394,715	42,000	135,115	221.7%	93,115
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>42,000</b>	<b>394,715</b>	<b>42,000</b>	<b>135,115</b>	<b>221.7%</b>	<b>93,115</b>
<b>OTHER FINANCING SOURCES</b>						
PAYBACK FROM GENERAL FUND	82,644	82,644	-	-	-	-
USE OF RETAINED EARNINGS	984,554	-	1,050,307	1,316,538	25.3%	266,231
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,067,198</b>	<b>82,644</b>	<b>1,050,307</b>	<b>1,316,538</b>	<b>25.3%</b>	<b>266,231</b>
<b>TOTAL WATER FUND</b>	<b>5,847,973</b>	<b>4,713,975</b>	<b>6,276,813</b>	<b>6,468,136</b>	<b>3.0%</b>	<b>191,323</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:

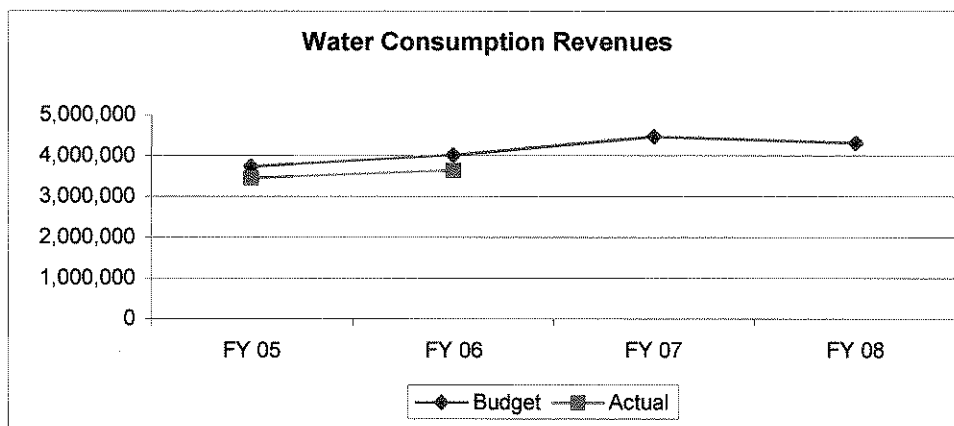
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

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 FY06 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 05	FY 06	FY 07	FY 08
Budget	\$3,745,739	\$4,026,473	\$4,485,506	\$4,325,983
Actual	\$3,472,158	\$3,657,037		

### **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 \$130,000-\$150,000 for the past five years. Actual revenues have ranged from \$113,000 to \$135,000 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.

During FY06, there was a significant increase in revenues from FY05. The department was able to dedicate necessary staff personnel to complete the scheduled testing, thus returning revenues to pre-FY05 levels.

**-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. The City converted to new billing software during 2002. During the transition period, penalties

were not assessed. FY06 is the first time the City began to assess penalties on the new billing software. Anticipation that revenues will be level or slightly below FY07 figures is due to customer awareness of city policy of penalty assessment.

**-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 as a contribution for eligible water works construction projects. The Water Fund received its final payment in FY06. The Water Fund is not anticipating any future grant reimbursement since the availability of grants has been virtually eliminated from the State program.

### **Special Agreements:**

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

### **Other Financing Sources:**

**-Payback from General Fund** - The General Fund repaid to the Water Fund \$826,440 over a ten-year period. Final payment was received in FY06.

**-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 2006-2008

	BUDGETED REVENUES FY 06	ACTUAL REVENUES FY 06	BUDGETED REVENUES FY 07	ESTIMATED REVENUES FY 08	% CHANGE	\$\$ CHANGE
<b>SEWER CONSUMPTION</b>						
MUNICIPAL	45,520	76,460	75,010	92,551	23.4%	17,541
OTHER UTILITIES WATER	97,544	103,406	106,770	96,819	-9.3%	(9,951)
COMMERCIAL TYPE 1	2,354,106	2,592,697	2,663,463	2,872,266	7.8%	208,803
INDUSTRIAL TYPE 1	398,450	580,381	536,732	448,822	-16.4%	(87,910)
RESIDENTIAL TYPE 1	2,572,064	2,517,766	2,369,563	2,608,717	10.1%	239,154
<b>TOTAL SEWER CONSUMPTION</b>	<b>5,467,684</b>	<b>5,870,710</b>	<b>5,751,538</b>	<b>6,119,175</b>	<b>6.4%</b>	<b>367,637</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	30,000	1,952	20,000	20,000	0.0%	-
SEPTAGE	34,500	88,643	60,000	90,000	50.0%	30,000
PENALTY INCOME	15,000	13,344	12,000	14,000	16.7%	2,000
INTEREST ON INVESTMENTS	56,525	320,643	270,000	300,000	11.1%	30,000
MISC REVENUE	-	4,270	-	-	0.0%	-
PERMITS	4,000	2,650	5,000	5,000	0.0%	-
MISCELLANEOUS	14,500	24,766	18,000	25,000	38.9%	7,000
COST OF SALES	-	(418)	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	10,000	-	-	-	0.0%	-
<b>TOTAL MISCELLANEOUS FEES</b>	<b>164,525</b>	<b>455,850</b>	<b>385,000</b>	<b>454,000</b>	<b>17.9%</b>	<b>69,000</b>
<b>STATE REVENUES</b>						
STATE AID GRANT PROGRAM	1,675,990	1,734,718	1,539,816	1,534,067	-0.4%	(5,749)
<b>TOTAL STATE REVENUES</b>	<b>1,675,990</b>	<b>1,734,718</b>	<b>1,539,816</b>	<b>1,534,067</b>	<b>-0.4%</b>	<b>(5,749)</b>
<b>SPECIAL AGREEMENTS</b>						
REV FROM SPECIAL AGREEMENTS	153,086	118,188	153,086	1,153,086	653.2%	1,000,000
PEASE REIMBURSE SEWER LOAN	194,156	31,609	188,965	183,774	-2.7%	(5,191)
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>347,242</b>	<b>149,797</b>	<b>342,051</b>	<b>1,336,860</b>	<b>290.8%</b>	<b>994,809</b>
<b>OTHER FINANCING SOURCES</b>						
USE OF RETAINED EARNINGS	391,813	-	1,900,635	2,304,391	21.2%	403,756
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>391,813</b>	<b>-</b>	<b>1,900,635</b>	<b>2,304,391</b>	<b>21.2%</b>	<b>403,756</b>
<b>TOTAL SEWER FUND</b>	<b>8,047,254</b>	<b>8,211,075</b>	<b>9,919,040</b>	<b>11,748,493</b>	<b>18.4%</b>	<b>1,829,453</b>



## Sewer Fund Revenue Descriptions and Trends

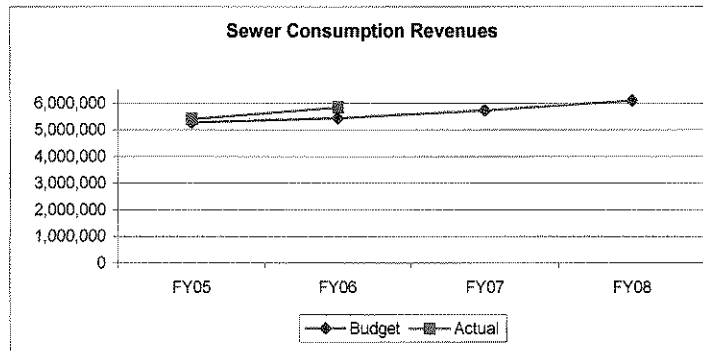
The City of Portsmouth Sewer Fund operates as a financially self-supporting enterprise fund. It is expected that revenues generated from rates, fees and retained earnings will sustain the cost of all operations and any debt service; no General Fund (tax) support is expected. Revenue sources for the City 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 an increase in user rate revenues for FY06. 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.



	FY05	FY06	FY07	FY08
Budget	5,301,429	5,467,684	5,751,538	6,119,175
Actual	5,441,218	5,870,710		

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.

## **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 \$5,600 to \$67,000 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. The City converted to new billing software during 2002. During the transition period, penalties were not assessed. FY05 is the first time the City began to assess penalties on the new billing software. Anticipation that revenues will be level or slightly below FY07 figures is due to customer awareness of city policy of penalty assessment.

**-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.

## **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. It is anticipated new agreements will be established with residents of Sagamore Avenue in conjunction with two sewer extension projects.

**-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 2006-2008

	BUDGETED REVENUES FY 06	ACTUAL REVENUES FY 06	BUDGETED REVENUES FY 07	ESTIMATED REVENUES FY 08	% CHANGE	\$\$ CHANGE
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**Community Development**

CDBG Entitlement	226,279	222,854	215,978	219,323	1.5%	3,345
Portsmouth Economic Development P	1,800	1,800	1,800	1,800	0.0%	-
UDAG Interest	150,000	154,564	150,000	174,000	16.0%	24,000
<b>Total Community Development</b>	<b>378,079</b>	<b>379,218</b>	<b>367,778</b>	<b>395,123</b>	<b>7.4%</b>	<b>27,345</b>

**Parking and Transportation**

Portion of Parking Meter and Garage Revenues	1,229,937	1,229,937	1,349,227	1,596,109	18.3%	246,882
<b>Total Parking and Transportation</b>	<b>1,229,937</b>	<b>1,229,937</b>	<b>1,349,227</b>	<b>1,596,109</b>	<b>18.3%</b>	<b>246,882</b>
<b>Total Special Revenue Funds</b>	<b>1,608,016</b>	<b>1,609,155</b>	<b>1,717,005</b>	<b>1,991,232</b>	<b>16.0%</b>	<b>274,227</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 CDBG budget.

**-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 has an internal policy allowing the expenditure of up to 75% of the interest earned on the principal balances of grant paybacks.

### Parking and Transportation:

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

# DEBT SERVICE

# **DEBT SERVICE**

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

## **COMPUTATION OF LEGAL DEBT MARGIN (GENERAL, 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: the General Fund, School related debt, and Water Fund debt limit margins. The General Fund debt limit 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, 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, followed by the Water and Sewer Funds. Also listed are debt-related revenues. These revenues would not exist if certain debt issuance did not exist. The attached graph displays the pertinent funds' annual projected debt service payments for the next 10 years.

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

This page 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, WATER, AND SEWER)**

These pages display the outstanding debt balance of the General, Water and Sewer Funds for the next 10 years. They also show the scheduled payments against these balances for the next 10 years. A graph displays these numbers in a bar chart. In addition, the City's General Fund debt burden (including School Debt) is calculated. Debt burden measures how leveraged a community is by calculating the amount of debt outstanding as compared to the city's full valuation.

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 Computation of Legal Debt Margin  
 As of June 30, 2006

Modified local assessed valuation Department of Revenue Administration Inventory adjustment	\$ 3,130,695,097
	<u>649,157,765</u>
Equalized assessed valuation Adjustment: RSA 31-A	3,779,852,862
	<u>45,313,465</u>
Base valuation for debt limit (1)	\$ <u>3,825,166,327</u>

<b>Bonded debt limit - 3.0% of base (General Debt)</b>	\$ 114,754,990
Gross bonded debt June 30, 2006	22,450,384
Less:	
Landfill (4)	2,800,384
Authorized but unissued Parking Facility	15,000,000
FY 06 Improvements	950,000
Fire Apparatus	350,000
Fire Apparatus	138,000
Newcastle Ave Improvements	600,000
	17,038,000

**Total debt applicable to 3% limitation  
 Legal Debt Margin** **32%**  
**68%**

\$ 36,688,000
<u>78,066,990</u>

<b>Bonded debt limit - 7.0% of base (School Debt) (5)</b>	\$ 267,761,643
Gross bonded debt June 30, 2006	32,300,000
Authorized but unissued	32,300,000

**Total debt applicable to 7% limitation  
 Legal Debt Margin** **12%**  
**88%**

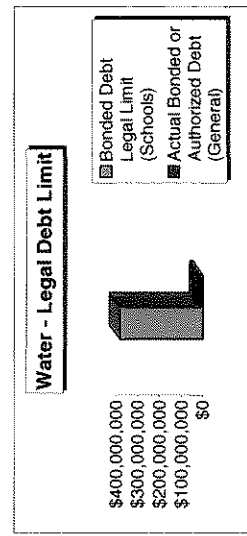
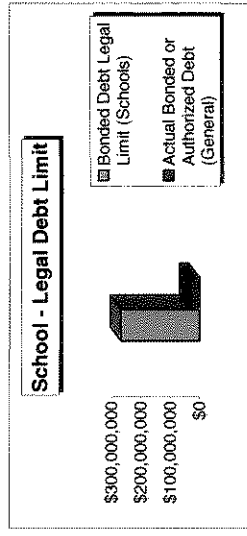
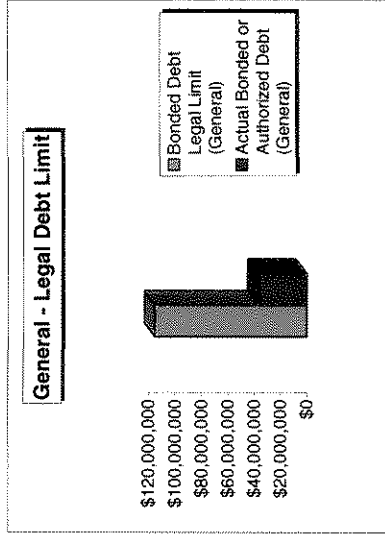
\$ 32,300,000
<u>235,461,643</u>

<b>Bonded debt limit - 10% of base (Water Fund) (2)(3)</b>	382,516,633
Gross bonded debt June 30, 2006	5,538,576
Water bonds	5,538,576
Authorized but unissued	5,538,576
Water SRF- Water Projects	10,100,000
Water System Improvements	1,987,440
	12,087,440

**Total debt applicable to 10% limitation  
 Legal Debt Margin** **5%**  
**95%**

\$ 17,626,016
<u>364,890,617</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(XII).
- (2) Enterprise funds.
- (3) Subject to a separate debt limit of 10% of the City's base valuation per RSA 33:5-a.
- (4) Exempt per RSA 33:5-b.
- (5) Subject to a separate debt limit of 7% of the City's base valuation per RSA 33:4-a





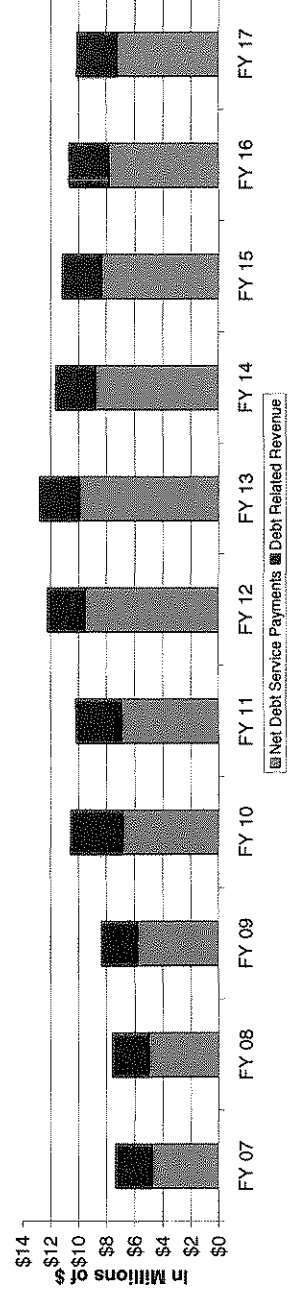
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL  
GENERAL FUND

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
	<b>ISSUED DEBT</b>													
03/01/97	96 & 97 Improvements	4.72%	3,768,000	370,000										
	Principal			18,130										
	Interest			180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289
11/18/98	Coakley 20 yr	3.80%	3,685,773	89,063	82,212	75,361	68,510	61,659	54,808	47,957	41,106	34,255	27,404	20,553
	Principal			260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
	Interest			52,780	39,780	26,520	13,260							
06/15/00	00 City Improvements	5.04%	2,610,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Principal			10,150	7,650	5,100	2,550							
	Interest			450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
06/15/00	High Hanover Expansion	5.04%	4,500,000	91,350	68,850	45,900	22,950							
	Principal			32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617
	Interest			17,352	16,113	14,873	13,634	12,394	11,155	9,915	8,676	7,437	6,197	4,958
07/01/00	Coakley OU-20 yr	3.80%	652,330											
	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			1,251,625	1,201,750	1,147,125	1,090,125	1,033,125	973,750	909,625	838,875	733,875	638,875	543,875
09/15/02	School Renovations 20 yr	3.69%	38,000,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
	Principal			74,063	64,219	53,438	42,188	30,938	19,219	6,563				
	Interest			40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
09/15/02	Peverly/Banfield Rd	3.69%	400,000	7,900	6,850	5,700	4,500	3,300	2,050	700				
	Principal			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Interest			9,875	8,563	7,125	5,625	4,125	2,563	875				
09/15/02	03 Improvements	3.69%	3,990,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
	Principal			78,650	68,150	56,650	44,650	32,650	20,150	6,825				
	Interest			145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
02/01/05	Fire Engine Note	2.97%	437,000	8,613	4,307									
	Principal			295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
	Interest			111,900	100,100	88,300	76,500	64,700	52,900	41,100	29,300	17,500	5,800	
08/01/05	05 Improvements	3.95%	2,945,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
	Principal			276,575	262,575	248,575	234,575	220,575	206,575	192,575	178,575	164,575	150,575	136,575
	Interest			350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
08/01/05	Library	3.95%	6,960,000	4,897,905	4,527,905	4,382,905	4,382,905	3,622,905	3,622,905	3,612,905	2,757,905	2,757,905	2,752,905	2,462,905
	Principal			2,098,025	1,931,117	1,774,666	1,619,066	1,463,466	1,343,169	1,216,135	1,086,532	957,641	828,851	705,961
	Interest			6,995,930	6,459,022	6,157,571	6,001,971	5,086,371	4,966,074	4,829,040	3,844,437	3,715,547	3,581,756	3,168,866
	<b>Total General Fund Issued Debt</b>													
	<b>Total General Fund Issued Debt Principal Due</b>			4,897,905	4,527,905	4,382,905	4,382,905	3,622,905	3,622,905	3,612,905	2,757,905	2,757,905	2,752,905	2,462,905
	<b>Total General Fund Issued Debt Interest Due</b>			2,098,025	1,931,117	1,774,666	1,619,066	1,463,466	1,343,169	1,216,135	1,086,532	957,641	828,851	705,961
	<b>Total General Fund-Issued Debt</b>			6,995,930	6,459,022	6,157,571	6,001,971	5,086,371	4,966,074	4,829,040	3,844,437	3,715,547	3,581,756	3,168,866

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

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
<b>Projected Future Debt:</b>														
	Allocation to Debt Reserve		335,000											
*10 yr	06 Improvements	4.50%	950,000	137,750		133,475	129,200	124,925	120,650	116,375	112,100	107,825	103,550	99,275
*20 yr	Conference Center Parking Facility (Tax Exempt)	4.50%	7,579,909			582,714	582,714	582,714	582,714	582,714	582,714	582,714	582,714	582,714
*20 yr	Conference Center Parking Facility (Non Tax Exempt)	6.00%	7,420,091			646,130	646,130	646,130	646,130	646,130	646,130	646,130	646,130	646,130
*10 yr	New Castle Ave Improvements	4.50%	600,000	87,000		84,300	81,600	78,900	76,200	73,500	70,800	68,100	65,400	62,700
*10 yr	07 City Improvements-Buildings	4.50%	1,000,000	145,000		140,500	136,000	131,500	127,000	122,500	118,000	113,500	109,000	104,500
*10 yr	07 City Improvements-Ste/Sidewalks	4.50%	3,450,000	500,250		484,725	469,200	453,675	438,150	422,625	407,100	391,575	376,050	360,525
10 yr	07 City Improvements-Rt 33 Bridge	4.50%	450,000	65,250		63,225	61,200	59,175	57,150	55,125	53,100	51,075	49,050	47,025
10 yr	08 School Building Improvements	4.50%	500,000	11,250		71,375	69,125	66,875	64,625	62,375	60,125	57,875	55,625	53,375
10 yr	08 City Improvements-CIP FY08-13	4.50%	1,394,000	31,365		198,994	192,721	186,448	180,175	173,902	167,629	161,356	155,083	148,810
20 yr	08/09 Fire Station Two	4.50%	3,650,000			346,750	338,538	330,325	322,113	313,900	305,688	297,475	289,263	281,050
10 yr	08/09 Woodbury Ave	4.50%	1,000,000	22,500		142,750	138,250	133,750	129,250	124,750	120,250	115,750	111,250	106,750
10 yr	09 City Improvements-St,Sw, Build.	4.50%	4,000,000			580,000	580,000	562,000	544,000	526,000	508,000	490,000	472,000	454,000
10 yr	10 School Building Improvements	4.50%	500,000			70,250	70,250	70,250	70,250	70,250	70,250	70,250	70,250	70,250
10 yr	11 City Improvements-St,Sw, Build.	4.50%	4,000,000			580,000	580,000	562,000	544,000	526,000	508,000	490,000	472,000	454,000
10 yr	12 School Building Improvements	4.50%	500,000			72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500
20 yr	School Renovations 20 yr (3yr BAN)	4.50%	30,000,000	400,000		800,000	800,000	1,200,000	2,850,000	2,782,500	2,715,000	2,647,500	2,580,000	2,512,500
20 yr	School Renovations 20 yr	4.50%	10,000,000	125,000		365,000	365,000	475,000	455,000	335,000	320,000	210,000	882,500	860,000
	Rolling Stock Projected Debt			125,000										
	*Authorized													
	<b>Total Projected Bonded Debt and Interest Due</b>		<b>335,000</b>	<b>1,125,365</b>	<b>2,186,094</b>	<b>4,589,678</b>	<b>5,103,917</b>	<b>5,103,917</b>	<b>7,243,467</b>	<b>7,989,896</b>	<b>7,794,136</b>	<b>7,503,375</b>	<b>7,112,615</b>	<b>6,931,854</b>
	<b>TOTAL DEBT SERVICE WITH PROJECTED DEBT</b>		<b>7,330,930</b>	<b>7,584,387</b>	<b>8,343,665</b>	<b>10,591,649</b>	<b>10,190,287</b>	<b>10,190,287</b>	<b>12,209,481</b>	<b>12,818,935</b>	<b>11,638,573</b>	<b>11,218,921</b>	<b>10,694,371</b>	<b>10,100,719</b>
	<b>Debt Related Revenues</b>		<b>(49,183)</b>	<b>(48,173)</b>	<b>(47,164)</b>	<b>(46,154)</b>	<b>(45,144)</b>	<b>(44,135)</b>	<b>(44,135)</b>	<b>(43,125)</b>	<b>(42,115)</b>	<b>(41,106)</b>	<b>(40,096)</b>	<b>(39,087)</b>
	Coakley Landfill State Aid		(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)	(1,016,222)
	School Building Aid (High School)													
	Projected School Building Aid (Middle School 30%)													
	Projected School Building Aid (Elementary Schools 30%)													
	Use of Debt Reserve		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
	Use of Parking Revenues													
	<b>TOTAL DEBT (net of reimbursements)</b>		<b>4,765,526</b>	<b>5,019,992</b>	<b>5,780,279</b>	<b>6,800,429</b>	<b>6,900,077</b>	<b>6,900,077</b>	<b>9,470,280</b>	<b>9,930,744</b>	<b>6,751,391</b>	<b>8,332,749</b>	<b>7,809,209</b>	<b>7,216,567</b>

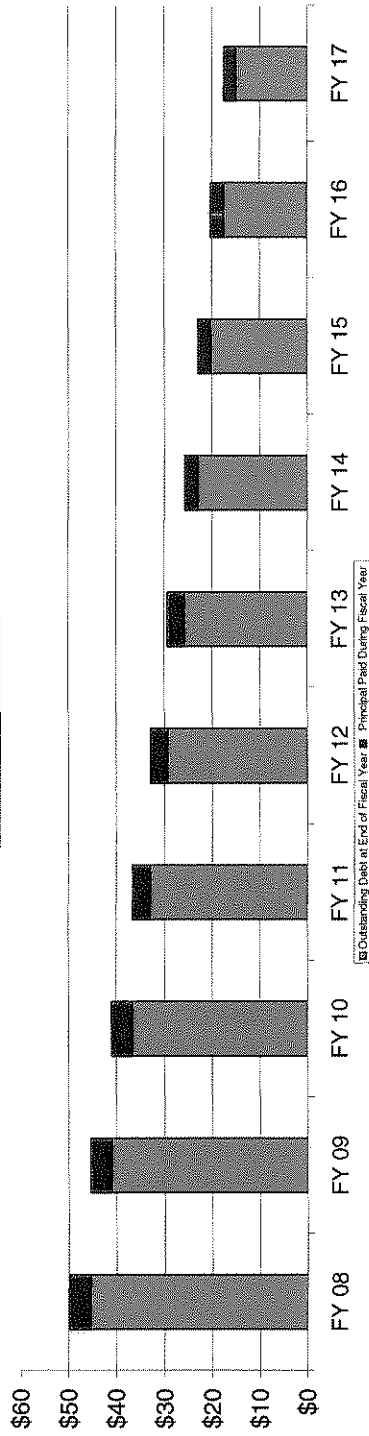
General Fund Annual Projected Debt Service



**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT-OUTSTANDING BALANCES  
and DEBT BURDEN CALCULATION  
GENERAL FUND**

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Outstanding Debt at Beginning of Fiscal Year	49,852,478	45,324,573	40,941,668	36,558,763	32,935,858	29,312,952	25,700,047	22,942,142	20,184,237	17,431,332
Additional Debt Issued During Fiscal Year										
Principal Paid During Fiscal Year	(4,527,905)	(4,382,905)	(4,382,905)	(3,622,905)	(3,622,905)	(3,612,905)	(2,757,905)	(2,757,905)	(2,752,905)	(2,462,905)
Outstanding Debt at End of Fiscal Year	45,324,573	40,941,668	36,558,763	32,935,858	29,312,952	25,700,047	22,942,142	20,184,237	17,431,332	14,968,427

**General Fund Outstanding Debt**



**Governmental Activities - General Obligation Debt Burden**

Fiscal Year	City Depts.	Landfills	School Dept.	Total	Base Value for Debt Limit (1)	% of Debt Outstanding to Taxable Assessed Value (Debt Burden)
2006	\$ 19,650,000	\$ 2,800,384	\$ 32,300,000	\$ 54,750,384	\$ 3,825,166,327	1.43%

Notes:  
(1) Base Value for Debt Limits compiled by the NH Department of Revenue Administration

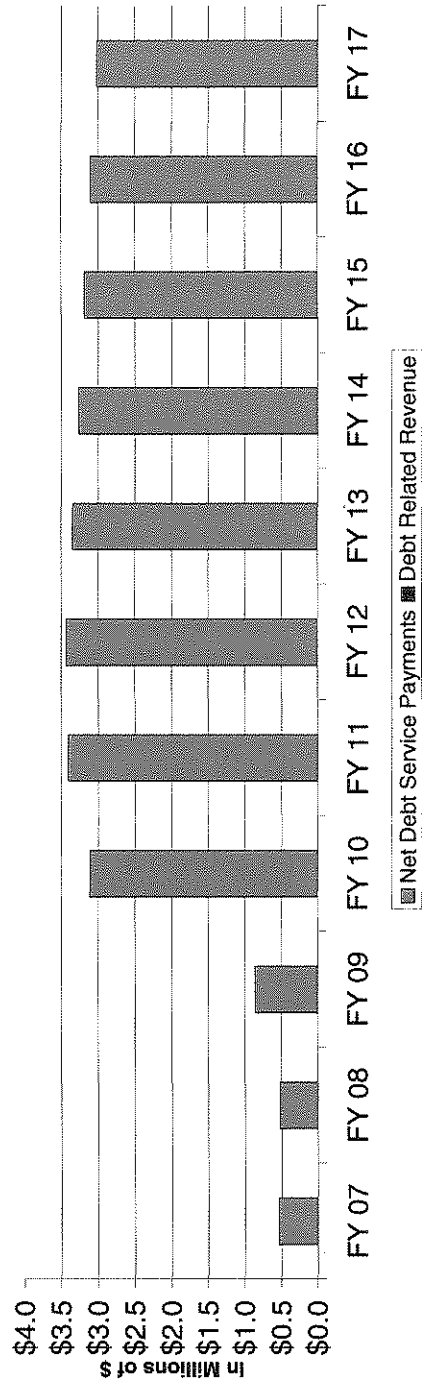
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL  
WATER FUND

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
05/15/02	Upgrade Motor Control Center	3.98%	300,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Principal			9,543	8,946	8,350	7,754	7,157	6,561	5,964	5,368	4,772	4,175	3,579
05/15/02	Corrosion Control Program	3.80%	288,000	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
	Principal			8,756	8,208	7,661	7,114	6,567	6,020	5,472	4,925	4,378	3,831	3,284
11/01/02	Constitution Avenue	3.70%	4,800,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
	Principal			151,124	142,234	133,344	124,455	115,565	106,676	97,786	88,896	80,007	71,117	62,228
	Interest			58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
12/01/02	Spinney Tank	3.73%	1,162,560	36,840	34,673	32,506	30,339	28,172	26,005	23,838	21,671	19,504	17,337	15,170
	Principal													
	Interest													
<b>Total Water Fund Issued Debt Principal Due</b>				327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528
<b>Total Water Fund Issued Debt Interest Due</b>				206,263	194,061	181,861	169,662	157,461	145,262	133,060	120,860	108,661	96,460	84,261
<b>Total Water Fund-Issued Debt</b>				533,791	521,589	509,389	497,190	484,989	472,790	460,588	448,388	436,189	423,988	411,789

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

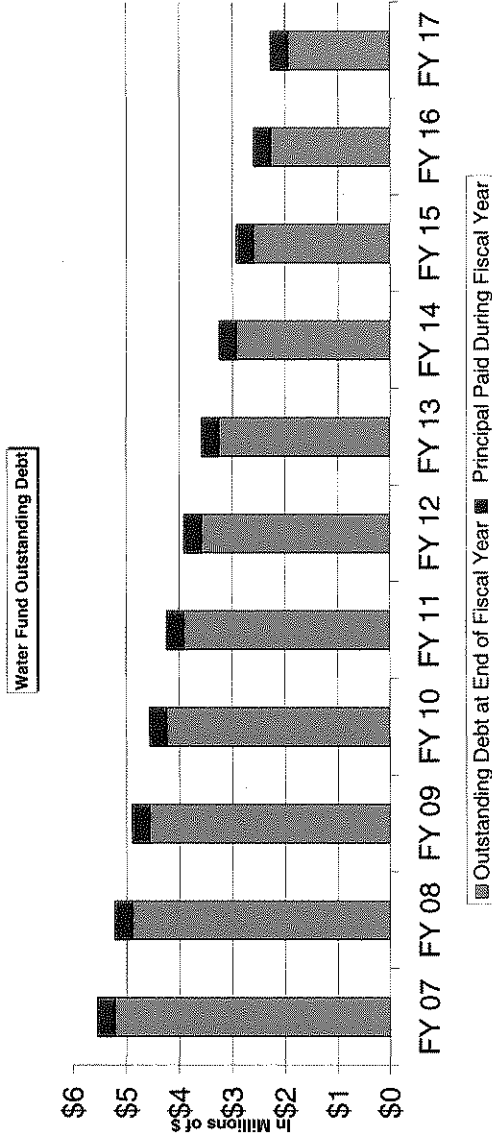
ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
<b>Projected Future Debt:</b>														
20 yr	Madbury Treatment Plant Up.	4.00%	22,000,000			1,892,000	1,848,000	1,804,000	1,760,000	1,716,000	1,672,000	1,628,000	1,584,000	1,540,000
20 yr	Osprey Landing Water Tank 1	5.00%	1,000,000			100,000	97,500	95,000	92,500	90,000	87,500	85,000	82,500	80,000
20 yr	Hobbs Hill Landing Water Ta	5.00%	1,500,000			146,250	142,500	138,750	135,000	131,250	127,500	123,750	120,000	116,250
*20 yr	Water Source Augmentation	5.00%	2,200,000			220,000	209,000	203,500	198,000	192,500	187,000	181,500	176,000	170,500
20 yr	Maplewood Ave Waterline R	4.50%	3,000,000			278,250	264,750	258,000	251,250	244,500	237,750	231,000	224,250	217,500
20 yr	Greenland Well Upgrades	4.00%	1,000,000			84,000	82,000	80,000	78,000	76,000	74,000	72,000	70,000	68,000
*20 yr	Madbury Treatment Plant De	3.49%	2,000,000			169,760	155,808	152,320	148,832	145,344	141,856	138,368	134,880	131,392
*20 yr	Bellamy Reservoir, Raw Wat	3.35%	1,100,000			91,872	84,498	82,654	80,810	78,967	77,123	75,279	73,435	71,591
*Authorized														
<b>Total Projected Bonded Debt and Interest Due</b>				533,791	-	3,516,332	3,406,208	3,296,084	3,186,490	3,076,896	2,967,302	2,857,708	2,748,114	2,638,520
<b>TOTAL DEBT SERVICE WITH PROJECTED DEBT</b>				533,791	521,589	3,406,208	3,426,677	3,444,644	3,462,612	3,480,581	3,498,550	3,516,518	3,534,487	3,552,456
<b>Water Fund Debt Related Revenues</b>				533,791	521,589	3,406,208	3,426,677	3,444,644	3,462,612	3,480,581	3,498,550	3,516,518	3,534,487	3,552,456
<b>TOTAL DEBT-WATER FUND (net of reimbursements)</b>				0	0	0	0	0	0	0	0	0	0	0

**Water Fund Annual Projected Debt Service**



**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT-OUTSTANDING BALANCES  
WATER FUND**

	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</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>
Outstanding Debt at Beginning of Fiscal Year	5,538,576	5,211,048	4,883,520	4,555,992	4,228,464	3,900,936	3,573,408	3,245,880	2,918,352	2,590,824	2,263,296
Additional Debt Issued During Fiscal Year											
Principal Paid During Fiscal Year	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)
Outstanding Debt at End of Fiscal Year	5,211,048	4,883,520	4,555,992	4,228,464	3,900,936	3,573,408	3,245,880	2,918,352	2,590,824	2,263,296	1,935,768



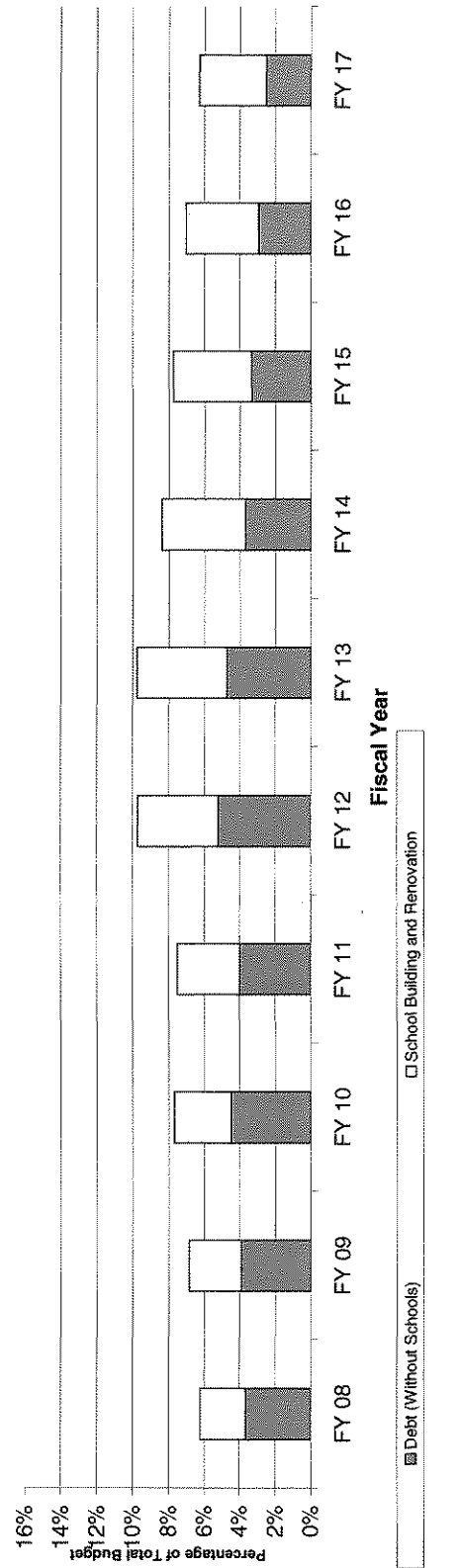
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL  
SEWER FUND

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	EY.08	EY.09	EY.10	EY.11	EY.12	EY.13	EY.14	EY.15	EY.16	EY.17
08/01/89	Beh Press	6.80%	740,000	30,000	30,000	30,000	30,000						
	Principal			5,100	3,060	1,020							
	Interest												
12/01/92	New Plant	7.00%	19,500,000	975,000	975,000	975,000	975,000	975,000					
	Principal			329,063	197,438	131,625	65,813						
	Interest												
12/21/00	Pease WWTP	4.46%	6,586,836	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450
	Principal			186,545	172,195	143,496	129,146	114,797	100,447	86,098	71,748	57,399	
	Interest												
06/11/02	Sewer Projects	3.98%	4,931,361	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
	Principal			147,054	127,447	117,643	107,839	98,038	88,232	78,429	68,625	58,822	
	Interest												
05/04/05	Sewer Projects	3.69%	8,898,110	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
	Principal			295,346	262,530	246,122	229,714	213,305	196,897	180,489	164,081	147,673	
	Interest												
Total Sewer Fund Issued Debt Principal Due				2,017,924	2,017,924	2,017,924	1,987,924	1,987,924	1,012,924	1,012,924	1,012,924	1,012,924	1,012,924
Total Sewer Fund Issued Debt Interest Due				3,071,033	854,693	746,280	638,886	532,512	426,140	385,576	345,016	304,454	263,894
Total Sewer Fund Issued Debt				3,088,957	2,872,617	2,764,204	2,626,810	2,520,435	1,439,064	1,398,500	1,357,940	1,317,378	1,276,818

**City of Portsmouth  
Preliminary-Projected Net Long Term Debt Service as a Percentage of the General Fund Budget  
Issued, Authorized, and Projected**

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Gen Fund Without Net Debt Service (increase 4% FY 09 and beyond)	75,408,810	78,425,162	81,562,169	84,824,656	88,217,642	91,746,348	95,416,201	99,232,850	103,202,163	107,330,250
Total Net Debt Service(Without Schools)	2,923,214	3,278,001	3,957,401	3,643,799	5,077,877	4,801,966	3,800,113	3,573,221	3,241,431	2,840,539
School Building and Renovation Debt (20 Year Payback net of Building Aid)	2,096,778	2,502,278	2,843,028	3,256,278	4,392,403	5,128,778	4,951,278	4,759,628	4,567,778	4,376,028
Total Net Debt Service(With Schools)	5,019,992	5,780,279	6,800,429	6,900,077	9,470,280	9,930,744	8,751,391	8,332,749	7,809,209	7,216,567
Change from previous year	5.3%	15.1%	17.6%	1.5%	37.2%	4.9%	-11.9%	-4.8%	-6.3%	-7.6%
Total General Fund Budget	80,428,802	84,205,442	88,362,598	91,724,733	97,687,922	101,677,092	104,167,593	107,565,599	111,011,372	114,546,817
Increase from previous year	5.5%	4.7%	4.9%	3.8%	6.5%	4.1%	2.4%	3.3%	3.2%	3.2%
<b>Tax Rate Impact:</b>										
Debt Service(Without Schools)	\$0.79	\$0.88	\$1.05	\$0.95	\$1.32	\$1.23	\$0.97	\$0.90	\$0.81	\$0.70
School Building and Renovation Plan Debt	\$0.57	\$0.67	\$0.75	\$0.85	\$1.14	\$1.32	\$1.26	\$1.20	\$1.14	\$1.08
Total Debt Service(With Schools)	\$1.35	\$1.54	\$1.80	\$1.81	\$2.46	\$2.55	\$2.22	\$2.10	\$1.95	\$1.78
Assessed Value (Increase by 1% per year)	3,705,472,581	3,742,527,307	3,779,952,580	3,817,752,106	3,855,929,627	3,894,488,923	3,933,433,812	3,972,768,150	4,012,495,832	4,052,620,790
<b>Percentage Debt Service of Budget:</b>										
Debt (Without Schools)	3.63%	3.89%	4.48%	3.97%	5.20%	4.72%	3.65%	3.32%	2.92%	2.48%
School Building and Renovation	2.61%	2.97%	3.22%	3.55%	4.50%	5.04%	4.75%	4.42%	4.11%	3.82%
Total Debt (With Schools)	6.24%	6.86%	7.70%	7.52%	9.69%	9.77%	8.40%	7.75%	7.03%	6.30%

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

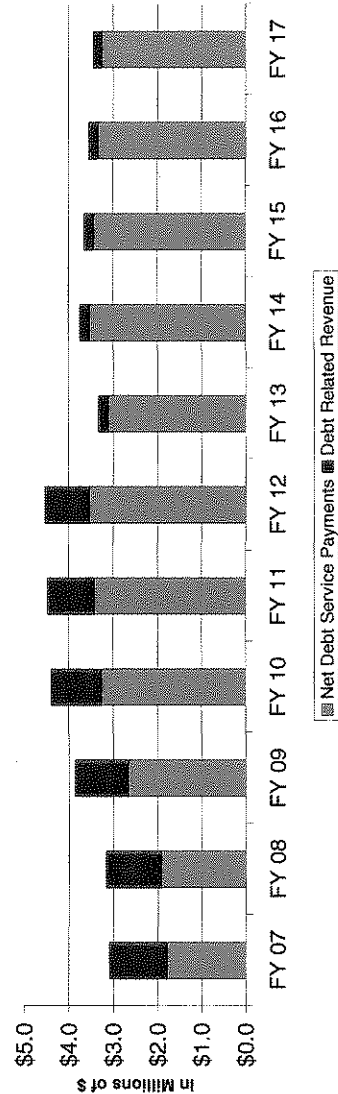




CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL  
SEWER FUND

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	
<b>Projected Future Debt:</b>														
*20 yr	Sewer Phase 3 Projects	3.70%	7,000,000	609,280	596,316	583,332	570,388	557,424	544,460	531,496	518,532	505,568		
*20 yr	201 Facilities Plan Update	3.35%	1,000,000	83,520	81,844	80,168	78,492	76,816	75,140	73,464	71,788	70,112		
20 yr	LTCF Contract #4	4.50%	3,931,000	373,445	364,600	355,756	346,911	338,066	329,221	320,377	311,532	302,687		
20 yr	LTCF Contract #4A	5.00%	2,540,000		254,000	247,650	241,300	234,950	228,600	222,250	215,900	209,550		
20 yr	LTCF Contract #5	5.00%	2,080,000		208,000	202,800	197,600	192,400	187,200	182,000	176,800	171,600		
20 yr	LTCF Contract #5A	5.00%	771,000		77,100	75,173	73,245	71,318	69,390	67,463	65,535	63,607		
20 yr	LTCF Contract #6	5.00%	4,975,000		497,500	485,063	472,625	460,188	447,750	435,312	422,875	410,437		
20 yr	SSES - State Street	4.50%	2,200,000		209,000	204,080	199,160	194,240	189,320	184,400	179,480	174,560		
20 yr	Rye Line Pump Station	3.49%	1,500,000	127,320	124,704	122,088	119,472	116,856	114,240	111,624	109,008	106,392		
*20 yr	Pleasant Point Sewer Extens	3.49%	350,000	29,708	29,098	28,487	27,877	27,266	26,656	26,046	25,435	24,825		
*5 yr	Stormwater Loan	1.16%	759,000	160,585	157,071	153,557	150,043	146,529	143,015	139,501	135,987	132,473		
*20 yr	Lower Court St Loan	3.49%	700,000	59,416	58,195	56,974	55,754	54,533	53,312	52,091	50,870	49,650		
*Authorized														
<b>Total Projected Bonded Debt and Interest Due</b>				190,293	883,942	1,630,738	1,850,099	2,017,111	1,896,222	2,347,363	2,288,565	2,229,769	2,170,972	
<b>TOTAL DEBT SERVICE WITH PROJECTED DEBT</b>				3,088,957	3,171,325	3,836,559	4,394,942	4,476,909	4,537,546	3,335,286	3,745,863	3,646,805	3,547,147	3,447,790
<b>Sewer Fund Debt Related Revenues</b>														
	Belt Press-State Aid			(31,985)	(30,179)	(28,373)								
	New Plant-State Aid			(945,252)	(900,160)	(854,731)	(809,302)	(763,873)	(718,445)					
	New Plant-State Aid			(59,184)	(56,361)	(53,517)	(50,672)	(47,828)	(44,983)					
	Pease WWTP-State Aid			(148,651)	(144,567)	(140,484)	(136,400)	(132,316)	(128,233)	(124,148)	(120,065)	(115,981)	(107,814)	
	Phase 1-State Aid			(119,499)	(116,595)	(113,631)	(110,787)	(107,883)	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	
<b>TOTAL DEBT-SERVICE FUND (net of reimbursements)</b>				1,782,579	1,921,657	2,864,017	3,259,408	3,425,009	3,540,906	3,109,063	3,526,627	3,434,257	3,341,887	3,249,517

Sewer Fund Annual Projected Debt Service



CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 LONG TERM DEBT-OUTSTANDING BALANCES  
 SEWER FUND

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Outstanding Debt at Beginning of Fiscal Year	22,868,597	20,850,673	18,832,749	16,814,825	14,796,902	12,808,978	10,821,054	9,808,130	8,795,206	7,782,282	6,769,358
Additional Debt Issued During Fiscal Year	(2,017,924)	(2,017,924)	(2,017,924)	(2,017,924)	(1,987,924)	(1,987,924)	(1,012,924)	(1,012,924)	(1,012,924)	(1,012,924)	(1,012,924)
Principal Paid During Fiscal Year	20,850,673	18,832,749	16,814,825	14,796,902	12,808,978	10,821,054	9,808,130	8,795,206	7,782,282	6,769,358	5,756,435
Outstanding Debt at End of Fiscal Year											

