



John P. Bohenko
City Manager

CITY OF PORTSMOUTH

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To: Honorable Mayor Eric Spear and City Council Members
From: John P. Bohenko, City Manager
Date: April 6, 2012
Re: Fiscal Year 2013 Budget Message

In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2013 Proposed Budget document for all appropriated City funds: General, Water, Sewer, Parking and Transportation, and Community Development. This budget document also includes the City's Rolling Stock Replacement Program and a summary of the Capital Improvement Plan along with the FY13 fee schedule. It reflects accomplishments, outlines priorities for the coming year and establishes a financial plan to achieve a level of General Government, School, Fire and Police services that meets critical needs.

The objective of this Budget Message is to briefly address the challenges faced in developing a budget plan for the Fiscal Year beginning July 1, 2012, with additional details provided in the Budget Highlights section on the pages immediately following this message.

As in the past, the goal in creating the FY13 budget is to maintain a stable and predictable tax rate while providing citizens with the highest possible level of services.

Before I review my proposed FY13 budget, I would like to take a moment to address how the worst economic crisis since the Great Depression affected previous budget cycles due to the State's substantial downshifting of its budgetary problems onto local communities and other financial impacts. Some prime examples are:

- **Retirement**-The State of New Hampshire historically contributed to the New Hampshire Retirement System for Teachers, Police, and Fire personnel. Prior to FY10, this contribution was 35% of the employer's share. In the face of mounting budget pressures, the State in FY10, FY11 and FY12 reduced the contribution to 30%, 25%, and 0%, respectively, forcing employers and employees to make up the difference. This cost the City of Portsmouth and its workers \$1.6 million in FY12 alone.

- **Shared Revenue**-Portsmouth and other municipalities have long relied on the expectation of Shared Revenue, but the State began chipping away at this revenue stream in Fiscal Year 2000 when it instituted the Statewide Property Tax. Portsmouth saw a drop from \$1,097,107 in Shared Revenue to \$657,154 in FY00. In FY10, the State suspended the distribution for FY10 and FY11, and then abolished it altogether in FY12. The loss is \$657,154 annually for Portsmouth.
- **Rooms and Meals Tax Revenue**-Portsmouth receives Rooms and Meals Tax revenue, which is distributed based on a community's population as a percentage of the State population. The law's original intent was for the State to send 40% of the collection to municipalities and keep the remaining 60%, but the current distribution stands at only 25% being returned to municipalities. The City had in years past enjoyed a steady annual increase in this revenue stream, going from \$437,157 in FY00 to \$921,494 in FY09 (an increase of 107% over 10 years), but in FY10 the distribution was frozen at FY09 levels, where it stands today. Portsmouth, with 158 restaurants and 17 hotels, receives the same amount as a community of the same population with no restaurants or hotels.
- **County Tax**-Since FY09, our share of the Rockingham County taxes has increased by \$668,771, with some of the rise attributed to the State downshifting costs to the County. While Portsmouth is Rockingham County's fourth most populous community (7% of the population), the County tax is allocated according to equalized value within the County. Portsmouth pays 10% of the County's property tax levy, the most of any Rockingham County community.
- **Interest Income**-Economic pressures have also deeply affected the City's revenue. Interest income declined from a high of \$1,100,000 in FY08 to a projected \$105,000 in FY13 due to record low interest rates.
- **Motor Vehicle Registrations**-One of the City's largest revenue sources, motor vehicle registrations, declined by \$400,000 from FY08 to FY12, but we are beginning to see an upward trend in this revenue stream.

Our City government has absorbed these decreases and weathered the economic storm of the past three years better than most municipal and state governments due to careful planning and the adoption of conservative financial policies. In addition, the City Council historically has been a leader in maintaining expenditures at levels that have been sustainable while continuing to invest in the City's infrastructure.

In addition, I would like to emphasize that in FY12 the City's tax rate decreased by 14¢ after the City Council requested there be no tax increase. In order to achieve this goal, significant cuts were necessary, including:

- No rolling stock appropriated in FY12
- No new bond authorizations in FY12
- No increase in capital outlay in FY12

- The elimination of an additional 25.5 full-time equivalent positions for a total loss of 63.9 FTEs, or almost 9% of the workforce, since FY09.

As depicted in the table below, the Operating Budgets from FY09 through FY12 were produced at rates below the Consumer Price Index (CPI), with some Departments receiving a lower FY12 appropriation than in FY09.

	FY 09	FY 10	FY 11	FY 12	FY 09-12 Total % Change	FY 09-12 Average rate of Increase
CPI Nov-Nov	230.689	232.354 0.72%	236.589 1.82%	238.103 0.64%	3.21%	1.06%
General Government	15,653,493	15,654,946	15,444,772	15,472,527		
\$ change from previous FY		1,453	(210,174)	27,755	(180,966)	
% change from previous FY		0.01%	-1.34%	0.18%	-1.16%	-0.39%
Police	8,621,631	8,650,896	8,518,412	8,589,781		
\$ change from previous FY		29,265	(132,484)	71,369	(31,850)	
% change from previous FY		0.34%	-1.53%	0.84%	-0.37%	-0.12%
Fire	6,817,399	6,822,400	6,813,755	6,973,895		
\$ change from previous FY		5,001	(8,645)	160,140	156,496	
% change from previous FY		0.07%	-0.13%	2.35%	2.30%	0.76%
School	35,505,754	36,244,503	36,904,000	37,206,584		
\$ change from previous FY		738,749	659,497	302,584	1,700,830	
% change from previous FY		2.08%	1.82%	0.82%	4.79%	1.57%
Collective Bargaining Contingency	334,596	913,447	805,996	314,905		
Transfer to Indoor Pool			155,000	150,000		
Total Operating	66,932,873	68,286,192	68,641,935	68,707,692		
\$ change from previous FY		1,353,319	355,743	65,757	1,774,819	
% change from previous FY		2.02%	0.52%	0.10%	2.65%	0.88%

Even with these reductions, the City in FY12 continued to earn awards and recognition:

- The FY12 budget document received the highest form of recognition in governmental budgeting, the Government Finance Officers Association (GFOA) Distinguished Budget Document Presentation Award, for the sixth year in a row;
- GFOA also awarded the City’s Comprehensive Annual Financial Report (CAFR) an 18th “Certificate of Achievement for Excellence in Financial Reporting”;
- The New Hampshire Local Government Center awarded Portsmouth its fourth consecutive Excellence in Annual Reports Award;
- Market Square and Market Street were chosen as one of 10 great places for 2011 under the American Planning Association’s Great Places in America program;
- The American Society of Civil Engineers gave the State Street Utility Upgrade and Street Improvements Project its “Outstanding Civil Engineering Achievement Award”; and
- The City’s Water Division received the Utility of the Year Award from the New England Water Works Association.

These represent an important recognition of the City’s efforts amid budget constraints and we are proud of these awards. At the same time, it is important to note that Portsmouth’s equalized tax rate is the lowest among the State’s 13 cities, according to the most current

data available from the Department of Revenue Administration, which utilizes equalization to compare “apples to apples” by adjusting a municipality’s assessed values to 100% of market value. In addition, our property values have remained strong despite the nation’s worst financial crisis since the Great Depression.

However, I have concerns that the services and quality of life for Portsmouth’s citizens will be reduced if we must forego another year of budget increases as this will result in further reductions in services and the quality of our infrastructure and the equipment necessary to maintain it. We have been asked to do more with less and we have achieved this. We have reduced staff, implemented efficiencies by combining functions with other departments, reduced investment in infrastructure, and adjusted non-property tax revenue sources where possible. Although there may still be work to be done, I hereby submit what I believe is a very lean budget without eliminating additional services.

The Fiscal Year 2013 General Fund Budget

The proposed FY13 General Fund budget is \$91,488,833. This budget was built upon the premise of a need to continue in a positive direction and not overlook past progress built over the last several years. The operating portion of the budget finances expenditures associated with the day-to-day operations and services provided by the General Government, Police, Fire, and School Departments. As indicated, I am concerned about the potential negative impacts on our community from a third straight year of little or no budget increase without affecting our obligations and the expectations of our citizens. As a result, this proposed Operating Budget is submitted as requested by the Departments in accordance with my directive that they submit a budget at no more than a 2.9% increase, which is the November-November Boston-Brockton-Nashua Consumer Price Index (CPI).

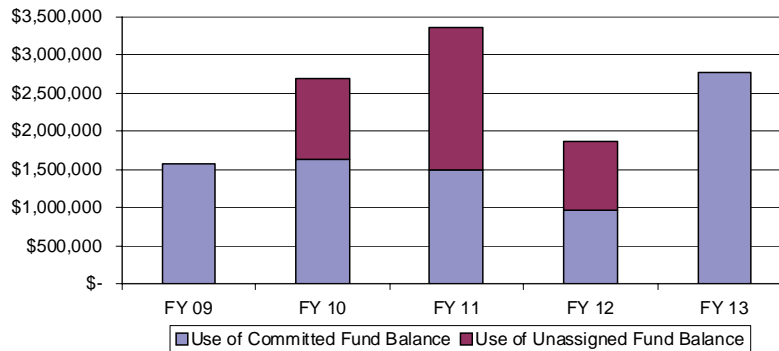
	FY12	FY13 Submitted Budget	\$ Change	Percent Change
General Government	15,472,527	15,905,044	432,517	2.80%
Police	8,589,781	8,838,885	249,104	2.90%
Fire	6,973,895	7,155,250	181,355	2.60%
School	37,206,584	38,302,260	1,095,676	2.94%
Indoor Pool	150,000	150,000	-	0.00%
Collective Bargaining	314,905	172,000	(142,905)	-45.38%
Total Operating	\$ 68,707,692	\$ 70,523,439	\$ 1,815,747	2.64%

This Operating Budget of \$70,523,439 represents an increase of \$1,815,747, or 2.64% over FY12, and an average annual increase of 1.3% since FY09. It includes an annual transfer to the Indoor Pool Special Revenue Fund, which the City Council approved in FY12, and a contingency appropriation for unsettled contracts and any resulting unanticipated impact on retirement costs.

The non-operating portion of the proposed FY13 budget totals \$20,965,394, an increase of \$2,316,242 from FY12, and consists of expenditures for Debt Service, Overlay, Property & Liability Insurance, County Tax, Contingency, Rolling Stock, Capital Outlay and Other General Non-Operating expenditures.

The combined proposed operating and non-operating budget for FY13 totals \$91,488,833, or 4.73% over FY12.

While property taxes remain the City of Portsmouth’s major source of funding for the services provided by the General Government, Police, Fire and School Departments, the City has diligently utilized other sources of revenue to keep the tax rate stable and predictable. One source is the use of Fund Balance. Each year, it is utilized to help mitigate the effects of property taxes through either the budget process or with supplemental appropriations. The annual use of Fund Balance is depicted in the table below:



Use of:	FY 09	FY 10	FY 11	FY 12	FY 13	Total FY 09-FY13
Committed Fund Balance	1,573,500	1,642,344	1,486,201	973,500	2,772,742	8,448,287
Unassigned Fund Balance	-	1,053,006	1,882,000	900,000	-	3,835,006
Total Use of Fund Balance	1,573,500	2,695,350	3,368,201	1,873,500	2,772,742	12,283,293

For FY13, I feel comfortable increasing the use of Committed Fund Balance to \$2.7 million because in FY14, the City expects an increase in School Building Aid, as well as the retirement of over \$1 million in outstanding debt service and the refunding (refinancing) of existing debt. The FY13 increase would bring the total use of Fund Balance, both committed and unassigned, to over \$12 million to offset tax increases over the past five years.

As a result, the tax rate necessary to fund this proposed FY13 budget will be \$17.84. This is an increase of 57¢, or 3.3%, above FY12, when the rate dropped by 14¢. It is essential to put this in perspective by recalling that due to strict financial measures imposed in recent years, the average increase over the past two years is 22¢ annually, or 1.2%, as the next table illustrates.

Tax Rate History

	Tax Rate	\$ Rate Increase
FY11	17.41	
FY12	17.27	(0.14)
FY13 Proposed	17.84	0.57
<hr/>		
Two-year average of 22 cents per year		

There are three significant areas where I am requesting increases from last year when I proposed level funding or reductions in order to ensure no increase in the tax rate:

- **Rolling Stock:** Last year, I recommended no new rolling stock appropriations with the caveat that continuing this extreme step for more than one year could result in an even greater risk of higher financial costs in the future from failure to replace aging vehicles and equipment. We had a strong rolling stock plan for the previous 12 years so this was achievable. However, to go another year without replacing rolling stock could result in increased life cycle expenses. Therefore, I am recommending an appropriation of \$773,993 to fund replacement vehicles and/or equipment for the Public Works, Police, and Fire Departments.
- **Bond Authorizations:** Last year, I recommended no new bond authorizations for the General Fund. However, to continue with improvements to our infrastructure, I recommend moving forward with bonding authorizations totaling \$4,165,000 for School building improvements and various street, sidewalk, and bridge improvements.
- **Capital Outlay:** Last year the Planning Board, along with the City Council, approved a Capital Improvement Plan funding just over \$1 million for various City Projects. For FY13, the Capital Improvement Plan has been adopted by both the Planning Board and City Council at \$1.550 million.

Regarding the Operating Budget, each Department worked diligently to prepare a budget continuing critical services without exceeding an increase of the 2.9% rate of inflation while facing considerable challenges as outlined below.

- **Salaries:** City services are labor-intensive. Therefore, personnel costs comprise 84% of the Operating Budget. Of the City's fifteen (15) collective bargaining units, four (4) contracts remain expired as of June 30, 2008. Per each settled collective bargaining unit agreement, salaries are adjusted annually by the 10-year rolling average of the CPI for the November-November Boston-Brockton-Nashua rate. While the annual CPI is 2.9%, the salaries will be adjusted by the 10-year rolling average of 2.44%. The Departments submitted budget requests without cost-of-living (COLA) adjustments for the remaining four contracts that have not been settled, but included step increases for employees who have not reached top step.
- **Retirement:** Under the provisions of current law, we are in the second year of the certified rate provided by the New Hampshire Retirement System. Although the rate for FY13 remains unchanged, retirement costs are affected by any increase in salaries, such as COLA and step adjustments. The FY13 proposed budget increase of \$40,000 does not include retirement impacts associated with salary adjustments that have not yet been negotiated. In addition, there remains uncertainty of the potential liability due to pending court cases surrounding the retirement issue.
- **Health Insurance:** Health insurance continues to be a major expense for the City. There have been many efforts over the last several years to find ways to mitigate unpredictable budgetary spikes from year to year, as well as reduce the overall cost

to the City. One step was the creation of the Health Insurance Stabilization Fund to reserve funds for health insurance shortfalls. [*detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document*] The second step was to negotiate with all unions to share in the cost of health insurance premiums. All employees now pay a portion of their health insurance premiums. This year, the Professional Management Association (PMA) agreed to change to a new insurance carrier (SchoolCare) and saved the City \$143,000. The City will be working with a committee to offer other health insurance plan options to all collective bargaining units. For FY13, the City Council authorized all Departments to level fund Health Insurance and utilized the Health Insurance reserves to make up the difference.

There is no doubt the FY13 budgeting process would have been even more challenging, and required a higher tax rate, if it were not for our previous investments of time and effort in adopting policies to improve our fiscal stability, address long-term liabilities and limit the impact from external financial conditions. These policies include, but are not limited to, the creation of a Fund Balance Ordinance, a Leave at Termination Fund, a Health Insurance Stabilization Fund, a Capital Improvement Plan, and a Rolling Stock Replacement Program.

As a result of these efforts, the City's bond rating remains at its historically highest level with an AA+ and Aa1 rating from Standard & Poor's Rating Group and Moody's Investors Service, respectively, which has resulted in substantial savings in borrowing costs and a lower tax rate.

Conclusion

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

We have much to be proud of in the City of Portsmouth and I have detailed many of our significant accomplishments later in this budget document.

In addition, we are very fortunate to continue to enjoy an unemployment rate well below the State and National averages, and to live in a community that remains extremely attractive to businesses and visitors, alike.

However, we will continue to face significant, if not impossible, challenges in attempting to provide optimum services with minimum tax rates because of the State's continuous downshifting of costs onto local communities.

This threat will not end without an alternative to the overworked property tax, which New Hampshire relies upon for nearly 65% of all State and local revenues – far more than any

other state in the nation. According to the most recent figures from the National Tax Foundation, the nationwide average was 33.4%.

Nonetheless, it is time to move forward with continuing the services our vibrant community has come to expect while maintaining our infrastructure and keeping the tax rate at a stable level.

I look forward to working with the City Council, Boards and Commissions, and the public throughout the Fiscal Year 2013 budget process.

2013 PROPOSED BUDGET HIGHLIGHTS

GENERAL FUND

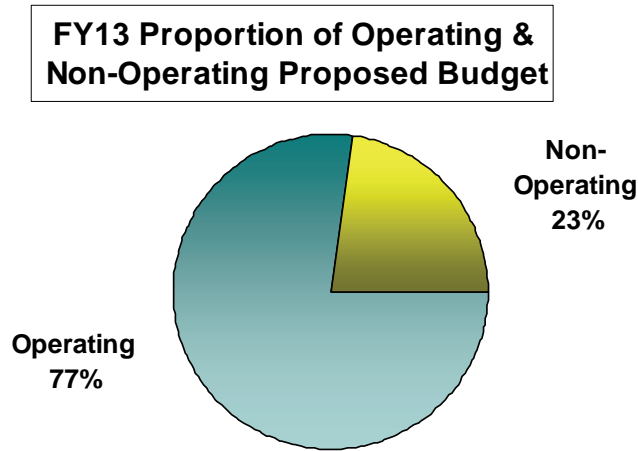
Total Appropriation

The General Fund for the City of Portsmouth represents services provided by the General Government, Police, Fire and School Departments as well as appropriations for the non-operating portion of the budget which include Debt Service, County Tax, Overlay, Capital Outlay and other non-operating expenditures not associated with individual departments. The total proposed FY13 appropriation for the General Fund is \$91,488,833 or a 4.73% increase over the FY12 budget.

The following table is a summary of major expenditure categories for the FY11 budget and actual, FY12 budget, FY13 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY12. The City Manager is recommending each department's request as proposed; therefore, the City Manager's recommended budget is the same as the Department requested budget.

TOTAL GENERAL FUND	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	FY13 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
SALARIES	33,544,238	33,133,372	33,284,887	34,634,695	34,634,695	4.06%	1,349,808
PART TIME SALARIES	1,674,938	1,555,039	1,747,764	1,803,893	1,803,893	3.21%	56,129
CITY COUNCIL/COMMISSIONS	38,800	36,700	38,800	38,800	38,800	0.00%	0
OVERTIME	1,314,522	1,374,249	1,220,113	1,472,877	1,472,877	20.72%	252,764
HOLIDAY	271,169	266,223	264,011	279,319	279,319	5.80%	15,308
*LONGEVITY	98,723	97,147	98,527	105,323	105,323	6.90%	6,796
CERTIFICATION STIPENDS	261,268	263,912	283,808	281,449	281,449	-0.83%	(2,359)
SPECIAL DETAIL / EDUCATION STIPEND	44,708	42,940	46,481	64,722	64,722	39.24%	18,241
RETIREMENT	3,797,416	3,652,707	4,762,392	4,801,589	4,801,589	0.82%	39,197
HEALTH INSURANCE	9,911,943	9,911,943	9,757,182	9,689,182	9,689,182	-0.70%	(68,000)
DENTAL INSURANCE	632,217	655,713	683,771	601,571	601,571	-12.02%	(82,200)
INSURANCE REIMBURSEMENT	87,219	94,736	112,366	109,145	109,145	-2.87%	(3,221)
LEAVE AT TERMINATION	1,061,504	1,061,504	925,287	925,287	925,287	0.00%	0
LIFE AND DISABILITY	298,125	248,742	291,563	266,876	266,876	-8.47%	(24,687)
WORKERS' COMPENSATION	631,472	631,370	687,857	634,740	634,740	-7.72%	(53,117)
PROFESSIONAL DEVELOPMENT (SCHOOL ONLY)	250,080	239,740	200,080	250,080	250,080	24.99%	50,000
OTHER BENEFITS	2,543,546	2,380,532	2,523,859	2,608,756	2,608,756	3.36%	84,897
COLLECTIVE BARGAINING CONTINGENCY	805,996	-	314,905	172,000	172,000	-45.38%	(142,905)
TOTAL SALARIES AND BENEFITS	57,267,884	55,646,569	57,243,653	58,740,304	58,740,304	2.61%	1,496,651
TRAINING/EDUCATION/CONFERENCES	108,451	109,823	110,933	117,483	117,483	5.90%	6,550
UTILITIES	2,265,200	2,287,454	2,292,193	2,343,140	2,343,140	2.22%	50,947
DIRECT ASSISTANCE	228,500	257,959	228,500	234,000	234,000	2.41%	5,500
OUTSIDE SOCIAL SERVICES	157,181	157,181	151,076	148,228	148,228	-1.89%	(2,848)
CONTRACTED SERVICES	1,739,398	1,853,216	1,744,644	1,734,021	1,734,021	-0.61%	(10,623)
PUPIL TRANSPORTATION	868,917	898,135	856,161	931,598	931,598	8.81%	75,437
TUITION	876,927	1,062,590	981,056	1,131,549	1,131,549	15.34%	150,493
ADVERTISING	40,726	37,953	40,456	39,808	39,808	-1.60%	(648)
PRINTING	56,836	34,619	57,335	44,828	44,828	-21.81%	(12,507)
PROFESSIONAL ORGANIZATION DUES	108,789	104,978	110,627	111,622	111,622	0.90%	995
STUDENT BOOKS / PERIODICALS	235,232	187,934	212,414	212,801	212,801	0.18%	387
OTHER OPERATING	4,532,894	4,597,234	4,528,644	4,584,057	4,584,057	1.22%	55,413
TRANSFER TO INDOOR POOL	155,000	155,000	150,000	150,000	150,000	0.00%	0
TOTAL OTHER OPERATING	11,374,051	11,744,077	11,464,039	11,783,135	11,783,135	2.78%	319,096
TOTAL OPERATING	68,641,935	67,390,647	68,707,692	70,523,439	70,523,439	2.64%	1,815,747
DEBT RELATED EXPENSES	350,000	55,837	350,000	350,000	350,000	0.00%	0
DEBT SERVICE	9,181,827	9,027,046	10,232,755	11,608,196	11,608,196	13.44%	1,375,441
CONTINGENCY	250,000	250,000	250,000	250,000	250,000	0.00%	0
OVERLAY	1,100,000	1,100,000	1,150,000	1,200,000	1,200,000	4.35%	50,000
COUNTY	4,107,894	4,201,480	4,199,167	4,297,188	4,297,188	2.33%	98,021
PROPERTY & LIABILITY	398,000	360,723	414,000	414,000	414,000	0.00%	0
ROLLING STOCK	645,980	645,980	-	773,993	773,993	N/A	773,993
YOUTH RECREATION CENTER	2,162,701	2,162,701	-	-	-	N/A	0
MUNICIPAL/SCHOOL RENOVATION	-	-	600,000	-	-	-100.00%	(600,000)
OTHER NON-OPERATING	518,318	520,884	435,080	522,017	522,017	19.98%	86,937
CAPITAL	1,187,500	1,187,500	1,018,150	1,550,000	1,550,000	52.24%	531,850
TOTAL NON-OPERATING	19,902,220	19,512,150	18,649,152	20,965,394	20,965,394	12.42%	2,316,242
TOTAL GENERAL FUND BUDGET	88,544,155	86,902,797	87,356,844	91,488,833	91,488,833	4.73%	4,131,989

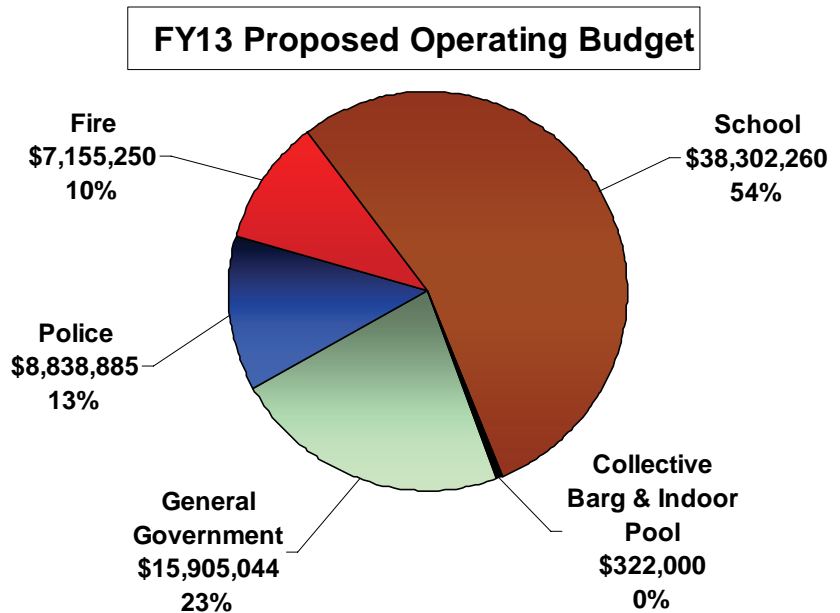
The FY13 budget represents \$70,523,439 in operating expenditures or 77% of the total budget and \$20,965,394 for non-operating expenditures or 23% of the total budget as depicted in the pie chart below.



Operating Budget

The total proposed Operating Budget for FY13 is \$70,523,439 which funds the expenditures associated with the day-to-day operations and services provided by the General Government, Police, Fire and School Departments.

The Operating Budget which, includes \$172,000 for Collective Bargaining Contingency and \$150,000 for operations related to the Indoor Pool, represents an increase of \$1,815,747 or 2.64% from the FY12 budget.



The next four tables summarize major expenditures for each of the four components of the Operating budget: General Government, Police, Fire and School departments. The tables provide the FY11 budget, FY11 actual, FY12 budget, FY13 department requested budget and the City Manager’s recommended as well as the percent and dollar change over FY12. Detail information regarding each of these major departments is located in their respective pages of this document.

In these tables, the categories labeled *Other Benefits* and *Other Operating* primarily include the following details.

Other Benefits:

- Social Security
- Medicare
- Clothing Allowance
- Unemployment Compensation
- Life & Long-Term Disability

Other Operating:

- Telephone
- Office Supplies
- Small office equipment
- Repairs to vehicles and equipment
- Postage
- Furniture and fixtures
- Water and Sewer
- Janitorial supplies
- Software and Software maintenance
- Sand & Salt for roads

General Government

The General Government includes services provided by the following departments:

- | | | | |
|------------------------|---------------|------------------|------------------------|
| ▪ City Council | ▪ Legal | ▪ Health | ▪ Public Welfare |
| ▪ City Manager | ▪ Finance | ▪ Public Works | ▪ Social Services |
| ▪ Human Resources | ▪ Planning | ▪ Public Library | ▪ Other Gen Admin |
| ▪ City Clerk/Elections | ▪ Inspections | ▪ Recreation | ▪ Emergency Management |

The total proposed FY13 budget for the General Government is \$15,905,044. This is an increase of \$432,517 or 2.8% from FY12.

TOTAL GENERAL GOVERNMENT	FY11	FY11	FY12	FY13	FY13	% CHANGE	\$ CHANGE
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED		
SALARIES	5,934,120	5,792,225	5,807,163	6,147,811	6,147,811	5.87%	340,648
PART-TIME SALARIES	789,772	734,223	865,511	930,934	930,934	7.56%	65,423
CITY COUNCIL/TRUSTEES	17,600	16,675	17,600	17,600	17,600	0.00%	0
OVERTIME	284,084	326,494	290,684	335,377	335,377	15.38%	44,693
LONGEVITY	46,471	45,375	46,427	51,736	51,736	11.44%	5,309
RETIREMENT	623,915	600,809	717,306	570,862	570,862	-20.42%	(146,444)
HEALTH INSURANCE	1,738,397	1,738,397	1,711,317	1,643,317	1,643,317	-3.97%	(68,000)
DENTAL INSURANCE	111,911	112,028	119,986	109,602	109,602	-8.65%	(10,384)
INSURANCE REIMBURSEMENT	40,000	47,008	52,000	58,500	58,500	12.50%	6,500
LEAVE AT TERMINATION	336,217	336,217	300,000	300,000	300,000	0.00%	0
LIFE AND DISABILITY	51,400	47,686	52,000	41,600	41,600	-20.00%	(10,400)
WORKERS' COMPENSATION	166,698	164,734	181,967	181,814	181,814	-0.08%	(153)
OTHER BENEFITS	571,561	523,609	560,573	560,931	560,931	0.06%	358
TOTAL CONTRACTUAL OBLIGATIONS	10,712,146	10,485,478	10,722,534	10,950,084	10,950,084	2.12%	227,550
TRAINING/EDUCATION/CONFERENCES	45,750	24,296	49,250	52,800	52,800	7.21%	3,550
UTILITIES	1,125,600	1,140,739	1,161,600	1,159,000	1,159,000	-0.22%	(2,600)
WELFARE DIRECT ASSISTANCE	228,500	257,959	228,500	234,000	234,000	2.41%	5,500
OUTSIDE SOCIAL SERVICES	157,181	157,181	151,076	148,228	148,228	-1.89%	(2,848)
CONTRACTED SERVICES	783,721	806,140	787,982	807,523	807,523	2.48%	19,541
ADVERTISING	32,600	29,636	32,600	33,100	33,100	1.53%	500
PRINTING	22,400	14,253	24,800	19,800	19,800	-20.16%	(5,000)
PROFESSIONAL ORGANIZATION DUES	52,721	50,059	55,298	56,413	56,413	2.02%	1,115
OTHER OPERATING	2,284,153	2,274,403	2,258,887	2,444,096	2,444,096	8.20%	185,209
TOTAL OTHER OPERATING	4,732,626	4,754,666	4,749,993	4,954,960	4,954,960	4.32%	204,967
TOTAL GENERAL GOVERNMENT	15,444,772	15,240,145	15,472,527	15,905,044	15,905,044	2.80%	432,517

Police Department

The Police Department's FY13 proposed budget is \$8,838,885. This is an increase of \$249,104 or 2.9% from FY12.

	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	FY13 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
POLICE DEPARTMENT							
SALARIES - UNIFORM	3,520,436	3,439,345	3,398,781	3,588,918	3,588,918	5.59%	190,137
SALARIES - CIVILIAN	895,415	859,614	925,969	962,750	962,750	3.97%	36,781
SHIFT DIFFERENTIAL	22,968	18,982	23,901	24,250	24,250	1.46%	349
PART-TIME SALARIES	110,711	92,484	107,317	108,091	108,091	0.72%	774
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	-
OVERTIME	485,584	403,438	501,783	492,722	492,722	-1.81%	(9,061)
HOLIDAY	149,231	145,094	140,644	148,907	148,907	5.88%	8,263
LONGEVITY	26,492	26,011	25,712	29,742	29,742	15.67%	4,030
SPECIAL DETAIL / EDUCATION STIPEND	44,708	42,940	46,481	64,722	64,722	39.24%	18,241
RETIREMENT	725,171	681,148	918,820	957,285	957,285	4.19%	38,465
HEALTH INSURANCE	1,422,531	1,422,531	1,379,099	1,379,099	1,379,099	0.00%	-
DENTAL INSURANCE	88,890	88,442	91,810	80,770	80,770	-12.02%	(11,040)
INSURANCE REIMBURSEMENT	3,220	3,369	3,665	3,666	3,666	0.03%	1
LEAVE AT TERMINATION	155,203	155,203	155,203	155,203	155,203	0.00%	-
LIFE AND DISABILITY	6,690	5,020	4,948	4,485	4,485	-9.36%	(463)
WORKERS' COMPENSATION	127,471	127,471	138,373	120,927	120,927	-12.61%	(17,446)
OTHER BENEFITS	202,490	182,160	196,083	204,729	204,729	4.41%	8,646
<i>Contractual Obligations</i>	<i>7,990,811</i>	<i>7,696,854</i>	<i>8,062,189</i>	<i>8,329,866</i>	<i>8,329,866</i>	<i>3.32%</i>	<i>267,677</i>
TRAINING/EDUCATION/CONFERENCES	48,701	54,057	47,683	47,683	47,683	0.00%	-
UTILITIES	86,700	95,644	86,700	86,700	86,700	0.00%	-
CONTRACTED SERVICES	25,695	46,164	26,208	25,208	25,208	-3.82%	(1,000)
ADVERTISING	1,576	3,298	1,608	1,608	1,608	0.00%	-
PRINTING	5,072	5,171	4,627	4,627	4,627	0.00%	-
PROFESSIONAL ORGANIZATION DUES	8,551	7,642	8,666	8,666	8,666	0.00%	-
OTHER OPERATING	351,306	376,917	352,100	334,527	334,527	-4.99%	(17,573)
<i>Other Operating</i>	<i>527,601</i>	<i>588,894</i>	<i>527,592</i>	<i>509,019</i>	<i>509,019</i>	<i>-3.52%</i>	<i>(18,573)</i>
TOTAL	8,518,412	8,285,748	8,589,781	8,838,885	8,838,885	2.90%	249,104

Fire Department

The Fire Department's FY13 proposed budget is \$7,155,250. This is an increase of \$181,355 or 2.6% from FY12.

	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	FY13 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
FIRE DEPARTMENT							
SALARIES	3,177,258	3,127,684	3,128,440	3,153,792	3,153,792	0.81%	25,352
PART-TIME SALARIES	56,996	49,992	57,477	57,477	57,477	0.00%	0
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	0
OVERTIME	475,076	559,870	357,868	575,000	575,000	60.67%	217,132
HOLIDAY	121,938	121,130	123,367	130,412	130,412	5.71%	7,045
LONGEVITY	25,760	25,761	26,388	23,845	23,845	-9.64%	(2,543)
CERTIFICATION STIPENDS	261,268	263,912	283,808	281,449	281,449	-0.83%	(2,359)
RETIREMENT	776,155	758,880	923,224	961,646	961,646	4.14%	38,222
HEALTH INSURANCE	969,620	969,620	1,018,101	1,018,101	1,018,101	0.00%	0
DENTAL INSURANCE	70,480	72,596	74,356	69,246	69,246	-6.87%	(5,110)
INSURANCE REIMBURSEMENT	43,999	44,358	56,701	46,979	46,979	-17.15%	(9,722)
LEAVE AT TERMINATION	70,084	70,084	70,084	70,084	70,084	0.00%	0
WORKERS' COMPENSATION	243,303	243,303	259,173	231,342	231,342	-10.74%	(27,831)
LIFE AND DISABILITY	34,896	24,769	34,476	20,652	20,652	-40.10%	(13,824)
OTHER BENEFITS	97,240	92,180	97,550	103,738	103,738	6.34%	6,188
<i>Contractual Obligations</i>	<i>6,427,673</i>	<i>6,427,740</i>	<i>6,514,813</i>	<i>6,747,363</i>	<i>6,747,363</i>	<i>3.57%</i>	<i>232,550</i>
TRAINING/EDUCATION/CONFERENCES	14,000	31,470	14,000	17,000	17,000	21.43%	3,000
UTILITIES	80,803	108,722	80,803	124,881	124,881	54.55%	44,078
CONTRACTED SERVICES	16,000	18,132	16,000	20,500	20,500	28.13%	4,500
ADVERTISING	500	781	500	500	500	0.00%	0
PRINTING	500	224	500	400	400	-20.00%	(100)
PROFESSIONAL ORGANIZATION DUES	11,648	10,889	11,648	11,648	11,648	0.00%	0
OTHER OPERATING	262,631	207,856	335,631	232,958	232,958	-30.59%	(102,673)
<i>Other Operating</i>	<i>386,082</i>	<i>378,074</i>	<i>459,082</i>	<i>407,887</i>	<i>407,887</i>	<i>-11.15%</i>	<i>(51,195)</i>
TOTAL	6,813,755	6,805,814	6,973,895	7,155,250	7,155,250	2.60%	181,355

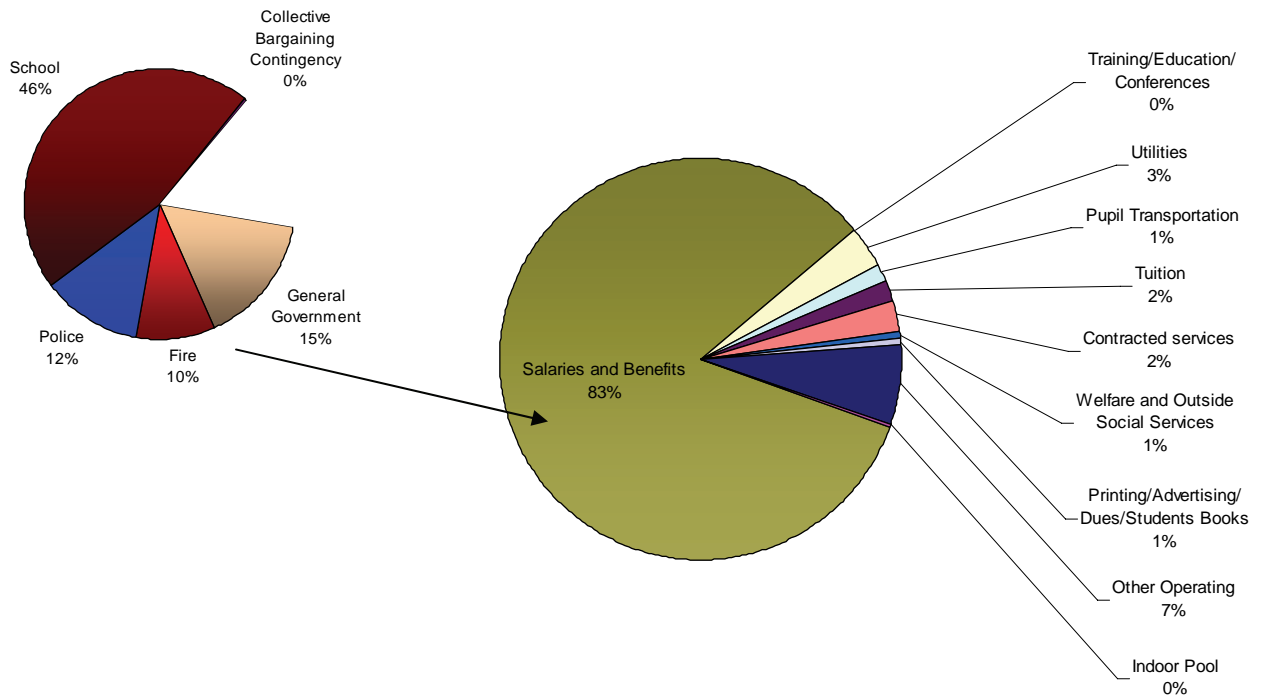
School Department

The School Department's FY13 proposed budget is \$38,302,260. This is an increase of \$1,095,676 or 2.94% from FY12.

	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	FY13 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
SCHOOL DEPARTMENT							
TEACHERS	16,235,902	16,237,469	16,234,150	16,849,794	16,849,794	3.79%	615,644
SALARIES	3,758,139	3,658,053	3,766,483	3,907,380	3,907,380	3.74%	140,897
PART-TIME SALARIES	717,459	678,340	717,459	707,391	707,391	-1.40%	(10,068)
SCHOOL BOARD STIPEND	14,000	12,825	14,000	14,000	14,000	0.00%	0
OVERTIME	69,778	84,447	69,778	69,778	69,778	0.00%	0
RETIREMENT	1,672,175	1,611,870	2,202,842	2,311,796	2,311,796	4.95%	108,954
HEALTH INSURANCE	5,781,395	5,781,395	5,648,665	5,648,665	5,648,665	0.00%	0
DENTAL INSURANCE	360,936	382,647	397,619	341,953	341,953	-14.00%	(55,666)
LEAVE AT TERMINATION	500,000	500,000	400,000	400,000	400,000	0.00%	0
WORKERS' COMPENSATION	94,000	95,862	108,344	100,657	100,657	-7.09%	(7,687)
LIFE AND DISABILITY	205,139	171,267	200,139	200,139	200,139	0.00%	0
PROFESSIONAL DEVELOPMENT	250,080	239,740	200,080	250,080	250,080	24.99%	50,000
OTHER BENEFITS	1,672,255	1,582,583	1,669,653	1,739,358	1,739,358	4.17%	69,705
<i>Contractual Obligations</i>	31,331,258	31,036,498	31,629,212	32,540,991	32,540,991	2.88%	911,779
TUITION	876,927	1,062,590	981,056	1,131,549	1,131,549	15.34%	150,493
TRANSPORTATION	868,917	898,135	856,161	931,598	931,598	8.81%	75,437
CONTRACTED SERVICES	913,982	982,779	914,454	880,790	880,790	-3.68%	(33,664)
ADVERTISING	6,050	4,237	5,748	4,600	4,600	-19.97%	(1,148)
PRINTING	28,864	14,971	27,408	20,001	20,001	-27.02%	(7,407)
UTILITIES	972,097	942,349	963,090	972,559	972,559	0.98%	9,469
REPAIR/MAINTENANCE	373,463	442,926	357,081	351,717	351,717	-1.50%	(5,364)
STUDENT BOOKS / PERIODICALS	235,232	187,934	212,414	212,801	212,801	0.18%	387
PROFESSIONAL ORGANIZATION DUES	35,869	36,389	35,015	34,895	34,895	-0.34%	(120)
OTHER OPERATING	1,261,342	1,295,133	1,224,945	1,220,759	1,220,759	-0.34%	(4,186)
<i>Other Operating</i>	5,572,742	5,867,443	5,577,372	5,761,269	5,761,269	3.30%	183,897
TOTAL	36,904,000	36,903,940	37,206,584	38,302,260	38,302,260	2.94%	1,095,676

Operating Budget-Salaries, Benefits, Other

As 83% of the Operating Budget represents salaries and benefits, 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.



The City of Portsmouth has a total of fifteen (15) collective bargaining units of which four (4) of these bargaining units' contracts expired on June 30, 2008. Therefore, General Government and Fire Departments submitted proposed budgets without salary adjustments (with the exception of step increases for eligible employees) for those contracts which have not been negotiated.

Retirement

The State of New Hampshire's contribution to the retirement system for eligible School, Police and Fire employees has been reduced to zero. Fiscal Years prior to FY10, the State of New Hampshire contributed 35% of total contributions. For the FY10 and FY11 budgets, the contribution was reduced to 30% and 25% respectively and was then reduced to zero for FY12 and FY13. Below are the contribution rates paid by the employer, State of New Hampshire, and the employees separated by employee type:

STATE and CITY RETIREMENT CONTRIBUTION RATES										
<i>The percentage contribution below is based on total wages earned by the employee.</i>										
Group I	FY 09	State-City %	FY 10	State-City %	FY 11	State-City %	FY 12	State-City %	FY 13	State-City %
Municipal										
State	0.00%	0%	0.00%	0%	0.00%	0%	0.00%	0%	0.00%	0%
City	8.74%	100%	9.16%	100%	9.16%	100%	8.80%	100%	8.80%	100%
Total	8.74%	100%	9.16%	100%	9.16%	100%	8.80%	100%	8.80%	100%
Teachers										
State	3.13%	35%	3.21%	30%	2.68%	25%	0.00%	0%	0.00%	0%
City	5.80%	65%	7.49%	70%	8.02%	75%	11.30%	100%	11.30%	100%
Total	8.93%	100%	10.70%	100%	10.70%	100%	11.30%	100%	11.30%	100%
Group II										
Police										
State	6.37%	35%	5.85%	30%	4.88%	25%	0.00%	0%	0.00%	0%
City	11.84%	65%	13.66%	70%	14.63%	75%	19.95%	100%	19.95%	100%
Total	18.21%	100%	19.51%	100%	19.51%	100%	19.95%	100%	19.95%	100%
Fire										
State	8.57%	35%	7.41%	30%	6.17%	25%	0.00%	0%	0.00%	0%
City	15.92%	65%	17.28%	70%	18.52%	75%	22.89%	100%	22.89%	100%
Total	24.49%	100%	24.69%	100%	24.69%	100%	22.89%	100%	22.89%	100%
Note: In addition to the City contributing to an employee's retirement, the employee also contributes a percentage of his/her total wages earned as follows by FY:										
Group I (Municipal and Teachers)	5.00%		5.00%		5.00%		7.00%		7.00%	
Group II (Police)	9.30%		9.30%		9.30%		11.55%		11.55%	
Group II (Fire)	9.30%		9.30%		9.30%		11.80%		11.80%	

This increase does not reflect any retirement increases associated with salary adjustments for the remaining four (4) collective bargaining agreements that have not yet been negotiated.

RETIREMENT APPROPRIATION FY13				
	FY12 BUDGET	FY13 PROPOSED	\$ Change	Percent % Change
General Government	717,306	570,862	(146,444)	-20%
Police Department	918,820	957,285	38,465	4%
Fire Department	923,424	961,646	38,222	4%
School Department	2,202,842	2,311,796	108,954	5%
Total	\$4,762,392	\$4,801,589	\$39,197	0.82%

Health Insurance

The New Hampshire Local Government Center (LGC) Health Trust has announced a rate increase of 6.4% for health insurance premiums for FY13. The total health insurance premium for FY13 is estimated to be \$12.8 million. The City employees' share will be approximately \$2.3 million, or 18% of the total cost, leaving the City's share at almost \$10.5 million.

Per the Health Insurance Stabilization Fund Policy, [detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document] the annual appropriation amount for each department is determined by the average increase of Health Insurance rates over 10 years. For FY13, the rolling average is 9.64%. However, the City Council authorized each department to level fund the health insurance appropriation and any shortfall would be funded with health insurance reserves.

In addition, the City began to work with the collective bargaining units to offer SchoolCare health insurance plans, which realizes a substantial savings for both the employee and the employer. This year, the Professional Management Association agreed to change to SchoolCare which allowed the General Government portion of the operating budget to see a reduction in the health insurance appropriation.

Utility Cost

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

The proposed budget of \$2,343,140 for these utility costs reflects an increase of \$50,947 or 2.22% from FY12. The City continues its commitment to sustainable practices and seeking competitive rates.

The following charts depict the General Fund appropriations for natural gas, electricity and gasoline/diesel over the last seven years; chart 1 in total, chart 2 by utility.

Chart 1

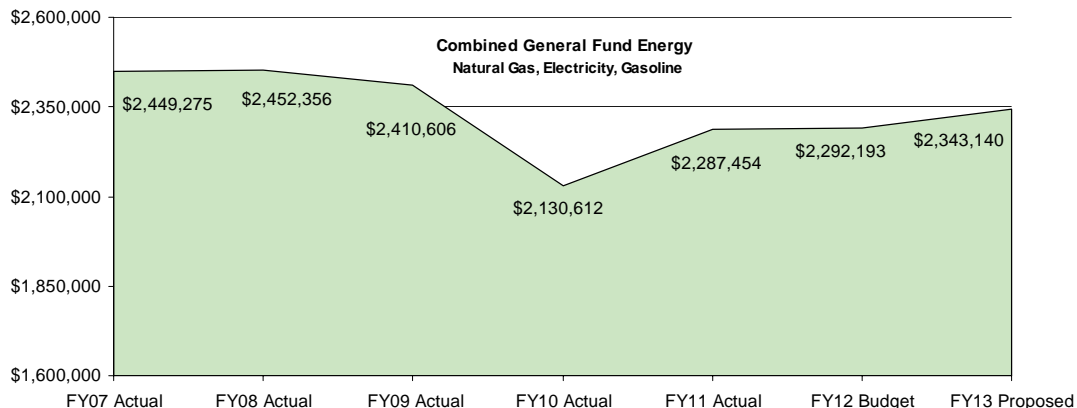
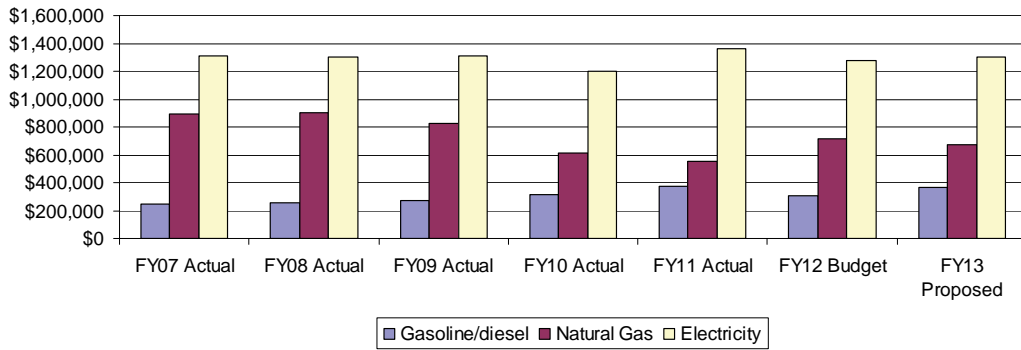


Chart 2

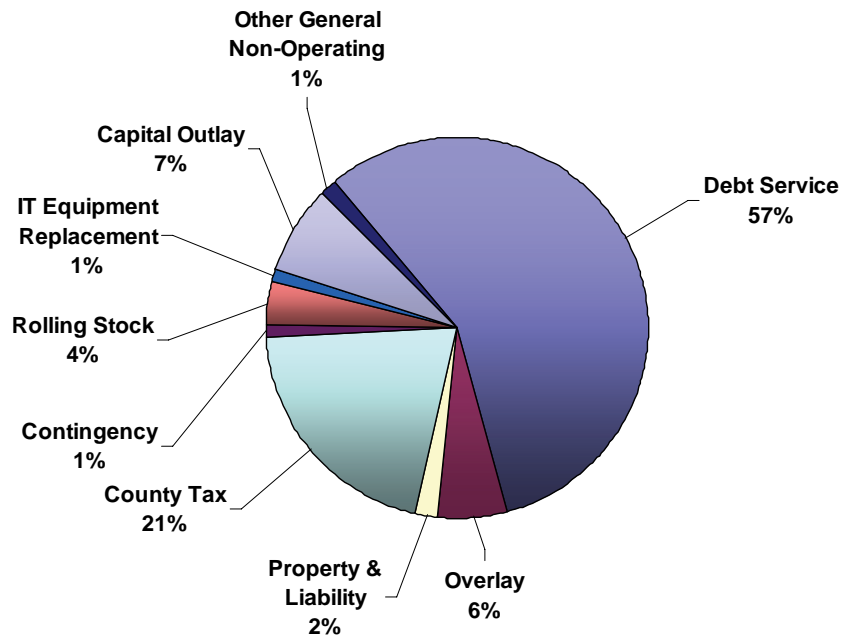
General Fund Energy
Natural Gas, Electricity, Gasoline



Non-Operating Budget

The Non-Operating budget of \$20,965,394 represents a 12.42% increase over the FY12 budget. The non-operating budget consists of expenditures for the following:

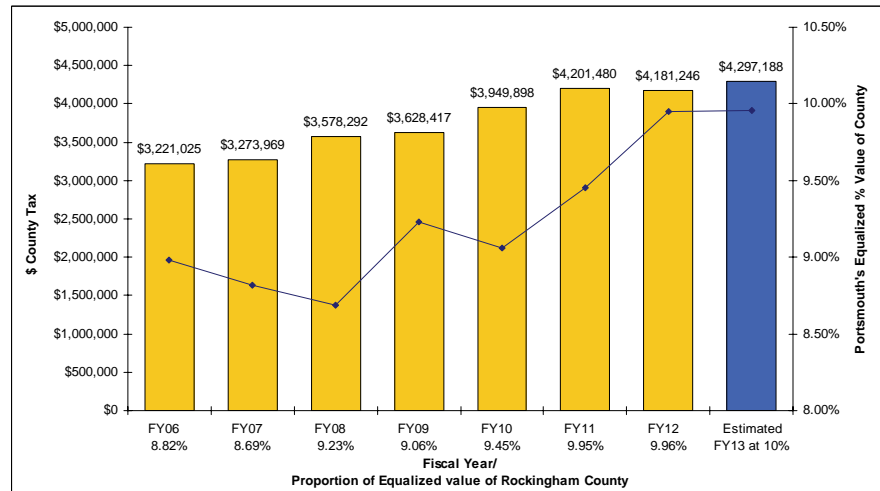
- Debt Service \$11,958,196
- Overlay \$1,200,000
- Property & Liability \$414,000
- County Tax \$4,297,188
- Contingency \$250,000
- Rolling Stock \$773,993
- IT Equipment Replacement \$232,000
- Capital Outlay \$1,550,000
- Other General Non-Operating \$290,017



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 FY13, it is estimated that Portsmouth will pay approximately \$4.3 million to Rockingham County. The following table depicts the property tax obligation and the equalized assessed value proportion history of the City of Portsmouth to Rockingham County for the last seven (7) years as well as the estimated tax for FY13.

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

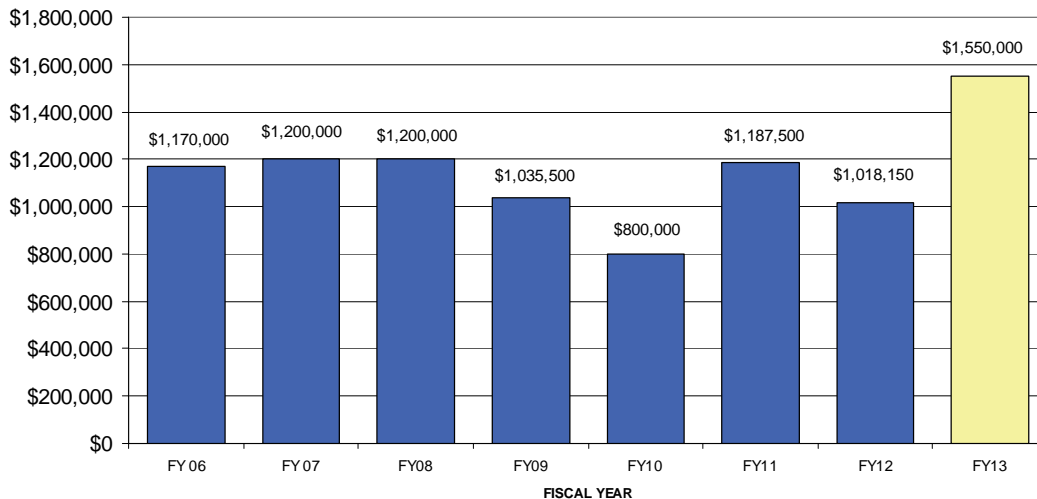


Capital Outlay

The Planning Board has recommended for FY13 an appropriation of \$1,550,000 from the General Fund for capital projects within the Capital Improvement Plan. Appendix II identifies projects funded by all funds within the plan.

A summary of the Capital Improvement Plan FY 2013-2018 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>.

The chart below provides the history of capital outlay in the General Fund, including the FY13 proposed capital outlay of \$1,550,000 as adopted by the City Council on March 19, 2012. The average expenditure for capital outlay over an 8-year period is \$1,145,144 per year.



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

**Capital Improvements
Fiscal Year 2013
Taken from Capital Improvement Plan 2013-2018**

Budget Book PAGE	City Council Adopted 3/19/2012
II-20 SCBA REPLACEMENT PROGRAM	\$100,000
II-21 RADIO SYSTEM IMPROVEMENTS	\$35,000
II-29 PRESCOTT PARK: FACILITIES CAPITAL IMPROVEMENTS	\$87,500
II-31 MASTER PLAN PLANNING PROCESS	\$50,000
II-32 LAND ACQUISITION	\$25,000
II-33 JONES AVENUE CONCEPTUAL MASTER PLAN	\$10,000
II-34 IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	\$25,000
II-35 PARK AND PLAYGROUND IMPROVEMENTS	\$75,000
II-37 RECREATION STUDY IMPLEMENTATION: OUTDOOR FIELDS	\$50,000
II-39 HISTORIC CEMETERY IMPROVEMENTS	\$10,000
II-40 SEAWALL REPAIRS	\$250,000
II-42 MUNICIPAL COMPLEX BOILER REPLACEMENT AND RELATED	\$175,000
II-58 COAKLEY RD/COTTAGE ST PEDESTRIAN IMPROVEMENTS	\$180,000
II-60 PEVERLY HILL RD - NEW SIDEWALK & SHOULDERS	\$50,000
II-61 CITYWIDE TRAFFIC SIGNAL UPGRADE PROGRAM	\$100,000
II-62 WOODBURY AVE TURNING LANES	\$50,000
II-68 CITYWIDE TREE REPLACEMENT PROGRAM	\$20,000
II-70 GATEWAY IMPROVEMENTS-EXIT 7	\$120,000
II-71 ISLINGTON STREET-STREETScape IMPROVEMENTS	\$100,000
II-12 CAPITAL CONTINGENCY	\$37,500
TOTAL	\$1,550,000

Rolling Stock

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. The complete 10 year schedule is located in Appendix I of this budget booklet. No funds were allocated toward rolling stock in FY12. The following schedule will be funded by pay-as-you-go financing. There are no scheduled replacements for FY13 needing long term financing.

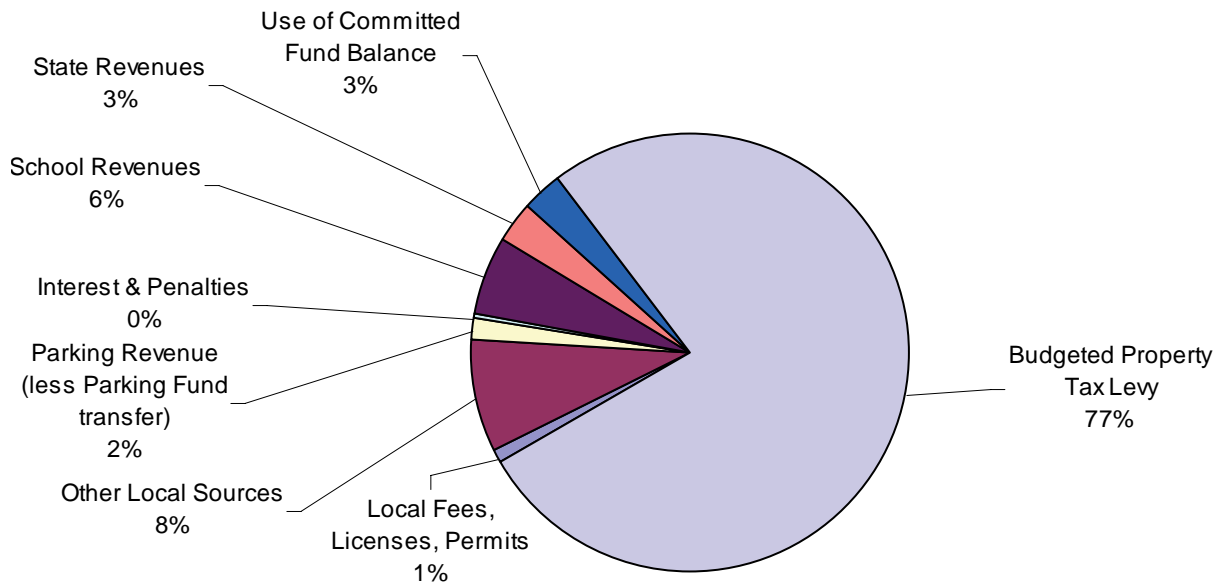
FY13 Rolling Stock Requests:

<u>Description</u>	<u>Make</u>	<u>Year of Mfg.</u>	<u>Requested Funding</u>
Public Works			
AWD Astro Van	Chevrolet	2001	25,000
Flatbed Dump (yellow)	International	1999	85,000
Packer (yellow)	Crane Carrier	1995	140,000
Packer (yellow)	Crane Carrier	1995	140,000
Plow 9'	Frink	1998	10,000
Total Public Works \$			400,000.00
Police			
Crwn Vic	Ford	2006	40,000
Crwn Vic	Ford	2006	40,000
Motorcycle	Harley D.	2010	3,993
Total Police \$			83,993.00
Fire			
Ambulance A-3	Ford	2001	200,000
Total Fire \$			200,000.00
School			
Fleetside 3/4 ton 4x4 with plow	Chevrolet	2000	40,000
Fleetside 3/4 ton 4x4 with plow	Chevrolet	2000	40,000
Total School \$			80,000.00
Trusts			
Riding Mower	Ex Mark	2001	10,000
Total Trusts \$			10,000.00
Total General Fund \$			773,993.00
Water			
4 x4 1-ton pick-up HD CK3006	Chevrolet	2003	40,000
Excavator 318	Caterpillar	1999	230,000
C3500 4x4 1-ton (yellow)	Chevrolet	2002	40,000
1/2 ton Pick-up (yellow)	Chevrolet	1999	25,000
Plow	Diamond	2003	7,000
Total Water \$			342,000.00
Sewer			
K-2500 4X4 3/4 ton Pick-up (yellow)	Chevrolet	2002	25,000
4x4 Blazer (Pewter)	Chevrolet	2002	25,000
Ambulance Body Camera Truck	FORD	1995	80,000
Plow	Diamond	1999	6,000
Total Sewer \$			136,000.00
Total Rolling Stock City of Portsmouth FY13 \$			1,251,993.00

Revenues

The FY13 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$70,427,700 Property Taxes.
- \$7,552,611 Other Local Sources.
- \$5,432,500 School Tuition and other School Fees.
- \$2,772,742 Use of Committed Fund Balance
- \$2,681,242 State Revenue and State School Building Aid.
- \$1,434,038 Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$863,000 Local Fees and Permits.
- \$325,000 Interest and Penalties.



WATER ENTERPRISE FUND

Total Appropriation

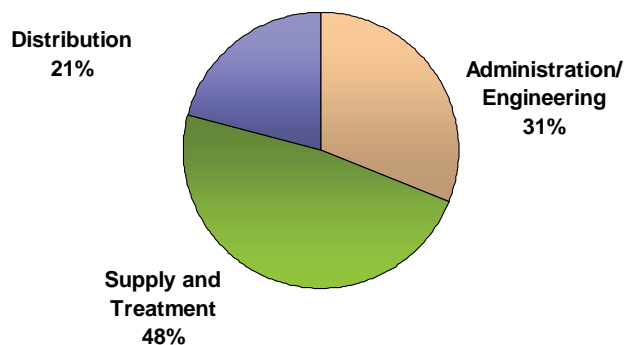
Appropriations on a full accrual basis of accounting for the Water Enterprise Fund total \$6,728,473. This is a decrease of (\$183,387) or (2.65%) from the FY12 budget. The following table is a summary of major expense categories for the FY11 budget and actual, FY12 budget and the proposed FY13 budget.

Water Fund	FY11 Budget	FY11 Actual	FY12 Budget	FY13 Department Request	FY13 City Manager Recommended
EXPENSES					
<u>Operations and Maintenance Expenses</u>					
Personnel Costs	1,981,840	1,930,639	1,978,029	1,991,742	1,991,742
Chemicals	318,600	270,805	318,600	318,600	318,600
Utilities	464,230	427,861	466,330	474,530	474,530
Repairs & Maintenance	247,155	90,184	232,155	237,255	237,255
Prof Services: Contract, Lab Testing	260,402	129,457	259,155	310,155	310,155
Stock Materials	171,700	81,109	171,700	118,900	118,900
Other Operating	811,549	766,227	857,831	906,802	906,802
<i>Operations and Maintenance Subtotal</i>	4,255,476	3,696,282	4,283,800	4,357,984	4,357,984
<u>Non-Operating Expenses</u>					
Interest on Debt	1,157,378	902,977	1,183,554	937,726	937,726
Property Taxes	158,000	96,572	118,000	118,000	118,000
Depreciation	815,094	731,813	1,182,006	1,168,763	1,168,763
Equipment	144,500	47,482	144,500	146,000	146,000
<i>Non-Operating Expenses Subtotal</i>	2,274,972	1,778,844	2,628,060	2,370,489	2,370,489
TOTAL	6,530,448	5,475,126	6,911,860	6,728,473	6,728,473

The Water Fund budget consists of three major functions:

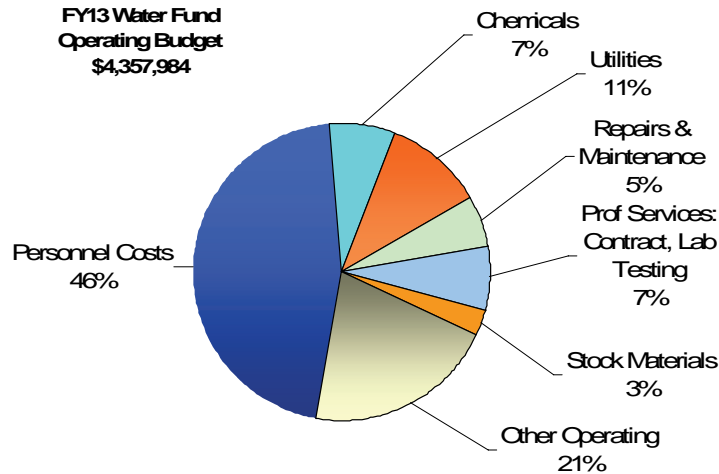
- Administration/Engineering: Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution: Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment: Madbury Treatment Plant, laboratory, a booster station, 9 wells, and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

**FY13 Water Fund
Budget by Function**



Operating Budget

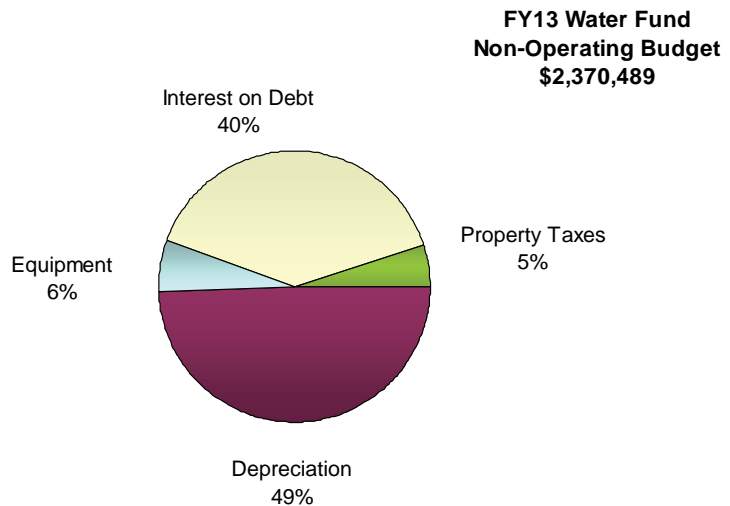
The proposed Operating Budget is \$4,357,984 or 65% of the total budget. As depicted in the pie chart below, the personnel-related costs consist of only 46% of the Operating Budget. The remaining 54% includes major costs related to providing quality and adequate supply of water.



Non-Operating Budget

The Non-Operating Budget of \$2,370,489 is 35% of the total proposed budget.

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



Capital Outlay

The Water Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects that were approved during the FY13 CIP process for a total of \$2,900,000. Details for each of these projects can be found in Appendix II of this document.

**Water Fund
Capital Outlay Projects
Fiscal Year 2013**

Appendix II

Page:	CIP #		Water Revenues
II-89	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	2,690,000
II-90	EF-WD-04	HOBBS HILL LANDING WATER TANK REPLACEMENT	50,000
II-91	EF-WD-05	WELL STATIONS IMPROVEMENTS	100,000
II-92	EF-WD-07	WATER TREATMENT PLANT DEMOLITION	60,000
Total Water Fund Capital Outlay			2,900,000

A summary of the Capital Improvement Plan FY 2013-2018 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

Revenues

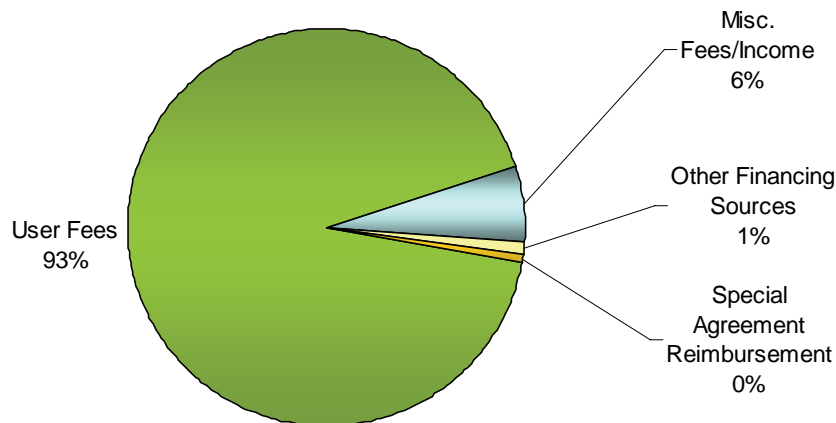
The FY13 Water Division appropriations would be funded from the following sources to meet cash requirements:

- \$8,295,477 User Fees/Minimum Charges
- \$544,500 Miscellaneous Fees/Income
- \$100,000 Other Financing Sources
- \$42,000 Special Agreement Reimbursement

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

FY13 Estimated Revenues

(Based on cash requirements)



SEWER ENTERPRISE FUND

Total Appropriation

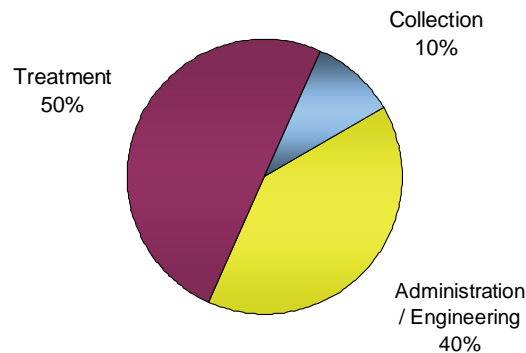
Appropriations on a full accrual basis of accounting for the Sewer Enterprise Fund total \$9,055,428. This is a decrease of (\$10,629) or (.12%) from FY12. The following table is a summary of major expense categories for the FY11 budget and actual, FY12 budget and the proposed FY13 budget.

Sewer Fund	FY11 Budget	FY11 Actual	FY12 Budget	FY13 Department Request	FY13 City Manager Recommended
EXPENSES					
<u>Operations and Maintenance Expenses</u>					
Personnel Costs	2,040,390	1,933,100	2,088,051	2,095,845	2,095,845
Chemicals	821,000	590,499	781,000	831,000	831,000
Utilities	676,500	707,896	701,500	710,200	710,200
Repairs & Maintenance	476,665	265,273	468,545	450,145	450,145
Prof Services: Contract, Lab Testing	243,268	79,750	242,101	388,842	388,842
Stock Materials	77,750	15,556	77,750	45,850	45,850
Other Operating	1,142,677	984,296	1,368,922	1,395,174	1,395,174
-General Operations	5,478,250	4,576,370	5,727,869	5,917,056	5,917,056
Permit Expenses/Legal Fees	41,000	366,141	268,000	407,000	407,000
<i>Total Operations and Maintenance</i> <i>Subtotal</i>	5,519,250	4,942,511	5,995,869	6,324,056	6,324,056
<u>Non-Operating Expenses</u>					
Interest on Debt/Financing Fees	1,132,783	883,880	1,511,694	1,233,430	1,233,430
Depreciation	1,320,318	1,341,768	1,349,194	1,292,642	1,292,642
Equipment	209,300	26,842	209,300	205,300	205,300
<i>Non-Operating Expenses</i> <i>Subtotal</i>	2,662,401	2,252,490	3,070,188	2,731,372	2,731,372
TOTAL	8,181,651	7,195,001	9,066,057	9,055,428	9,055,428

The Sewer Fund budget consists of three major functions:

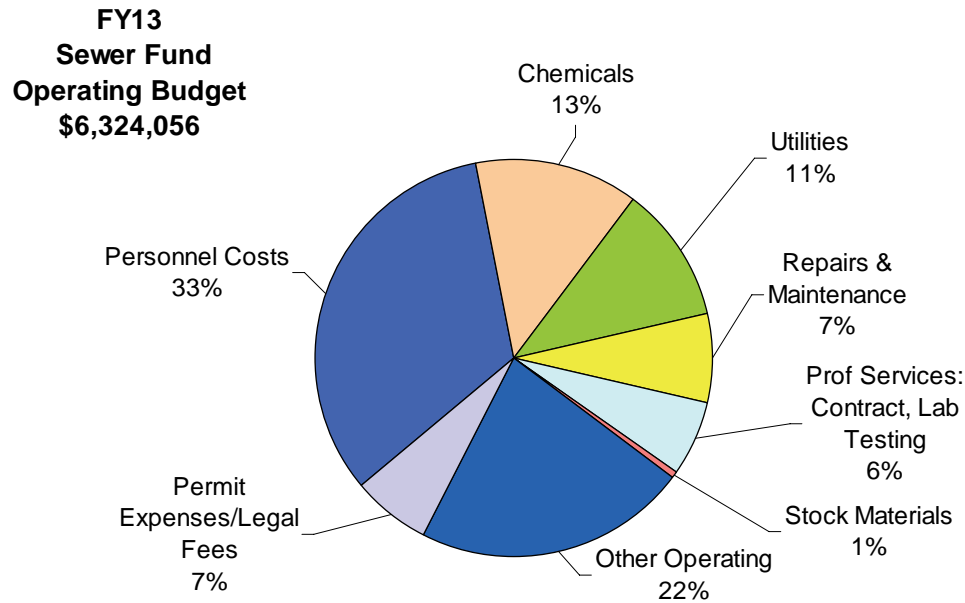
- Administration: Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection: Force mains, interceptors, laterals, and meter reading.
- Treatment: Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 20 pump stations.

FY13 Budget by Function
Sewer Fund



Operating Budget

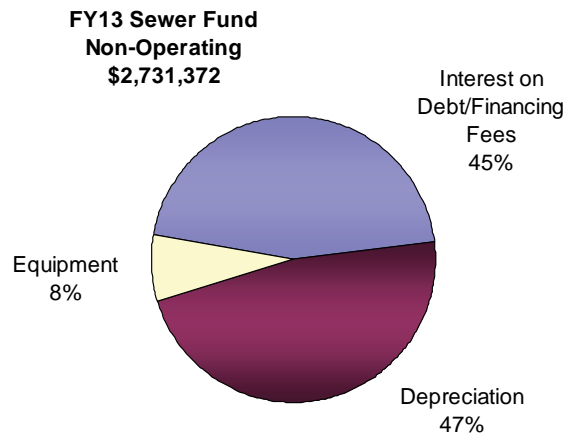
The proposed Operating Budget is \$6,324,056 or 70% of the total budget. The Operating Budget is divided into various accounts. As depicted in the chart below, 33% is associated with personnel-related costs. The remaining 67% is related to major costs associated with collecting and treating city sewage.



Non-Operating Budget

The Non-Operating Budget of \$2,731,372 is 30% of the total proposed budget.

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



Capital Outlay

The Sewer Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects that were approved during the FY13 CIP

process for a total of \$2,450,000. Details for each of these projects can be found in Appendix II of this document.

**Sewer Fund
Capital Outlay Projects
Fiscal Year 2013**

Appendix II Page:	CIP #		Sewer Revenues
II-80	EF-SD-02	WASTEWATER MASTER PLAN - NON SRF ELIGIBLE COMPONENT	500,000
II-81	EF-SD-04	INFLOW and INFILTRATION ELIMINATION and SEWER SYSTEM OPTIMIZATION PROGRAM	100,000
II-83	EF-SD-06	PEASE WASTEWATER TREATMENT UPGRADES	300,000
II-84	EF-SD-07	ANNUAL SEWER LINE REPLACEMENT	750,000
II-87	EF-SD-12	MECHANIC STREET PUMPING STATION UPGRADE	800,000
Total Sewer Fund Capital Outlay			2,450,000

A summary of the Capital Improvement Plan FY 2013-2018 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

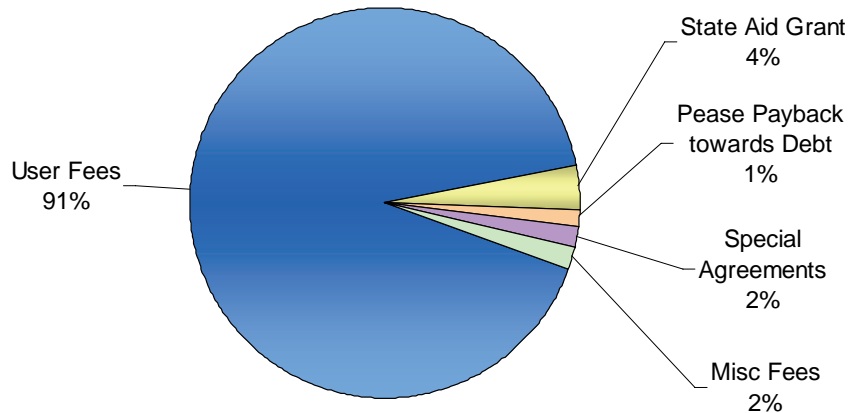
Revenues

The FY13 Sewer Division appropriations would be funded from the following sources to meet cash requirements:

- \$10,389,358 User Fees
- \$423,687 State Aid Grant
- \$210,500 Miscellaneous Fees/Income
- \$157,818 Pease Payback toward Debt
- \$200,476 Special Agreement Reimbursement

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

**FY13 Estimated Revenues
(based on Cash Requirements)**



PARKING AND TRANSPORTATION FUND

Total Appropriation

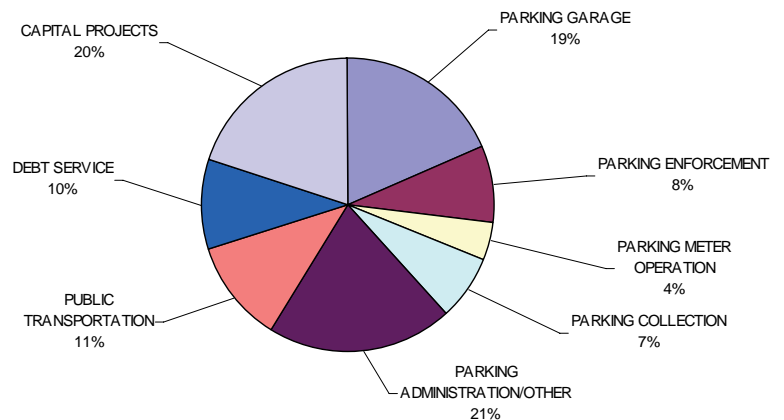
The total proposed appropriations for the Parking and Transportation Fund is \$2,601,462. The following table is a summary of major expenditure categories for the FY11 budget and actual, FY12 budget and the proposed FY13 budget. The budget is comprised of an Operating Budget, Capital Budget, Transportation Budget and Debt Service.

	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	FY13 CITY MANAGER RECOMMENDED
OPERATING					
PERSONNEL COSTS	964,831	897,011	1,002,131	1,120,019	1,120,019
UTILITIES	48,200	53,059	48,200	54,500	54,500
METER COLLECTION (Police)	12,500	15,360	10,500	10,500	10,500
CONTRACTED SERVICES	97,500	54,262	77,500	82,500	82,500
OTHER OPERATING	218,955	205,815	254,575	259,575	259,575
TOTAL OPERATING	1,341,986	1,225,507	1,392,906	1,527,094	1,527,094
NON OPERATING					
DEBT SERVICE	437,159	-	377,159	260,250	260,250
CAPITAL PROJECTS	279,000	389,122	279,000	520,500	520,500
TRANSPORTATION	233,579	234,638	293,618	293,618	293,618
TOTAL NON-OPERATING	949,738	623,760	949,777	1,074,368	1,074,368
TOTAL PARKING/TRANSP	2,291,724	1,849,267	2,342,683	2,601,462	2,601,462

Parking & Transportation consists of the following major functions:

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

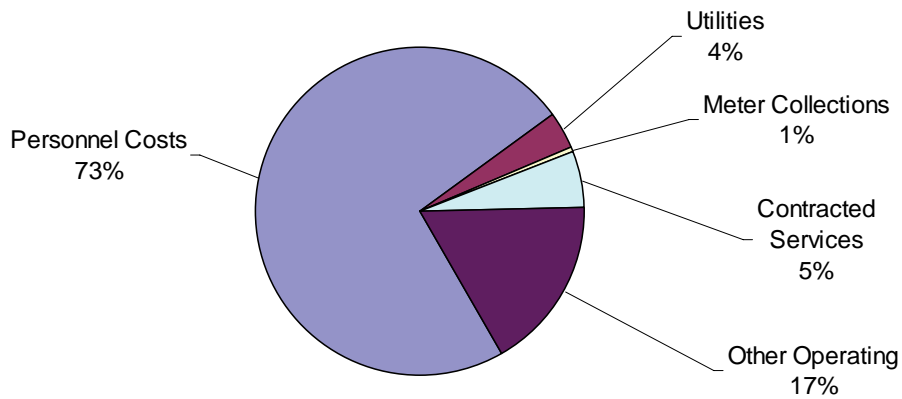
PARKING AND TRANSPORTATION BY FUNCTIONS



Operating Budget

The proposed Operating Budget is \$1,527,094 or 59% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 73% is associated with personnel related costs. The remaining 27% is related to costs mostly associated with meter collections and parking facility operations.

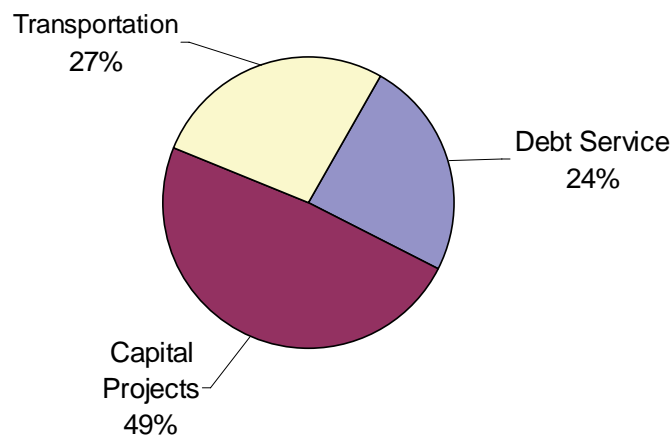
**FY13 Proposed Parking & Transportation
Operating Budget**



Non-Operating Budget

The Non-Operating Budget of \$1,074,368 is 41% of the total proposed budget consists of expenditures relating to debt service, capital projects and transportation.

**FY13 Proposed Parking & Transportation
Non-Operating Budget**



Capital Outlay

The Parking & Transportation Fund, through the Capital Improvement Plan, requests funds from parking revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY13 for a total of \$520,500. Detail on each of these projects can be found in Appendix II of this document.

Parking & Transportation Capital Outlay Projects Fiscal Year 2013

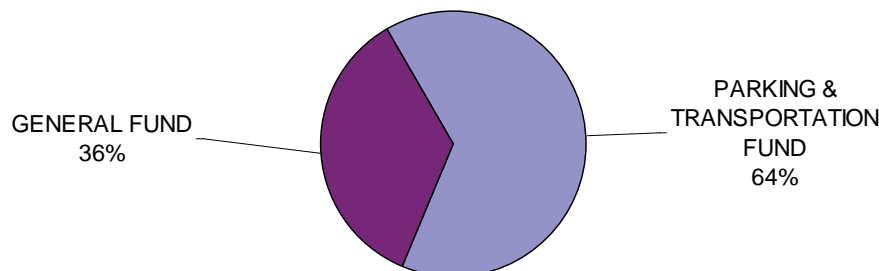
Appendix II Page:	CIP #		Parking Revenues
II-43	BI-PW-30	HIGH-HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS	150,000
II-51	TSM-CITY/COAST/I	TRANSIT INFRASTRUCTUE IMPROVEMENTS CITYWAIDE	4,000
II-53	TSM-CITY/COAST/PDA-03	PARKING LOT PAVING	50,000
II-54	TSM-PW-04	VIOLATIONS MANAGEMENT PROGRAM	20,000
II-55	TSM-PW-05	REPLACEMENT OF PARKING METERS	45,000
II-56	TSM-CITY-06	PARKING GARAGE CREDIT CARD SYSTEM	200,000
II-67	TSM-CITY-26	TRAFFIC MODELING PROJECT	31,500
II-69	TSM-CITY-28	TRANSPORTATION PLAN STUDIES	20,000
Total Parking & Transportation Fund Capital Outlay			520,500

Revenues

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

<u>Revenue Source</u>	<u>Estimated FY13</u>
Parking Meter Fee	\$1,370,000
Parking Garage Revenue	\$1,250,000
Parking Violations	\$790,000
Garage Space Passes	\$540,000
<u>Other</u>	<u>\$85,500</u>
Total Parking Revenue	\$4,035,500
Fund Revenue Recorded:	
General Fund	\$1,434,038
Parking & Transportation	\$2,601,462

PARKING REVENUE DISTRIBUTION BY FUND





CITYWIDE PRIORITIES

The City of Portsmouth continues to identify priorities and carry out initiatives that benefit the community and contribute to the City's strong financial position. These efforts include improving infrastructure, enhancing cultural planning, stimulating economic development, and improving the delivery and quality of public services, education, and public safety services.

This section is divided into three sections: Awards, Accomplishments and Continuing Priorities. The Awards and Accomplishments sections are for the July 1, 2011 to June 30, 2012 period and Continuing Priorities relate to the coming FY13 fiscal year.

AWARDS

American Planning Association Great Place Designation

The American Planning Association (APA) selected Market Square and Market Street as one of 10 Great Streets for 2011 under the APA's Great Places in America program. APA Great Places celebrates planning excellence, highlights places that exemplify exceptional character and calls attention to the role planners and planning play in creating communities of lasting value.

Outstanding Civil Engineering Achievement Award

The State Street Utility Upgrade and Street Improvements project received the "Outstanding Civil Engineering Achievement Award" from the American Society of Civil Engineers. The project included sewer separation, underground utility upgrades, streetscape improvements and the installation of several types of innovative stormwater treatment devices.

Through this award, the Portsmouth Sewer Division was recognized for carrying out outstanding technical and aesthetic improvements to this significant downtown street, as well as the deliberate and effective involvement of the State Street stakeholders. The involvement of dozens of business owners and residents from initial planning as well as through design and construction, resulted in unprecedented community support.



NEWWA Utility of the Year Award

The New England Water Works Association (NEWWA) awarded the Portsmouth Water Division with the Utility of the Year award, which recognizes the Water Division for carrying out significant improvements to water system infrastructure, customer service, staff training and operations to further protect the public health of its customers. Water system accomplishments cited included the new LEED certified Madbury Water Treatment Plant; replacement of the Spinney Road water tank; installation of over 2 miles of 24" water main in the City's Central Business District; City commitment to annual improvements to the water distribution system; implementation of the automated meter reading system; and water conservation programs such as leak detection, conservation utility kits and low-cost rain barrels for customers.

ACCOMPLISHMENTS:

Bond Ratings

In December 2011, Standard & Poor's Rating Group (S&P), one of the nation's largest bond rating agencies, affirmed its AA+ bond rating for the City. This is the second highest rating obtainable from S&P which stated "Portsmouth's management team has consistently demonstrated a focus on fiscal prudence, which we believe has contributed to a history of strong operating results and very strong reserves." In addition to affirming its AA+ bond rating, S&P upgraded Portsmouth's Financial Management Assessment (FMA) from "good" to "strong" reflecting management's implementation of three-year revenue and expenditure projections. An FMA of "strong" indicates that practices are strong, well-embedded, and likely sustainable.

Moody's Investors Service assigned an Aa1 bond rating to the city, the second highest rating obtainable from Moody's, citing strong and stable financial operations, a sizable and diverse economic base and low overall debt burden. Moody's stated "[w]ith strong financial management, formalized policies and a trend of conservative budgeting practices, the city's trend of solid financial operations is expected to continue." The City continually works to maintain its strong existing position and to improve its bond ratings.

City Council Retreat

In January 2012, the City Council held a day-long retreat to discuss upcoming issues of key importance to the City. Extensive presentations were made by City staff, followed by Council discussion, regarding the FY13 budget process, downtown parking pricing and supply issues, downtown development and redevelopment issues, potential regulatory and zoning changes, stormwater issues, the re-use of the Connie Bean Recreation facility, the status of senior services and the wastewater treatment program, including regulatory status and potential rate impacts.

Alumni-Wentworth Field

During fiscal year 2012, the City completed construction of the Alumni-Wentworth Field on Granite Street. This field was built to replace Alumni Field, an adult softball field that was demolished as part of the Middle School project currently underway. The new field is regulation-size and includes lighting, a concession and equipment building, bleachers, walkways, parking and other park amenities.

Discover Portsmouth Center Energy-Efficiency Project

In 2011, the City and the Portsmouth Historical Society (PHS) entered into a 25-year building lease for the re-use of the former Portsmouth Public Library. The Historical Society began to raise funds to carry out a \$1 million energy efficiency retrofit project. In March of 2012, PHS completed the first phase of a multi-year effort to fully rehabilitate the building to become the Discover Portsmouth Center, which serves as a major tourist destination, and an arts and cultural center.



Improvements included retrofits of the heating and ventilation systems funded in part by energy-efficiency grants awarded by the State and the City of Portsmouth, ARRA, State tax credits and contributions from individuals and organizations.

Historic Markers

In spring 2012, the City installed seven historic markers through its ongoing project to replace the original 40 historic “visual labels” that were erected in the 1970s with the goal of making residents and visitors aware of the City’s rich heritage.

The new historic markers have the same goal, and newer technologies enable the use of color graphics, historic maps and graffiti resistant metals. In total, 15 markers have been installed as part of the replacement effort. Examples of historic marker themes are the *First Print Shop in NH*, the *Marcy-Pettigrew Shipyard* and the *Powder House*.



Street and Sidewalk Improvements

In FY12, the City continued investment in the vital infrastructure of its streets and sidewalks. The following projects were completed or initiated:

- Completed the Concord Way and Porpoise Way Streetscape Improvement Project, which included the replacement of water, sewer, and drainage infrastructure as well as the installation of new sidewalks, landscaping and granite curbing.
- Completed the High/Hanover Parking Facility Maintenance Project, which included concrete deck repairs, installation of drains and repair of parapet walls.
- Initiated design of the Mechanic Street at Pickering Street Seawall which will include a concrete wall with granite facing, drainage improvements, a 2-bar anodized aluminum guard rail and a public waterfront access way.
- Completed design and construction of the Middle Road Sidewalk Project from Spinney Road to Middle Street and from Middle Road to Lafayette Road on South Street. The project included new granite curbing, concrete sidewalks, pavement markings, signage and a wearing surface on Middle Road.
- Designed the South End Sidewalk and Paving Project in order to rehabilitate brick sidewalks on Marcy Street and throughout the South End. The following streets will be rehabilitated and paved: Marcy Street, Mechanic Street, Gardner Street, Hunking Street, Pickering Street, Pickering Avenue, South Mill Street, Richmond Street, Walton Alley, Manning Street and Meeting House Hill.
- Completed the Maple Haven Drainage Project to reconstruct all of the storm drainage systems and rehabilitate the pavement surface of all streets within the Maple Haven Neighborhood.
- Reconstructed brick sidewalks and added street lighting to State Street between Middle Street and Church Street. The project also included expanding sidewalk width, new street trees and additional parking.
- Resurfaced the following streets: Borthwick Avenue, Highliner Avenue, Heritage Avenue, Post Road, Market Street (from I-95 inbound), White Cedar Boulevard, Middle Road and International Drive.
- Designed the turning lane project on Woodbury Avenue at Durgin Lane to provide additional traffic capacity at the intersection.
- Initiated the design of Phase 3 of McDonough Street area (Brewster Street and Langdon Street). In addition to street and sidewalk reconstruction, the project includes storm drainage, sanitary sewers, water mains, and fire protection.
- Completed the design of Market Street / I-95 exit 7 improvements to provide extra capacity at the intersection.
- Initiated design of the Market Street / I-95 to Kearsarge Way traffic signal coordination project.
- Initiated design of the Woodbury Avenue (Gosling Road to Portsmouth Boulevard) signal coordination and equipment replacement project.
- Funding was approved to continue the Citywide Sidewalk Reconstruction Program and the Street Pavement Management and Rehabilitation long range plan.

Water Division

The Water Division completed the construction, and began operation of, the new LEED certified water treatment facility in Madbury. The new plant uses a Dissolved Air Flotation (DAF) technology that was selected to improve the treatment of Bellamy Reservoir water and allow the City to maintain compliance with current and future requirements of the Safe Drinking Water Act. The new facility can treat, on average, 4 million gallons of water per day. It was constructed using sustainable design features including passive solar water heating, source water heat pumps, light shelves and innovative building compartmentalization to reduce energy consumption.



Sustainability

- Zero Waste Portsmouth completed a Downtown Zero Waste Project with the support of the City Council, City Manager, Committee on Sustainable Practices and the Public Works and School departments. This grassroots, community effort was able to provide five uniquely designed, permanent, public recycling bins in the downtown area. The intent is to divert waste placed in downtown public trash barrels from the landfill and into the recycling stream.



Zero Waste Portsmouth has conducted extensive community outreach for this effort and has attracted project sponsors, and the involvement of City schools and local artists. Installation of the unique recycling stations was completed in September 2011.

- Portsmouth High School recently underwent a re-commissioning process to optimize the existing facility's systems through low cost measures and joined the Energy Smart schools program. The commissioning and subsequent operational



modifications translated into energy savings district wide and an Energy Star rating for the High School. The school received 88 (where 75 are needed) points out of 100 after operational efficiencies and improvements were made.

- The City's adult recreation center, Spinnaker Point, recently completed a lighting efficiency update, which includes high efficiency lighting and the installation of motion sensing lighting. Due to the orientation of the facility, the aerobics room and pool area may not need lights turned on at all during the spring and summer due to the availability of natural sunlight. The upgrades to the facility and a rebate from Public Service of New Hampshire will result in a project payback period of two years and an overall savings of approximately \$13,000 per year.
- The Portsmouth Indoor Pool received a complete lighting upgrade which includes higher efficiency lights. This project, which also received a rebate from Public Service of New Hampshire, has a payback of 3 years after which time it will save the City approximately \$2,291.

Implementation of City's Cultural Plan

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

- Developed relationships with businesses that exhibited student work during "Youth Arts Month" in March 2011 and provided an exhibit brochure and map for youth art exhibits.
- Conducted the (H)ART program, with the support of the NH State Council on the Arts, that allowed Portsmouth Middle School students to work with local non-profits to create a marketing campaign in support of fund-raising for food and home heating oil donations in the community.
- Developed a City policy on acceptance of donated pieces of public art. In addition, Art-Speak interviewed and recommended a slate of members to serve on the Art Acquisition Committee and conducted the orientation meeting for new members.
- Conducted the Americans for the Arts Economic Prosperity Survey IV with local arts and culture organizations to quantify the economic impact that arts and cultural organizations, and their visitors, have on our economy.

CONTINUING PRIORITIES:

Downtown Parking Strategies

Meeting parking demand in the downtown core by providing an adequate parking supply continues to be a very high priority for the City. In 2011, as the result of a request by the Portsmouth City Council, an independent “Parking Supply and Demand Analysis” was conducted for the downtown area.



City staff are working with the Planning Board, Economic Development Commission, City Council, and the Parking and Traffic Safety Committee to develop recommendations that address parking supply shortfalls and ways to better manage existing parking. This effort is lead by Guiding Parking Principles adopted by the City Council in March 2012 for the purpose of shaping a comprehensive approach to downtown parking needs.

Memorial Bridge Streetscape and Park Improvements

As part of the Memorial Bridge replacement project, the City is working with the NH Department of Transportation to design landside streetscape and park improvements. This work, currently in the design phase, continues the City’s ongoing efforts to improve waterfront pedestrian enhancements and connections to visitor destinations. These improvements will include enhanced pedestrian ways, landscaping and other amenities in the park areas on the approach to the Memorial Bridge.

Market Street Gateway Improvement Project

The Market Street Gateway Improvement Project was initiated by the Economic Development Commission as part of its focus on the City’s major corridors and gateways. Project goals include traffic calming, safe pedestrian and bicycle travel, aesthetic improvements and clear signage to direct visitors from I-95 to the central business district and the tourist information center. In FY 13, the City has proposed \$120,000 for the design of improvements between Russell Street and Nobles Island. The strategy is to construct the improvements in FY14 as part of the phased implementation of the gateway improvements.

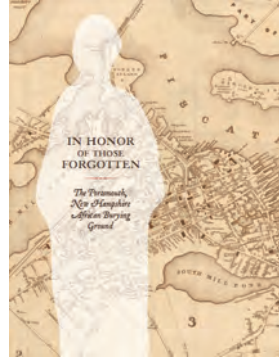


African Burying Ground Memorial Park, *We Stand in Honor of Those Forgotten*



In 2003, a series of coffins were revealed during infrastructure upgrades in the heart of the Portsmouth's downtown. Through archaeological work and DNA analysis the City confirmed the site was at one time a segregated burying place for Africans and their descendents (likely both enslaved and free) and that as many as 200 individuals are buried below. The site was in use from the early 1700s through to the 19th century during which time it was paved over, built over, and forgotten.

Members of the Portsmouth community, the African-American community, City Council and the African Burying Ground Committee have chosen to close this public street to honor those buried there and transform this downtown City block into a public place of reverence, reflection, and learning.



The design for the planned Memorial *We Stand in Honor of Those Forgotten* is completed and the Burying Ground Committee and dedicated volunteers are working to raise funds toward the \$1.2 million goal. The City's lead contribution of \$250,000 from repaid UDAG funds has attracted hundreds of contributions, which have ranged from \$1.00 to \$40,000.

Elementary Educational Facilities Committee

The School Department is in the process of planning for the future of the City's elementary schools. The School Board has created the Elementary Educational Facilities Committee, which has a two step charge. The Committee will engage in fact finding regarding elementary school configurations and bring forward a recommendation to the School Board. Based on the Board's configuration determination, the committee will then study the Elementary Facilities Assessment that was completed in 2011 and make a recommendation to the Board as to how to proceed regarding the capital improvements to the City's three elementary school facilities.



School Administrative Offices Relocation

In 2012, the Central Office of the School Department will be relocated to the Seybolt Building at the Municipal Complex on Junkins Avenue. This relocation was identified in 2010 by the Mayor's Blue Ribbon Committee on Operational Efficiencies as an opportunity to improve administrative coordination between departments.

Administrative functions such as centralizing benefits administration; joint purchasing; and payroll administration may be facilitated through co-location of the School Department administrative offices and other City departments at the Municipal Complex. The move will alleviate space constraints at Little Harbour School where the school administrative offices are currently located. These space constraints are driven by recent increased enrollment at Little Harbour School. Rehabilitation of the 4th Floor of the Seybolt Building will begin in spring 2012.

Portsmouth Middle School

The City broke ground in spring 2011 on the \$37.5 million Portsmouth Middle School project, which consists of a multi-year phased program that includes the addition of new educational spaces, renovation of the existing space and removal of the 1970s building wings to make room for a new student common area. Improvements to the existing spaces will include new systems, finishes, lighting, technology, etc. The existing 80-year old Middle School, serving over 500 middle school students from Portsmouth and Newington, is located at 155 Parrott Avenue in the City's downtown core. This project also includes a new youth recreation facility described below.



Recreation Planning and Improvements

In 2010, the City completed a Comprehensive Recreation Needs Study to assist in planning for the future of its recreation programs and facilities. Specifically, the study was designed to help address the needs of the City's aging recreational infrastructure and the shortage of outdoor fields.

In addition to exploring options for adding to the inventory of outdoor recreation fields, the study found that the City's four indoor recreation facilities are programmatically outdated, in need of significant capital improvement, and require individuals to travel from one facility to another to participate in all types of indoor recreational programming. The report recommended that, at some future date, the City consolidate recreation facilities into a "modestly sized, comprehensive recreation and aquatic facility", which is "regionally-based" and includes substantial investment of partners such as those involved in health and wellness. In the near term, the report recommended relocating the youth recreation provided at the Connie Bean Center.

Action on this recommendation and other efforts to follow-up on the report are summarized below.

- Youth Recreation Facility at Middle School – The City has moved forward with the relocation of youth recreation from the Connie Bean Center to a new Youth Recreation Facility that is part of the Middle School project. Various youth recreation activities and programs will be located at the Middle School facility on Parrott Avenue.
- Greenleaf Recreation Center – The City has leased this multi-use recreation facility to the Portsmouth Housing Authority to be run as a public recreation facility with a focus on serving the residents of the nearby assisted family housing development managed by the Portsmouth Housing Authority.
- Indoor Pool – The City Council entered into an agreement with a local non-profit, Save the Indoor Portsmouth Pool (SIPP), for the operation of the Pool. During the five-year lease term, SIPP will operate the pool and perform the needed capital improvements to the facility. The City will contribute \$150,000 annually in operating costs.



In addition to these developments, the City will open the newly completed Alumni-Wentworth softball field in April 2012. In August 2012, the City will construct the planned improvements for the Plains Ball Field and Playground.

Water Division

The Water Division will continue optimizing the performance of the new Water Treatment plant that was brought on line in FY 2012. The plant will be experiencing its first full year of operations and the Water Treatment staff will be focused on producing high quality drinking water with a focus on efficiencies in energy and chemical use.

An update of the 1999 Water System Master Plan will look specifically at the Water distribution system and water storage tanks. This work will include an update of the City's water system computer model - a critical tool used in assessing system performance, reviewing capital projects, and testing the impacts of development demands.

In addition to the Water System Master Plan update, the division will be working to develop better tools and measures for the management of the various sources of water that feed the system. The City is using the principles of "conjunctive management" that dictate that various sources (wells and reservoir) are alternated to allow for the source to recover. These tools will provide clear information to system operators on when to adjust the source use.

The Water Division continues to upgrade water lines in conjunction with other utility and roadway projects. In FY13 water work will continue in the areas around Lincoln Avenue and Cass Street in conjunction with the sewer separation projects. Water line replacement will also take place in the South End prior to street paving in that area and Lafayette Road as part of the State's upgrade of the Route 1 Bypass-Lafayette Road intersection.

Sewer Division

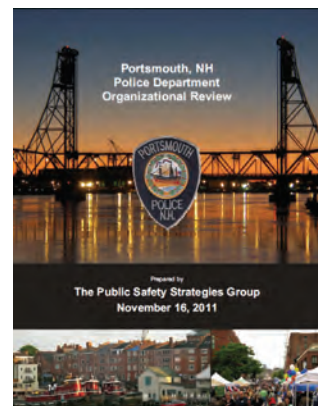
The Sewer Division will complete the treatment technologies pilot study for the EPA-mandated upgrades to the Peirce Island Wastewater Treatment Facility. After selecting the most cost effective and sustainable approach to meeting the discharge permit limits, the division will begin the design process for facility upgrades.

Work on the collection system will continue based on the implementation of the City's Long Term Control Plan to reduce Combined Sewer Overflows. In particular, the Lincoln 3B project will focus on the area between Lincoln Avenue and Middle Street. The Cass Street area will also be under construction in FY13. The primary focus of the project is a new separate sanitary sewer system and stormwater drainage system that will continue to reduce the volume of CSO and localized flooding.

The Sewer Division continues to pursue initiatives to improve collection system operations including the restaurant grease removal program and the removal of basement sump pumps from the collection system.

Police Department Organizational Review

In 2011, the Portsmouth Police Department completed an organizational review utilizing an external public safety consultant. The objective of the project was to review the operation of the department and make recommendations for the future of policing in Portsmouth. In response to report recommendations, a working group has been established within the department to move forward with implementation of the recommendations which address staffing, operations, community engagement and communications, and facilities.



Legislative Subcommittee

City Council's four-member Legislative Subcommittee (comprised of the Mayor and three councilors) is continuing to closely monitor New Hampshire Statehouse activities which have the potential to impact Portsmouth. Numerous bills are introduced annually in the State Legislature that could affect municipal operations, city residents, and/or the City's budgeting process. The City keeps an especially close watch on legislation with the potential to substantially impact the budget. This includes legislation that could downshift State costs onto the City or County or legislation that may make changes to the NH Retirement System or to the State's education funding formula.

Although Portsmouth has not been forced to raise excess Statewide Property Taxes as a “Donor” community since FY06, legislation is regularly introduced that could change the City’s status. The City will also continue to watch the Legislature’s future education funding discussions via the Coalition Communities office, which is located at Portsmouth City Hall and funded by the City and contributions from Coalition-member towns.

Sustainability Initiatives

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

- The Portsmouth Middle School is currently undergoing a renovation and expansion project. The work includes incorporating environmentally sustainable features, such as:
 - Using “green” materials in construction
 - Improving the energy efficiency of the 80 year old building
 - Improving water efficiency
 - Using renewable energy whenever possible
 - Improving the indoor environment for students and teachers, thus increasing opportunities for a positive learning environment.



To meet these goals, the project follows the guidelines of the Northeast Collaborative for High Performance Schools, which were developed based on the climate zones and school construction needs of New Hampshire and other Northeastern states. The PMS project will be the first to follow the updated, 2.0 version of NECHPS, which is comparable to LEED certification for other buildings.

- As part of the Water Division’s water conservation measures, the City will continue to sell rain barrels at a discounted price to water customers. The City has sold over 975 barrels through this program. The rain barrels, which were purchased using ARRA funds, can be used to collect water for lawn and garden watering and other activities that can be done with non-potable water.



- The City is piloting the way with a number of low impact stormwater treatment approaches. As part of the City’s extensive State Street improvement project – which included complete reconstruction of the water, sewer and drainage infrastructure and extensive streetscape upgrades -- new innovative stormwater devices such as tree box and large sand box filters have been installed.
- The Hodgson Brook Watershed restoration group worked with City Planning staff on a grant-funded project to replace standard catch basins in the Coakley Road neighborhood with three tree box filter systems, which collect stormwater, filter pollutants from it and then infiltrate the stormwater. In 2012, the City will continue its efforts to improve water quality in residential neighborhoods through the installation of innovative stormwater devices such as rain gardens in the Pannaway Manor neighborhood.



Implementation of City’s Cultural Plan

In the coming year, Art-Speak, the City’s arts advocacy partner, will remain engaged in the following on-going regional and community outreach activities:

- Web Site - Maintain and improve Community Outreach by updating the Art-Speak website to better serve the public.
- Percent for the Arts Program - Provide input, with regard to public art for the Portsmouth Middle School renovation project, consistent with the Percent for the Arts program.
- Disseminate and publish results of Americans for the Arts Economic Prosperity Survey IV.



COMMUNITY AND ECONOMIC PROFILE

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

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



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

- Named as top 8 Places in US to retire by *Retirement Magazine*, Dec 2011.
- *Boston Magazine*, October 2011, Portsmouth, NH: Great Fall Getaways http://www.bostonmagazine.com/articles/great_fall_getaways_portsmouth_new_hampshire/
- *Forbes* magazine ranks Portsmouth #34 among small cities (up from #43 last year) in its listing of "2011 Best Cities for Job Growth."

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

During FY11, the City of Portsmouth once again led the region in having the lowest unemployment rate. As of June 30, 2011 the unemployment rate was 4.5%, down from 5.7% in FY10. The respective rates for the state, for New England and the nation were 5.2%, 7.9% and 9.3%.

Employment in the NH portion of the Portsmouth MetroNECTA at the end of FY11 was 55,600. The portion includes the City of Portsmouth, as well as, the towns of Greenland, New Castle, Hampton, North Hampton, Rye and Stratham. This benchmarked figure represents an overall decrease of 900 jobs from FY10. The largest year-to-year employment loss was in the Leisure/Hospitality sector with a decrease of 600 jobs, followed by the Trade, Transportation and Utilities sector with a loss of 300 jobs. Decreases of 100 jobs each were experienced in the

Information, Retail Trade, Wholesale Trade, Transportation/Warehousing/Utilities, and Government sectors. These losses were offset by a gain of 200 jobs in the Education/Health sector. The Manufacturing, Financial, Professional and Business, Mining, Logging and Construction and other Services sectors remained unchanged from the previous year.

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

Pease International Tradeport

One of the nation's most successful military base redevelopments, Pease International Tradeport, is located in Portsmouth and continues to grow and be a significant contributor to the economic vitality of the region.

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

Pease International Tradeport continues to add new businesses. Activity at Pease International Tradeport in FY11 included construction of the \$10 million renovation and expansion of Great Bay Community College, a 46,000 sq. ft., 33-bed rehabilitation facility for Northeast Rehab Hospital, and a \$6 million, 25,000 sq. ft. expansion to the United States Passport Center. BayRing Communications began construction on a 15,000 sq. ft. addition of its telecommunication offices and Rand Whitney Container LLC relocated from Rochester, NH to 162 Corporate Drive bringing with it 40 jobs. The Tradeport now employs over 7,000 people at over 250 companies and is home to more than 42% of all office space in the City.

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

The Port of New Hampshire

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

Foreign Trade Zone (FTZ)

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

Portsmouth Naval Shipyard (PNSY)

Located in Kittery, Maine, just across the Piscataqua River, the Portsmouth Naval Shipyard is a major submarine overhaul and refueling facility and is the U.S. government's oldest continuously operating naval shipyard. It is the largest regional employer. The Seacoast Shipyard Association's regional economic impact for calendar year 2011 revealed a total of 5,187 current employees with a payroll of \$408 million up from \$395 million in 2010. Portsmouth has the third highest number of shipyard employees of all NH communities and the sixth largest of both Maine and NH communities, with 248 shipyard workers. The Shipyard is a significant source of indirect expenditures in the region. In 2011, \$49 million of goods and services were purchased by the facility with \$8.4 million coming from New England states.

During 2011 the Shipyard made progress on several projects that began in 2010 including expenditure of \$11.9 million in federal funds for reconstruction and modernization of the structural shops at the PNSY. Shops are used for steel and sheet metal fabrication and for the overhaul of nuclear-powered submarines. Also in 2011, the PNSY continued to implement its plan to add 405 new jobs. This workforce expansion will enable the facility to service the newer Virginia-class fast-attack submarines.

COMMUNITY PROFILE

CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

CITY FINANCE

Tax Rate FY 2012 (per \$1,000)	\$17.27
Total Valuation	\$3,971,444,698

Source: NH Dept. of Revenue Administration

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

LAND

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

* Source: Taintor and Associates, Existing Conditions, 2003

**Source: City of Portsmouth, 2003 Wetlands Inventory

UTILITIES

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

ECONOMIC INDICATORS

Largest Private Employers (2011)

HCA Portsmouth Regional Hospital	1079
Liberty Mutual	1013
Lonza Biologics	660
John Hancock	400
Bottomline Technologies	298
Thermo Fischer	280
Alpha Flying/PlaneSense	250
LabCorp	225
Newmarket International	217
Direct Capital	180

Source: City of Portsmouth, Economic Development

Portsmouth Employed Civilian Population by Industrial Sector

Professional Services	13.87%
Retail Trade	12.88%
Manufacturing	10.11%
Miscellaneous Services	36.18%
Finance, Insurance, Real Estate	5.69%
Transportation, Comm., Utilities	3.33%
All others	17.94%

Source: U.S. Census Bureau, 2008-10 American Community Survey

Unemployment (Not seasonally-adjusted)

Portsmouth	4.0%*
State of New Hampshire	4.9%*

*Source: NH Economic & Labor Market Information Bureau, Dec. 2011

DEMOGRAPHICS

Population

2010 U.S. Census	21,233
2000 U.S. Census	20,784
1990 U.S. Census	25,925

Registered Voters

January 2012	13,858
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Source: City of Portsmouth, Office of the City Clerk

Households

2010 U.S. Census	10,014
2000 U.S. Census	9,875
1990 U.S. Census	10,329

Average Household Size	2.03
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Average Family Size	2.75
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Source: U.S. Census 2010

Age (Percent of Total Population)

Up to 24 years	24.3%
25 - 54	46.9%
60 and up	22.0%

Source: U.S. Census 2010

Median Household Income

2010 U.S. Census	\$60,874
2000 U.S. Census	\$45,198
1990 U.S. Census	\$30,591

Housing Types

Units in Structure

1-unit, detached	40.8%
1-unit, attached	7.2%
2 units	9.2%
3 or 4 units	8.5%
5 to 9 units	16.2%
10 to 19 units	6.2%
20 or more units	9.4%
Mobile home	2.5%

Source: U.S. Census Bureau, 2008-10 American Community Survey

Housing Unit by Occupancy

Owner-occupied	51.3%
Renter-occupied	48.7%

Source: U.S. Census 2010

Mean Values

Type	Mean
Commercial*	\$1,505,928
Residential**	\$325,493
<i>Residential Stratified</i>	
Single Family	\$361,156
Condo	\$258,845
Multi-Family 2-8 Units***	\$420,132
Mobile Homes	\$50,632

As of April 1, 2011

* 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

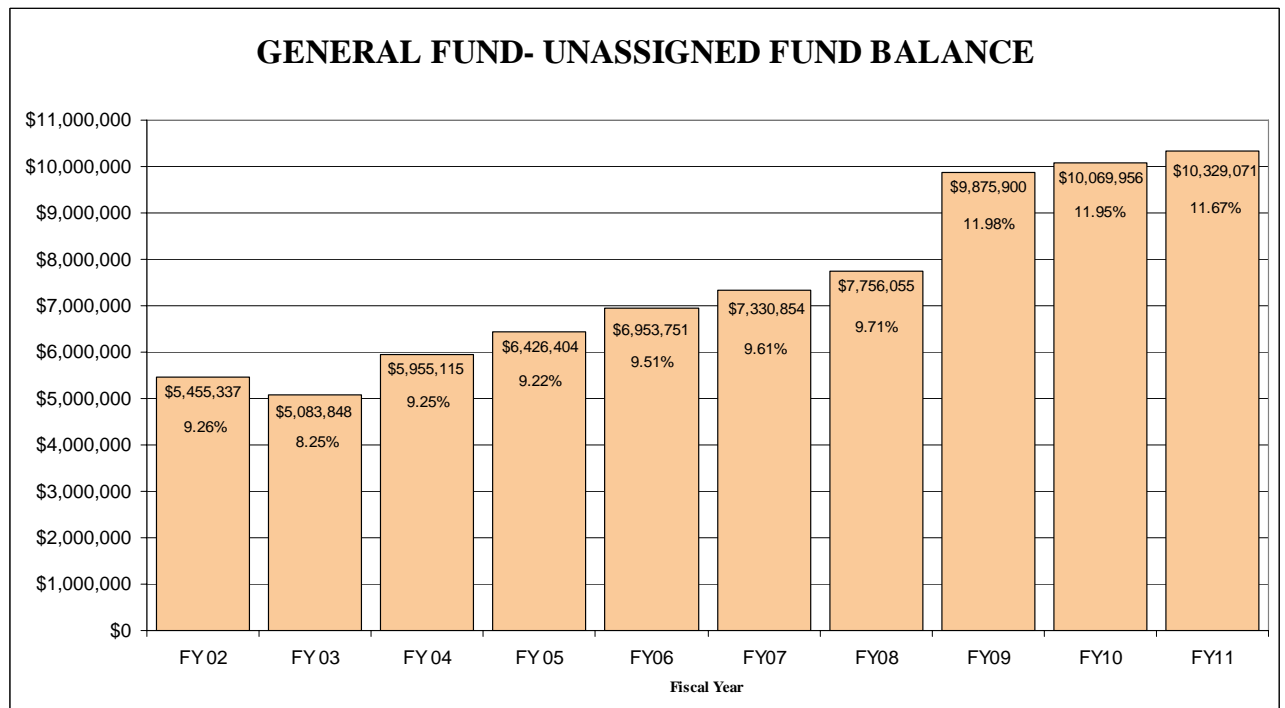


FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

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.

UNASSIGNED FUND BALANCE ORDINANCE

City Council adopted in Fiscal Year 1998 a Fund Balance Ordinance which was amended in 2012 to comply with the fund balance model established by Governmental Accounting Standards Board (GASB) Statement No. 54. The “Fund Balance Ordinance” codifies fiscal policy of ensuring that the City would maintain an Unassigned Fund Balance of at least 7% of prior year’s appropriation with a goal greater than 10%. Since this ordinance was adopted in 1998, the City has remained this goal. As of June 30, 2011, the Unassigned Fund Balance is 11.67% of prior year appropriation. The chart below shows the history of unassigned fund balance for the last 10 years.



BOND RATING

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

Table 1

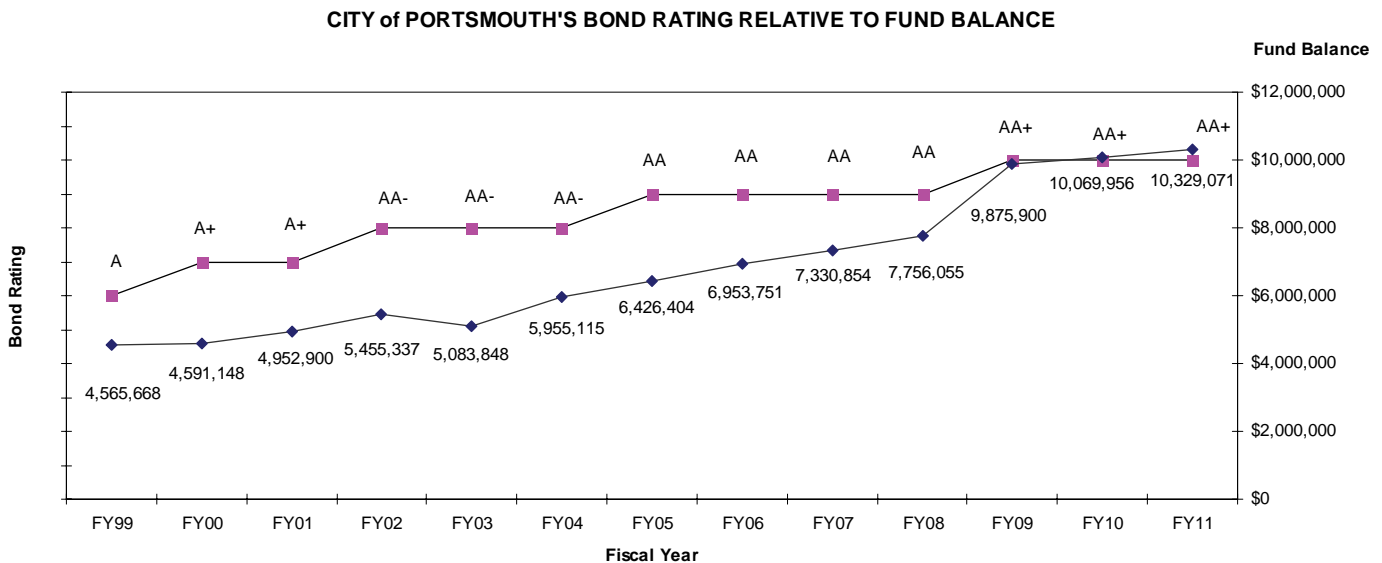
INVESTMENT GRADE RATINGS	
Standard & Poor's	Moody's
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB	Ba

Table 2

Standard & Poor's		Moody's	
Year	City of Portsmouth	Year	City of Portsmouth
2012	AA+	2012	Aa1
2011	AA+	2011	Aa1
2010	AA+	*2010	Aa1
2009	AA+	2009	Aa2
2008	AA	2008	Aa2
2007	AA	2007	Aa3
2006	AA	2006	Aa3
2005	AA	2005	Aa3
2004	AA-	2004	Aa3
2003	AA-	2003	Aa3
2002	AA-	2002	Aa3
2001	A+	2001	A1
2000	A+	2000	A1
1999	A	1999	A
1998	A	1998	A
1997	A	1997	A
1996	A	1996	A
1995	A	1995	Baa1
1994	A	1994	Baa1
		1993	Baa
		1992	Ba
		1991	Ba

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

The following graph charts the path and relationship between the City's Unassigned Fund Balance and its bond rating since the inception of the Unassigned Fund Balance Ordinance.



LEAVE AT TERMINATION

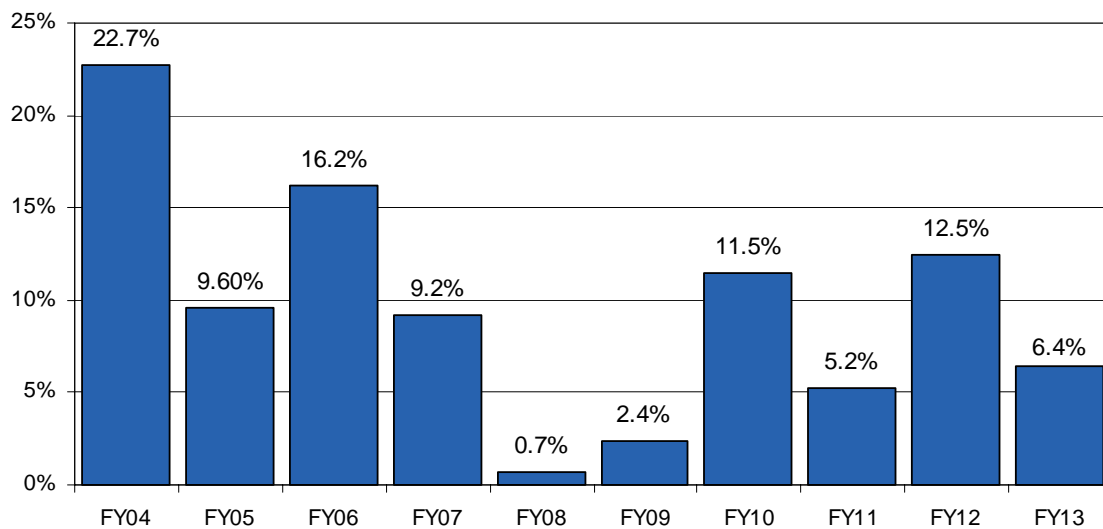
The City has addressed in two methods the significant liability owed to employees for accumulated sick leave pay when they leave municipal service.

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

HEALTH INSURANCE STABILIZATION RESERVE

The Local Government Center (LGC) HealthTrust announced the FY13 health insurance premium rates which results in an overall rate increase of 6.4% over the FY12 premium rates for the majority of City employees. The increase in premium rates has spiked both up and down over the last several years causing unpredictability as shown in the graph below.

HEALTH INSURANCE 10 YEAR RATE CHANGE HISTORY



The City has addressed this issue with the following 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 Reserve to stabilize annual budgetary spikes that often negatively impact the operating budget. Generally, 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. The Health Insurance Stabilization Reserve 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 shortfall. 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.
3. The City has been able to offer to the collective bargaining units a SchoolCare Product supported by Cigna. As the switch to another health care plan must be negotiated with each union, only two of the fifteen unions have accepted this plan. The School Care health plan saves both the City and the employee a substantial amount of money.

Although the practice has been for departments to use the 10-year rolling average health insurance percentage increase to adjust their health insurance appropriation line item, the last two years have required different approaches due to reduction in staff and budget constraints keeping in mind long-term planning.

INVESTMENT POLICY

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

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

PROPERTY VALUATION

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

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

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

PERFORMANCE MEASURES

The FY13 Budget document includes a performance measures section in each departmental narrative. This year’s budget includes a two year history of performance measures and an “estimated FY12” column. The departments use their performance measures to better communicate departmental progress and or efficiencies achieved with in the department.

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

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

ROLLING STOCK PROGRAM

The City has established a long-term rolling stock program to avoid large expenditures in any one year and to forecast certain expenditures for replacing and upgrading existing equipment in the years ahead. The Rolling Stock Program has enabled all City departments to replace vehicles and equipment on the basis of life cycle costing, which has reduced costs in the area of repairs and maintenance. The purchase of vehicles and equipment is funded through the non-operating budget. This program provides departments with vehicles and equipment that are more efficient. Detailed information on the rolling stock program can found in Appendix I of this document.

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP), prepared by the Planning Board, and adopted by the City Council, identifies equipment, vehicles, building, information systems, transportation and Enterprise Fund infrastructure needs over a six-year period. The City Council reviews these projects and annually appropriates from Governmental and Enterprise Funds, capital outlay to be combined with grants, matching funds and other programs. All projects funded by long-term debt need separate authorization from City Council. The Following is a summary of the Capital Improvement Plan's FY 2013 funding. Detailed information for each project can found in Appendix II of this document.

Capital Improvement Plan FY 2013-2018 (FY 2013 Funding)

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '13 Total
GOVERNMENTAL FUNDS	\$1,550,000	\$0	\$4,665,000	\$12,553,265	\$12,049,000	\$1,806,735	\$32,624,000
SEWER FUND	\$0	\$2,450,000	\$7,800,000	\$0	\$0	\$0	\$10,250,000
WATER FUND	\$0	\$2,900,000	\$0	\$0	\$0	\$0	\$2,900,000
TOTAL	\$1,550,000	\$5,350,000	\$12,465,000	\$12,553,265	\$12,049,000	\$1,806,735	\$45,774,000

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 FY13 proposed budget includes a projected net debt cost of 8.25% of the proposed General Fund appropriation (A ten-year Projected Net Long Term Debt Service as a Percentage of the General Fund chart and graph are located in the Debt Service section of this budget document.)

3) Debt Burden

It is the policy of the City to maintain a debt burden of less than 3% of the City's full valuation. The debt burden measures how leveraged the City is by calculating the amount of debt outstanding as compared to the City's full valuation. The City's governmental activities' debt burden as of June 30, 2011, the last completed independent audit, was 2.1%.

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 two City Councilor, the City Manager and a Finance Department representative then reviews the department's requests. The Fee Committee recommendation is presented to the City Council for approval through a resolution. The approved municipal fee list becomes law on the first day of the upcoming fiscal year.

ENTERPRISE FUND POLICIES FOR RATE SETTING

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

UDAG BUDGET POLICY

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) CERTIFICATE OF ACHIEVEMENT

The City will seek annual renewal of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. The City has received 18 awards for the fiscal years ended June 30, 1988, 1989, and 1995-2010.

DISTINGUISHED BUDGET PRESENTATION AWARD

The City will seek annual renewal of the Government Finance Officers Association's Distinguished Budget Presentation Award. The City of Portsmouth received the GFOA's Distinguished Budget Presentation Award for six consecutive years; beginning July 1, 2006-2011. The Distinguished Budget Presentation Award is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. The City of Portsmouth is the first and remains the only community in New Hampshire to receive the award.

EMPLOYEE PAY PLAN

The City of Portsmouth has a total of fifteen (15) collective bargaining units. As of March 2012, eleven (11) bargaining units have approved contracts, while the remaining four (4) are still in negotiations. Employees who are in the expired contracts and are eligible for a step increase will continue to receive step increases however, other wage adjustments will not be provided until new contracts are ratified.

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

PERSONNEL SUMMARY

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

The Fiscal Year 2013 proposed budget includes a net increase of 7.32 full-time positions. This is after a drastic elimination of over 25 positions in the prior year. The additional full-time positions are:

- **Planning**-Reinstating the Principal Planner position.
- **Fire Department** – Reinstating the Fire Inspector position.
- **School Department** – 3.92 full time equivalents.
- **Parking and Transportation Fund** – One Parking and Traffic Supervisor.

DEPARTMENT	FY 10 ACTUAL	FY 11 ACTUAL	FY 12 ACTUAL	FY 13 PROPOSED BUDGET	Change From FY12
FULL-TIME PERSONNEL					
CITY MANAGER	2.00	2.00	2.00	2.00	0.00
HUMAN RESOURCES	2.00	2.00	2.00	2.00	0.00
CITY CLERK	3.00	3.00	3.00	3.00	0.00
LEGAL DEPARTMENT	6.00	6.00	5.00	5.00	0.00
FINANCE DEPARTMENT	17.00	16.00	15.00	15.00	0.00
PLANNING DEPARTMENT	6.15	6.15	4.95	5.95	1.00
INSPECTION DEPARTMENT	4.00	4.00	4.00	4.05	0.05
HEALTH DEPARTMENT	1.50	1.50	1.50	1.50	0.00
PUBLIC WORKS	60.70	60.70	58.00	58.00	0.00
LIBRARY	16.00	13.00	13.00	13.00	0.00
RECREATION DEPARTMENT	7.00	4.00	4.00	4.00	0.00
WELFARE DEPARTMENT	2.00	1.00	1.00	1.00	0.00
POLICE DEPARTMENT	88.00	86.00	83.00	83.00	0.00
FIRE DEPARTMENT	62.00	61.00	60.00	61.00	1.00
SCHOOL DEPARTMENT	373.75	356.20	349.40	353.32	3.92
GENERAL FUND - FULL TIME PERSONNEL TOTAL	651.10	622.55	605.85	611.82	5.97
% Change					0.99%
PART-TIME PERSONNEL*					
HUMAN RESOURCES	3.00	3.00	3.00	3.00	0.00
LEGAL DEPARTMENT	1.00	1.00	1.00	3.00	2.00
FINANCE DEPARTMENT	1.00	2.00	4.00	4.00	0.00
INSPECTION DEPARTMENT	1.00	1.00	1.00	1.00	0.00
PUBLIC WORKS	0.00	0.00	1.00	1.00	0.00
LIBRARY	12.00	15.00	15.00	15.00	0.00
RECREATION (number of positions vary seasonally)	1.00	1.00	1.00	1.00	0.00
WELFARE DEPARTMENT	0.00	1.00	1.00	1.00	0.00
POLICE DEPARTMENT	37.00	35.00	29.00	36.00	7.00
FIRE DEPARTMENT	3.00	3.00	3.00	3.00	0.00
SCHOOL DEPARTMENT	196.17	199.00	198.00	198.00	0.00
GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL	255.17	261.00	257.00	266.00	9.00
% Change					3.5%
FULL-TIME PERSONNEL					
WATER AND SEWER FUND	48.10	47.10	46.10	46.30	0.20
ENTERPRISE FUNDS - WATER & SEWER FULL TIME PERSONNEL TOTAL	48.10	47.10	46.10	46.30	0.20
% Change					0.4%
PART-TIME PERSONNEL*					
WATER AND SEWER FUND	2.00	2.00	2.00	2.00	0.00
ENTERPRISE FUNDS - WATER & SEWER PART TIME PERSONNEL TOTAL	2.00	2.00	2.00	2.00	0.00
% Change					0.0%
FULL-TIME PERSONNEL					
PARKING	10.00	9.00	9.00	10.00	1.00
COMMUNITY DEVELOPMENT	2.10	2.10	1.40	1.45	0.05
UDAG	1.05	1.05	1.05	1.15	0.10
SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL	13.15	12.15	11.45	12.60	1.15
% Change					10.0%
PART-TIME PERSONNEL*					
PARKING	20.00	20.00	26.00	27.00	1.00
COMMUNITY DEVELOPMENT	0.00	0.00	0.00	0.00	0.00
SPECIAL FUNDS - PART TIME PERSONNEL TOTAL	20.00	20.00	26.00	27.00	1.00
% Change					3.8%
TOTAL FULL-TIME PERSONNEL	712.35	681.80	663.40	670.72	7.32
TOTAL PART-TIME PERSONNEL	277.17	283.00	285.00	295.00	10.00
TOTAL FULL-TIME PERSONNEL % Change					1.1%
TOTAL PART-TIME PERSONNEL % Change					3.5%

NOTE:

Part-time personnel numbers may fluctuate due to the seasonality of positions.

Part-time positions are totaled in this chart by the number of personnel and not FTE.



BUDGET DOCUMENT

A GUIDE TO THE BUDGET DOCUMENT

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

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

This budget serves six vital functions:

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

BUDGET DOCUMENT CONTENTS

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

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

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

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

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

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

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

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

BUDGETARY FUND STRUCTURE

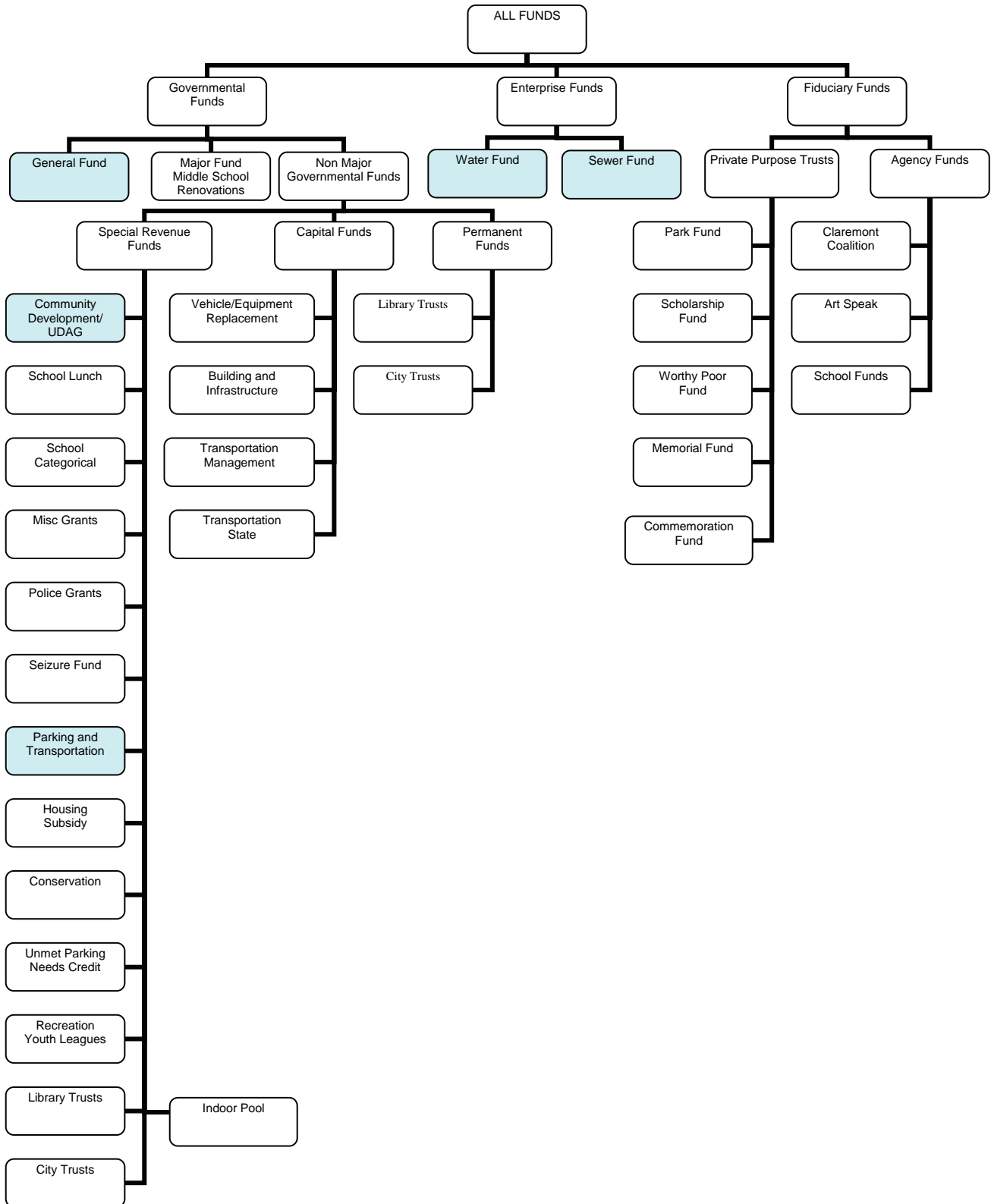
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

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

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

FLOW OF AUDITED FUNDS

(Highlighted Funds Represented In Budget Document)



MAJOR FUND DESCRIPTIONS:

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

GENERAL FUND

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

NON-MAJOR FUND DESCRIPTIONS:

COMMUNITY DEVELOPMENT

The Community Development Fund is a Special Revenue Fund. It accounts for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning. Current grants are mainly designed for City of Portsmouth economic development, housing rehabilitation, public service, and public facilities.

URBAN DEVELOPMENT ACTION GRANT (UDAG)

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

PARKING AND TRANSPORTATION

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

WATER FUND

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

SEWER FUND

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

BASIS OF ACCOUNTING – BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

THE BUDGET PROCESS

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

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

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

CAPITAL IMPROVEMENT PROGRAM PROCESS

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

OPERATING/NON-OPERATING BUDGET PROCESS

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

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

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

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

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

FY '2013' BUDGET SCHEDULE

December 2011

21 Wednesday Department Head Meeting on budget procedure, format and guidelines

January 2012

17 Tuesday ***School Board Public Hearing #1 on the proposed FY13 budget**

19 Thursday **Planning Board meeting; Adoption of the Capital Improvement Program**

23 Monday Capital Improvement Program (CIP) document to be submitted to City Council

25 Wednesday ****Fire Commission Public Hearing on the proposed FY13 budget**

30 Monday *****Police Commission Public Hearing on the proposed FY13 budget**

February 2012

9 Thursday **School Board Public Hearing #2 on the proposed FY13 budget**

10 Friday Proposed Budgets from Municipal Departments due back to Finance Dept

13 Monday **City Council Work Session on CIP**

24 Friday Finance Department submits all proposed budgets to the City Manager

Feb 27-Mar 02

Departmental budget reviews with City Manager

March 2012

5 Monday **City Council holds Public Hearing on CIP**

19 Monday **City Council meeting; Adoption of the CIP**

April 2012

11 Wednesday Proposed Budget document to be submitted to the City Council

18 Wednesday **Public Hearing on City Manager's Proposed FY13 budget with presentations from Police, Fire, School and Municipal Departments**

30 Monday **Work Session with City Council to review the School Department Budget**

May 2012

2 Wednesday **Work Session with City Council to review Police Department Budget and Fire Department Budget**

8 Tuesday **Work Session with City Council to review the Municipal Budget**

14 Monday **Re-open Public Hearing on the City Manager's Proposed FY13 budget**

16 Wednesday **Work Session with City Council –final budget review if necessary**

21 Monday **City Council meeting; Adoption of the FY13 Budget**

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

***School Board Public Hearing to be held at the Little Harbour School**

****Fire Commission Public Hearing to be held at Fire Station 2.**

All Work Sessions will begin at 6:30 p.m

All Public Hearings will begin at 7:00 p.m.

***** Exception: Police Commission Public Hearing will begin at 6:00 pm**

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GENERAL FUND BUDGET SUMMARY - FY 2013

	FY2011 BUDGET	FY12 Budget	FY13 Department Request	% Change	\$\$ Change	FY13 CM Recommended	% Change	\$\$ Change
OPERATING BUDGET								
General Government	15,444,772	15,472,527	15,905,044	2.80%	432,517	15,905,044	2.80%	432,517
Police	8,518,412	8,589,781	8,838,885	2.90%	249,104	8,838,885	2.90%	249,104
Fire	6,813,755	6,973,895	7,155,250	2.60%	181,355	7,155,250	2.60%	181,355
School	36,904,000	37,206,584	38,302,260	2.94%	1,095,676	38,302,260	2.94%	1,095,676
Collective Bargaining/Retire Contingency	805,996	314,905	172,000	-45.38%	(142,905)	172,000	-45.38%	(142,905)
Transfer to Indoor Pool	155,000	150,000	150,000		0	150,000		0
Total Operating Budget	68,641,935	68,707,692	70,523,439	2.64%	1,815,747	70,523,439	2.64%	1,815,747
NON-OPERATING EXPENSE								
Debt Related Costs/TANS	350,000	350,000	350,000	0.00%	0	350,000	0.00%	0
Debt Service Payments	9,181,827	10,232,755	11,608,196	13.44%	1,375,441	11,608,196	13.44%	1,375,441
Overlay	1,100,000	1,150,000	1,200,000	4.35%	50,000	1,200,000	4.35%	50,000
Property & Liability Ins	398,000	414,000	414,000	0.00%	0	414,000	0.00%	0
County	4,107,894	4,199,167	4,297,188	2.33%	98,021	4,297,188	2.33%	98,021
Contingency	250,000	250,000	250,000	0.00%	0	250,000	0.00%	0
Rolling Stock	645,980	0	773,993		773,993	773,993	0.00%	773,993
Youth Recreation Center	2,162,701	0	0		0	0	0.00%	0
Municipal School Renovation	0	600,000	0	-100.00%	(600,000)	0	0.00%	(600,000)
IT Equipment Replacement	244,350	145,350	232,000	59.61%	86,650	232,000	59.61%	86,650
Capital Outlay	1,187,500	1,018,150	1,550,000	52.24%	531,850	1,550,000	52.24%	531,850
Other General Non-Operating	273,968	289,730	290,017	0.10%	287	290,017	0.10%	287
Total Non-Operating Budget	19,902,220	18,649,152	20,965,394	12.42%	2,316,242	20,965,394	12.42%	2,316,242
Total Gross Budget	88,544,155	87,356,844	91,488,833	4.73%	4,131,989	91,488,833	4.73%	4,131,989
REVENUES								
Municipal	10,168,649	10,364,138	10,174,649	-1.83%	(189,489)	10,174,649	-1.83%	(189,489)
School	5,460,500	5,317,500	5,432,500	2.16%	115,000	5,432,500	2.16%	115,000
State Revenues	2,661,672	2,714,053	2,681,242	-1.21%	(32,811)	2,681,242	-1.21%	(32,811)
<i>Use of Fund Balance: Unassigned</i>					0			0
Fire Department Supplemental Approp	77,000	150,000	0	-100.00%	(150,000)	0	-100.00%	(150,000)
Indoor Pool	155,000	150,000	0	-100.00%	(150,000)	0	-100.00%	(150,000)
Municipal Complex Renovations	0	600,000	0	-100.00%	(600,000)	0	-100.00%	(600,000)
Youth Recreation Center	1,650,000	0	0		0	0		0
<i>Use of Fund Balance: Committed</i>					0			0
Property Appraisal	73,500	73,500	73,500	0.00%	0	73,500	0.00%	0
Debt/ Bond Premiums	512,701	0	0		0	0		0
Debt/ Bond Proceeds	0	0	199,242		199,242	199,242		199,242
Debt Service Reserve	900,000	900,000	2,500,000	177.78%	1,600,000	2,500,000	177.78%	1,600,000
Total	21,659,022	20,269,191	21,061,133	3.91%	791,942	21,061,133	3.91%	791,942
BUDGETED PROPERTY TAX LEVY	66,885,133	67,087,653	70,427,700	4.98%	3,340,047	70,427,700	4.98%	3,340,047
Total Property Tax Commitment	66,909,535	67,614,472	70,427,700	4.16%	2,813,228	70,427,700	4.16%	2,813,228
War Service Credits	600,500	559,500	600,000	7.24%	40,500	600,000	7.24%	40,500
Adequate Education Formula	(9,038,295)	(9,344,223)	(9,361,188)	0.18%	(16,965)	(9,361,188)	0.18%	(16,965)
State Education Tax	9,038,295	9,344,223	9,361,188	0.18%	16,965	9,361,188	0.18%	16,965
Total Property Taxes Assessed	67,510,035	68,173,972	71,027,700	4.19%	2,853,728	71,027,700	4.19%	2,853,728
ASSESSED VALUATION WITH UTILITIES	3,903,031,800	3,971,444,698	4,003,444,698	0.81%	32,000,000	4,003,444,698	0.81%	32,000,000
ASSESSED VALUATION NO UTILITIES	3,721,242,300	3,803,608,220	3,835,608,220	0.84%	32,000,000	3,835,608,220	0.84%	32,000,000
MUNICIPAL TAX RATE	13.90	13.76	14.33	4.12%	0.57	14.33	4.12%	0.57
COUNTY TAX RATE	1.08	1.05	1.07	2.23%	0.02	1.07	2.23%	0.02
STATE EDUCATION TAX RATE	2.43	2.46	2.44	-0.65%	(0.02)	2.44	-0.65%	(0.02)
COMBINED TAX RATE	17.41	17.27	17.84	3.31%	0.57	17.84	3.31%	0.57

EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY13 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
GENERAL FUND									
GENERAL FUND OPERATING BUDGET									
GENERAL GOVERNMENT									
GENERAL ADMINISTRATION									
CITY COUNCIL	32,121	23,662	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	255,881	254,107	262,373	266,555	4,182	1.59%	266,555	4,182	1.59%
HUMAN RESOURCES	2,426,751	2,426,570	2,442,294	2,359,725	(82,569)	-3.38%	2,359,725	(82,569)	-3.38%
CITY CLERK	211,814	211,780	206,365	213,016	6,651	3.22%	213,016	6,651	3.22%
ELECTIONS	44,247	34,081	51,600	55,013	3,413	6.61%	55,013	3,413	6.61%
LEGAL DEPT	442,913	408,358	442,763	477,162	34,399	7.77%	477,162	34,399	7.77%
FINANCE	1,654,419	1,631,545	1,669,715	1,713,910	44,195	2.65%	1,713,910	44,195	2.65%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	1,057,296	1,029,490	1,104,523	1,200,555	96,032	8.69%	1,200,555	96,032	8.69%
REGULATORY SERVICES									
PLANNING DEPT	513,684	502,825	441,267	525,617	84,350	19.12%	525,617	84,350	19.12%
INSPECTIONS	358,390	342,974	369,071	379,301	10,230	2.77%	379,301	10,230	2.77%
HEALTH	124,542	123,634	130,563	137,175	6,612	5.06%	137,175	6,612	5.06%
PUBLIC WORKS	5,584,126	5,519,996	5,583,948	5,743,971	160,023	2.87%	5,743,971	160,023	2.87%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,480,349	1,452,840	1,480,315	1,521,392	41,077	2.77%	1,521,392	41,077	2.77%
RECREATION	761,580	754,294	761,543	783,238	21,695	2.85%	783,238	21,695	2.85%
PUBLIC WELFARE	329,478	360,845	332,990	338,065	5,075	1.52%	338,065	5,075	1.52%
OUTSIDE SOCIAL SERV	157,181	157,181	151,076	148,228	(2,848)	-1.89%	148,228	(2,848)	-1.89%
EMERGENCY MANAGEMENT	10,000	5,962	10,000	10,000	0	0.00%	10,000	0	0.00%
TOTAL GENERAL GOVERNMENT	15,444,772	15,240,145	15,472,527	15,905,044	432,517	2.80%	15,905,044	432,517	2.80%
POLICE	8,518,412	8,285,748	8,589,781	8,838,885	249,104	2.90%	8,838,885	249,104	2.90%
FIRE DEPT	6,813,755	6,805,814	6,973,895	7,155,250	181,355	2.60%	7,155,250	181,355	2.60%
SCHOOL DEPT	36,904,000	36,903,940	37,206,584	38,302,260	1,095,676	2.94%	38,302,260	1,095,676	2.94%
TOTAL POLICE, FIRE, SCHOOL	52,236,167	51,995,502	52,770,260	54,296,395	1,526,135	2.89%	54,296,395	1,526,135	2.89%
COLLECTIVE BARGAINING CONTINGENCY	805,996	0	314,905	172,000	(142,905)	-45.38%	172,000	(142,905)	-45.38%
TRANSFER TO INDOOR POOL	155,000	155,000	150,000	150,000	0		150,000	0	
TOTAL OPERATING	68,641,935	67,390,647	68,707,692	70,523,439	1,815,747	2.64%	70,523,439	1,815,747	2.64%
GENERAL FUND NON-OPERATING BUDGET									
DEBT RELATED EXPENSES	350,000	55,837	350,000	350,000	0	0.00%	350,000	0	0.00%
DEBT SERVICE	9,181,827	9,027,046	10,232,755	11,608,196	1,375,441	13.44%	11,608,196	1,375,441	13.44%
OVERLAY	1,100,000	1,100,000	1,150,000	1,200,000	50,000	4.35%	1,200,000	50,000	4.35%
PROPERTY & LIABILITY	398,000	360,723	414,000	414,000	0	0.00%	414,000	0	0.00%
COUNTY TAX	4,107,894	4,201,480	4,199,167	4,297,188	98,021	2.33%	4,297,188	98,021	2.33%
CONTINGENCY	250,000	250,000	250,000	250,000	0	0.00%	250,000	0	0.00%
ROLLING STOCK	645,980	645,980	0	773,993	773,993		773,993	773,993	
YOUTH RECREATION CENTER	2,162,701	2,162,701	0	0	0		0	0	
MUNICIPAL SCHOOL RENOVATION	0	0	600,000	0	(600,000)	-100.00%	0	(600,000)	-100.00%
IT EQUIPMENT REPLACEMENT	244,350	244,350	145,350	232,000	86,650	59.61%	232,000	86,650	59.61%
CAPITAL OUTLAY	1,187,500	1,187,500	1,018,150	1,550,000	531,850	52.24%	1,550,000	531,850	52.24%
OTHER GENERAL NON-OPERATING	273,968	276,534	289,730	290,017	287	0.10%	290,017	287	0.10%
TOTAL NON-OPERATING	19,902,220	19,512,150	18,649,152	20,965,394	2,316,242	12.42%	20,965,394	2,316,242	12.42%
TOTAL GENERAL FUND	88,544,155	86,902,797	87,356,844	91,488,833	4,131,989	4.73%	91,488,833	4,131,989	4.73%

Title	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY13 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
ENTERPRISE FUNDS									
WATER DIVISION									
Administration									
Administration	1,611,990	1,471,953	1,589,948	1,716,224	126,276	7.94%	1,716,224	126,276	7.94%
Engineering	309,056	266,053	317,936	303,491	(14,445)	-4.54%	303,491	(14,445)	-4.54%
Collective Bargaining Contingency	80,051	80,051	80,051	80,051	0	0.00%	80,051	0	0.00%
sub-total	2,001,097	1,818,056	1,987,935	2,099,766	111,831	5.63%	2,099,766	111,831	5.63%
Water Supply and Treatment									
Treatment Plant	2,396,938	1,960,752	2,833,063	2,555,110	(277,953)	-9.81%	2,555,110	(277,953)	-9.81%
Laboratory	122,276	102,278	121,026	137,667	16,641	13.75%	137,667	16,641	13.75%
Wells	309,395	158,141	268,204	275,716	7,512	2.80%	275,716	7,512	2.80%
Storage Tanks	97,943	76,665	95,776	97,609	1,833	1.91%	97,609	1,833	1.91%
Booster Stations	162,384	127,600	162,384	161,384	(1,000)	-0.62%	161,384	(1,000)	-0.62%
sub-total	3,088,936	2,425,437	3,480,453	3,227,486	(252,967)	-7.27%	3,227,486	(252,967)	-7.27%
Water Distribution									
Administration	597,923	529,503	624,582	584,606	(39,976)	-6.40%	584,606	(39,976)	-6.40%
Cross Connection	39,901	29,362	40,440	36,845	(3,595)	-8.89%	36,845	(3,595)	-8.89%
Mains	297,572	310,022	290,334	323,895	33,561	11.56%	323,895	33,561	11.56%
Services	146,054	100,386	147,501	102,598	(44,903)	-30.44%	102,598	(44,903)	-30.44%
Hydrants	121,200	97,363	101,394	122,555	21,161	20.87%	122,555	21,161	20.87%
Meters	237,765	164,997	239,221	230,722	(8,499)	-3.55%	230,722	(8,499)	-3.55%
sub-total	1,440,415	1,231,633	1,443,472	1,401,221	(42,251)	-2.93%	1,401,221	(42,251)	-2.93%
Total Water Division	6,530,448	5,475,126	6,911,860	6,728,473	(183,387)	-2.65%	6,728,473	(183,387)	-2.65%
SEWER DIVISION									
Administration									
Administration	2,243,202	2,029,683	3,067,503	2,778,624	(288,879)	-9.42%	2,778,624	(288,879)	-9.42%
Engineering	324,581	486,012	434,356	601,753	167,397	38.54%	601,753	167,397	38.54%
Collective Bargaining Contingency	79,254	79,254	79,254	79,254	0	0.00%	79,254	0	0.00%
sub-total	2,647,037	2,594,949	3,581,113	3,459,631	(121,482)	-3.39%	3,459,631	(121,482)	-3.39%
Wastewater Treatment									
Treatment Plant	3,463,036	2,813,391	3,292,182	3,342,665	50,483	1.53%	3,342,665	50,483	1.53%
Laboratory	135,739	167,495	136,203	244,792	108,589	79.73%	244,792	108,589	79.73%
Lift Stations	1,022,311	766,049	1,079,452	1,065,846	(13,606)	-1.26%	1,065,846	(13,606)	-1.26%
sub-total	4,621,086	3,746,936	4,507,837	4,653,303	145,466	3.23%	4,653,303	145,466	3.23%
Wastewater Collection									
Administration	666,776	618,634	727,914	681,455	(46,459)	-6.38%	681,455	(46,459)	-6.38%
Force Main	16,168	9,816	205,851	222,408	16,557	8.04%	222,408	16,557	8.04%
Interceptors	187,678	201,530	0	0	0	0.00%	0	0	0.00%
Laterals	42,906	23,137	43,342	38,631	(4,711)	-10.87%	38,631	(4,711)	-10.87%
sub-total	913,528	853,116	977,107	942,494	(34,613)	-3.54%	942,494	(34,613)	-3.54%
Total Sewer Division	8,181,651	7,195,001	9,066,057	9,055,428	(10,629)	-0.12%	9,055,428	(10,629)	-0.12%
TOTAL ENTERPRISE FUNDS	14,712,099	12,670,127	15,977,917	15,783,901	(194,016)	-1.21%	15,783,901	(194,016)	-1.21%

Title	FY11 BUDGET	FY11 ACTUAL	FY12 BUDGET	FY13 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY13 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
SPECIAL REVENUE FUNDS									
PARKING AND TRANSPORTATION									
Parking Administration	367,510	284,316	374,338	431,324	56,986	15.22%	431,324	56,986	15.22%
Parking Garage	452,182	453,447	452,616	482,526	29,910	6.61%	482,526	29,910	6.61%
Parking Enforcement	172,177	155,210	172,023	215,901	43,878	25.51%	215,901	43,878	25.51%
Parking Meter Operations	104,548	101,242	110,014	108,885	(1,129)	-1.03%	108,885	(1,129)	-1.03%
Parking Collection	175,569	162,365	183,915	188,458	4,543	2.47%	188,458	4,543	2.47%
Public Transportation	233,579	234,638	293,618	293,618	0	0.00%	293,618	0	0.00%
Snow Removal	70,000	70,000	100,000	100,000	0	0.00%	100,000	0	0.00%
DOT Reimbursement	0	(1,072)	0	0	0		0	0	
Debt Service	437,159	0	377,159	260,250	(116,909)	-31.00%	260,250	(116,909)	-31.00%
Capital	279,000	389,122	279,000	520,500	241,500	86.56%	520,500	241,500	86.56%
Total Parking & Transportation	2,291,724	1,849,267	2,342,683	2,601,462	258,779	11.05%	2,601,462	258,779	11.05%
COMMUNITY DEVELOPMENT									
Administration	143,800	122,585	127,827	96,998	(30,829)	-24.12%	96,998	(30,829)	-24.12%
Housing Rehab	51,700	43,718	19,455	30,889	11,434	58.77%	30,889	11,434	58.77%
PEDLP	1,800	1,623	1,600	1,600	0	0.00%	1,600	0	0.00%
Total CDBG	197,300	167,926	148,882	129,487	(19,395)	-13.03%	129,487	(19,395)	-13.03%
ECONOMIC DEVELOPMENT-UDAG	356,375	297,716	304,326	309,845	5,519	1.81%	309,845	5,519	1.81%
TOTAL SPECIAL REVENUE FUNDS	2,845,399	2,314,909	2,795,891	3,040,794	244,903	8.76%	3,040,794	244,903	8.76%
TOTAL APPROPRIATED FUNDS PROPOSED	106,101,653	101,887,832	106,130,652	110,313,528	4,182,876	3.94%	110,313,528	4,182,876	3.94%

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 2013 (Note: Beginning Balance Fund Balances/Net Assets are estimated)
 (For Budgetary Purposes Only)

	Governmental Funds		Enterprise Funds		Total	% of Appropriated Funds
	General Fund	Special Revenue Funds	Water Fund	Sewer Fund		
Revenues						
Local Fees, Licenses, Permits	863,000				863,000	0.75%
Other Local Sources	7,552,611				7,552,611	6.61%
Parking Revenues	1,434,038	2,601,462			4,035,500	3.53%
Interest & Penalties	325,000	60,000			385,000	0.34%
School Revenues	5,432,500				5,432,500	4.75%
State/Federal Revenues	2,681,242	129,487			2,810,729	2.46%
Fund Transfers					-	0.00%
Use of Fund Balance					-	0.00%
Use of Reserves	2,772,742				2,772,742	2.42%
Property Tax	70,427,700				70,427,700	61.59%
Enterprise Fund Revenues			8,971,377	11,094,005	20,065,382	17.55%
Total Revenues	91,488,833	2,790,949	8,971,377	11,094,005	114,345,164	
Expenditures						
City Council	32,121				32,121	0.03%
City Manager	266,555				266,555	0.24%
Human Resources	2,359,725				2,359,725	2.14%
City Clerk	213,016				213,016	0.19%
Elections	55,013				55,013	0.05%
Legal	477,162				477,162	0.43%
Finance	1,713,910				1,713,910	1.55%
General Administrative/Coll Bargaining	1,372,555				1,372,555	1.24%
Planning	525,617				525,617	0.48%
Inspection	379,301				379,301	0.34%
Public Health	137,175				137,175	0.12%
Public Works	5,743,971	2,601,462	6,728,473	9,055,428	24,129,334	21.87%
Public Library	1,521,392				1,521,392	1.38%
Recreation	783,238				783,238	0.71%
Community Development		129,487			129,487	0.12%
Economic Development		309,845			309,845	0.28%
Public Welfare	338,065				338,065	0.31%
Outside Social Services	148,228				148,228	0.13%
Emergency Management	10,000				10,000	0.01%
Police Department	8,838,885				8,838,885	8.01%
Fire Department	7,155,250				7,155,250	6.49%
School Department	38,302,260				38,302,260	34.72%
Indoor Pool	150,000				150,000	0.14%
Non-Operating	20,965,394				20,965,394	19.01%
Total Expenditures	91,488,833	3,040,794	6,728,473	9,055,428	110,313,528	
Net Increase (Decrease) in Undesignated Fund Balance/Net Assets	-	(249,845)	2,242,904	2,038,577	4,031,636	
Estimated:						
Unassigned/Unrestricted Net Assets Fund Balance - Beginning FY 13	10,329,071	3,272,335	4,986,589	8,560,085	27,148,080	
Fund Balance - Ending FY 13	10,329,071	3,022,490	7,229,493	10,598,662	31,179,716	

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**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2011-2013**

	ESTIMATED REVENUES FY 11	ACTUAL REVENUES FY 11	ESTIMATED REVENUES FY 12	ESTIMATED REVENUES FY 13	% CHANGE	\$\$ CHANGE
Local Fees, Licenses, Permits						
Other Fees	11,000	8,351	11,000	11,000	0.0%	-
Other Licenses	36,000	31,494	36,000	36,000	0.0%	-
Planning Board	25,000	41,679	35,000	35,000	0.0%	-
Board of Adjustments	26,000	30,473	26,000	26,000	0.0%	-
Site Review	40,000	23,991	40,000	30,000	-25.0%	(10,000)
Building Permits-Portsmouth	230,000	236,173	200,000	240,000	20.0%	40,000
Building Permits-Pease	30,000	23,425	40,000	40,000	0.0%	-
Electrical Permits-Portsmouth	55,000	65,730	55,000	55,000	0.0%	-
Electrical Permits-Pease	10,000	18,625	15,000	15,000	0.0%	-
Plumbing Permits-Portsmouth	50,000	124,380	60,000	60,000	0.0%	-
Plumbing Permits-Pease	10,000	30,470	15,000	15,000	0.0%	-
Sign Permits	5,000	7,335	5,000	5,000	0.0%	-
Police Alarms	25,000	35,250	25,000	25,000	0.0%	-
Burning Permits	500	870	500	500	0.0%	-
Excavation Permit	11,500	14,875	11,500	11,500	0.0%	-
Solid Waste	20,000	19,257	20,000	20,000	0.0%	-
Outdoor Pool	12,000	22,085	20,000	20,000	0.0%	-
Recreation Department	170,000	145,710	150,000	150,000	0.0%	-
Indoor Pool	-	-	-	-	0.0%	-
Boat Ramp Fees	6,000	12,440	12,000	12,000	0.0%	-
Food Permits	56,000	66,155	56,000	56,000	0.0%	-
Total Local Fees, Licenses and Permits	829,000	958,768	833,000	863,000	3.6%	30,000
Other Local Sources						
Timber Tax	500	170	500	500	0.0%	-
Payments in Lieu of Taxes	125,000	152,803	125,000	80,000	-36.0%	(45,000)
Municipal Agent Fees	62,000	64,541	63,000	63,000	0.0%	-
Motor Vehicle Permits	3,000,000	2,972,901	3,010,000	3,050,000	1.3%	40,000
Title Applications	11,500	7,313	11,500	10,000	-13.0%	(1,500)
Boat Registrations	-	-	-	1,500	0.0%	1,500
PDA Airport District	2,050,000	2,173,887	2,125,000	2,140,000	0.7%	15,000
Water/Sewer Overhead	927,697	927,697	959,064	977,578	1.9%	18,514
Sale of Municipal Property	5,000	563,528	5,000	5,000	0.0%	-
Misc Revenue	90,000	87,246	90,000	90,000	0.0%	-
Bond Premium	-	-	-	-	0.0%	-
Transfers from Other Funds	-	67,410	-	-	0.0%	-
Dog Licenses	8,500	12,330	8,500	8,500	0.0%	-
Marriage Licenses	2,500	2,240	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	18,000	17,663	18,000	18,000	0.0%	-
Rental of City Property	26,581	26,604	26,581	26,581	0.0%	-
Rental City Hall Complex	118,095	68,760	58,500	58,952	0.8%	452
Cable Franchise Fee	360,000	360,000	360,000	360,000	0.0%	-
Hand Gun Permits	500	1,120	500	500	0.0%	-
Police Outside Detail	90,000	115,067	90,000	90,000	0.0%	-
Fire Alarms	25,000	38,185	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	445,000	654,090	475,000	525,000	10.5%	50,000
Welfare Dept Reimbursements	20,000	48,054	20,000	20,000	0.0%	-
Total Other Local Sources	7,385,873	8,361,607	7,473,645	7,552,611	1.1%	78,966
Parking Revenues						
Parking Meter Fees	960,000	1,047,931	1,200,922	1,370,000	14.1%	169,078
Parking Metered Space Rental	30,000	62,666	35,000	35,000	0.0%	-
Parking Meter-In Dash	1,000	18,624	10,000	30,000	200.0%	20,000
Parking Garage Revenue	1,140,000	1,295,818	1,200,000	1,250,000	4.2%	50,000
Garage Space Passes	580,000	571,648	500,000	540,000	8.0%	40,000
Deer/Hanover Parking Lot	-	30,000	30,000	-	-100.0%	(30,000)
Parking Validation	5,000	14,300	5,000	5,000	0.0%	-
Pass Reinstatement	1,500	2,805	1,500	1,500	0.0%	-
Parking Violations	890,000	773,269	863,754	790,000	-8.5%	(73,754)
Boot Removal Fee	18,000	16,175	13,000	9,000	-30.8%	(4,000)
Summons Admin Fee	10,000	9,415	5,000	5,000	0.0%	-
Total Parking Revenues	3,635,500	3,842,650	3,864,176	4,035,500	4.4%	171,324

**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2011-2013**

	ESTIMATED REVENUES FY 11	ACTUAL REVENUES FY 11	ESTIMATED REVENUES FY 12	ESTIMATED REVENUES FY 13	% CHANGE	\$\$ CHANGE
Interest & Penalties						
Interest on Taxes	160,000	300,578	220,000	220,000	0.0%	-
Interest on Investments	450,000	326,649	330,000	105,000	-68.2%	(225,000)
Total Interest & Penalties	610,000	627,227	550,000	325,000	-40.9%	(225,000)
School Revenues						
Tuition	5,450,000	5,394,068	5,312,000	5,427,000	2.2%	115,000
Other Sources	10,500	12,480	5,500	5,500	0.0%	-
Total School Revenues	5,460,500	5,406,548	5,317,500	5,432,500	2.2%	115,000
State Revenues						
Shared Rev Block Grant	-	-	-	-	0.0%	-
Rooms and Meals Tax	921,495	917,412	921,495	948,455	2.9%	26,960
Highway Block Grant	418,385	418,776	429,329	370,567	-13.7%	(58,762)
State Aid-Land Fill	45,010	45,144	44,134	43,125	-2.3%	(1,009)
Impact Aid	-	2,894	-	-	0.0%	-
Bonded Debt-High School	1,016,222	1,016,190	1,016,222	1,016,222	0.0%	-
Bonded Debt-Middle School	260,560	302,873	302,873	302,873	0.0%	-
Total State Revenues	2,661,672	2,703,289	2,714,053	2,681,242	-1.2%	(32,811)
Transfer to Parking and Transportation	(2,291,724)	(2,291,724)	(2,356,683)	(2,601,462)	10.4%	(244,779)
Use of Fund Balance-Fire Dept Supplemental Appropriat	77,000	77,000	150,000	-	-100.0%	(150,000)
Use of Fund Balance-Indoor Pool	155,000	155,000	150,000	-	-100.0%	(150,000)
Use of Fund Balance-Municipal Complex	-	-	600,000	-	-100.0%	(600,000)
Use of Fund Balance-Youth Recreation Center	1,650,000	1,650,000	-	-	-	-
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve-Bond Premium	512,701	512,701	-	-	-	-
Use of Unused Bond Proceeds	-	-	-	199,242	-	199,242
Use of Reserve for Debt	900,000	900,000	900,000	2,500,000	177.8%	1,600,000
Budgeted Property Tax Levy	66,885,133	66,845,944	67,087,653	70,427,700	5.0%	3,340,047
Total General Fund Revenues	88,544,155	89,822,510	87,356,844	91,488,833	4.7%	4,131,989

GENERAL FUND REVENUE SUMMARY

Municipal	10,168,649	11,498,528	10,364,138	10,174,649	-1.8%	(189,489)
School Revenues	5,460,500	5,406,548	5,317,500	5,432,500	2.2%	115,000
State Revenues	2,661,672	2,703,289	2,714,053	2,681,242	-1.2%	(32,811)
Use of Fund Balance-Fire Dept Supplemental App	77,000	77,000	150,000	-	-100.0%	(150,000)
Use of Fund Balance-Indoor Pool	155,000	155,000	150,000	-	-100.0%	(150,000)
Use of Fund Balance-Municipal Complex	-	-	600,000	-	-100.0%	(600,000)
Use of Fund Balance-Youth Recreation Center	1,650,000	1,650,000	-	-	-	-
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve-Bond Premium	512,701	512,701	-	-	0.0%	-
Use of Unused Bond Proceeds	-	-	-	199,242	0.0%	199,242
Use of Reserve for Debt	900,000	900,000	900,000	2,500,000	177.8%	1,600,000
Budgeted Property Tax Levy	66,885,133	66,845,944	67,087,653	70,427,700	5.0%	3,340,047
Total General Fund Revenues	88,544,155	89,822,510	87,356,844	91,488,833	4.7%	4,131,989

General Fund Revenue Descriptions and Trends

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

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

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

Local Fees, Licenses, Permits:

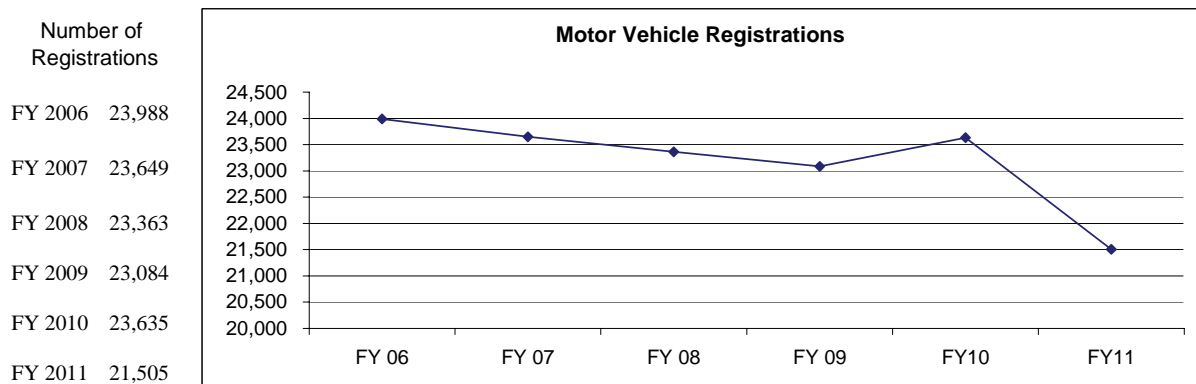
-Revenue raised from locally administered fees, licenses and permits are collected by a variety of departments. Fees charged as well as statistics for each fee are listed in the back of this budget booklet (Appendix III). Local fees are administered to recoup administrative costs associated with producing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

Other Local Sources:

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

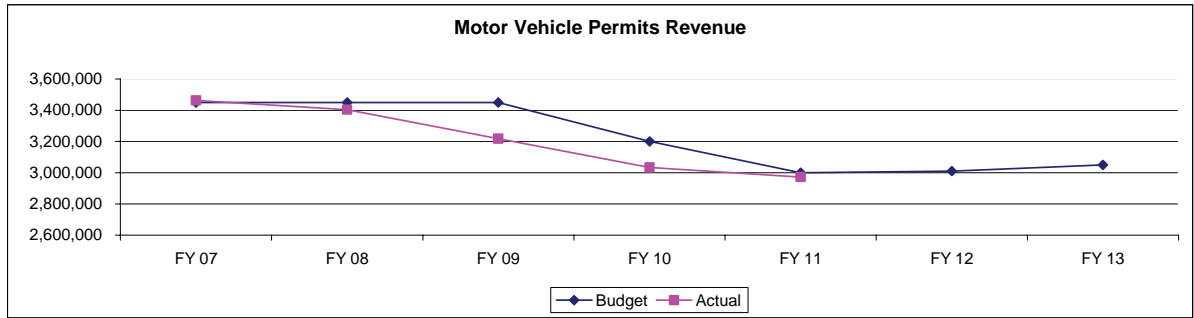
-Municipal Agent Fees – RSA 261:74 -d \$3.00 fee charged for each motor vehicle registration.

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



The state statute sets the Motor Vehicle fee as follows:

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

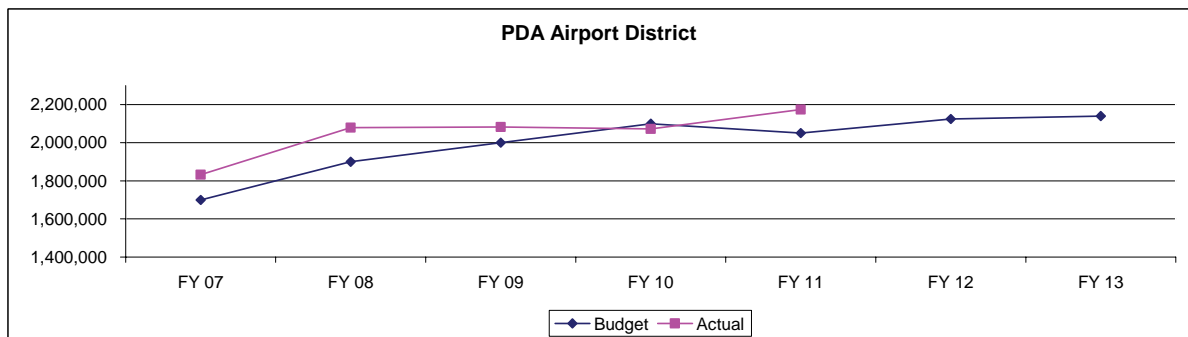


	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	3,450,000	3,450,000	3,450,000	3,200,000	3,000,000	3,010,000	3,050,000
Actual	3,463,042	3,403,351	3,218,434	3,034,075	2,972,901		

-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 Agent and Collection Fees – RSA 270-E:5 II-c, RSA 72-A:4 III and RSA 72-A:3 set the rates for each boat registration.

-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 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	1,700,000	1,900,000	2,000,000	2,100,000	2,050,000	2,125,000	2,140,000
Actual	1,832,050	2,078,440	2,081,549	2,072,657	2,173,887		

- Water/Sewer Overhead** – A calculation of Water/Sewer Departments usage of General Government employees and office space to which is reimbursed to the General Fund from the Enterprise Funds.
- Dog Licenses** – RSA 466 – An annual License Fee. Portions of the amount collected go to the State.
- Marriage Licenses** – RSA 457:29 - \$45 is collected for issuing a Marriage License with \$38 going to the State and \$7 remaining with the City.
- Certificates-Birth, Death and Marriage** – RSA 5-C:10 – The City collects a fee in advance from individuals requesting any copy or verification of vital records.
- Rental of City Hall Complex** – Rent received from nonprofit organizations who lease office space in the Seybolt portion of City Hall. Rent is based on square footage used and actual cost to maintain the Seybolt portion of City Hall.
- Cable Franchise Fee** – A Portsmouth Cable Franchise Agreement between the City and local cable television provider stipulates that a 5% franchise fee will be charged to local cable television subscribers. The City Council voted August 3, 2009 to allow any franchise fee collected over \$360,000 to be directed to the Cable Television Public Access Charitable Trust. The amount directed to the trust in FY 11 was \$65,399.
- Hand Gun Permits** – RSA 159:6 Revenues received when the Chief of Police issues a Hand Gun Permit, if the applicant is a suitable person to be licensed.
- Police Outside Detail** – The overhead portion received from the rate charged to vendors when a police detail is used.
- Fire Alarms** – City Ordinance Chapter 5: Article VIII Section 804 – Any person, firm, or corporation maintaining an alarm system located wholly or in part on City premises shall be subject to a service charge.
- Ambulance Fees** – City Ordinance Chapter 5: Article VI Section 601 – Establishes the rate for which emergency medical services shall be charged by the Fire Department.
- Welfare Dept Reimbursements** – RSA 165 – Reimbursements come from federal or state agencies if a welfare recipient becomes eligible for retroactive Social Security or Medicaid; from liens on legal settlements and on real property; from other New Hampshire towns which may be financially responsible for the recipient; or directly from recipients if they become able to reimburse.

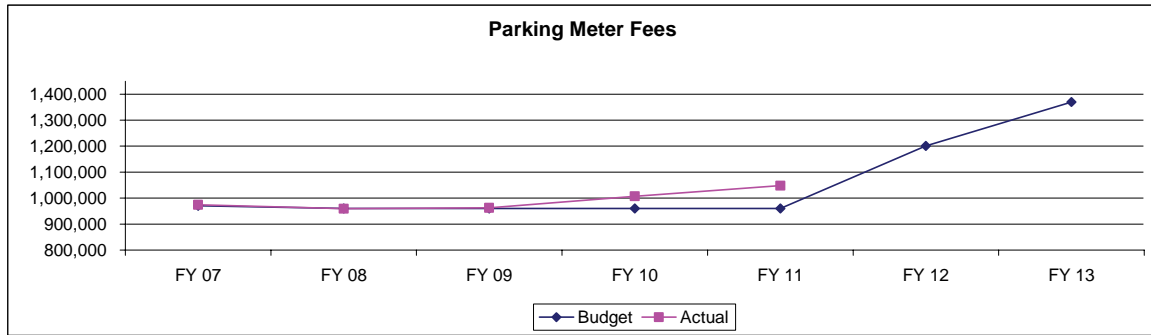
Parking Revenue:

Parking Metered Space Rental - City Ordinance Chapter 7. The Department of Public Works may issue to a contractor or person actually engaged in construction and repair work, a temporary permit for exclusive use of a metered parking space for the parking of a vehicle or other equipment being used in construction or repair work (\$20 per day per space proposed to increase to \$30 per day per space in FY 13).

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

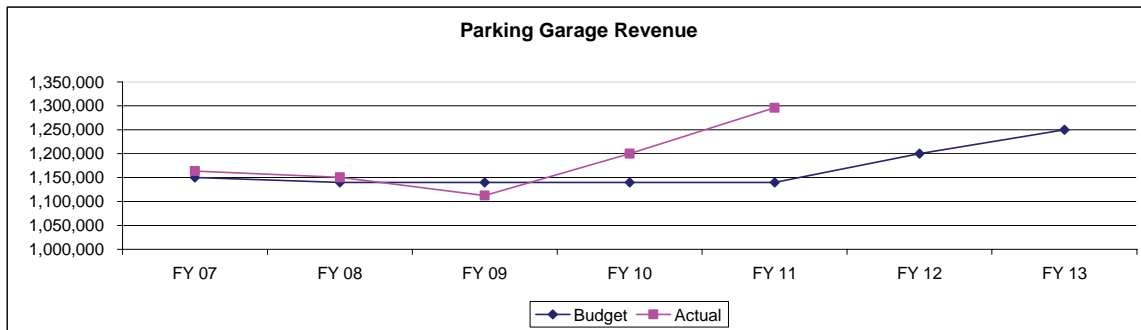
Parking Meter Fees – City Ordinance Chapter 7 – There are approximately 200 single space parking meters and 60 multi-space parking pay stations throughout the City charging \$1.00 per hour. The rates were raised in FY 05 from \$0.50 to \$0.75 per hour and then again in May 2011 \$1.00 per hour. One pay station can take the place of 10 on street parking meters or 30 surface parking spaces. Times and days of enforcement for the meters are as follows: Sunday noon-

7pm and Monday through Saturday 9am to 7pm. The multi-space pay stations allows for payment by credit card which the single space meters do not. Parking Meter Fees revenue is determined using quantitative forecasting trend analysis.



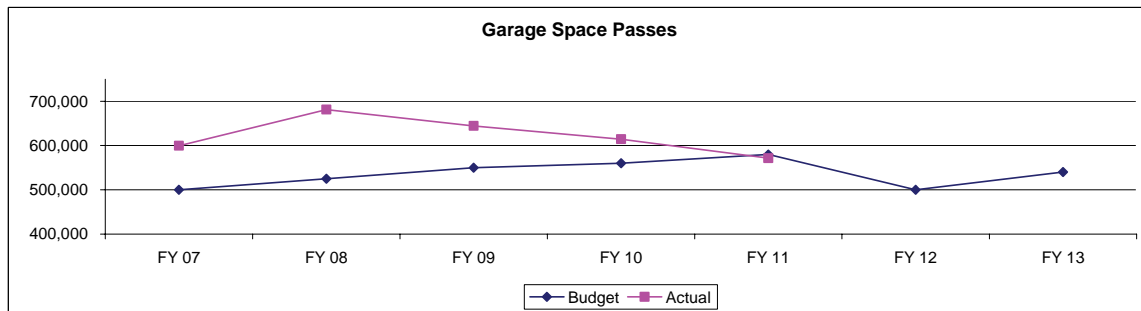
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	970,000	960,000	960,000	960,000	960,000	1,200,922	1,370,000
Actual	974,419	959,481	962,454	1,007,637	1,047,931		

-Parking Garage Revenue – City Ordinance Chapter 7 - Revenue from non-pass customers in the High-Hanover Parking Facility. Rates per hour are \$0.75 in the 903 space facility, raised in FY05 from \$0.50 per hour. As with Parking Meters, Parking Garage revenue is determined using quantitative forecasting trend analysis.



	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	1,150,000	1,140,000	1,140,000	1,140,000	1,140,000	1,200,000	1,250,000
Actual	1,163,899	1,150,535	1,112,516	1,199,995	1,295,818		

-Garage Space Passes – City Ordinance Chapter 7 - Monthly pass holders payments in the High-Hanover Parking Facility. A 24-hour pass is \$100 per month while a 12-hour pass is \$80 per month. As of March 2012 there were 311- 12-hour passes, 315- 24 hour passes issued.



	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	500,000	525,000	550,000	560,000	580,000	500,000	540,000
Actual	599,621	681,160	644,480	614,260	571,648		

-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.

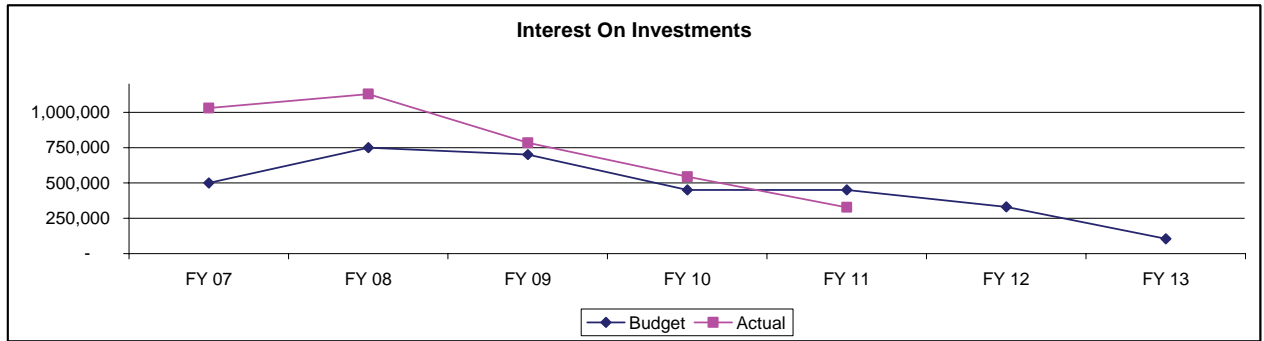
-Summons Administration Fee - City Ordinance Chapter 7 – Any person or entity for which the City serves a summons for any traffic or parking offense is also liable to the City for a summons administration fee.

-Transfer to Parking and Transportation Fund – Amount transferred to parking and transportation fund for operations of the and capital needs of parking and transportation.

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.

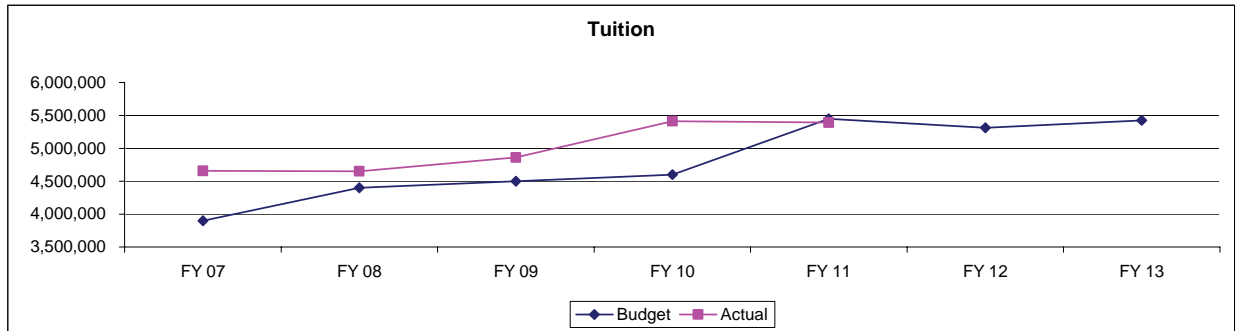
-Interest on Investments – The amount of interest earned from deposits.



	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	500,000	750,000	700,000	450,000	450,000	330,000	105,000
Actual	1,029,416	1,129,057	784,355	543,298	326,649		

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 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	3,900,000	4,400,000	4,500,000	4,600,000	5,450,000	5,312,000	5,427,000
Actual	4,659,605	4,651,069	4,861,391	5,412,759	5,394,068		

-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:

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

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

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

-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 75% while distributing 25%.

**State of NH
Rooms and Meals Tax Distribution Analysis**

	FY 2008	FY 2009(1)	FY 2010(2)	FY 2011(2)	FY 2012(2)
Rooms & Meals Tax Revenue	\$202,539,068	\$206,984,382	\$203,484,091	\$228,291,000	\$233,964,220
Cost of Administration by DRA	\$2,604,444				
% change in DRA administration	6%	-100%			
Net Rooms & Meals Tax Revenue (Increase from previous FY)	199,934,624 3.17%	206,984,382 2.17%	203,484,091 -1.69%	228,291,000 12.19%	233,964,220 2.49%
Previous FY Rooms & Meals Tax Revenue	\$193,788,000	\$202,595,000	\$206,984,382	\$203,484,091	\$228,291,000
Increase/Decrease	6,146,624	4,389,382	(3,500,291)	24,806,909	5,673,220
75 % of Increase In Revenues	4,609,968	3,292,037			
Lesser of above or \$5,000,000					
Previous Year Distribution	50,903,052	55,513,020	58,805,057	58,805,057	58,805,057
Total Amount to be Distributed (Increase from previous FY)	FY 2008 55,513,020 9.06%	FY 2009(1) 58,805,057 5.93%	FY 2010(2) 58,805,057 0.00%	FY 2011(2) 58,805,057 0.00%	FY 2012(2) 58,805,057 0.00%
<u>Distributed by Population</u>					
Total Population	1,315,227	1,315,224	1,315,215	1,324,795	1,317,208
Portsmouth	20,811	20,610	20,520	20,668	21,245
Portsmouth %	1.58%	1.57%	1.56%	1.56%	1.61%
Portsmouth \$ Share	878,389	921,495	917,477	917,412	948,456
<u>Distribution % (Goal 60% State 40% Local)</u> (Per RSA 78-A:26)					
State of NH	72.23%	71.59%	71.10%	74.24%	74.87%
NH Communities	27.77%	28.41%	28.90%	25.76%	25.13%

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

(2) Per the New Hampshire Operating Budget adopted for FY 2010 and 2011(HB 2) The State Treasurer shall fund the distribution of Meals and Rooms Tax at no more than the Fiscal Year 2009 levels. 2012 was not to be more than 2011

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.

-Use of Unused Bond Proceeds – Unused bond proceeds from the Fire Station 2 Land Acquisition (\$14,242) and Fire Station 2 construction (\$185,000) to be utilized for FY13 debt principal payment.

Property Taxes:

-Property Taxes – Property Taxes are Portsmouth’s largest revenue source. The City levies and collects taxes according to state law. Property Taxes are an ad valorem tax (Latin for according to value). There are approximately 8,700 residential and commercial properties (not all taxable) within the city. The amount of property tax levied is directly related to the amount of appropriation less all other revenues estimated. Budgeted property tax revenue is estimated to be \$70,427,700 in the FY13 proposed budget.

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



Assessed Value	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
With Utilities	3,680,472,581	3,730,985,415	3,781,039,963	3,807,536,521	3,903,031,800	3,971,444,698
% change from previous f	18.5%	1.4%	1.3%	0.7%	2.5%	1.8%
Without Utilities	3,547,403,779	3,557,733,890	3,607,856,910	3,634,413,852	3,721,242,300	3,803,608,220
% change from previous f	18.8%	0.3%	1.4%	0.7%	2.4%	2.2%
State Equalized for Debt l	4,180,745,006	4,086,528,948	4,249,484,787	4,161,741,642	4,088,268,814	N/A
% change from previous f	9.2%	-2.3%	4.0%	-2.1%		
% of County Value	8.69%	9.23%	9.06%	9.45%	9.95%	9.96%
Tax rate						
Town Rate	7.27	7.55	8.14	8.01	8.50	8.42
Local School	5.16	5.50	5.49	5.72	5.40	5.34
State School	2.41	2.34	2.40	2.32	2.43	2.46
County	0.88	0.95	0.95	1.04	1.08	1.05
Total Rate	15.72	16.34	16.98	17.09	17.41	17.27

PROPERTY TAXES

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	56,997,051	59,759,718	62,748,088	63,771,385	66,885,133	67,087,653	70,427,700
Actual	56,716,643	60,137,120	62,778,244	64,276,918	66,845,944		

**CITY OF PORTSMOUTH
WATER FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2011-2013**

	BUDGETED REVENUES FY11	ACTUAL REVENUES FY 11	BUDGETED REVENUES FY 12	ESTIMATED REVENUES FY 13	% CHANGE	\$\$ CHANGE
WATER CONSUMPTION						
MUNICIPAL	256,453	171,389	238,908	191,079	-20.0%	(47,829)
OTHER UTILITIES WATER	56,482	55,473	45,550	45,550	0.0%	-
COMMERCIAL TYPE 1	3,468,953	3,525,550	3,313,337	3,128,019	-5.6%	(185,318)
INDUSTRIAL TYPE 1	968,955	1,265,958	976,542	1,624,706	66.4%	648,164
RESIDENTIAL TYPE 1	3,859,852	3,422,397	3,536,616	3,306,123	-6.5%	(230,493)
TOTAL WATER CONSUMPTION	8,610,695	8,440,766	8,110,953	8,295,477	2.3%	184,524
PUBLIC HYDRANT FEES						
HYDRANT RENTAL INCOME	107,500	104,000	107,500	107,500	0.0%	-
TOTAL PUBLIC HYDRANT FEES	107,500	104,000	107,500	107,500	0.0%	-
PRIVATE FIRE SERVICE FEES						
FIRE SERVICES	201,000	207,729	185,000	201,000	8.6%	16,000
TOTAL PRIVATE FIRE SERVICE	201,000	207,729	185,000	201,000	8.6%	16,000
MISCELLANEOUS FEES						
JOB WORKED SERVICES	100,000	62,703	80,000	70,000	-12.5%	(10,000)
BACKFLOW TESTING	100,000	84,770	100,000	85,000	-15.0%	(15,000)
SERVICE CHARGES-SPECIAL	35,000	29,972	28,000	28,000	0.0%	-
PENALTY INCOME	9,000	(80)	9,000	-	-100.0%	(9,000)
INTEREST ON INVESTMENTS	25,000	9,973	18,000	8,000	-55.6%	(10,000)
BOND PREMIUM AMORTIZATION	-	31,400	31,400	31,400	0.0%	-
MISCELLANEOUS	45,000	35,399	45,000	45,000	0.0%	-
COST OF SALES	-	(44,586)	-	-	#DIV/0!	-
TOTAL MISCELLANEOUS FEES	314,000	209,551	311,400	267,400	-14.1%	(44,000)
STATE REVENUES						
STATE GRANT PROGRAMS	-	52,127	-	-	#DIV/0!	-
HOUSEHOLD HAZARDOUS WASTE	-	6,016	-	-	#DIV/0!	-
TOTAL STATE REVENUES	-	58,143	-	-	#DIV/0!	-
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	-	20,515	-	-	#DIV/0!	-
TOTAL SPECIAL AGREEMENTS	-	20,515	-	-	#DIV/0!	-
OTHER FINANCING SOURCES						
SALE OF MUNICIPAL PROPERTY	-	15,500	-	-	#DIV/0!	-
USE OF RETAINED EARNINGS	275,746	-	146,400	100,000	-31.7%	(46,400)
TOTAL OTHER FINANCING SOURCES	275,746	15,500	146,400	100,000	-31.7%	(46,400)
TOTAL WATER FUND	9,508,941	9,056,204	8,861,253	8,971,377	1.2%	110,124

Water Fund Revenue Descriptions and Trends

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

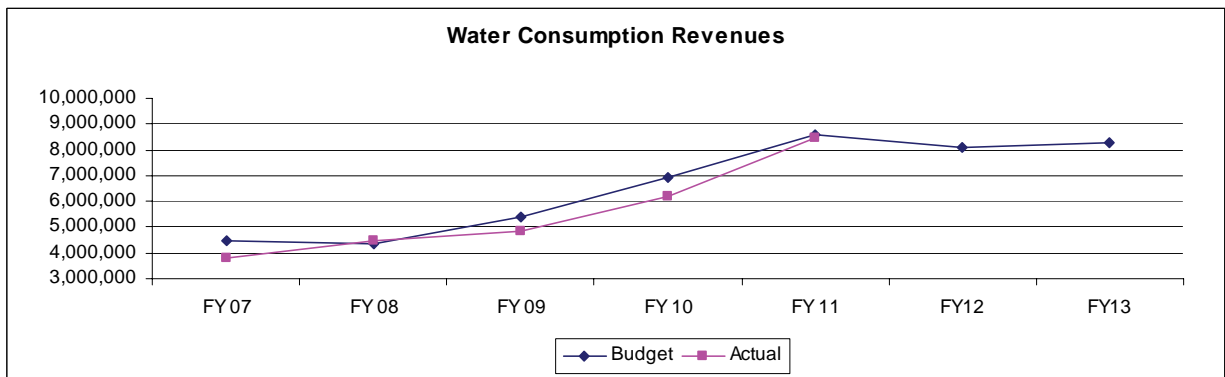
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

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

Water Consumption Revenues:

-Water Consumption Revenues- City Ordinance Chapter 16- Revenue generated from water consumption by customers. Revenue generated from this source is the primary cash flow for the division. The Water Fund recognized an increase in water consumption revenues for FY10 attributable to the increase in the water rate. The water rates for FY13 will remain the same as FY12. 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 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Budget	\$4,485,506	\$4,325,983	\$5,408,581	\$6,918,561	\$8,610,695	\$8,110,953	\$8,295,477
Actual	\$3,792,280	\$4,487,839	\$4,859,701	\$6,204,960	\$8,440,766		

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 minor changes and additions to commercial properties, the Water Fund has slightly changed the anticipated revenue generation from this revenue source.

Miscellaneous Fees:

-Job Worked Sales – City Ordinance Chapter 16- Services rendered by the Water division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of water service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year. The fund has projected annual revenue of \$70,000-\$120,000 for the past five years. Actual revenues have ranged from \$63,000 to \$128,000 annually.

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

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

-Penalty Income – Water bills are due and payable upon presentation. Implementation of monthly billing effective FY11; combined with other collection processes has eliminated the assessment of penalty charges. The City is forecasting no income from this source.

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

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

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

State Revenues:

-State Grant Program – RSA 486-A:3. Revenue received from the State of New Hampshire for funding water works projects to meet the surface water treatment rules of the EPA. The Water Fund continues to monitor opportunities to apply for grants as they become available. The City expects no revenue in FY13 from this program.

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

Special Agreements:

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

Other Financing Sources:

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

CITY OF PORTSMOUTH
SEWER FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2011-2013

	BUDGETED REVENUES FY 11	ACTUAL REVENUES FY 11	BUDGETED REVENUES FY 12	ESTIMATED REVENUES FY 13	% CHANGE	\$\$ CHANGE
SEWER CONSUMPTION						
MUNICIPAL	86,992	83,015	166,289	128,997	-22.4%	(37,292)
OTHER UTILITIES WATER	220,275	257,489	282,316	339,332	20.2%	57,016
COMMERCIAL TYPE 1	3,050,139	3,230,705	3,682,502	4,170,489	13.3%	487,987
INDUSTRIAL TYPE 1	541,318	657,355	751,653	1,578,745	110.0%	827,092
RESIDENTIAL TYPE 1	2,803,526	2,793,225	4,024,648	4,171,795	3.7%	147,147
TOTAL SEWER CONSUMPTION	6,702,250	7,021,789	8,907,408	10,389,358	16.6%	1,481,950
MISCELLANEOUS FEES						
JOB WORKED SERVICES	10,000	-	10,000	10,000	0.0%	-
SEPTAGE	115,000	145,850	115,000	130,000	13.0%	15,000
PENALTY INCOME	9,500	(36)	9,500	-	-100.0%	(9,500)
INTEREST ON INVESTMENTS	100,000	9,332	10,000	8,000	-20.0%	(2,000)
GREAT BAY ESTUARY	-	98,273	-	-	#DIV/0!	-
PERMITS	2,500	1,995	2,500	2,500	0.0%	-
MISCELLANEOUS	60,000	79,806	60,000	60,000	0.0%	-
COST OF SALES	-	-	-	-	#DIV/0!	-
TOTAL MISCELLANEOUS FEES	297,000	335,220	207,000	210,500	1.7%	3,500
STATE REVENUES						
HOUSEHOLD HAZARDOUS WASTE	-	3,747	-	-	#DIV/0!	-
STATE AID GRANT PROGRAM	1,264,412	1,315,206	1,203,921	423,687	-64.8%	(780,234)
TOTAL STATE REVENUES	1,264,412	1,318,952	1,203,921	423,687	-64.8%	(780,234)
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	70,532	135,830	35,335	28,931	-18.1%	(6,404)
PEASE REIMBURSE SEWER LOAN	51,912	-	46,720	41,529	-11.1%	(5,191)
TOTAL SPECIAL AGREEMENTS	122,444	135,830	82,055	70,460	-14.1%	(11,595)
OTHER FINANCING SOURCES						
SALE OF MUNICIPAL PROPERTY	-	19,220	-	-	#DIV/0!	-
USE OF RETAINED EARNINGS	1,865,910	-	1,400,000	-	-100.0%	(1,400,000)
TOTAL OTHER FINANCING SOURCES	1,865,910	19,220	1,400,000	-	-100.0%	(1,400,000)
TOTAL SEWER FUND	10,252,016	8,831,011	11,800,384	11,094,005	-6.0%	(706,379)

Sewer Fund Revenue Descriptions and Trends

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

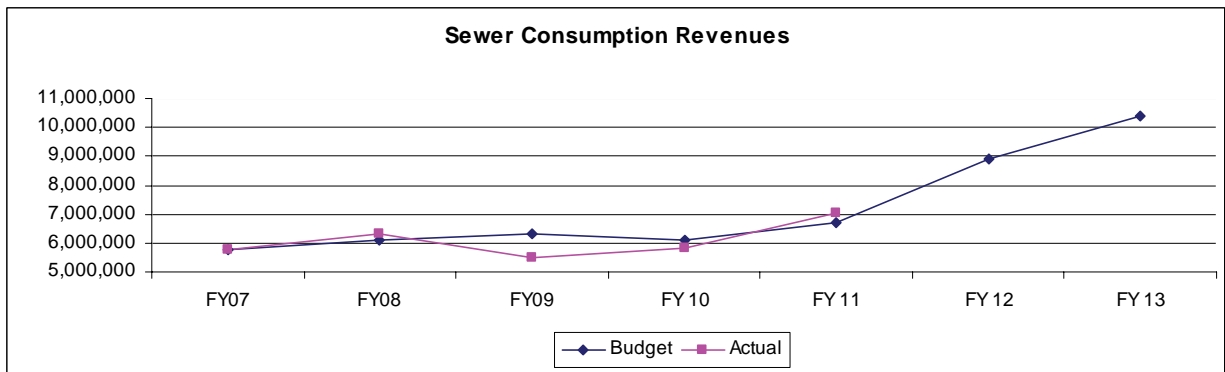
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Revenues
- 4) Special Agreements
- 5) Other Financing Sources

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

Sewer Consumption Revenues:

-Sewer Consumption Revenues- Ordinance - Revenue generated from sewer consumption by customers. The revenue generated from this source is the primary cash flow for the division. The Sewer Fund recognized an increase in user rate revenues for FY11. Fluctuations in this revenue source are similar to Water in that while expected they are unpredictable and difficult to budget. The Sewer Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

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



	FY07	FY08	FY09	FY 10	FY 11	FY 12	FY 13
Budget	\$5,751,538	\$6,119,175	\$6,313,698	\$6,116,404	\$6,702,250	\$8,907,408	\$10,389,358
Actual	\$5,759,147	\$6,294,287	\$5,497,279	\$5,800,047	\$7,021,789		

Miscellaneous Fees:

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

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

The Sewer Fund has experienced an annual increase in revenues for the past five 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 and in FY11 a temporary closure of a local receiving facility.

-Penalty Income – Sewer bills are due and payable upon presentation. Implementation of monthly billing effective FY11; combined with other collection processes has eliminated the assessment of penalty charges. The City is forecasting no income from this source.

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

-Great Bay Estuary – The City is participating in a regional coalition called the Great Bay Estuary Coalition. The City has agreed to sponsor expert firms for the benefit of all parties. This revenue source is the contribution made by other members of the coalition towards the cost associated with the efforts.

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

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

State Revenues:

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

program. In FY12, the city received its final 75% grant reimbursement in association with the 1992 PIWWTP bonding.

Special Agreements:

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

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

Other Financing Sources:

-Budgetary Use of Retained Earnings – The budgeted use of fund balance is typically used to stabilize rate increases from year to year. In FY13, the City will not be utilizing fund balance.

CITY OF PORTSMOUTH
SPECIAL REVENUE FUNDS
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2011-2013

	BUDGETED REVENUES FY 11	ACTUAL REVENUES FY 11	ESTIMATED REVENUES FY 12	ESTIMATED REVENUES FY 13	% CHANGE	\$\$ CHANGE
Community Development						
CDBG Entitlement	143,800	122,584	127,827	96,998	-24.1%	(30,829)
Housing Rehab Program	51,700	43,717	19,455	30,889	58.8%	11,434
PEDLP	1,800	1,623	1,600	1,600	0.0%	-
Total Community Development	197,300	167,924	148,882	129,487	-13.0%	(19,395)
UDAG Interest	68,000	60,131	64,000	60,000	-6.3%	(4,000)
Use of Fund Balance-UDAG	288,375	237,585	240,326	249,845	4.0%	9,519
Total Economic Development-UDAG	356,375	297,716	304,326	309,845	1.8%	5,519
Parking and Transportation						
Portion of Total Parking Revenue	2,291,724	2,291,724	2,342,683	2,601,462	11.0%	258,779
Total Parking and Transportation	2,291,724	2,291,724	2,342,683	2,601,462	11.0%	258,779
Total Special Revenue Funds	2,845,399	2,757,364	2,795,891	3,040,794	8.8%	244,903

Special Revenue Fund Revenue Descriptions and Trends

Community Development:

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

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

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

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

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

Parking and Transportation:

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



DEBT SERVICE

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

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

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

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

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

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

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

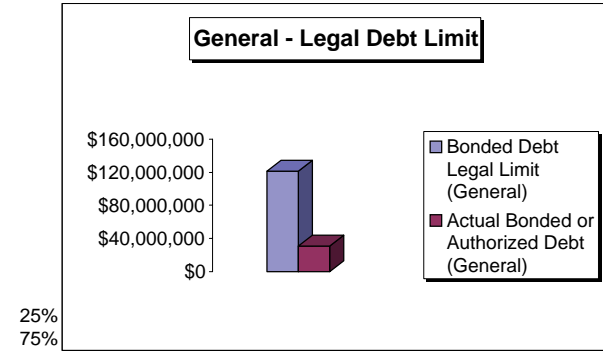
LONG TERM DEBT OUTSTANDING BALANCES (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)

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

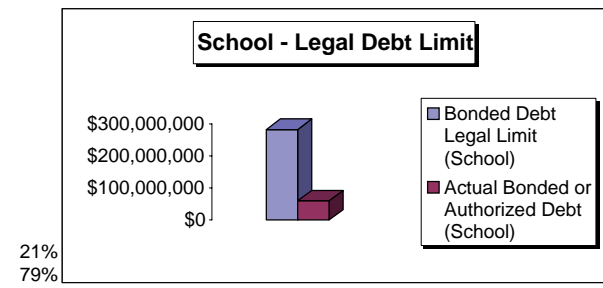
CITY OF PORTSMOUTH, NEW HAMPSHIRE
 Computation of Legal Debt Margin
 As of June 30, 2011

Modified local assessed valuation Department of Revenue Administration inventory adjustment	\$ 3,927,256,000
	<u>117,173,991</u>
Equalized assessed valuation Adjustment: RSA 31-A	4,044,429,991
	<u>-</u>
Base valuation for debt limit (1)	<u>\$ 4,044,429,991</u>

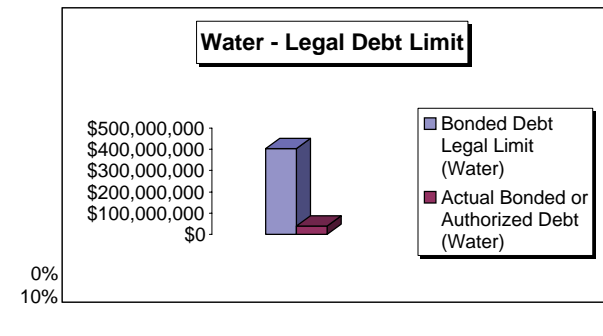
Bonded debt limit - 3.0% of base (General Debt)	\$ 121,332,900
Gross bonded debt June 30	25,755,855
Less:	
Landfill (4)	1,735,855
	<u>24,020,000</u>
Authorized but unissued	
FY11 Citywide Facilities	6,400,000
Fire Apparatus	500,000
	<u>6,900,000</u>
Total debt applicable to 3% limitation	<u>30,920,000</u>
Legal Debt Margin	\$ <u>90,412,899.73</u>



Bonded debt limit - 7.0% of base (School Debt) (5)	\$ 283,110,099.37
Gross bonded debt June 30,	37,850,000
	<u>37,850,000</u>
Authorized but unissued	
Middle School	22,500,000
	<u>22,500,000</u>
Total debt applicable to 7% limitation	<u>60,350,000</u>
Legal Debt Margin	\$ <u>222,760,099.37</u>



Bonded debt limit - 10% of base (Water Fund) (2) (3)	404,442,999.10
Gross bonded debt June 30,	
Water bonds	20,968,036
	<u>20,968,036</u>
Authorized but unissued	
Water System Improvements	1,320,000
Capital Projects	7,842,303
Madbury Water Treatment Plant	9,000,000
	<u>18,162,303</u>
Total debt applicable to 10% limitation	<u>39,130,339</u>
Legal Debt Margin	<u>365,312,660</u>



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

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

			<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
ISSUED DEBT													
GENERAL FUND-Issued Debt													
General Government													
09/15/02 01 Improvements	3.69%	3,750,000											
Principal-Last Pmt FY 13		10 Yr	375,000	375,000									
Interest			19,219	6,563									
09/15/02 Peverly/Banfield Rd	3.69%	400,000											
Principal-Last Pmt FY 13		10 Yr	40,000	40,000									
Interest			2,050	700									
09/15/02 Spinnaker Point	3.69%	500,000											
Principal-Last Pmt FY 13		10 Yr	50,000	50,000									
Interest			2,563	875									
09/15/02 03 Improvements	3.69%	3,990,000											
Principal-Last Pmt FY 13		10 Yr	400,000	390,000									
Interest			20,150	6,825									
06/15/08 Fire Apparatus	3.79%	750,000											
Principal-Last Pmt FY 13		5 YR	150,000	150,000									
Interest			10,500	5,250									
08/01/05 05 Improvements	3.95%	2,945,000											
Principal-Last Pmt FY 16		10 Yr	295,000	295,000	295,000	295,000	290,000						
Interest			52,900	41,100	29,300	17,500	5,800						
06/15/07 New Castle Ave/Seawall	4.00%	600,000											
Principal-Last Pmt FY 17		10 Yr	60,000	60,000	60,000	60,000	60,000	60,000	60,000				
Interest			14,625	12,225	9,825	7,425	5,025	2,475					
06/15/07 06 Improvements	4.00%	950,000											
Principal-Last Pmt FY 17		10 Yr	95,000	95,000	95,000	95,000	95,000	95,000	95,000				
Interest			23,156	19,356	15,556	11,756	7,956	3,919					
06/15/07 07 Improvements	4.00%	4,450,000											
Principal-Last Pmt FY 17		10 Yr	445,000	445,000	445,000	445,000	445,000	445,000	445,000				
Interest			108,469	90,669	72,869	55,069	37,269	18,356					
12/14/11 Fire Apparatus	2.86%	500,000											
Principal-Last Pmt FY 17		5 YR		100,000	100,000	100,000	100,000	100,000	100,000				
Interest			8,814	18,000	14,500	12,000	7,500	2,500					
06/15/08 08 Improvements	3.79%	2,500,000											
Principal-Last Pmt FY 18		10 Yr	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000			
Interest			64,375	55,625	46,875	38,125	28,750	19,375	10,000				
11/18/98 Coakley 20	3.80%	3,605,773											
Principal-Last Pmt FY 19		20 YR	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289		
Interest			54,808	47,957	41,106	34,255	27,404	20,553	13,702	6,851			
06/15/09 09 Improvements	3.76%	3,500,000											
Principal-Last Pmt FY 19		10 Yr	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000			
Interest			140,000	122,500	105,000	87,500	70,000	52,500	35,000	17,500			
05/15/10 10 Improvements	3.27%	1,800,000											
Principal-Last Pmt FY 20		10 Yr	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000		
Interest			53,550	50,850	47,250	43,200	38,700	31,500	24,300	16,200	8,100		
07/01/00 Coakley OU-2 20 yr	3.80%	652,330											
Principal-Last Pmt FY 20		20 YR	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	
Interest			11,155	9,915	8,676	7,437	6,197	4,958	3,718	2,479	1,239		
12/14/11 11 Improvements	2.86%	6,400,000											
Principal-Last Pmt FY 22		10 YR		640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Interest			112,818	236,800	220,800	198,400	169,600	137,600	112,000	96,000	76,800	48,000	16,000
08/01/05 Library	3.95%	6,960,000											

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

		<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Net Issued Debt-General Fund		7,063,419	7,468,640	7,506,474	7,327,768	6,920,688	6,008,982	5,463,976	5,568,372	5,046,233	4,552,634	4,332,859
PROJECTED FUTURE DEBT:												
GENERAL FUND-Projected Future Debt		<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Allocation to Debt Reserve		906,107										
10 yr 3.75%	SCHOOL FACILITIES CAPITAL IMPROVEMENTS	500,000	9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688	52,813
10 yr 3.75%	LITTLE HARBOUR INSTRUCTIONAL SPACE EXPANSION	500,000	9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688	52,813
10 yr 3.75%	DOWNTOWN SIDEWALK REPLACEMENT PROGRAM	700,000	13,125	94,938	92,313	89,688	87,063	84,438	81,813	79,188	76,563	73,938
10 yr 3.75%	SAGAMORE BRIDGE REPLACEMENT	540,000	10,125	73,238	71,213	69,188	67,163	65,138	63,113	61,088	59,063	57,038
10 yr 3.75%	SCOTT AVENUE BRIDGE REPLACEMENT	725,000	13,594	98,328	95,609	92,891	90,172	87,453	84,734	82,016	79,297	76,578
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000	7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750	42,250
10 yr 3.75%	ALDRICH ROAD TRAFFIC SAFETY IMPROVEMENTS	300,000	5,625	40,688	39,563	38,438	37,313	36,188	35,063	33,938	32,813	31,688
10 yr 3.75%	PEASE-ROADWAY REHABILITATIONS	500,000	9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688	52,813
Total FY 13 New Bonding		4,165,000										
5 yr 3.75 %	HEAVY RESCUE UNIT 1	500,000		9,375	116,875	113,125	109,375	105,625	101,875			
10 yr 3.75%	RECREATION STUDY: NEW FIELD CONSTRUCTION	500,000		9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
10 yr 3.75%	CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS	1,000,000		18,750	135,625	131,875	128,125	124,375	120,625	116,875	113,125	109,375
10 yr 3.75%	CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	600,000		11,250	81,375	79,125	76,875	74,625	72,375	70,125	67,875	65,625
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000		7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750
10 yr 3.75%	GATEWAY IMPROVEMENTS-EXIT 7	550,000		10,313	74,594	72,531	70,469	68,406	66,344	64,281	62,219	60,156
10 yr 3.75%	STREET PAVING, MANAGEMENT AND REHABILITATION	2,500,000		46,875	339,063	329,688	320,313	310,938	301,563	292,188	282,813	273,438
10 yr 3.75%	ISLINGTON STREET-STREETScape IMPROVEMENTS	500,000		9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
10 yr 3.75%	MAPLEWOOD AVENUE REHABILITATION	1,300,000		24,375	176,313	171,438	166,563	161,688	156,813	151,938	147,063	142,188
Total FY 14 New Bonding		7,350,000										
10 yr 3.75%	RECREATION STUDY: NEW FIELD CONSTRUCTION	3,400,000			63,750	461,125	448,375	435,625	422,875	410,125	397,375	384,625
10 yr 3.75%	McDONOUGH STREET AREA IMPROVEMENTS	400,000			7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250
10 yr 3.75%	PEASE-ROADWAY REHABILITATIONS	500,000			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563
Total FY 15 New Bonding		4,300,000										
5 yr 3.75%	FIRE ENGINE #6	600,000				11,250	140,250	135,750	131,250	126,750	122,250	
10 yr 3.75%	SCHOOL FACILITIES CAPITAL IMPROVEMENTS	500,000				9,375	67,813	65,938	64,063	62,188	60,313	58,438
20 yr 3.75%	ELEMENTARY SCHOOL UPGRADES	10,000,000				187,500	865,625	846,875	828,125	809,375	790,625	771,875
10 yr 3.75%	CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	600,000				11,250	81,375	79,125	76,875	74,625	72,375	70,125
10 yr 3.75%	GATEWAY IMPROVEMENTS-EXIT 7	550,000				10,313	74,594	72,531	70,469	68,406	66,344	64,281

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

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
10 yr 3.75% STREET PAVING, MANAGEMENT AND REHABILITATION	2,500,000				46,875	339,063	329,688	320,313	310,938	301,563	292,188
10 yr 3.75% ISLINGTON STREET-STREETScape IMPROVEMENTS	500,000				9,375	67,813	65,938	64,063	62,188	60,313	58,438
Total FY 16 New Bonding	15,250,000										
20 yr 3.75% FIRE STATION THREE REPLACEMENT	3,000,000					56,250	259,688	254,063	248,438	242,813	237,188
20 yr 3.75% ELEMENTARY SCHOOL UPGRADES	10,000,000					187,500	865,625	846,875	828,125	809,375	790,625
10 yr 3.75% RECREATION STUDY: NEW FIELD CONSTRUCTION	400,000					7,500	54,250	52,750	51,250	49,750	48,250
10 yr 3.75% CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS	1,000,000					18,750	135,625	131,875	128,125	124,375	120,625
10 yr 3.75% INTERSECTION IMPROVEMENT: BARTLETT AND ISLINC	1,650,000					30,938	223,781	217,594	211,406	205,219	199,031
10 yr 3.75% PEASE-ROADWAY REHABILITATIONS	500,000					9,375	67,813	65,938	64,063	62,188	60,313
Total FY 17 New Bonding	16,550,000										
10 yr 3.75% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	600,000						11,250	81,375	79,125	76,875	74,625
Total FY 18 New Bonding	600,000										
Total General Fund-Projected Future Debt	906,107	78,094	712,066	1,743,603	2,485,172	4,083,022	5,286,997	5,215,691	4,973,884	4,833,953	4,576,272
Future Debt Related Revenues	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
GF Projected School Building Aid (Elementary Schools 30%)						(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
GF Projected School Building Aid (Elementary Schools 30%)							(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Total Future Debt Related Revenues-General Fund	-	-	-	-	-	(150,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Total Net Projected Future Debt-General Fund	906,107	78,094	712,066	1,743,603	2,485,172	3,933,022	4,986,997	4,915,691	4,673,884	4,533,953	4,276,272
Total Gross Issued and Projected Debt-General Fund	10,232,755	11,608,196	10,970,590	11,722,412	12,155,891	13,141,025	13,348,985	12,728,713	11,730,053	11,096,522	10,619,066
Total Debt Related Revenues Actual and Projected	(2,263,230)	(4,061,462)	(2,752,050)	(2,651,041)	(2,750,031)	(3,199,022)	(2,898,012)	(2,244,650)	(2,009,935)	(2,009,935)	(2,009,935)
Total Net Issued and Projected Debt-General Fund	7,969,526	7,546,734	8,218,540	9,071,371	9,405,859	9,942,004	10,450,973	10,484,063	9,720,118	9,086,587	8,609,131

GENERAL FUND

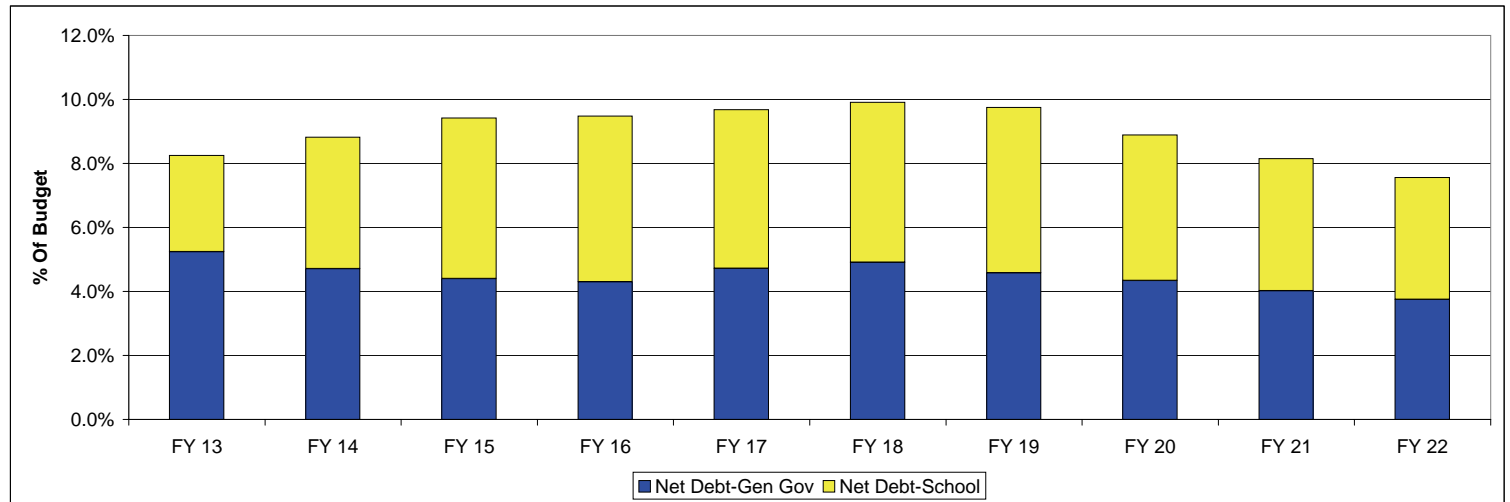
**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL**

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Gen Fund Without Debt Service (increase 2.9 % in FY 14 and beyond)	77,124,089	79,880,637	82,197,175	84,580,893	87,033,739	89,557,718	92,154,892	94,827,383	97,577,377	100,407,121	103,318,928
Existing Debt Service-Gen Gov	4,706,762	5,436,321	4,291,368	4,165,778	4,025,187	3,597,597	2,775,457	2,428,116	1,818,200	1,540,788	1,481,700
Existing Debt Service-School	4,619,887	6,093,781	5,967,156	5,813,031	5,645,531	5,460,406	5,286,531	5,084,906	4,937,969	4,721,781	4,561,094
Projected Debt Service-Gen Gov	906,107	59,344	576,441	1,611,728	2,160,172	2,837,709	3,387,934	3,359,753	3,161,072	3,064,266	2,849,709
Projected Debt Service-School	-	18,750	135,625	131,875	325,000	1,245,313	1,899,063	1,855,938	1,812,813	1,769,688	1,726,563
Total Gross Debt Service	10,232,755	11,608,196	10,970,590	11,722,412	12,155,891	13,141,025	13,348,985	12,728,713	11,730,053	11,096,522	10,619,066
Debt Service Related Revenues-Gen Gov	(944,135)	(2,742,367)	(1,042,115)	(941,106)	(1,040,096)	(1,339,087)	(888,077)	(234,715)	-	-	-
Debt Service Related Revenues-Schools	(1,319,095)	(1,319,095)	(1,709,935)	(1,709,935)	(1,709,935)	(1,859,935)	(2,009,935)	(2,009,935)	(2,009,935)	(2,009,935)	(2,009,935)
Net Debt-Gen Gov	4,668,734	2,753,298	3,825,693	4,836,400	5,145,263	5,096,220	5,275,314	5,553,154	4,979,272	4,605,053	4,331,409
Net Debt-School	3,300,792	4,793,436	4,392,846	4,234,971	4,260,596	4,845,784	5,175,659	4,930,909	4,740,846	4,481,534	4,277,721
Total Net Debt	7,969,526	7,546,734	8,218,540	9,071,371	9,405,859	9,942,004	10,450,973	10,484,063	9,720,118	9,086,587	8,609,131
Total General Fund Budget	87,356,844	91,488,833	93,167,765	96,303,306	99,189,630	102,698,743	105,503,876	107,556,097	109,307,430	111,503,643	113,937,994

Percentage Debt Service of Budget:	9.12%	8.25%	8.82%	9.42%	9.48%	9.68%	9.91%	9.75%	8.89%	8.15%	7.56%
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PARKING and TRANSPORTATION FUND

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

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
<u>ISSUED DEBT</u>											
<u>PARKING/TRANSPORTATION FUND-Issued Debt</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Parking/Trans Fund Issued Debt Principal Due	-	-	-	-	-	-	-	-	-	-	-
Total Parking/Trans Fund Issued Debt Interest Due	-	-	-	-	-	-	-	-	-	-	-
Total Parking/TransFund-Issued Debt	-	-	-	-	-	-	-	-	-	-	-
<u>PROJECTED FUTURE DEBT:</u>											
<u>PARKING/TRANSPORTATION FUND- Projected Future Debt</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
20 yr 3.75% PARKING FACILITY - DOWNTOWN LOCATION 11,000,000		206,250	952,188	931,563	910,938	890,313	869,688	849,063	828,438	807,813	787,188
Total Parking/Transportation Fund-Projected Future Debt	-	206,250	952,188	931,563	910,938	890,313	869,688	849,063	828,438	807,813	787,188
<u>Future Debt Related Revenues</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Future Debt Related Revenues-Parking/Transportation Fund	-	-	-	-	-	-	-	-	-	-	-
Total Net Projected Future Debt-Parking/Transportation Fund	-	206,250	952,188	931,563	910,938	890,313	869,688	849,063	828,438	807,813	787,188
Total Net Issued and Projected Debt-Parking/Transportation Fund	-	206,250	952,188	931,563	910,938	890,313	869,688	849,063	828,438	807,813	787,188

PARKING and TRANSPORTATION FUND

WATER FUND

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

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
<u>ISSUED DEBT</u>											
<u>WATER FUND-Issued Debt</u>											
10/01/10 Bellamy Reservoir, Raw Water 0.90% 219,043											
Principal-Last Pmt FY 15	49,935	47,189	42,801	33,521							
Interest	1,812	1,278	770	300							
05/15/02 Upgrade Motor Control Center 3.98% 300,000											
Principal-Last Pmt FY 22	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Interest	6,561	5,964	5,368	4,772	4,175	3,579	2,982	2,386	1,790	1,193	597
05/15/02 Corrosion Control Program 3.80% 288,000											
Principal-Last Pmt FY 22	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Interest	6,020	5,472	4,925	4,378	3,831	3,284	2,736	2,189	1,642	1,095	548
11/01/02 Constitution Avenue 3.70% 4,800,000											
Principal-Last Pmt FY 23	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Interest	106,676	97,786	88,896	80,007	71,117	62,228	53,338	44,448	35,559	26,669	17,780
12/01/02 Spinney Tank 3.73% 1,162,560											
Principal-Last Pmt FY 23	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
Interest	26,005	23,838	21,671	19,504	17,337	15,170	13,003	10,836	8,669	6,502	4,335
06/01/08 Madbury Treatment Plant-Desi 2.49% 2,000,000											
Principal-Last Pmt FY 28	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Interest	59,296	55,808	52,320	48,832	45,344	41,856	38,368	34,880	31,392	27,904	24,416
01/15/09 Madbury Treatment Plant 3.94% 16,000,000											
Principal-Last Pmt FY 29	845,000	845,000	845,000	845,000	845,000	845,000	845,000	840,000	840,000	840,000	840,000
Interest	668,500	626,250	584,000	541,750	499,500	457,250	415,000	372,750	330,750	301,350	271,950
Total Water Fund Issued Debt Principal Due	1,322,463	1,319,717	1,315,329	1,306,049	1,272,528	1,272,528	1,272,528	1,267,528	1,267,528	1,267,528	1,267,528
Total Water Fund Issued Debt Interest Due	874,870	816,396	757,950	699,543	641,304	583,367	525,427	467,489	409,802	364,713	319,626
Total Water Fund-Issued Debt	2,197,333	2,136,113	2,073,279	2,005,592	1,913,832	1,855,895	1,797,955	1,735,017	1,677,330	1,632,241	1,587,154

WATER FUND

WATER FUND

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

PROJECTED FUTURE DEBT:				FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
<u>WATER FUND-Projected Future Debt</u>														
20 yr	Greenland Well Authorized 08/16/05	3.75%	1,000,000			18,750	86,563	84,688	82,813	80,938	79,063	77,188	75,313	73,438
20 yr	Water Source Augmentation Authorized 08/16/05	3.75%	2,000,000			37,500	173,125	169,375	165,625	161,875	158,125	154,375	150,625	146,875
20 yr	Maplewood Ave Waterline Replaceme Authorized 08/16/05	3.75%	3,000,000				56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938
20 yr	Madbury Treatment Plant Upgrades Authorized 11/10/08	3.10%	5,000,000	405,200	397,440	389,680	381,920	374,160	366,400	358,640	350,880	343,120	335,360	327,600
20 yr	Little Harbor/Wild Rose Lane Wtr Line	3.75%	3,000,000			56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938	220,313
20 yr	Osprey Landing Water Tank Rep	3.75%	1,000,000			18,750	86,563	84,688	82,813	80,938	79,063	77,188	75,313	73,438
20 yr	Hobbs Hill Landing Water Tank F	3.75%	1,500,000			28,125	129,844	127,031	124,219	121,406	118,594	115,781	112,969	110,156
20 yr	Water System Pressure and Stor	3.75%	750,000					14,063	64,922	63,516	62,109	60,703	59,297	57,891
Total Water Fund-Projected Future Debt				405,200	397,440	549,055	1,173,951	1,367,754	1,389,291	1,358,562	1,327,833	1,297,104	1,266,376	1,235,647
Total Net Issued and Projected Debt Water Fund				2,602,533	2,533,553	2,622,334	3,179,543	3,281,586	3,245,186	3,156,517	3,062,850	2,974,434	2,898,617	2,822,801

WATER FUND

SEWER FUND

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

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
<u>ISSUED DEBT</u>											
<u>SEWER FUND-Issued Debt</u>											
12/01/92 Peirce Island WWTP Improvem	7.00%	19,500,000									
Principal-Last Pmt FY 12		975,000									
Interest		65,813									
12/01/08 Stormwater Facilities Loan	1.09%	734,199									
Principal-Last Pmt FY 13		146,840	146,840								
Interest		3,201	1,601								
12/21/00 Pease WWTP	4.46%	6,586,836									
Principal-Last Pmt FY 20		321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	
Interest		129,146	114,797	100,447	86,098	71,748	57,399	43,049	28,700	14,350	
06/11/02 Sewer Projects Phase 1	3.98%	4,931,361									
Principal-Last Pmt FY 22		246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
Interest		107,839	98,038	88,232	78,429	68,625	58,822	49,018	39,215	29,411	19,608
05/04/05 Sewer Projects Phase 2	3.69%	8,898,110									
Principal-Last Pmt FY 25		444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
Interest		229,714	213,305	196,897	180,489	164,081	147,673	131,265	114,857	98,449	82,041
12/01/08 Sewer Projects Phase 3	3.49%	5,508,137									
Principal-Last Pmt FY 28		275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407
Interest		163,305	153,699	144,093	134,487	124,880	115,274	105,668	96,062	86,456	76,850
12/01/08 Lower Court Street Loan	3.49%	688,562									
Principal-Last Pmt FY 28		34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428
Interest		20,415	19,214	18,013	16,812	15,611	14,410	13,209	12,009	10,808	9,607
01/01/11 Rye Line Pump Station Upgrad	2.95%	1,069,714									
Principal-Last Pmt FY 30		53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486
Interest		29,999	28,420	26,841	25,262	23,683	22,105	20,526	18,947	17,368	15,789
01/01/11 201 Facilities Plan Updates	2.95%	1,000,000									
Principal-Last Pmt FY 30		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest		28,044	26,568	25,092	23,616	22,140	20,664	19,188	17,712	16,236	14,760
12/16/11 LTCP Bartlett St. Area Sewer Ext	3.10%	5,290,233									
Principal-Last Pmt FY 31		264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Interest		159,716	155,998	147,788	139,578	131,367	123,157	114,946	106,736	98,525	90,315
12/14/11 P.I.W.W.T.P. Prel. Eng and LTCP Im	2.85%	3,000,000									
Principal-Last Pmt FY 32			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Interest		50,535	107,438	103,688	98,438	91,688	84,188	78,188	74,438	69,938	63,188
Total Sewer Fund Issued Debt Principal Due		2,812,596	1,987,596	1,840,756	1,840,756	1,840,756	1,840,756	1,840,756	1,840,756	1,840,756	1,519,306
Total Sewer Fund Issued Debt Interest Due		987,726	919,078	851,091	783,208	713,824	643,691	575,057	508,674	441,540	372,156
Total Sewer Fund-Issued Debt		3,800,322	2,906,674	2,691,847	2,623,964	2,554,580	2,484,447	2,415,813	2,349,430	2,282,296	1,891,462

SEWER FUND

SEWER FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG-TERM DEBT SERVICE FORECAST MODEL
Issued Debt Related Revenues

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
SEWER PIWWTP Improvements-State Aid	(718,445)										
SEWER PIWWTP Improvements-State Aid	(44,983)										
SEWER PIWWTP Improvements-State Aid	(4,895)										
SEWER Pease WWTP-State Aid	(128,233)	(124,148)	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	(99,646)	(95,563)		
SEWER Pease Development Authority	(163,009)	(157,819)	(152,627)	(147,436)	(142,246)	(137,054)	(131,863)	(126,672)	(121,481)		
SEWER Phase I-State Aid	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	(84,652)	(81,748)	(78,844)	(75,940)
SEWER Phase 2-State Aid	(202,386)	(197,464)	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	(167,928)	(163,006)	(158,093)	(153,161)
Total Issued Debt Related Revenues-Sewer Fund	(1,366,930)	(581,506)	(564,404)	(547,303)	(530,202)	(513,101)	(496,000)	(478,898)	(461,798)	(236,937)	(229,101)
Total Net Issued Debt-Sewer Fund	2,433,392	2,325,168	2,127,443	2,076,661	2,024,378	1,971,346	1,919,813	1,870,532	1,820,498	1,654,525	1,606,577

SEWER FUND-Projected Future Debt			FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
10 yr	SSES - State Street	1.94%	1,500,000	179,100	173,280	170,370	167,460	164,550	161,640	158,730	155,820	152,910	
	Authorized 11/10/08												
20 yr	LTCP Contract #3B and Cass St	3.75%	8,000,000	700,000	685,000	670,000	655,000	640,000	625,000	610,000	595,000	580,000	565,000
	Authorized 3/19/12												
20 yr	LTCP Contract #3A	3.35%	6,000,000		501,120	491,064	481,008	470,952	460,896	450,840	440,784	430,728	420,672
	Authorized 08/05/02												
20 yr	LTCP Contract #3C	3.75%	4,500,000		393,750	385,313	376,875	368,438	360,000	351,563	343,125	334,688	326,250
	Authorized 3/19/12												
20 yr	Fleet Street Utilities Upgrade	3.75%	500,000			9,375	43,281	42,344	41,406	40,469	39,531	38,594	37,656
20 yr	Pease WWTP Upgrades	3.75%	3,500,000		65,625	302,969	296,406	289,844	283,281	276,719	270,156	263,594	257,031
20 yr	Lafayette Rd Pumping Station Upg	3.75%	500,000			9,375	43,281	42,344	41,406	40,469	39,531	38,594	37,656
20 yr	Mechanic St. Pumping Station Upg	3.75%	5,500,000			103,125	476,094	465,781	455,469	445,156	434,844	424,531	414,219
20 yr	P.I.W.W.T.P. Upgrades	3.75%	3,500,000		65,625	302,969	296,406	289,844	283,281	276,719	270,156	263,594	257,031
20 yr	P.I.W.W.T.P. Upgrades	3.75%	35,000,000		656,250	3,029,688	2,964,063	2,898,438	2,832,813	2,767,188	2,701,563	2,635,938	2,570,313
	Total		38,500,000										
Total Sewer Fund-Projected Future Debt			179,100	876,190	2,540,650	5,474,247	5,799,874	5,672,533	5,545,192	5,417,851	5,290,510	5,163,169	4,885,828

Future Debt Related Revenues	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
No Anticipated Revenues for New Debt	-	-	-	-	-	-	-	-	-	-	-
Total Future Debt Related Revenues-Sewer Fund	-	-	-	-	-	-	-	-	-	-	-
Total Net Projected Future Debt-Sewer Fund	179,100	876,190	2,540,650	5,474,247	5,799,874	5,672,533	5,545,192	5,417,851	5,290,510	5,163,169	4,885,828
Total Net Issued and Projected Debt-Sewer Fund	2,612,492	3,201,358	4,668,093	7,550,908	7,824,252	7,643,880	7,465,005	7,288,384	7,111,008	6,817,694	6,492,405

SEWER FUND

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

City of Portsmouth

Outstanding Debt Service by Fiscal Year

Fiscal Year	General Fund-Gen Gov		General Fund-School		Total General Fund		Parking/Trans Fund		Water Fund		Sewer Fund		Total City of Portsmouth		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal/Interest
FY 13	4,307,905	1,128,416	3,875,000	2,218,781	8,182,905	3,347,197	-	-	1,319,717	816,396	1,987,596	919,078	11,490,218	5,082,671	16,572,889
FY 14	3,302,905	988,463	3,875,000	2,092,156	7,177,905	3,080,619	-	-	1,315,329	757,950	1,840,756	851,091	10,333,990	4,689,660	15,023,650
FY 15	3,302,905	862,873	3,875,000	1,938,031	7,177,905	2,800,904	-	-	1,306,049	699,543	1,840,756	783,208	10,324,710	4,283,655	14,608,366
FY 16	3,297,905	727,282	3,875,000	1,770,531	7,172,905	2,497,814	-	-	1,272,528	641,304	1,840,756	713,824	10,286,189	3,852,941	14,139,131
FY 17	3,007,905	589,692	3,875,000	1,585,406	6,882,905	2,175,098	-	-	1,272,528	583,367	1,840,756	643,691	9,996,189	3,402,156	13,398,346
FY 18	2,307,905	467,551	3,875,000	1,411,531	6,182,905	1,879,083	-	-	1,272,528	525,427	1,840,756	575,057	9,296,189	2,979,566	12,275,756
FY 19	2,047,905	380,211	3,825,000	1,259,906	5,872,905	1,640,117	-	-	1,267,528	467,489	1,840,756	508,674	8,981,189	2,616,281	11,597,470
FY 20	1,517,617	300,583	3,825,000	1,112,969	5,342,617	1,413,552	-	-	1,267,528	409,802	1,840,756	441,540	8,450,901	2,264,894	10,715,794
FY 21	1,305,000	235,788	3,775,000	946,781	5,080,000	1,182,569	-	-	1,267,528	364,713	1,519,306	372,156	7,866,834	1,919,438	9,786,272
FY 22	1,305,000	176,700	3,775,000	786,094	5,080,000	962,794	-	-	1,267,528	319,626	1,519,306	316,372	7,866,834	1,598,792	9,465,625
FY 23	665,000	133,425	3,775,000	633,594	4,440,000	767,019	-	-	1,238,128	272,436	1,272,738	262,087	6,950,866	1,301,542	8,252,408
FY 24	665,000	106,150	1,875,000	533,906	2,540,000	640,056	-	-	940,000	226,390	1,272,738	219,107	4,752,738	1,085,553	5,838,291
FY 25	665,000	78,565	1,875,000	473,906	2,540,000	552,471	-	-	940,000	189,302	1,272,738	176,126	4,752,738	917,900	5,670,637
FY 26	665,000	50,858	1,875,000	408,281	2,540,000	459,139	-	-	940,000	152,814	827,832	132,396	4,307,832	744,349	5,052,181
FY 27	320,000	30,265	1,875,000	341,250	2,195,000	371,515	-	-	940,000	114,076	827,832	104,886	3,962,832	590,477	4,553,309
FY 28	320,000	16,788	1,875,000	275,859	2,195,000	292,647	-	-	940,000	74,888	827,832	77,845	3,962,832	445,380	4,408,212
FY 29	75,000	3,188	1,875,000	209,063	1,950,000	212,250	-	-	840,000	35,700	517,997	50,616	3,307,997	298,566	3,606,563
FY 30			1,875,000	139,688	1,875,000	139,688	-	-	-	-	517,998	34,101	2,392,998	173,788	2,566,786
FY 31			1,125,000	67,500	1,125,000	67,500	-	-	-	-	414,512	17,210	1,539,512	84,710	1,624,222
FY 32			1,125,000	22,500	1,125,000	22,500	-	-	-	-	150,000	3,000	1,275,000	25,500	1,300,500
Totals	29,077,953	6,276,797	57,600,000	18,227,735	86,677,953	24,504,531	-	-	19,606,919	6,651,223	25,813,718	7,202,064	132,098,589	38,357,819	170,456,408
less Anticipated Debt Related Revenues	(8,227,563)		(24,446,956)		(32,674,519)		-	-			(5,069,197)		(37,743,716)		(37,743,716)
Net Outstanding Debt	20,850,389	6,276,797	33,153,044	18,227,735	54,003,433	24,504,531	-	-	19,606,919	6,651,223	20,744,521	7,202,064	94,354,873	38,357,819	132,712,692

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