

CITY OF PORTSMOUTH, NEW HAMPSHIRE



THE PROPOSED
ANNUAL BUDGET
2009-2010

City of Portsmouth, New Hampshire

Proposed Budget 2009-2010



Mayor

Thomas G. Ferrini

Assistant Mayor

John Blalock

Nancy Novelline Clayburgh, Councilor

M. Chris Dwyer, Councilor

Kenneth E. Smith, Councilor

Esther E. Kennedy, Councilor

Eric Spear, Councilor

Laura C. Pantelakos, Councilor

Jerry Hejtmanek, Councilor

City Manager

John P. Bohenko



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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New Hampshire**

For the Fiscal Year Beginning

July 1, 2008

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to The City of Portsmouth, New Hampshire for its annual budget for the fiscal year beginning July 1, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

CITY OF PORTSMOUTH, NEW HAMPSHIRE
PROPOSED BUDGET FISCAL YEAR 2010
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CITY OF PORTSMOUTH WEB ADDRESS

www.cityofportsmouth.com

Full view of the proposed FY10 budget document and the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2008 can be found by visiting the Finance section of the city's website.

The entire Master Plan can be viewed at the following link on the City's website.

<http://www.cityofportsmouth.com/masterplan>

A summary of the Capital Improvement Plan for 2010-2015 can be viewed at the following link on the City's website. Once the FY10 Proposed annual budget is adopted, the entire Capital Improvement Plan will be posted.

<http://www.cityofportsmouth.com/planning>



CITY OF PORTSMOUTH

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John P. Bohenko
City Manager

To: Honorable Mayor Thomas G. Ferrini and City Council Members
From: John P. Bohenko, City Manager
Date: April 10, 2009
Re: Fiscal Year 2010 Budget Message

In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2010 Proposed Budget document for all appropriated City funds: General, Water, Sewer, Parking and Transportation, and Community Development. This budget document also includes the City's Rolling Stock Replacement Program and a summary of the Capital Improvement Plan. It reflects accomplishments, outlines priorities for the coming year and establishes a financial plan to achieve the level of Municipal, School, Fire and Police services desired by the citizens of Portsmouth.

This FY10 budget is presented amid an extremely difficult economy that has affected the entire nation. Although Portsmouth is weathering the financial crisis better than most communities, the City Council has been sensitive to its impact on individual citizens and set a goal of no increase in the overall tax rate. However, the challenge of meeting this goal is complicated by four major developments related to the declining economy:

- Governor John Lynch proposed a state budget that would eliminate shared revenue, which translates into a \$657,154 loss for Portsmouth, but said he hoped federal stimulus funds might eventually bridge the gap;
- The proposed Rockingham County budget reflects a 4% increase in the amount of local taxes required to be raised by municipalities, which will increase Portsmouth's county tax obligation;
- The dramatic drop in car and truck sales has led to a projected \$250,000 reduction in estimated City revenues from motor vehicle registrations; and
- The City anticipates an additional \$250,000 loss of revenue due to the rapid decline in average interest earned from investments.

Due to the loss of revenues, increase in the Rockingham County budget and the overall economy that directly affects our citizens, the City Council requested that all departments endeavor to submit budgets with zero-increases over FY09. While the Municipal and Fire Departments submitted proposed budgets that met this goal, the Police and School Departments did not. As a result of all of these factors, the tax rate would increase by 30¢ to \$17.28 if the City Council adopts this budget as proposed.

Without all of these factors, this proposed budget would not have required an increase in the tax rate from Fiscal Year 2009. In developing their budget requests, departments were forced to make difficult choices in order to attempt to meet the Council's zero-budget goal.

The FY10 budgeting process would have been even more difficult in the current lean economy if the City of Portsmouth had not previously invested a substantial amount of time and effort in adopting policies to improve our fiscal stability, address long-term liabilities and limit the impact from external financial conditions. These include, but are not limited to, the creation of a Fund Balance Ordinance, a Leave at Termination Fund, a Health Insurance Stabilization Fund, Capital Improvement Plan, and a Rolling Stock Replacement Program.

As a result of these efforts, the City's bond rating is now at its highest level ever after Moody's Investors Service upgraded the City's bond rating another notch to Aa2 last June to make it equal to the AA rating reaffirmed by Standard & Poor's. Both bond rating agencies cited the City's strong financial management, continuing growth, large tax base, healthy fund balance and low overall debt burden as positive factors.

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

We are fortunate in Portsmouth that our unemployment and foreclosure rates remain below the state and national averages, and our community continues to be attractive to businesses and visitors, alike. Progress continues on two major Northern Tier projects, Portwalk and the HarborCorp Westin Hotel and Conference Facility, and the Pease International Tradeport continues to see growth. We will begin work soon on the initial phase of the Market Street Gateway Project, designed to calm traffic and provide clear signage from I-95 to the central business district, as well as the initial phase of the Islington Street Improvement Action Plan Project. It is important to continue such efforts to help expand our tax base, which will aid in limiting future tax rate increases.

Despite the current economic situation, I believe we have much to be proud of in the City of Portsmouth. Our accomplishments and continued priorities are detailed later in this document. However, I particularly would like to cite the following successes over the past year:

- The City has authorized \$5.15 million in bonding to replace the severely outdated Fire Station 2 and a \$1.3 million bond to purchase its new site at 3000 Lafayette Road. Construction will begin soon on what the City believes will become the state's first fire station to receive LEED (Leadership in Energy and Environmental Design) certification as part of our continuing sustainability efforts.

- The LEED and energy-saving design for a state-of-the-art upgrade of the 52-year-old Madbury Water Treatment Plant was completed. The cost of the construction phase is estimated to be \$21.5 million.
- The City continued its pledge to implement initiatives supporting the concept of sustainability, including increasing the use of biodiesel in city vehicles and replacing the High-Hanover Parking Facility lighting with more energy-efficient fixtures.
- The first phase of the expansion of the free Wireless Fidelity (WiFi) access downtown was completed in collaboration with several partners.
- The City is in the process of contracting with a consultant to undertake a comprehensive recreational needs study, including infrastructure evaluation of municipal recreation and athletic facilities and fields.
- Implementation continued of the Water & Sewer Division's new Automated Meter Reading system, which will allow for better management of municipal water resources and facilitate the transition to monthly billing of customers.

In spite of our many accomplishments, we must continue to take measures for long-term planning and at the same time face the challenges that we have before us today.

The Fiscal Year 2010 General Fund Budget

The budget that I present is submitted to you as requested by each department. This proposed Fiscal Year 2010 General Fund budget is \$84,746,159 or a 2.8% increase over FY09. This is an increase of \$2,311,921. The total budget is comprised of \$68,893,615 in the operating budget and \$15,852,544 in the non-operating budget.

The operating budget of \$68,893,615 finances expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire, and School Departments and represents an increase of \$1,960,742 or 2.93% over FY09.

The non-operating budget of \$15,852,544 consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, tax anticipation notes, and other non-operating expenditures, and represents an increase of \$351,179 or 2.27% over FY09.

2010 PROPOSED BUDGET				
	FY09	FY10 Submitted Budget	\$ Change	Percent Change
Operating	66,932,873	68,893,615	1,960,742	2.93%
Non-Operating	15,501,365	15,852,544	351,179	2.27%
Total	\$ 82,434,238	\$ 84,746,159	\$ 2,311,921	2.80%

Budget Environment

The FY10 proposed budget has been carefully prepared to allow the continuation of critical services and improvements to our infrastructure. The City of Portsmouth is

fortunate that although departments were required to submit a budget with no new positions, departments were not forced to lay off any full-time personnel. Overall, the total full-time position count for this budget represents a net reduction of 7.72 positions, which was primarily accomplished by reallocation of resources and not filling some vacant positions.

To meet the Council's goal, however, we face major challenges as follows.

Salaries

All City services are labor-intensive, so it is not surprising that our personnel costs comprise 83% of the operating budget. For the second consecutive year, the budget was developed without final approval of 14 collective bargaining agreements that expired on June 30, 2008. With the exception of the School Department's approved contract with its teachers, departments submitted budget requests without cost-of-living adjustments for the remaining 14 contracts employing firefighters, police officers, and other municipal professional staff. Although contracts have expired, departments included step increases for employees who have not reached top step in their job classifications in accordance with current contracts.

Until the remaining 14 contracts have been ratified and approved by City Council, I can only anticipate what the potential negotiated impact associated with salaries and benefits would be for each department. Last fiscal year, the budget included an appropriation of \$1,000,000 in a separate line item for collective bargaining agreements. When the Teachers' contract was approved, \$550,000 was reallocated from this contingency line item to the School Department, leaving \$450,000 in this appropriation. As we head into the second year without contracts, the roll-out effect for Fiscal Year 2010 is anticipated to total approximately \$1,503,006 (*\$450,000 plus \$1,053,006*).

Therefore, similar to last year, I am recommending appropriating the additional \$1,053,006 in a separate line item within the operating budget that would reserve funds until such time as the contracts are approved. However, this year I am recommending that the funding for this additional cost would come from Undesignated Fund Balance, meaning the total \$1,503,006 will have no effect on the tax rate.

Retirement Costs

The New Hampshire Retirement System has announced an increase in the contribution rates for all the City's full-time employees for FY10 as follows:

- Group I employees: Municipal rate will increase from 8.74% to 9.09% or by 4%;
- Group II employees: Police Officers rate will increase from 11.84% to 12.68% or by 7.09%;
- Group II employees: Fire Officers rate will increase from 15.92% to 16.05% or by .82%; and
- Group I: Teachers rate will increase from 5.8% to 6.96% or by 20%.

In addition, as salaries increase, so does the City's share of retirement contributions. In FY10, the total amount appropriated for retirement exceeds \$3.4 million, an additional \$290,000 over FY09. Retirement now comprises 5% of the total budget. It is important to note that this increase does not include retirement impacts associated with salary adjustments which have not yet been negotiated.

RETIREMENT APPROPRIATIONS				
	FY09	FY10 Submitted Budget	\$ Change	Percent Change
Municipal	580,400	605,410	25,010	4.31%
Police	652,492	684,867	32,375	4.96%
Fire	705,464	696,937	(8,527)	-1.21%
School	1,233,379	1,474,766	241,387	19.57%
Total Operating	\$ 3,171,735	\$ 3,461,980	\$ 290,245	9.15%

Health Insurance Costs

Health insurance costs continue to grow and impact the operating budget substantially. The New Hampshire Local Government Center (LGC) HealthTrust has provided the City with a health insurance guaranteed maximum rate increase of 16.5%, which will result in a *total* premium cost of approximately \$12.1 million. The City employees' share will be approximately \$2.1 million, or approximately 18% of the total cost, leaving the City's share at almost \$10 million.

The Health Insurance Stabilization Fund (*established in Fiscal Year 2002 and detailed in the Financial Guidelines and Policies Section of this budget document*) allows for departments to annually budget the average growth in health insurance rates established by the LGC over the prior 10 years. For FY10, this average is 11.45%. However, this increase still impacts the operating budget by more than \$982,000 as shown in the table below.

HEALTH INSURANCE			
<i>10 year average increase of 11.45%</i>			
	FY09 Budget	11.45% Increase	FY10 Final Department Budget
Municipal	1,482,700	169,769	1,652,469
Police Department	1,300,000	148,850	1,448,850
Fire Department	827,000	94,692	921,692
School	4,973,000	569,409	5,542,409
	\$ 8,582,700	\$ 982,720	\$ 9,565,420

Other Costs

Other operating costs such as utilities, building and equipment repairs and maintenance, contracted services, special needs tuition and transportation make up 17% of the operating budget. Although the City continues to make every effort in our public bidding process to obtain the best prices for materials and services, market forces still dictate energy, material, and contracted labor costs.

Department Budget Proposals

The chart below depicts the submitted budgets for the Municipal, Police, Fire and School Departments that include the aforementioned elements.

	FY09	FY10 Submitted Budget	\$ Change	Percent Change
Municipal	15,549,199	15,546,895	(2,304)	-0.01%
Police	8,613,059	8,737,660	124,601	1.45%
Fire	6,814,861	6,814,861	-	0.00%
School	35,505,754	36,291,193	785,439	2.21%

Because the School Department settled its largest contract, which covers teachers, its budget reflects the cost-of-living increases in the new agreement approved by the City Council. This represents 1.6% of the budget’s 2.2% increase over the FY09 budget. The remaining increase is requested by the School Board.

County Taxes

The City of Portsmouth is annually assessed its portion of the Rockingham County budget based on its share of the equalization of property values for Rockingham County. This year, the Rockingham Delegation adopted a budget that increased the amount of local taxes required to be raised by municipalities by 4%. However, the actual tax obligation for the City, which is determined by the Department of Revenue, is not set until sometime in October prior to setting the City’s tax rate. Therefore, we can only estimate that Portsmouth will pay in excess of \$3.8 million.

Capital Outlay

In difficult economic circumstances, it is important to remember the role of local government in continuing to provide services that maintain quality of life, such as our library, schools, public safety, public services and recreation opportunities for our citizens. While maintaining these services, we cannot neglect or reverse the progress we have made over the last several years on the City’s infrastructure.

In the past, the Planning Board has recommended annual appropriations of \$1 million to \$1.5 million from the General Fund for capital projects. This year, due to continuing negative economic impacts upon the nation’s economy and the resulting need to reduce municipal expenditures wherever possible, the Planning Board recommends the expenditure of \$800,000. Although this will slow our rate of infrastructure improvements, we must continue scheduled maintenance of streets and sidewalks to avoid greater costs in the future. The \$800,000 represents a decrease of \$235,500 from FY09. However, this amount -- combined with grants, matching funds and other programs -- is still sufficient to support ongoing projects and to initiate those that are most needed.

In addition, I have made reductions in the amount requested in our Rolling Stock Program. However, we must be cognizant that delays of vehicle replacements may result in increased costs in repairs and maintenance.

Fiscal Year 2010 Tax Rate

Property taxes remain the City of Portsmouth's major source of funding for the services provided by the School, Police, Fire and Municipal Departments. If the total budget is adopted as proposed, it will result in an overall tax rate of \$17.28, a 30¢ or 1.77% increase over the FY09 rate of \$16.98.

The loss of state revenue and the increase in the Rockingham County budget, which we have no control over, together account for 21¢ of the 30¢ increase. The portions of the Police and School Departments' budgets which exceed the Council's target result in approximately 9¢ of the tax increase. The increase in the tax rate is not affected by the Municipal and Fire Departments whose proposed budgets reflected a zero-increase, or a reduction, over FY09.

Predictable and stable tax rates are extremely important for Portsmouth, in good times and bad. I hope that together, working with the City Council, School Board, Commissioners and Department heads during the budget work sessions, we can achieve an acceptable tax rate that allows us to provide the level of services desired by our citizens. However, decisions could still be made at the state and federal levels affecting our FY10 revenues prior to the Department of Revenue Administration establishing the City's tax rate in October. If additional state or federal funds become available, DRA would adjust the tax rate.

Moving Forward

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

The New Hampshire Retirement System

The New Hampshire Legislature continues to work to reform the New Hampshire Retirement System, including refining the calculation method for a recently enacted provision that unexpectedly opened the City to enormous financial liability for some retiring employees. Although legislation is pending to extend the implementation date while the Legislature works to correct the problem, the City has been reluctant to finalize labor agreements in the interim.

Education Funding and the Statewide Property Tax

The Legislature has adopted education funding legislation that will result in the return of "Donor communities" as of Fiscal Year 2012. Although Portsmouth was forced to raise \$11.7 million between FY00 and FY05 in excess Statewide Property Taxes as a "Donor,"

the new formula calls for the City to receive a state grant to help it meet its cost of adequacy in FY12. In the meantime, Portsmouth is scheduled to receive \$221,611 in transition grants in both FY10 and FY11. A legislative change in the formula, however, could eliminate grants to Portsmouth. We will continue to monitor this issue in the Legislature through the Coalition Communities office.

Conclusion

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

The City uses guidelines recommended by the Government Finance Officers Association (GFOA) to prepare a comprehensive budget document to help residents, business owners, and elected officials to better understand the budget and the budget process. As a result of these efforts, GFOA bestowed its Distinguished Budget Document Presentation Award to the City of Portsmouth for the detailed and easy-to-read format of its FY2007, FY2008 and FY2009 proposed budget documents. Portsmouth still remains the only municipality in New Hampshire to receive this award.

I would like to thank all of the Departments for their invaluable input, assistance and commitment to producing the Fiscal Year 2010 Proposed Budget document.

2010 BUDGET HIGHLIGHTS

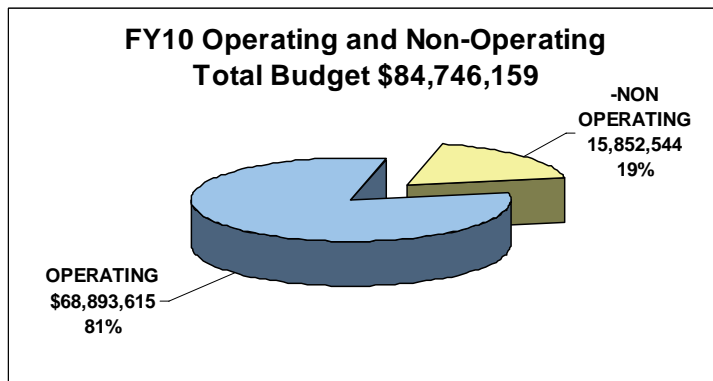
GENERAL FUND

Total Appropriation

The total proposed FY10 appropriations for the General Fund is \$84,746,159 or 2.8% increase over the FY09 budget. The following table is a summary of major expenditure categories for the FY08 budget and actual, FY09 budget, FY10 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY09.

TOTAL GENERAL FUND	FY08	FY08	FY09	FY10	FY10	% Change	\$ Change
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED		
SALARIES	32,149,956	31,423,960	32,958,916	33,575,904	33,575,904	1.87%	616,988
PART TIME SALARIES	1,609,218	1,723,120	1,632,953	1,568,315	1,568,315	-3.96%	(64,638)
OVERTIME	1,422,840	1,644,515	1,618,480	1,510,125	1,510,125	-6.69%	(108,355)
HOLIDAY	280,413	279,148	287,903	281,762	281,762	-2.13%	(6,141)
LONGEVITY	98,196	93,990	100,322	99,222	99,222	-1.10%	(1,100)
STIPENDS	316,984	301,984	324,961	338,051	338,051	4.03%	13,090
RETIREMENT	3,124,416	3,041,935	3,171,735	3,461,980	3,461,980	9.15%	290,245
HEALTH INSURANCE	8,926,927	8,926,927	8,582,700	9,565,420	9,565,420	11.45%	982,720
DENTAL INSURANCE	579,630	554,840	596,963	612,969	612,969	2.68%	16,006
INSURANCE REIMBURSEMENT	69,128	68,996	71,573	65,897	65,897	-7.93%	(5,676)
LEAVE AT TERMINATION	1,101,503	1,101,503	1,401,504	996,504	996,504	-28.90%	(405,000)
WORKERS' COMPENSATION	666,183	633,337	692,749	690,452	690,452	-0.33%	(2,297)
OTHER FRINGE BENEFITS	2,903,931	2,695,445	2,965,596	2,960,280	2,960,280	-0.18%	(5,316)
COLLECTIVE BARGAINING CONTINGENCY	-	-	450,000	1,503,006	1,503,006		1,053,006
TOTAL SALARIES AND BENEFITS	53,249,325	52,489,701	54,856,355	57,229,887	57,229,887	4.33%	2,373,532
TRAINING	70,878	75,786	78,663	73,663	73,663	-6.36%	(5,000)
UTILITIES	2,452,943	2,256,197	2,410,606	2,397,936	2,397,936	-0.53%	(12,670)
DIRECT ASSISTANCE	218,500	211,796	224,500	230,000	230,000	2.45%	5,500
OUTSIDE SOCIAL SERVICES	194,570	194,570	198,460	188,537	188,537	-5.00%	(9,923)
CONTRACTED SERVICES	844,717	752,505	908,348	762,298	762,298	-16.08%	(146,050)
PUPL TRANSPORTATION	884,070	802,277	916,490	913,321	913,321	-0.35%	(3,169)
TUITION	806,891	1,342,736	1,338,395	1,321,655	1,321,655	-1.25%	(16,740)
OTHER OPERATING	5,723,988	5,747,392	6,001,056	5,776,318	5,776,318	-3.74%	(224,738)
TOTAL OTHER OPERATING	11,196,557	11,383,259	12,076,518	11,663,728	11,663,728	-3.42%	(412,790)
TOTAL OPERATING	64,445,882	63,872,960	66,932,873	68,893,615	68,893,615	2.93%	1,960,742
TANS	400,000	121,482	350,000	350,000	350,000	0.00%	-
DEBT SERVICE	7,584,387	7,291,273	7,511,734	8,156,496	8,156,496	8.58%	644,762
CONTINGENCY	300,000	300,000	300,000	300,000	300,000	0.00%	-
OVERLAY	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0.00%	-
COUNTY	3,580,000	3,578,292	3,700,000	3,825,800	3,825,800	3.40%	125,800
PROPERTY & LIABILITY	334,000	333,627	366,000	378,240	378,240	3.34%	12,240
OTHER GENERAL GOVERNMENT	1,014,533	941,278	1,238,131	1,042,008	1,042,008	-15.84%	(196,123)
CAPITAL	1,200,000	1,200,000	1,035,500	800,000	800,000	-22.74%	(235,500)
TOTAL NON-OPERATING	15,412,920	14,765,952	15,501,365	15,852,544	15,852,544	2.27%	351,179
TOTAL GENERAL FUND BUDGET	79,858,802	78,638,912	82,434,238	84,746,159	84,746,159	2.80%	2,311,921

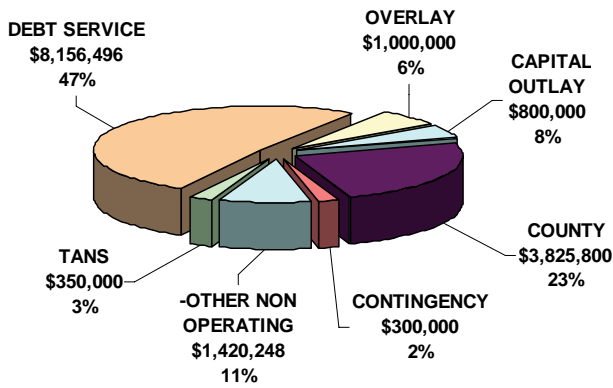
The Total FY10 budget represents \$68,893,615 in operating expenditures and \$15,852,544 for non-operating expenditures as depicted in the pie chart below.



-Operating budget is 81% of the total budget.

-Non-operating budget is 19% of the total budget.

Non-Operating Budget

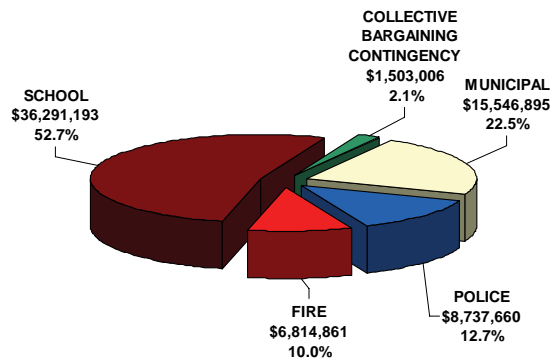


The Non-Operating Budget for \$15,852,544 consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, tax anticipation notes and other non-operating expenditures, and represents a 2.27% increase over the FY09 budget.

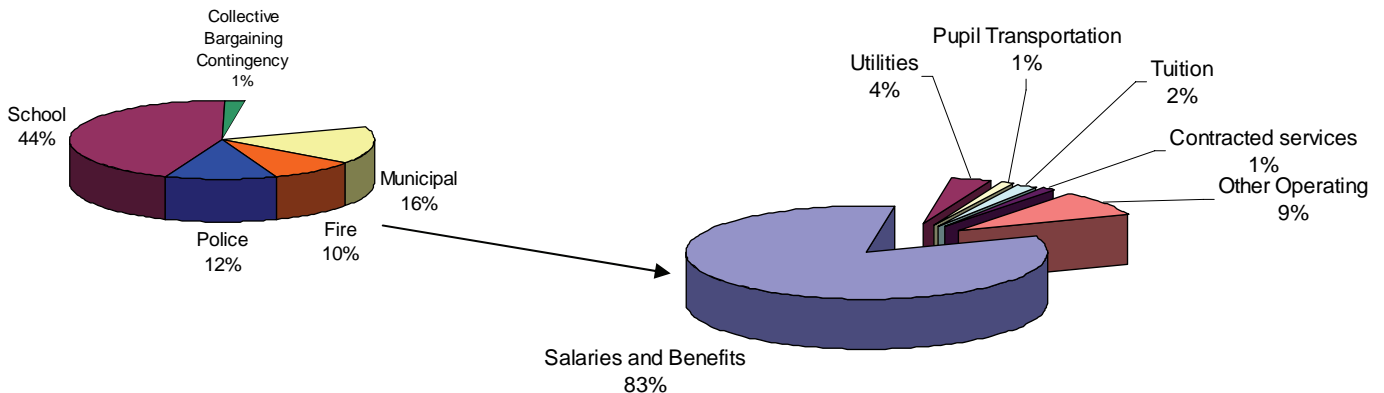
Operating Budget

The total Operating Budget for FY10 is \$68,893,615 which funds the expenditures associated with the day-to-day operations and services provided by the Municipal, Police, Fire and School Departments. The Operating budget is comprised of 83% contractual obligations associated with salaries and benefits. The City of Portsmouth has a total of fifteen (15) collective bargaining units. Fourteen (14) of these bargaining units' contracts expired on June 30, 2008. Therefore, Municipal, Police, Fire and School Departments submitted proposed budgets without salary adjustments for those contracts which have not been negotiated. Departments, however, did budget for step increases for eligible employees under their current contract. To reserve funds for anticipated contract settlements, a proposed \$1,503,006 of the Operating Budget has been appropriated.

The total Operating Budget of \$68,893,615 which includes \$1.5 million for Collective Bargaining Contingency, represents a 2.93% increase over the FY09 budget for all Departments.



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.



Retirement

The New Hampshire Retirement System has announced an increase in the City's contribution rate for all full-time personnel for FY10. The table below provides the rates by classification.

RETIREMENT RATES			
	FY09 BUDGET	FY10 BUDGET	% Change
Group I			
Employees	8.74%	9.09%	4.00%
Teachers	5.80%	6.96%	20.00%
Group II			
Police	11.84%	12.68%	7.09%
Fire	15.92%	16.05%	0.82%

Retirement Rates by Classification

The impact on the rate change will increase the City's contribution for retirement by more than \$290,000 or 9.15% over FY09.

RETIREMENT APPROPRIATIONS				
	FY09	FY10 Submitted Budget	\$ Change	Percent Change
Municipal	580,400	605,410	25,010	4.31%
Police	652,492	684,867	32,375	4.96%
Fire	705,464	696,937	(8,527)	-1.21%
School	1,233,379	1,474,766	241,387	19.57%
Total Operating	\$ 3,171,735	\$ 3,461,980	\$ 290,245	9.15%

The increase of \$290,000 does not reflect any retirement increases associated with salary adjustments for the remaining fourteen (14) collective bargaining agreements which have not yet been negotiated.

Health Insurance

At the time of budget preparation, actual health insurance premiums rates have not been finalized; however, the New Hampshire Local Government Center (LGC) Health Trust has announced that the guaranteed maximum rate increase for health insurance premiums will be 16.5%. The total health insurance premium for FY10 is estimated to be \$12.1 million. The City employees' share will be approximately \$2.1 million or approximately 18% of the total cost, leaving the City's share to be almost \$10 million.

Per the Health Insurance Stabilization Fund Policy, (*detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document*) the annual appropriation amount for each department is determined by the average increase of Health Insurance rates over 10 years. For FY10, this budget increase impacting the departments is 11.45%.

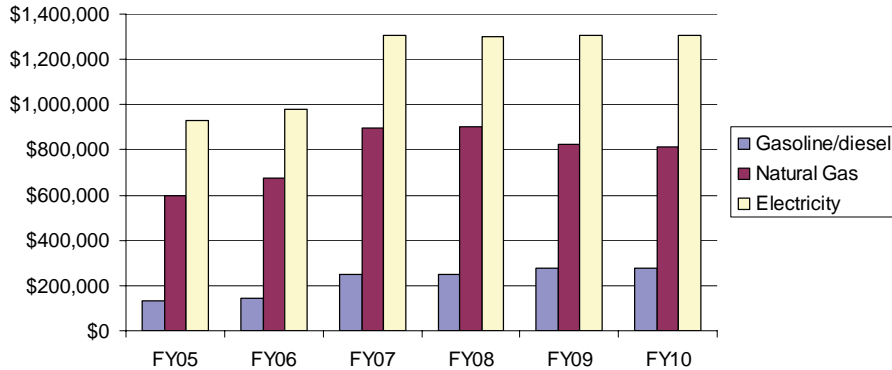
Utility Cost

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. The City has recently negotiated an electrical rate of \$.08 per kilowatt hour, versus the PSNH rate of \$.0992 per kilowatt hour, for the period of April 1, 2009, through December 1, 2009. This change in energy provider will save the City approximately 20% over the current rate.

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

Although the proposed budgeted amount of \$2.4 million reflects a slight decrease over our FY09 energy budget, we must remember that utility costs have inflated our budget by over 44% from five years ago.

General Fund Energy
Natural Gas, Electricity, Gasoline
 (excluding Fuel Oil)

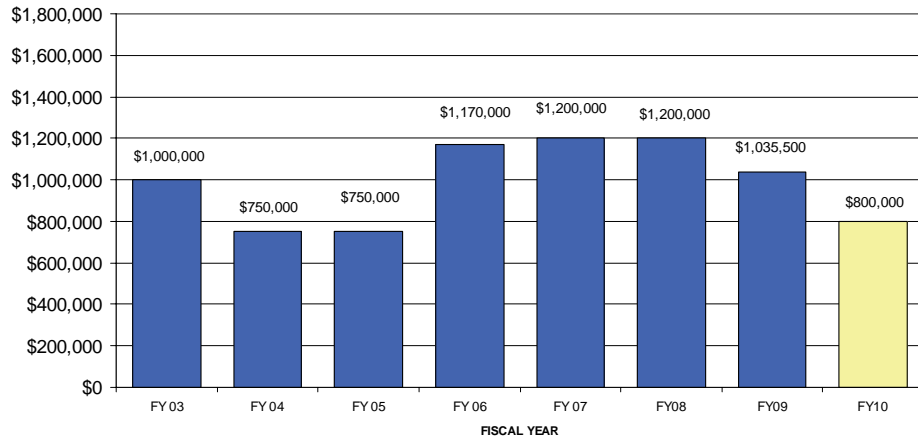


Capital Outlay

The Planning Board has recommended for FY10, an appropriations of \$800,000 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 2010-2015 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 FY10 proposed capital outlay appropriation, the average expenditure for capital outlay over an 8 year period is \$988,187 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 March 16, 2009. Description of each project can be found in Appendix II.

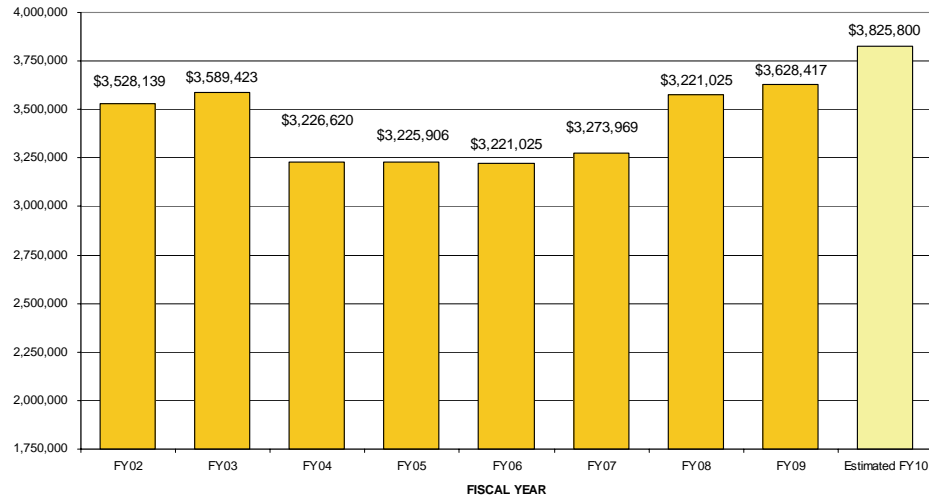
**Capital Improvements
Fiscal Year 2010
Taken from Capital Improvement Plan 2010-2015
General Fund, Capital Outlay Projects Only FY 10**

CIP PAGE	FY 10 General Fund Capital Improvement Plan	
II-22	CARDIAC MONITORS and DEFIBRILLATOR REPLACEMENT	\$75,000
II-23	ELECTRONIC DOCUMENT MGT SYSTEM (EDMS)-DIGITAL ARCHIVE SYST	\$30,000
II-29	PLAYGROUND IMPROVEMENTS	\$100,000
II-30	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	\$25,000
II-32	HISTORIC CEMETERY IMPROVEMENTS	\$10,000
II-50	DOWNTOWN SIGNAGE AND PEDESTRIAN WAYFINDING SYSTEM	\$40,000
II-51	TRAFFIC SIGNAL EVALUATION AND REPLACEMENT-CITYWIDE	\$100,000
II-52	PEDESTRIAN SIGNAL UPGRADES	\$25,000
II-54	CERES ST IMPROVEMENT	\$100,000
II-56	ELWYN PARK NEIGHBORHOOD INTERSECTION TRAFFIC CALMING	\$25,000
II-58	ALDRICH RD TRAFFIC SAFETY IMPROVEMENTS	\$25,000
II-59	CITYWIDE TREE REPLACEMENT PROGRAM	\$20,000
II-60	MARKET STREET INTERCHANGE	\$38,200
II-61	ISLINGTON STREET-STREETScape IMPROVEMENTS	\$100,000
	CAPITAL CONTINGENCY	\$86,800
Total General Fund FY 10 Capital Outlay		\$800,000

County Tax

The City of Portsmouth is annually assessed its portion of the Rockingham County budget based on the City's share of the equalization of property values for the entire county. In FY10, it is estimated that Portsmouth will pay approximately \$3.8 million to Rockingham County.

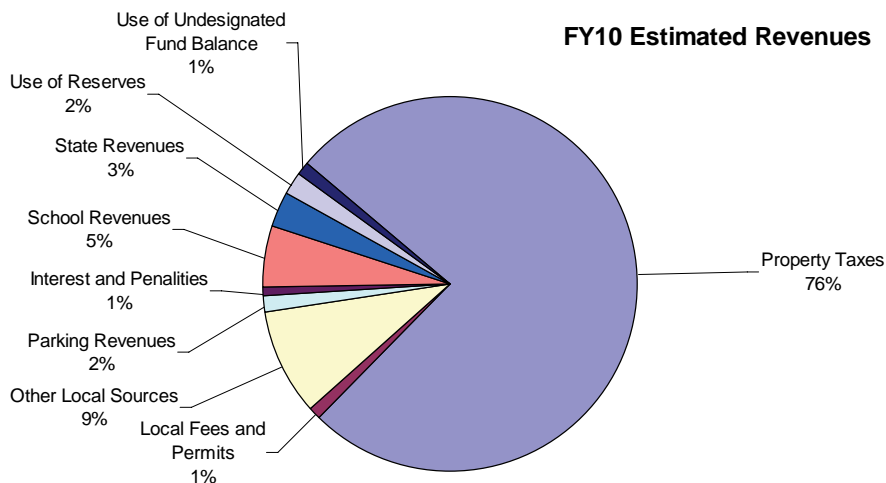
The proportion of the City's share, which determines the actual amount due to the County, is established by the Department of Revenue at the time of setting the tax rate.



Revenues

The FY10 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$64,478,808 in Property Taxes.
- \$7,704,619 in Other Local Sources.
- \$4,610,500 in School Tuition and other School Fees.
- \$2,577,298 from State Revenue and State School Building Aid.
- \$1,368,814 from Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$1,434,114 from Use of Designated Unreserved Fund Balance.
- \$1,053,006 from Use of Undesignated Fund Balance.
- \$919,000 from Local Fees and Permits.
- \$600,000 from Interest and Penalties.



WATER FUND

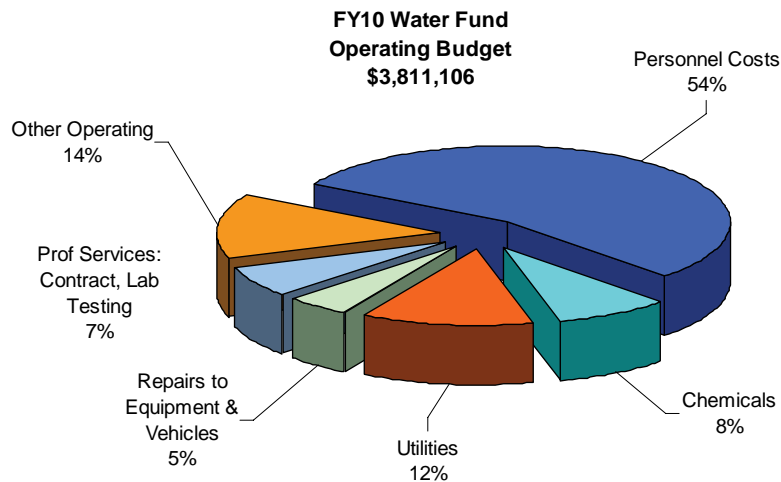
Total Appropriation

Appropriations for the Water Fund total \$6,376,063, or a 9.7% increase over the FY09 budget. The following table is a summary of major expenditure categories for the FY08 budget and actual, FY09 budget and the proposed FY10 budget.

Water Fund	FY08 Budget	FY08 Actual	FY09 Budget	FY10 Department Request	FY10 City Manager Recommended
EXPENDITURES					
<u>Operations and Maintenance Expenditures</u>					
Personnel Costs	1,924,403	1,804,706	1,992,538	2,063,810	2,063,810
Chemicals	233,150	242,257	290,000	318,600	318,600
Utilities	493,930	383,173	499,230	474,230	474,230
Repairs to Equipment & Vehicles	160,460	123,383	183,460	178,460	178,460
Prof Services: Contract, Lab Testing	289,652	134,890	308,652	255,402	255,402
Other Operating	533,922	484,674	538,691	520,604	520,604
<i>Operations and Maintenance</i> Subtotal	3,635,517	3,173,082	3,812,571	3,811,106	3,811,106
<u>Non-Operating Expenditures</u>					
Interest/Fees on Debt	194,060	186,436	617,124	1,103,488	1,103,488
Depreciation	667,938	585,529	675,753	751,944	751,944
Other Non-Operating	506,121	395,136	541,601	543,025	543,025
Equipment	166,500	51,731	166,500	166,500	166,500
<i>Non-Operating Expenditures</i> Subtotal	1,534,619	1,218,832	2,000,978	2,564,957	2,564,957
TOTAL	5,170,136	4,391,914	5,813,549	6,376,063	6,376,063

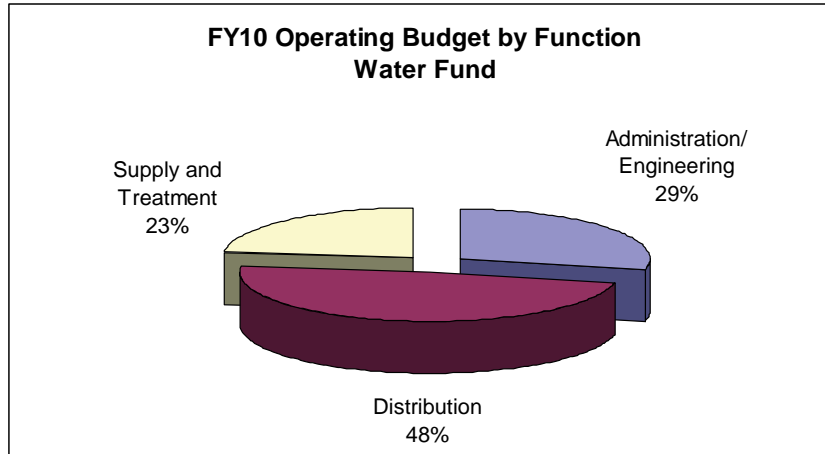
Operating Budget

The proposed Operating Budget is \$3,811,106 or 60% of the total budget. As depicted in the graph below, the personnel related costs consist of only 54% of the Operating Budget. The remaining 46% includes major costs related to providing quality and adequate supply of water.



The Operating Budget consists of three major functions:

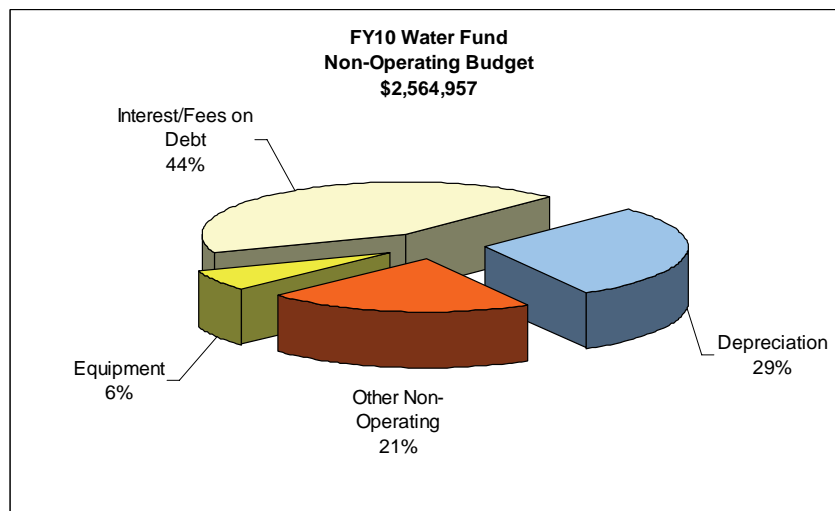
- Administration/Engineering- Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution- Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment- Madbury Treatment Plant, laboratory, a booster station, 9 wells, and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



Non-Operating Budget

The Non-Operating Budget of \$2,564,957 is 40% of the total proposed budget.

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



Capital Outlay

The Water Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY10 for a total of \$2,300,000. Detail for each of these projects can be found in Appendix II of this document.

Water Fund Capital Outlay Projects Fiscal Year 2010

Appendix II Page:	CIP #		Water Revenues
II-77	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	2,000,000
II-78	EF-WD-02	WATER SOURCE AUGMENTATION	200,000
II-79	EF-WD-06	WELL STATION IMPROVEMENTS	100,000
Total Water Fund Capital Outlay			2,300,000

A summary of the Capital Improvement Plan FY 2010-2015 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

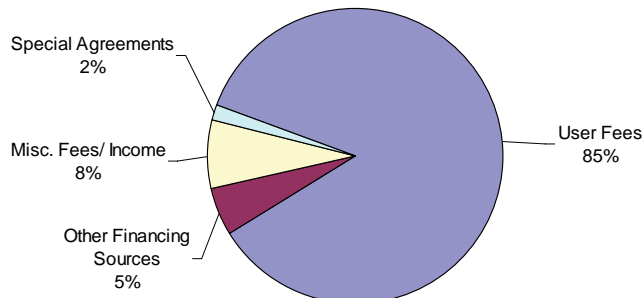
Revenues

The FY10 Water Division appropriations would be funded from the following sources to meet cash requirements:

- \$6,938,561 from User Fees
- \$613,000 from Miscellaneous Fees/Income
- \$421,318 from Other Financing Sources
- \$135,115 from Special Agreement Reimbursement

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

FY10 Estimated Revenues
(Based on cash requirements)



SEWER FUND

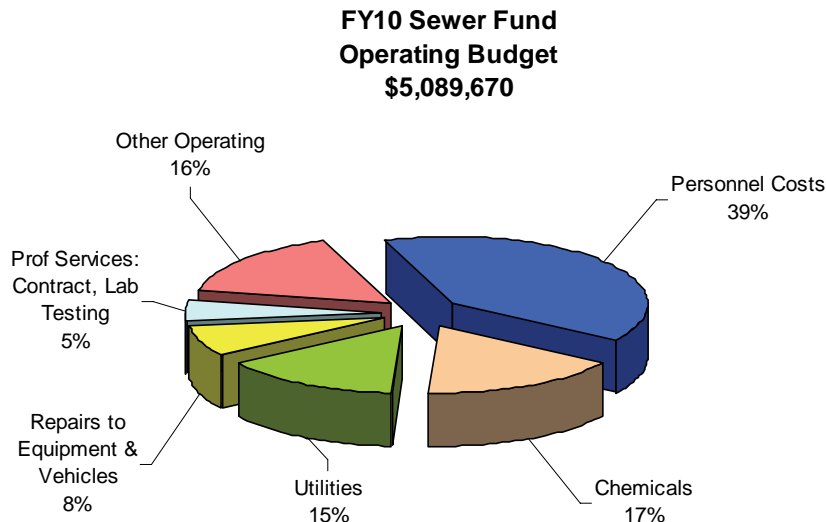
Total Appropriation

Appropriations for the Sewer Fund total \$8,395,569 or 4.5% less than the FY09 budget. The following table is a summary of major expenditure categories for the FY08 budget and actual, FY09 budget and the proposed FY10 budget.

Sewer Fund	FY08 Budget	FY08 Actual	FY09 Budget	FY10 Department Request	FY10 City Manager Recommended
EXPENDITURES					
<u>Operations and Maintenance Expenditures</u>					
Personnel Costs	1,771,679	1,600,640	1,918,704	2,016,500	2,016,500
Chemicals	745,600	662,586	780,600	859,000	859,000
Utilities	759,500	639,075	746,500	746,500	746,500
Repairs to Equipment & Vehicles	452,145	439,292	444,645	392,645	392,645
Prof Services: Contract, Lab Testing	286,932	141,544	222,932	237,932	237,932
Other Operating	840,646	762,089	845,444	837,093	837,093
<i>Operations and Maintenance Subtotal</i>	4,856,502	4,245,227	4,958,825	5,089,670	5,089,670
<u>Non-Operating Expenditures</u>					
Interest on Debt	990,599	909,494	1,723,625	1,132,019	1,132,019
Depreciation	1,377,332	1,179,168	1,324,221	1,389,272	1,389,272
Other Non-Operating	458,017	288,719	524,305	525,565	525,565
Equipment	264,043	58,160	264,043	259,043	259,043
<i>Non-Operating Expenditures Subtotal</i>	3,089,991	2,435,542	3,836,194	3,305,899	3,305,899
TOTAL	7,946,493	6,680,768	8,795,019	8,395,569	8,395,569

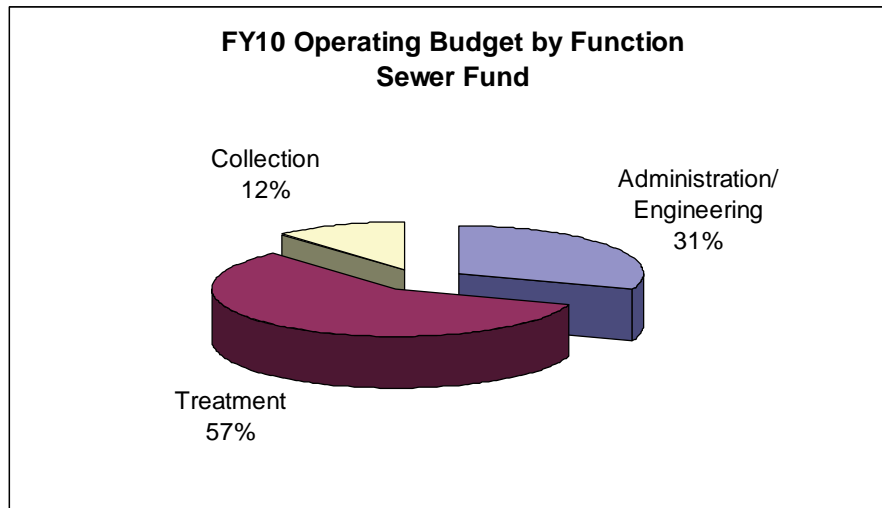
Operating Budget

The proposed Operating Budget is \$5,089,670 or 60.6% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart below, 39% is associated with personnel related costs. The remaining 61% is related to major costs associated with collecting and treating city sewage.



The Operating Budget consists of three major functions:

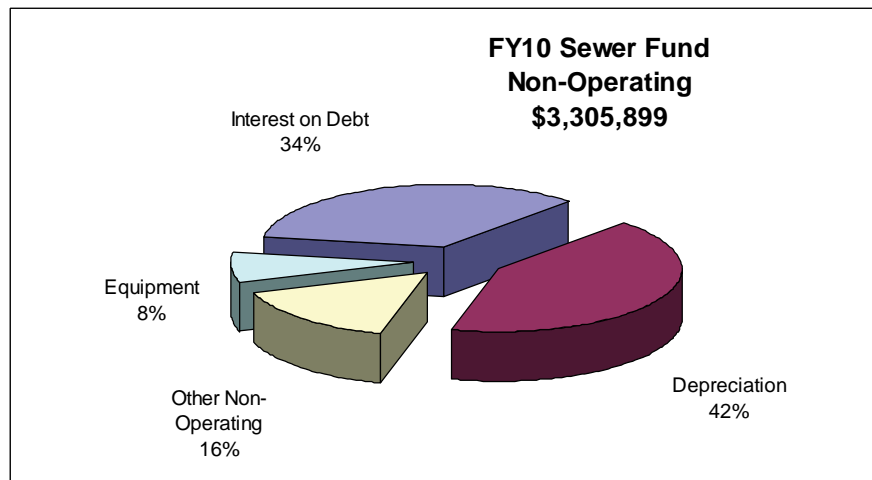
- Administration- Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection- Force mains, interceptors, laterals, and meter reading.
- Treatment- Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 21 pump stations.



Non-Operating Budget

The Non-Operating Budget of \$3,305,899 is 39.4% of the total proposed budget.

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



Capital Outlay

The Sewer Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY10 for a total of \$1,140,000. Detail for each of these projects can be found in Appendix II of this document.

Sewer Fund Capital Outlay Projects Fiscal Year 2010			
Appendix II Page:	CIP #		Sewer Revenues
II-71	EF-SD-05	LONG TERM CONTROL PLAN - NON SRF ELIGIBLE COMPONENT	190,000
II-72	EF-SD-06	MECHANIC ST PUMP STATION IMPROVEMENTS	350,000
II-73	EF-SD-07	DRAINAGE IMPROVEMENTS FOR CROSS COUNTRY SEWER LINES	50,000
II-74	EF-SD-08	HERITAGE AVE FORCEMAIN REPLACEMENT	50,000
II-75	EF-SD-09	WASTE WATER TREATMENT PLANT UPGRADES	500,000
Total Sewer Fund Capital Outlay			1,140,000

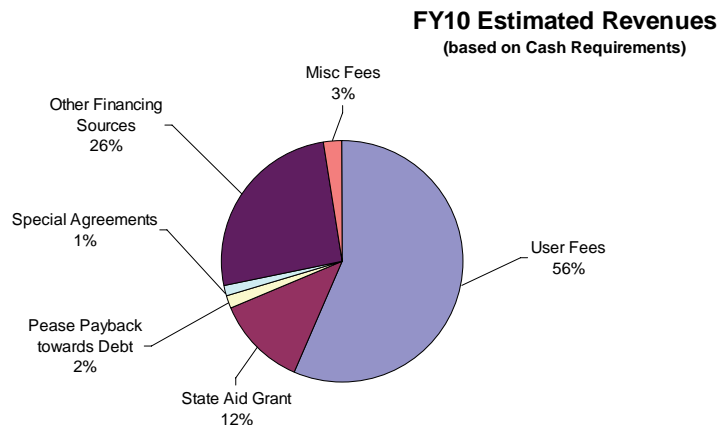
A summary of the Capital Improvement Plan FY 2010-2015 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

Revenues

The FY10 Sewer Division appropriations would be funded from the following sources to meet cash requirements:

- \$6,116,404 from User Fees
- \$2,791,550 from Other Financing Source
- \$1,353,279 from State Aid Grant
- \$278,500 from Miscellaneous Fees/Income
- \$173,392 from Pease Payback toward Debt
- \$153,086 from Special Agreement Reimbursement

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



PARKING AND TRANSPORTATION FUND

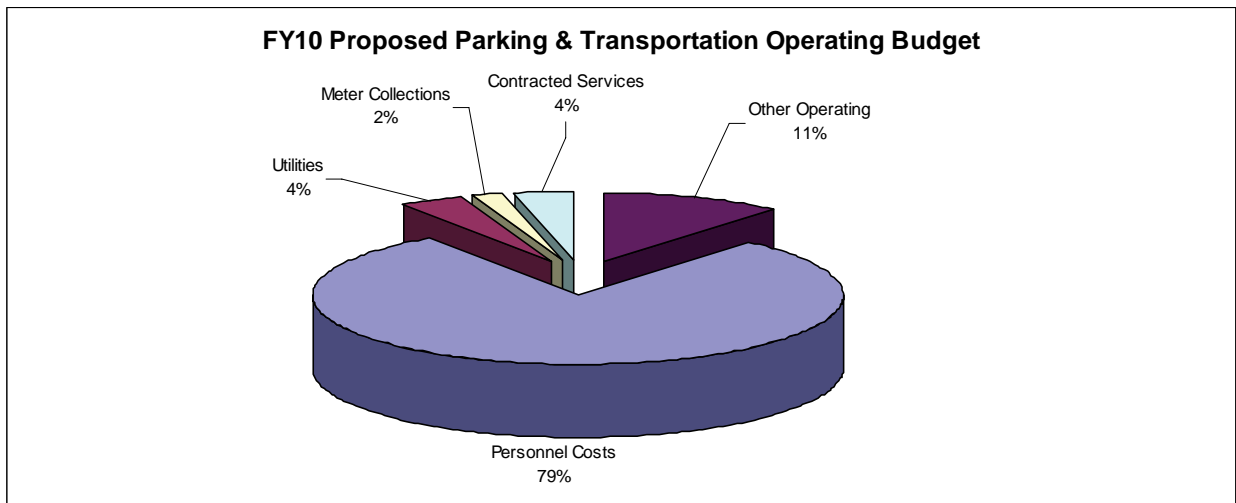
Total Appropriation

The total proposed appropriations for the Parking and Transportation Fund is \$2,246,686. The following table is a summary of major expenditure categories for the FY08 budget and actual, FY09 budget and the proposed FY10 budget. The budget is comprised of an Operating Budget, a Capital Budget, Transportation Budget and Debt Service. Debt Service was transferred over to the Parking and Transportation Division from the General Fund in FY09.

	FY08 BUDGET	FY08 ACTUAL	FY09 BUDGET	FY10 DEPARTMENT REQUEST	FY10 CITY MANAGER RECOMMENDED
OPERATING					
PERSONNEL COSTS	929,012	920,637	975,125	1,017,992	1,017,992
UTILITIES	66,200	70,187	68,200	48,200	48,200
METER COLLECTION (Police)	-	-	25,000	25,000	25,000
CONTRACTED SERVICES	45,000	45,477	47,500	47,500	47,500
OTHER OPERATING	109,015	90,335	135,165	141,975	141,975
TOTAL OPERATING	1,149,227	1,126,636	1,250,990	1,280,667	1,280,667
NON OPERATING					
DEBT SERVICE	-	-	772,981	472,950	472,950
CAPITAL PROJECTS	225,000	225,186	174,000	259,000	259,000
TRANSPORTATION	221,882	240,971	231,518	234,069	234,069
TOTAL NON-OPERATING	446,882	466,157	1,178,499	966,019	966,019
TOTAL PARKING/TRANSP	1,596,109	1,592,793	2,429,489	2,246,686	2,246,686

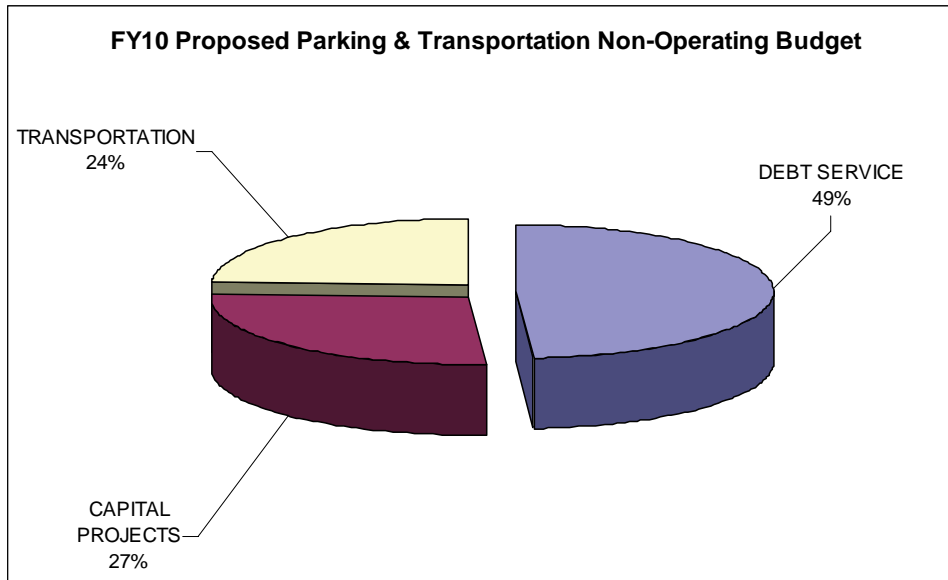
Operating Budget

The proposed Operating Budget is \$1,280,667 or 57% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 79% is associated with personnel related costs. The remaining 21% is related to costs mostly associated with meter collections and parking facility operations.



Non-Operating Budget

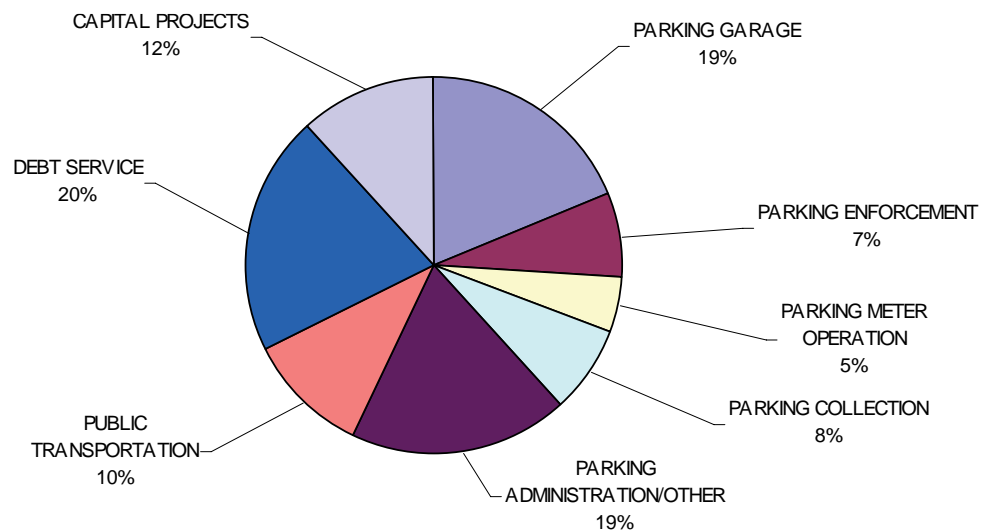
The Non-Operating Budget of \$966,019 is 43% of the total proposed budget.



Parking & Transportation consists of the following major functions:

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

PARKING AND TRANSPORTATION BY FUNCTIONS



Capital Outlay

The Parking & Transportation Fund, through the Capital Improvement Plan, requests funds from parking revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects the department is requesting for FY10 for a total of \$259,000. Detail on each of these projects can be found in Appendix II of this document.

Parking & Transportation Capital Outlay Projects Fiscal Year 2010

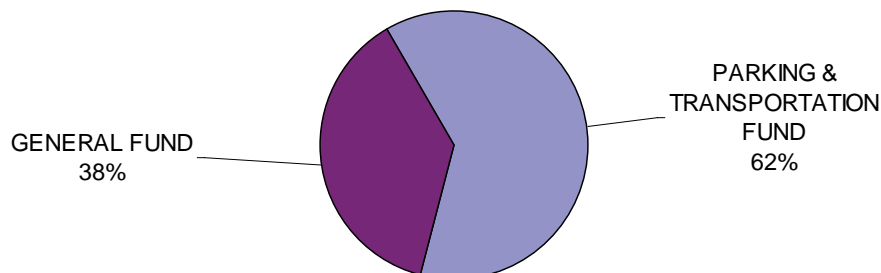
Appendix II Page:	CIP #		Parking Revenues
II-33	BI-PW-26	HIGH-HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS	100,000
II-36	BI-PW-31	PARKING GARAGE STUDY	30,000
II-44	TSM-CITY/COAST/PDA-01	TRANSIT INFRASTRUCTURE IMPROVEMENTS-CITYWAIDE	4,000
II-45	TSM-CITY/COAST/PDA-02	GREATER PORTSMOUTH TRANSPORTATION MGT ASSOCIATION	5,000
II-48	TSM-PW-05	VIOLATIONS MANAGEMENT PROGRAM	20,000
II-49	TSM-PW-06	REPLACEMENT OF PARKING METERS	100,000
Total Parking & Transportation Fund Capital Outlay			259,000

Revenues

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

<u>Revenue Source</u>	<u>Estimated FY10</u>
Parking Garage	\$1,140,000
Parking Meter Fees	\$960,000
Parking Violations	\$930,000
Garage Space Leases	\$560,000
Other	\$25,500
Total Parking Revenue	\$3,615,500
Fund Revenue Recorded:	
General Fund	\$1,368,814
Parking & Transportation	\$2,246,686

PARKING REVENUE DISTRIBUTION BY FUND





CITYWIDE PRIORITIES

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

ACCOMPLISHMENTS:

GFOA Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented the City of Portsmouth with the distinguished Budget Presentation Award for the fiscal year 2009 proposed budget document. This prestigious award is the highest form of recognition in governmental budgeting and is the third consecutive award presented to the City of Portsmouth. In order to receive this award, the City's budget must satisfy specific criteria in four primary areas as serving as a policy document, financial plan, operations guide, and as a communications device.

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

Citywide WiFi

The City completed phase one of a multi-phase expansion of the free wireless access in the downtown. The objective of this project is to expand the existing free Wireless Fidelity (WiFi) spots in Portsmouth in collaboration with several partners in the City including the Chamber of Commerce, Cisco Systems, Baying Communications, Single Digits, and the University of New Hampshire. The project creates an opportunity for technology businesses to test their wireless innovations (VOIP, Podcasts, etc.) in a compact city environment. From an economic development perspective, the project enables the Chamber of Commerce and the City to build the local high technology business sector, form a strategic alliance with UNH and build on its reputation as a progressive, entrepreneurial, and tech-savvy small city. The project is funded by a \$10,000 state grant, a donation of over \$300,000 in wireless communication equipment from Cisco Systems and in-kind donations for implementation.

City Building Re-use

In January 2008 the City Council signed a three-year renewable lease with Portsmouth Historical Society (PHS) for use of the former Public Library on Islington Street, which is comprised of the historic Benedict and Academy buildings. The lease includes provisions allowing PHS to make limited use of the former library property and conduct a fundraising campaign. In FY 09 PHS developed and staged successful exhibits, digital multi-media and collaborative programming for both residents and out-of-town visitors. It has also undertaken fundraising and applied for grants. In addition, PHS leased the Benedict House section of the former library to a local non-

profit, the Star Island Corporation, and is currently in negotiations with the Seacoast African American Cultural Center to lease the former children's library section of the building.

In October 2008, the City entered into a long-term lease (98 years) of the former Lafayette School building to the Portsmouth Housing Authority to create 10 housing units for seniors 62 years of age and older who earn less than 60% of median income. The historic Lafayette School, built in 1914-1915, had been vacant for roughly ten years and was in need of substantial repair. The \$2.6 million construction project began in October 2008 and is expected to be completed in June 2009. This project is funded in part with Low-Income Housing Tax Credits, Federal Home Loan Bank funds, and local Community Development Block Grant funds. The redevelopment of this City-owned building is consistent with the City's efforts to successfully re-use vacant City buildings as recommended by the Building Reuse Committee, which identified several guidelines for the disposition and reuse of City property including affordable housing reuses.

Blue Ribbon Committee on Housing

The Blue Ribbon Committee on Housing was appointed by the City Council in May 2008 and, in November 2008, it presented its final report to the Council. The Committee was particularly concerned about the need to create additional units of workforce housing, which is defined as housing affordable to those who earn between 80% and 120% of Median Family Income. Several key issues were identified including the jobs – housing imbalance, housing cost – wage imbalance, and the City's limited supply of developable land. The Committee also recognized the need to leverage private resources to create new units, encourage redevelopment of existing parcels, preserve existing affordable housing, and link future job growth to workforce housing. The Committee made a number of recommendations including the need to create a Workforce Housing Trust Fund to help facilitate development of new workforce housing in partnership with private and non-profit housing developers, and zoning changes that would result in the creation of mixed use (workforce housing/non-residential) redevelopment along transit corridors.

Street and Sidewalk Improvements

In FY09, the City continued investment in the vital infrastructure of streets and sidewalks. The following projects were completed or started:

- Paved streets citywide: Cass Street, Friend Street, Lovell Street (partial), Chevrolet Avenue, Brewery Lane, Bartlett Street (partial), Cate Street, North School Street, Prospect Street, Walker Street, Blossom Street, Brackett Lane, Foch Avenue, Barberry Lane, WBBX Road, Parrott Avenue (partial), Sagamore Grove Road.
- Raleigh Way Phase 1 project included the construction of sidewalks, drainage, water, sewer, landscaping, trees, curbing and paving.
- Market Street sidewalks were reconstructed from Market Square to Bow Street including new brick sidewalks and period lighting.
- Woodbury Avenue traffic calming and safety improvement project from Bartlett Street to Market Street Extension. Improvements included granite curbing, drainage, signage, pavement striping, water services, sewer lines, landscaping and paving.
- Route 33 Bridge replacement project commenced. This work includes replacement of the existing railroad bridge, drainage, paving, signage, landscaping, trees, sidewalks and signalized intersections from Peverly Hill Road to Borthwick Avenue.

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

Water Division

The Division completed the design and bidding for a new water treatment plant in Madbury. The new plant was designed using LEED principles and includes innovative energy efficient elements such as positioning the plant to take advantage of solar orientation, passive solar hot water heating, and source water heat pumps for heating and cooling. The new plant will provide a state of the art, Dissolved Air Flotation (DAF) treatment plant designed to be able to adapt to the ever increasing regulatory requirements.

The Water Division also completed the piloting of the Automated Meter Reading system and began implementation of the new system throughout the service area. This system will facilitate the transition to billing all water and sewer customers on a monthly basis instead of every four months. The system will also allow the City to improve the monitoring of water consumption trends and thus better manage municipal water resources.

Sewer Division

The Mechanic Street Pump Station Upgrades project was completed in FY09. The project included upgrades to the Variable Frequency Drives and odor control system. The project will result in improvements in the operation of the City's largest pump station as well as enhance the aesthetics of the station that is located in the heart of the City's historic south end.

Asset Management System

Both sewer and water divisions began implementation of a new asset management system. The new system allows better tracking of work orders, customer service, and tracking of daily field operations through integration with the City's Geographic Information Systems (GIS).

CONTINUING PRIORITIES:

Sustainability

The City of Portsmouth 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 guidance of its Committee on Sustainable Practices, as well as the expertise of City staff, Portsmouth 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 resulted in, or will result in, significant annual cost savings include:

- In February 2009 a lighting upgrade project was completed replacing 275 high pressure sodium light fixtures with compact fluorescent fixtures in the High-Hanover Parking Garage. The cost for the project was just over \$70,000 for which the City received a rebate of \$35,000. With an annual cost savings estimated at approximately \$21,000, the project will pay for itself in less than two years and save the City \$21,000 annually after that.
- In September 2007 a grant-funded greenhouse gas emissions inventory was completed to be used as a baseline tool to quantify energy consumption and corresponding greenhouse gas emissions. Staff is currently working on updating this inventory for 2008. This data

will be used to guide and prioritize facility upgrades to further reduce annual operating costs.

- In December 2006 the new “green” library was opened to the public. The public library received silver-level Leadership in Energy and Environmental Design (LEED) certification. Natural gas used to heat the new library is 1/3 that used to heat the old library, which was substantially smaller. This has resulted in significant annual operational cost savings.
- Cost saving upgrades were made to the wastewater system including the recent installation of three new energy-efficient motors and drives, which improve efficiency by 10% at the Deer Street Pump Station. This installation resulted in an immediate \$83,000 PSNH rebate and will also result in future, ongoing electricity use reductions and annual cost savings.
- The responsibilities of the City’s Environmental Planner were broadened to include coordination of the City’s sustainability efforts within the various municipal departments. The intent is that this coordination and information sharing effort will result in new initiatives to reduce operational costs.
- The City installed infrared heating at the Public Works garage and is currently researching more energy efficient lighting to be installed in the near future.
- The City has approved design for the construction of a new drinking water treatment plant where the energy use and cost is expected to be 30% lower than a conventional design. Solar hot water collectors, heat pumps and “daylight harvesting” are some of the features which will reduce both the carbon footprint of this new facility as well as annual operating costs.
- The City is nearing completion of the design for a new fire substation, which will follow LEED principles of design and seek LEED certification. Proposed upgrades include a superinsulated building envelope and high efficiency natural gas boilers for heat. These features will result in significant annual operating cost savings.
- The Portsmouth Middle School is in the preliminary design phase. The final design will follow the standards of, and seek certification by, the Northeast Collaborative for High Performance Schools. High performance schools take advantage of recent advances in energy efficiency and incorporate heating, cooling, and lighting systems that produce the highest comfort levels for the least cost and insure that the annual operating costs will be lower than a conventionally designed school.

Islington Street Corridor Improvement Action Plan

The Islington Street Improvement Action Plan Project was initiated by the Economic Development Commission as part of its focus on the city’s major corridors and gateways. The project goal is to create short and long-term action-oriented recommendations for the Islington Street Corridor, such as improved circulation, pedestrian and vehicular safety, and appropriate economic development tools to benefit growing businesses in the corridor. Likewise, as part of its partnership with the City’s Cultural Commission (Art-Speak), the plan will enhance and create opportunities for arts and cultural activity consistent with the goals of the Master Plan. During FY 09, the City’s design consultants, Richardson & Associates, developed a draft plan that was the subject of several public input sessions and joint meetings of various city boards.

Because of the length of the study area and the magnitude of the proposed improvements, the project will be phased over several years. In the near term, the City's Capital Improvement Plan includes funding for sidewalks in the corridor and redevelopment of the Spinney Road intersection.

Downtown/Northern Tier Development

Progress on two significant urban revitalization projects, Portwalk and HarborCorp's Westin Hotel & Conference Facility, in the city's downtown Northern Tier continues. The Portwalk project was modified this year to better access the capital market. The developers subdivided the parcel into three lots for a three-phased roll-out with phase one being a pedestrian boardwalk and roadway with an extended stay hotel with 147 rooms. The next phase will be a mixed-use building with retail and residential units offering 1, 2 or 3 bedrooms and the final phase will include a mixed use structure with retail on the street level and 150,000 square feet of office space. Plans for an underground parking structure are still under consideration.

The HarborCorp Westin Hotel and Conference Facility project has been revised to reflect the fact that the city will no longer be partnering on a six-level parking garage associated with the facility (it will now be private) and the developer is completing the local land use approval process and negotiating necessary easement documents.

Market Street Gateway Improvement Project

The Market Street Gateway Improvement Project was initiated by the Economic Development Commission as part of its focus on the City's major corridors and gateways. Project goals include traffic calming, safe pedestrian and bicycle travel, aesthetic improvements and clear signage that directs visitors from I-95 to the central business district and tourist information center.

In FY 09 the city's consultants, The Cecil Group, completed a conceptual plan and cost estimates for a five phase implementation of the gateway improvement design. Included in the \$3.2 million planned improvements are new sidewalks, crosswalks, a bike lane, landscaped medians, lighting, and public open space and scenic vistas with interpretive signs, benches and public art overlooking the Piscataqua River, North Mill Pond and the Maine waterfront. The City's Capital Improvement Plan includes \$300,000 for the initial part of phase one. The city is seeking federal funding for other phases.

Fire Station 2

The City continued with its efforts to design a new Fire Station to replace and relocate Fire Station 2. The City authorized bonding for \$5.15 million for the construction of Fire Station 2 and a bond for \$1.3 million for the purchase of 3000 Lafayette Road, the new site of Fire Station 2. This site is suited to accommodate the station, meet the requirements of the National Fire Protection Association (NFPA) and accomplish the City's desire to have the first LEED certified fire station in the State. In addition, the new site allows for drive through bays, insures safe access to both US Route 1 and Ocean Road, and provides sufficient parking and room for future expansion. The construction of the new Fire Station 2 is anticipated to begin the first of April 2009.

Middle School

Planning and conceptual design continued this year for the renovation of the Portsmouth Middle School on Parrott Avenue, which was built in the 1930s and remodeled in the early 1970s. Schematic design alternatives for the Middle School at the Parrott Avenue site have been presented to the School Board and work continues to refine the desired alternative. The design consultant's work has included a review of the existing programs, an evaluation of existing conditions, initial public participation events and development of schematic design alternatives sufficient to achieve conceptual level cost estimates and to outline site opportunities and challenges. Preliminary waivers of some New Hampshire State Board of Education requirements, which cannot be achieved at the Parrott Avenue site, have been submitted for review to the approving authority.

Madbury Water Treatment Plant

The water treatment plant upgrade is scheduled to begin. The new plant, which includes innovative sustainable design features, will use Dissolved Air Flootation (DAF) technology that will improve the water quality coming from the City's Bellamy Reservoir.

Sewer Division Projects

The sewer division will continue the implementation of the Long Term Control Plan sewer separation projects. The Barrtlet and Islington Street intersection area, State Street and the first of several projects in the Lincoln Avenue area will begin this fiscal year. These projects include upgrades to underground utilities, as well as improvements to the streetscape through new sidewalks, curbing and paving.

In addition, the sewer division continues to work on the Wastewater Master Plan (WMP). The WMP is a comprehensive three-year study that will provide recommendations for upgrading the Wastewater Treatment system and Combined Sewer Overflow issues.

City Council Goal Setting Retreat

In November 2008, the City Council held a half-day retreat to discuss and formulate the City Council's goals and objectives for calendar year 2009. At the retreat, City Councilors discussed a number of topics including land use, sustainability, economic development, legislative issues, budget, recreation facilities, infrastructure, and potential combined operational efficiencies. The retreat resulted in a summary document detailing the City Council's goals, objectives and priorities for the 2009 calendar year. The document will be used by the City Manager and the staff throughout the calendar year.

Legislative Subcommittee

The City, with the help of the City Council's new four-member Legislative Subcommittee comprised of the Mayor and three City Councilors, will continue monitoring activities at the State Legislature in Concord that could have an impact on Portsmouth. Chief among them would be any proposed changes to the New Hampshire Retirement System (NHRS) or the Statewide Property Tax/education funding issue. It is important to especially carefully review legislation related to these issues because changes in the pertinent laws have the potential to substantially affect Portsmouth's budgeting process. Attempts to continue to try to reform the NHRS are anticipated in FY10. However, the Governor and legislative leaders have promised there would be no impact on municipal budgets in Fiscal Year 2010. Portsmouth has not been a "Donor" community forced to raise excess Statewide Property Taxes since a new education funding

formula was implemented in FY06. The City also will continue to watch the Legislature's future education funding discussions via the Coalition Communities office based at Portsmouth City Hall, which is funded by the City and contributions from Coalition-member towns.

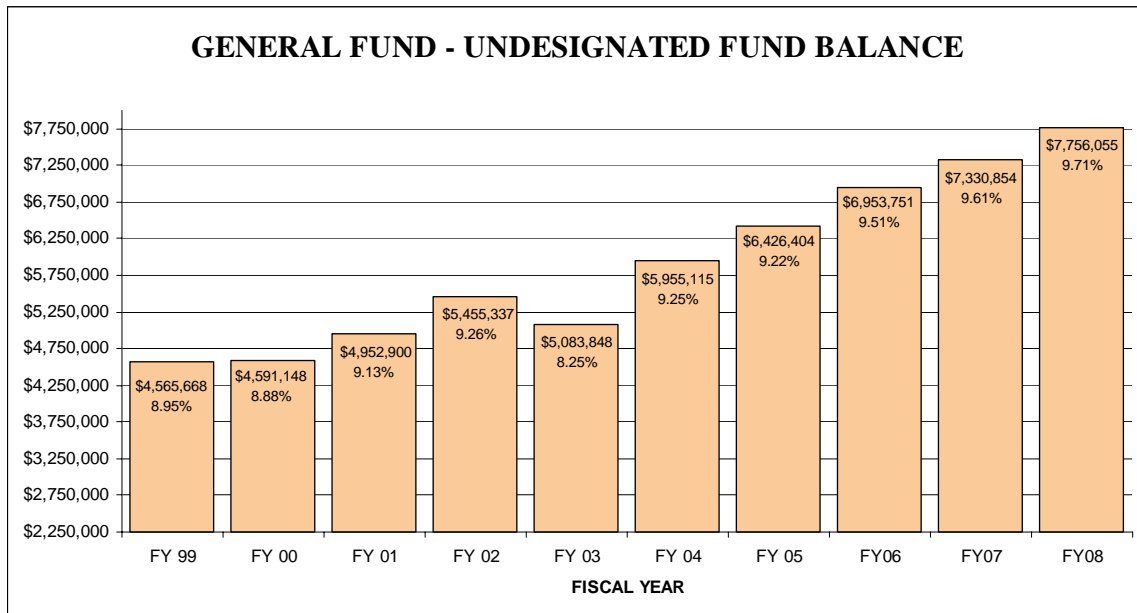


FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

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

UNDESIGNATED FUND BALANCE ORDINANCE

City Council adopted in Fiscal Year 1998 the “Undesignated Fund Balance Ordinance” which codified our fiscal policy of ensuring that we would maintain an undesignated fund balance of at least 7% of prior year’s appropriation with an ultimate goal of 10%. Over the last several years, the Undesignated Fund Balance has remained within the policy guidelines. At the end of FY08, Undesignated Fund Balance increased by \$425,201 over FY07 which increased the percentage of appropriation from 9.61% to 9.71%. The chart below shows the history of undesignated fund balance for the last 10 years.



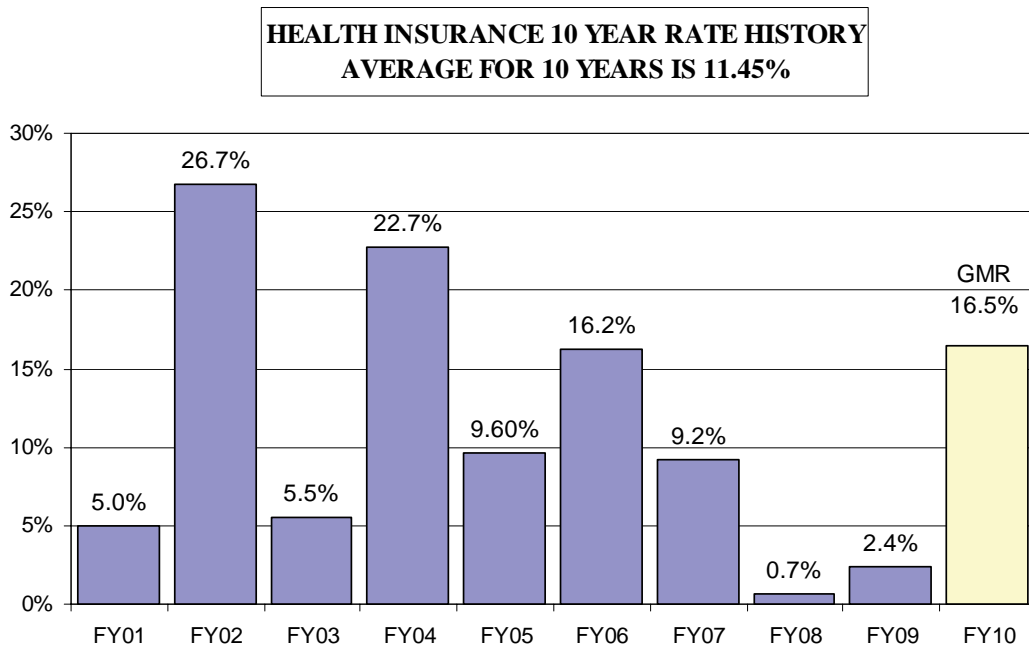
LEAVE AT TERMINATION

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

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

HEALTH INSURANCE STABILIZATION FUND

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



At the time of developing the annual budget, the Health Insurance premium rates have not been established. However, the Local Government Center (LGC) HealthTrust does supply the City with a guaranteed maximum rate (GMR). For FY10, the GMR is 16.5%.

The City addressed this issue with two approaches.

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

In FY09, the City made a one time adjustment to the health insurance appropriation. Changes over the last several years, such as employment, employee status change and state legislation, have made it necessary to review and recalibrate the health insurance appropriations for each department. The FY09 budget reflected an estimate of the actual appropriation required for each department's needs. In FY10, the City continue with the 10 year average percentage rate increase for establishing the annual appropriation for each department and conduct periodic reviews of the department's needs.

INVESTMENT POLICY

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

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

PROPERTY VALUATION

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

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

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

PERFORMANCE MEASURES

The FY10 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 FY09” 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 2010 funding. Detailed information for each project can found in Appendix II of this document.

Capital Improvement Plan FY 2010-2015 (FY 2010 Funding)

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '10 Total
GOVERNMENTAL FUNDS	\$800,000	\$0	\$29,150,000	\$37,508,847	\$1,003,100	\$1,081,150	\$69,543,097
SEWER FUND	\$0	\$1,140,000	\$0	\$0	\$0	\$0	\$1,140,000
WATER FUND	\$0	\$2,300,000	\$1,000,000	\$0	\$0	\$0	\$3,300,000
TOTAL	\$800,000	\$3,440,000	\$30,150,000	\$37,508,847	\$1,003,100	\$1,081,150	\$73,983,097

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 Aa2 and AA by Moody's Investors Service and Standard and Poor's Ratings Group, respectively. Table 1 highlights where the City's rating is today with respect to the model and Table 2 provides the history of the City's rating.

Table 1

INVESTMENT GRADE RATINGS	
Standard & Poor's	Moody's
AAA	Aaa
AA+	Aa1
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
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

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 FY10 proposed budget includes a projected net debt cost of 6.84% 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, 2008, the last completed independent audit, was 1.15% (A Debt Burden calculation is located in the Debt Service section of this budget document.)

MUNICIPAL FEE REVIEW PROCESS

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

ENTERPRISE FUND POLICIES FOR RATE SETTING

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

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 15 awards for the fiscal years ended June 30, 1988, 1989, and 1995-2007.

DISTINGUISHED BUDGET PRESENTATION AWARD

The City will seek annual renewal of the Government Finance Officers Association's Achievement for Distinguished Budget Presentation Award. The City of Portsmouth received the GFOA's Distinguished Budget Presentation Award for three consecutive years; beginning July 1, 2006, 2007 and 2008. 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. Fourteen (14) of these bargaining units' contracts expired on June 30, 2008. Employees who are eligible, will continue to receive step increases under the current contract however, other wage adjustments will not be provided until new contracts are ratified.

The proposed FY10 budget includes salary reclassifications for the Planning Director, Principal Planner and the Environmental Planner. These reclassifications are due to the City's contractual agreement with PMA, SMA and non-union employees that the City would review twenty percent (20%) of the position in the bargaining unit each fiscal year.

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

PERSONNEL SUMMARY

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

The Fiscal Year 2010 proposed budget includes a net reduction of 7.72 full-time positions.

- **Finance Department**- Reduction of one part-time Account Clerk position.
- **Recreation Department** – Reduction of one full time Head Lifeguard position.
- **Police Department** – Eliminated one Information Technology position and reduced the animal Control Officer from full-time to part-time.
- **School Department** – Reduction of 4.72 full time equivalents and an increase of 11.17 part time equivalents due to reallocation of resources.

DEPARTMENT	2007/08 ACTUAL	2008/09 ACTUAL	2009/10 PROPOSED BUDGET	Change from FY09
FULL-TIME PERSONNEL				
CITY MANAGER	2.00	2.00	2.00	-
HUMAN RESOURCES	2.00	2.00	2.00	-
CITY CLERK	3.00	3.00	3.00	-
LEGAL DEPARTMENT	5.00	5.00	5.00	-
FINANCE DEPARTMENT	17.00	17.00	17.00	-
PLANNING DEPARTMENT	6.15	6.15	6.15	-
INSPECTION DEPARTMENT	4.00	4.00	4.00	-
HEALTH DEPARTMENT	1.45	1.50	1.50	-
PUBLIC WORKS	60.00	60.70	60.70	-
LIBRARY	14.00	16.00	16.00	-
RECREATION DEPARTMENT	8.50	8.00	7.00	(1.00)
WELFARE DEPARTMENT	2.00	2.00	2.00	-
POLICE DEPARTMENT	91.00	92.00	90.00	(2.00)
FIRE DEPARTMENT	61.00	62.00	62.00	-
SCHOOL DEPARTMENT	370.28	378.37	373.65	(4.72)
GENERAL FUND - FULL TIME PERSONNEL TOTAL	647.38	659.72	652.00	(7.72)
PART-TIME PERSONNEL*				
HUMAN RESOURCES	4.00	3.00	3.00	-
LEGAL DEPARTMENT	2.00	2.00	2.00	-
FINANCE DEPARTMENT	2.00	2.00	1.00	(1.00)
INSPECTION DEPARTMENT	1.00	1.00	1.00	-
LIBRARY	12.00	12.00	12.00	-
RECREATION (number of positions vary seasonally)	-	1.00	1.00	-
POLICE DEPARTMENT	36.00	36.00	36.00	-
FIRE DEPARTMENT	3.00	3.00	3.00	-
SCHOOL DEPARTMENT	180.00	188.00	199.17	11.17
GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL	240.00	248.00	258.17	10.17
FULL-TIME PERSONNEL				
WATER AND SEWER FUND	48.10	48.10	48.10	-
ENTERPRISE FUNDS - WATER & SEWER FULL TIME PERSONNEL TOTAL	48.10	48.10	48.10	-
PART-TIME PERSONNEL*				
WATER AND SEWER FUND	2.00	2.00	2.00	-
ENTERPRISE FUNDS - WATER & SEWER PART TIME PERSONNEL TOTAL	2.00	2.00	2.00	-
FULL-TIME PERSONNEL				
PARKING	10.50	10.00	10.00	-
COMMUNITY DEVELOPMENT	1.40	1.35	1.35	-
UDAG	1.00	1.00	1.00	-
SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL	12.90	12.35	12.35	-
PART-TIME PERSONNEL*				
PARKING	19.00	20.00	20.00	-
COMMUNITY DEVELOPMENT	1.00	1.00	1.00	-
SPECIAL FUNDS - PART TIME PERSONNEL TOTAL	20.00	21.00	21.00	-
TOTAL FULL-TIME PERSONNEL	708.38	720.17	712.45	(7.72)
TOTAL PART-TIME PERSONNEL	262.00	271.00	281.17	10.17

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

DIRECTORY OF OFFICIALS

CITY COUNCIL

Thomas G. Ferrini, Mayor
John Blalock, Assistant Mayor

Nancy Novelline Clayburgh M. Chris Dwyer
Kenneth E. Smith Esther E. Kennedy
Eric Spear Laura C. Pantelakos
Jerry Hejzmanek

BOARD OF EDUCATION

Robert J. Lister, Superintendent
Mitchell Shuldman, Chairperson
Sheri Ham Garrity, Vice Chairperson

Kent LaPage Elizabeth Sweet
Leslie Stevens Dexter R. Legg
Ann M. Walker Rebecca Emerson
Partrick Ellis

Police Commission

Chief Michael Magnant
Gerald W. Howe, Chairperson
John C. Russo
John F. Golumb

Fire Commission

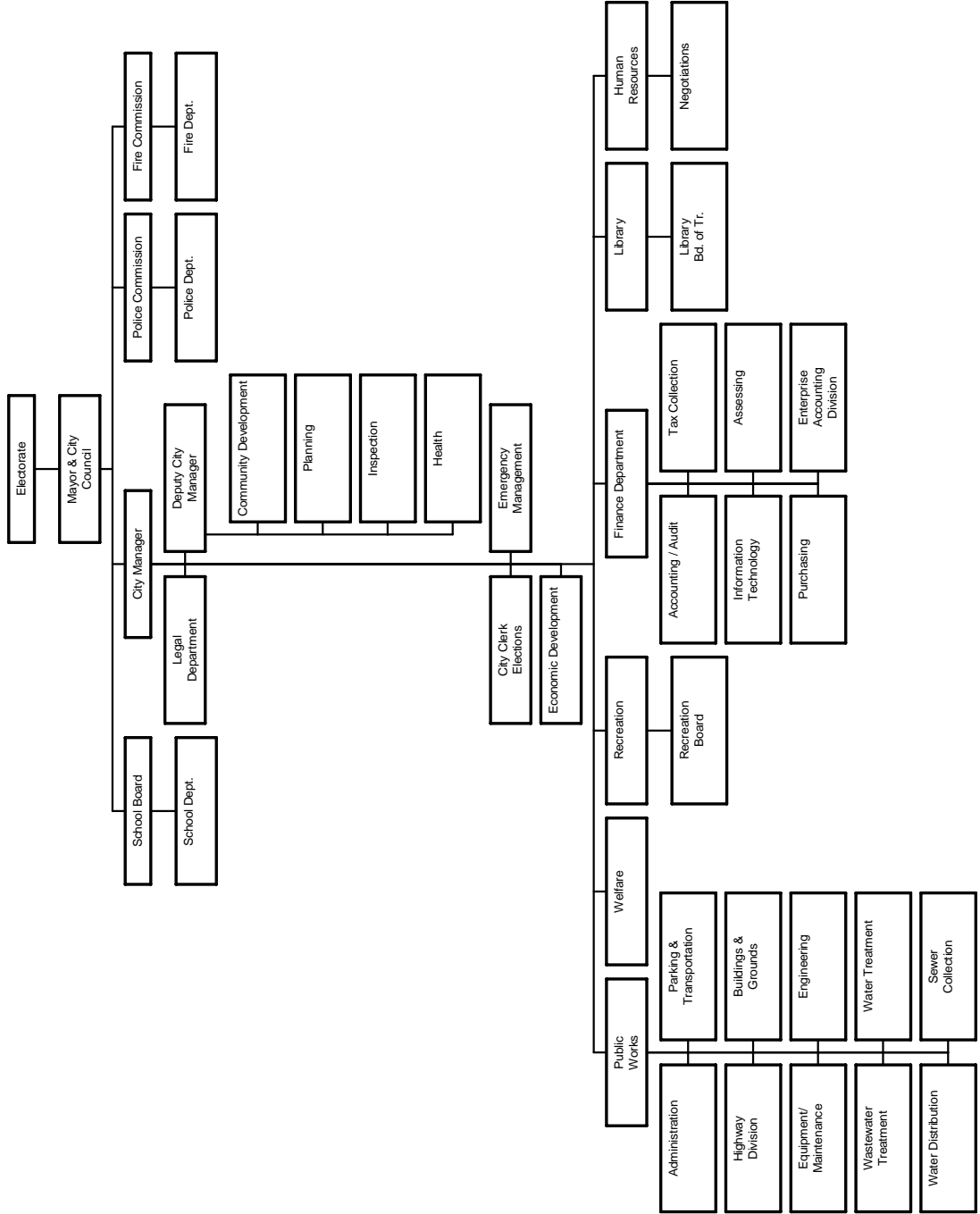
Chief Christopher LeClaire
Paul T. Wentworth, Chairperson
Michael K. Hughes
Richard Gamester

PRINCIPAL EXECUTIVE OFFICERS

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

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

City of Portsmouth, NH Organizational Chart





COMMUNITY AND ECONOMIC PROFILE

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

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

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

- Named one of the 2008 Dozen Distinctive Destinations® by the National Trust for Historic Preservation
- Named #4 on Outside magazine's "Top 20 Towns in America" (Aug. 2008)
- Named to *National Geographic Traveler's* list of the globe's Historic Places - #26 in the world, #6 in the U.S
- Named New Hampshire's "best walking city" and ranked 58 in the top 100 most walkable cities in the nation by Prevention magazine & the American Podiatric Medical Association

The tourism sector has benefited the City by creating significant investment and growth in the local hospitality sector. The city recently issued permits for three new hotels including a hotel/conference facility that would support local tourism.

Overall, Portsmouth has maintained a stable economy, due in part to its tourism industry and a diversity of businesses that combine to make the City a major employment center. Almost half of the working residents are employed locally. Portsmouth also attracts workers from outside its borders: nearly 80 percent of the total workforce commutes in from other communities. Job growth has been steady and the unemployment rate has remained between 2.1% and 3.5% during the past five years. As a regional employment hub, unemployment has historically been lower than the county's rate.

In FY 2008, there were approximately 59,000 workers in the Portsmouth Metro North area. Compared to the previous year, the largest gain (700) was in leisure and hospitality reflecting completion of several local hotels. (the city now has 16 hotels with 1700 rooms). Other sectors of recent employment growth were government jobs reflecting new employment at the National Visa & Passport offices and other government entities. Portsmouth has been fortunate in the commercial and industrial real estate market with reasonable amount of private investment and absorption of space

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

Pease International Tradeport

One of the nation's most successful military base redevelopments, Pease International Tradeport is located in Portsmouth and continues to grow and be a significant contributor to the economic vitality of the region. A new high of 7,000 employees at 205 companies was achieved in 2008. This exceeds the number of people employed there prior to closure of the Air Force Base in 1991. According to Steven H. Berg of Sargent Consulting, LTD., Pease Tradeport is now home to 42% of all office space in the city and is responsible for 96% of net growth.

The Pease Development Authority (PDA) is responsible for administering development at the Tradeport as well as complying with all terms of the Base closure. Because the Tradeport is located primarily within the municipal boundaries of Portsmouth, the City generates \$4.5 million in revenue from both the Airport and Non-Airport districts of the Tradeport.

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

A number of Portsmouth's largest employers are located at the Tradeport, including several corporate headquarters, and manufacturing, biotech, and information technology firms. The relocation of Seacoast Media Corporation to the Tradeport and the continued expansion of Lonza Biologics are testimony to the diversity of companies attracted to the Tradeport. John Hancock recently leased 102,000 square feet at 164 Corporate Drive and plans to hire 200 employees to provide customer care operations and redundant services supportive of its North American operations. Other notable activity at the Tradeport in FY 08 includes completion of the new 12,500 square foot professional office for Appledore Engineering and the 83,000 square foot office building at 75 New Hampshire Avenue. Liberty Mutual vacated its office at 207 International Drive in order to consolidate operations in Dover, NH. The US Passport and VISA Centers have outgrown their quarters at Pease and the plan is for the Passport Center to move to the vacated Liberty Mutual space and the US VISA Center to expand to the vacated US Passport Center.

The Port of New Hampshire

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

Foreign Trade Zone (FTZ)

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

Portsmouth Naval Shipyard

Located in Kittery, Maine, just across the Piscataqua River from Portsmouth, the Portsmouth Naval Shipyard is a major submarine overhaul and refueling facility and is the U.S. government’s oldest continuously operating naval shipyard. The Shipyard was initially recommended for closure in May 2005 as part of the Base Realignment and Closure (BRAC) process. However, due to an unprecedented measure of support from seacoast businesses, residents, employees and state and local officials, the BRAC recommendation was overturned.

The Seacoast Shipyard Association’s regional economic impact for calendar year 2008 revealed a total of 4,867 current employees with a payroll of \$362 million. Portsmouth has the third highest number of shipyard employees of all NH communities and the sixth largest of both Maine and NH communities, with 241 shipyard workers. In addition, \$10.8 million of goods and services were purchased from New England states.

COMMUNITY PROFILE

CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

CITY FINANCE

Tax Rate 2008 (per \$1,000)	\$16.98
Total Valuation	\$3,781,039,963

Source: NH Dept. of Revenue Administration

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

LAND

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

* Source: Taintor and Associates, Existing Conditions, 2003

**Source: City of Portsmouth, 2003 Wetlands Inventory

UTILITIES

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

ECONOMIC INDICATORS

Largest Private Employers (2008)

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

Source: City of Portsmouth, Economic Development

Portsmouth Employed Civilian Population by Industrial Sector

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

Source: U.S. Census 2000

Unemployment (Not seasonally-adjusted)

Portsmouth	4.8%*
State of New Hampshire	5.7%

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

DEMOGRAPHICS

Population

2007 Estimate, NHOEP est.	20,610
2000 U.S. Census	20,784
1990 U.S. Census	25,925

Registered Voters

November 2008	19,188
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Source: City of Portsmouth, Office of the City Clerk

Households

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

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

Age (Percent of Total Population)

Up to 24 years	24.4%
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25 - 54	50.5%
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60 and up	20.2%
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Source: U.S. Census 2000

Median Household Income

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

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

Housing Types

Units in Structure

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

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

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

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

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

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

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

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

Source: U.S. Census 2000

Housing Unit by Occupancy

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

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

Source: U.S. Census 2000

Mean Values

Type	Mean
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Commercial*	\$1,405,474
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Residential**	\$303,138
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Residential Stratified

Single Family	\$342,649
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Condo	\$242,644
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Multi-Family 2-8 Units***	\$369,522
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Mobile Homes	\$60,243
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As of April 1, 2008

* Includes Pease Airport District and Utilities

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

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

Source: City of Portsmouth, Finance Department



BUDGET DOCUMENT

A GUIDE TO THE BUDGET DOCUMENT

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

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

This budget serves six vital functions:

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

BUDGET DOCUMENT CONTENTS

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

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

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

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

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

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

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

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

BUDGETARY FUND STRUCTURE

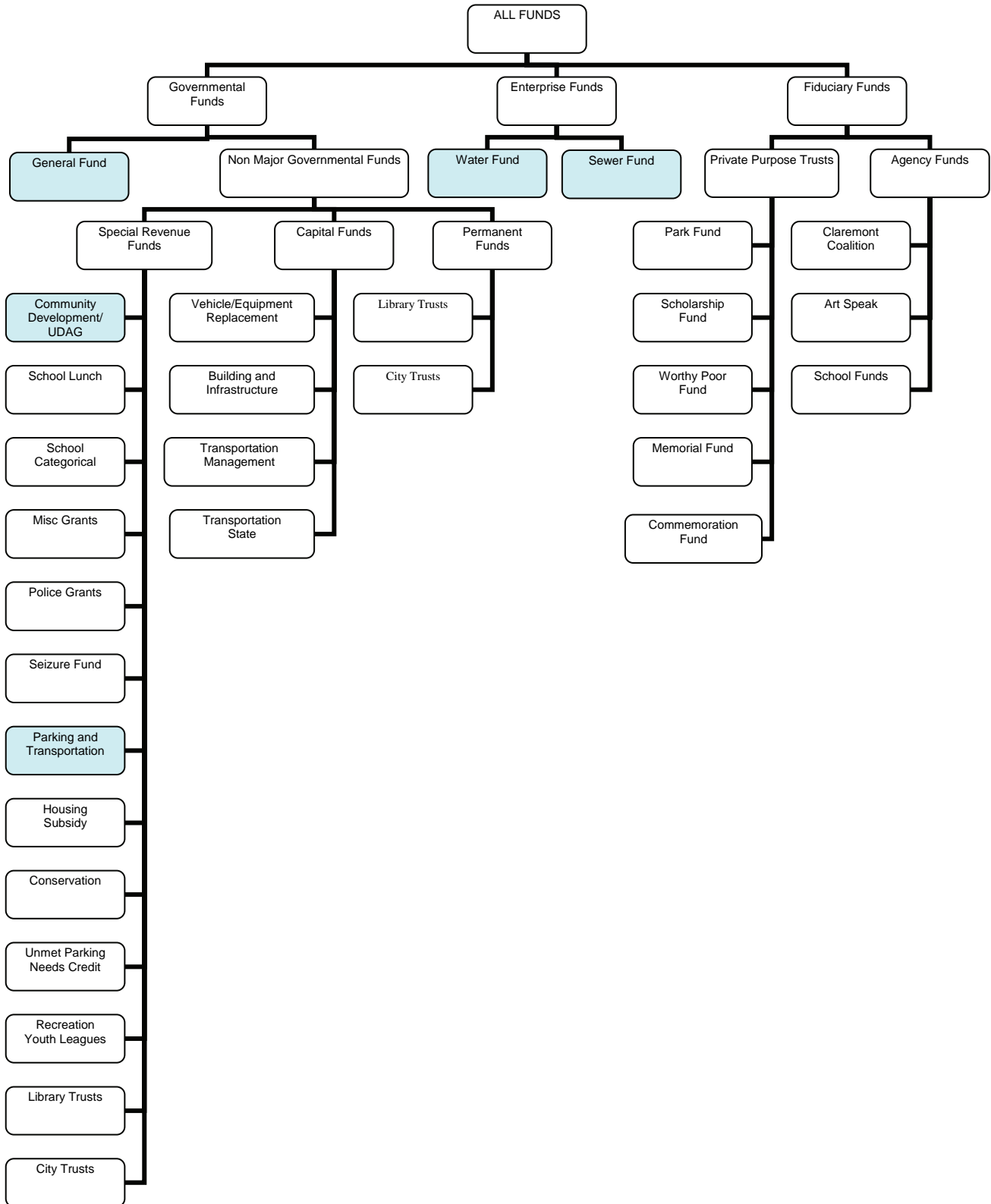
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

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

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

FLOW OF AUDITED FUNDS

(Highlighted Funds Represented In Budget Document)



MAJOR FUND DESCRIPTIONS:

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

GENERAL FUND

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

NON-MAJOR FUND DESCRIPTIONS:

COMMUNITY DEVELOPMENT

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

URBAN DEVELOPMENT ACTION GRANT (UDAG)

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

PARKING AND TRANSPORTATION

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

WATER FUND

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

SEWER FUND

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

BASIS OF ACCOUNTING – BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

THE BUDGET PROCESS

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

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

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

CAPITAL IMPROVEMENT PROGRAM PROCESS

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

OPERATING/NON-OPERATING BUDGET PROCESS

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

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

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

The City Council must adopt the submitted budget by June 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 '2010' BUDGET SCHEDULE

- 12/16/08 (Wed) Department Head Meeting on budget procedure, format and guidelines.
- 1/07/09 (Wed)FY10 Preliminary Budget Work session (Meeting of the Whole).**
- 1/15/09 (Thurs) Planning Board meeting; Adoption of the Capital Improvement Program**
- 1/20/09 (Tues) Capital Improvement Program (CIP) document to be submitted to City Council
- *1/21/09 (Wed) Fire Commission Public Hearing on the proposed FY10 budget**
- 1/27/09 (Tues) School Board Public Hearing #1 on the proposed FY10 budget**
- 1/28/09 (Wed) Proposed Budgets from all Departments due back to Finance Dept
- 2/2/09 (Mon) City Council Work Session on CIP**
- **2/6/09 (Fri) Police Commission Public Hearing on the proposed FY10 budget**
- 2/10/09 (Tues) School Board Public Hearing #2 on the proposed FY10 budget**
- 3/2/09 (Mon) City Council holds Public Hearing on CIP**
- 3/06/09 (Fri) Finance Department submits all proposed budgets to the City Manager
- 3/9/09 to 3/13/09 Departmental budget reviews with City Manager
- 3/16/09 (Mon) City Council meeting; Adoption of the CIP**
- 4/10/09 (Fri) Proposed Budget document to be submitted to the City Council
- 4/15/09 (Wed) Public Hearing on City Manager's Proposed FY2010 budget with presentations from Police, Fire, School and Municipal Departments
- 4/22/09 (Wed) Work Session with City Council to review the School Department Budget**
- 4/23/09 (Thur) Work Session with City Council to review the Municipal Budget**
- 4/29/09 (Wed) Work Session with City Council to review Police Department Budget and Fire Department Budget**
- 5/11/09 (Mon) Re-open Public Hearing on the City Manager's Proposed FY2010 budget**
- 5/13/09 (Wed) Work Session with City Council –final budget review if necessary**
- 6/8/09 (Mon) City Council meeting; Adoption of the FY2010 Budget**

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

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

*** Fire Commission Public Hearing on 1/21/09 to be held at the Central Fire Station.**

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

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GENERAL FUND BUDGET SUMMARY - FY 2010 PROPOSED TAX RATE

	DEPARTMENT REQUESTED				CITY MANAGER PROPOSED BUDGET		
	FY 08/09 BUDGET	FY 09/10 Requested Budget	%	\$\$	FY 09/10 Proposed Budget	%	\$\$
			Change	Change		Change	Change
OPERATING BUDGET							
Municipal	15,549,199	15,546,895	-0.01%	(2,304)	15,546,895	-0.01%	(2,304)
Police	8,613,059	8,737,660	1.45%	124,601	8,737,660	1.45%	124,601
Fire	6,814,861	6,814,861	0.00%	0	6,814,861	0.00%	0
School	35,505,754	36,291,193	2.21%	785,439	36,291,193	2.21%	785,439
Collective Bargaining Contingency FY09	450,000	450,000	0.00%	0	450,000	0.00%	0
Collective Bargaining Contingency FY10		1,053,006		1,053,006	1,053,006		1,053,006
Total Operating Budget	66,932,873	68,893,615	2.93%	1,960,742	68,893,615	2.93%	1,960,742
NON-OPERATING EXPENSE							
Tax Anticipation Note Interest	350,000	350,000	0.00%	0	350,000	0.00%	0
Debt Service Payments	7,511,734	8,156,496	8.58%	644,762	8,156,496	8.58%	644,762
Overlay	1,000,000	1,000,000	0.00%	0	1,000,000	0.00%	0
Capital Outlay	1,035,500	800,000	-22.74%	(235,500)	800,000	-22.74%	(235,500)
County	3,700,000	3,825,800	3.40%	125,800	3,825,800	3.40%	125,800
Contingency	300,000	300,000	0.00%	0	300,000	0.00%	0
Other General Non-Operating	1,604,131	1,420,248	-11.46%	(183,883)	1,420,248	-11.46%	(183,883)
Total Non-Operating Budget	15,501,365	15,852,544	2.27%	351,179	15,852,544	2.27%	351,179
Total Gross Budget	82,434,238	84,746,159	2.80%	2,311,921	84,746,159	2.80%	2,311,921
REVENUES							
Municipal	10,644,962	10,592,433	-0.49%	(52,529)	10,592,433	-0.49%	(52,529)
School	4,510,500	4,610,500	2.22%	100,000	4,610,500	2.22%	100,000
State Revenues	2,957,188	2,354,687	-20.37%	(602,501)	2,354,687	-20.37%	(602,501)
State Transition Aid		222,611		222,611	222,611		222,611
Use of Reserve for property Appraisal	73,500	73,500	0.00%	0	73,500	0.00%	0
Use of Reserve for Debt/ Bond Premiums	1,500,000	1,360,614	-9.29%	(139,386)	1,360,614	-9.29%	(139,386)
Use of Fund Balance for Collective Bargaining		1,053,006		1,053,006	1,053,006		1,053,006
Total	19,686,150	20,267,351	2.95%	581,201	20,267,351	2.95%	581,201
BUDGETED PROPERTY TAX LEVY	62,748,088	64,478,808	2.76%	1,730,720	64,478,808	2.76%	1,730,720
Total Property Tax Commitment	63,182,919	64,478,808	2.05%	1,295,889	64,478,808	2.05%	1,295,889
War Service Credits	603,500	603,500	0.00%	0	603,500	0.00%	0
Adequate Education Formula	(8,669,658)	(8,447,047)	-2.57%	222,611	(8,447,047)	-2.57%	222,611
State Education Tax	8,669,658	8,447,047	-2.57%	(222,611)	8,447,047	-2.57%	(222,611)
Total Property Taxes Assessed	63,786,419	65,082,308	2.03%	1,295,889	65,082,308	2.03%	1,295,889
Taxes Due State	0	0	0.00%	0	0	0.00%	0
ASSESSED VALUATION WITH UTILITIES	3,781,039,963	3,791,039,963	0.26%	10,000,000	3,791,039,963	0.26%	10,000,000
ASSESSED VALUATION NO UTILITIES	3,607,856,910	3,617,856,910	0.28%	10,000,000	3,617,856,910	0.28%	10,000,000
MUNICIPAL TAX RATE	13.63	13.93	2.20%	0.30	13.93	2.20%	0.30
COUNTY TAX RATE	0.95	1.01	6.23%	0.06	1.01	6.23%	0.06
STATE EDUCATION TAX RATE	2.40	2.34	-2.68%	(0.06)	2.34	-2.68%	(0.06)
COMBINED TAX RATE	16.98	17.28	1.77%	0.30	17.28	1.77%	0.30

EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY08 BUDGET	FY08 ACTUAL	FY09 BUDGET	FY10 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY10 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
GENERAL FUND									
GENERAL FUND OPERATING BUDGET									
MUNICIPAL									
GENERAL GOVERNMENT									
CITY COUNCIL	32,121	19,563	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	247,576	244,709	251,966	253,970	2,004	0.80%	253,970	2,004	0.80%
HUMAN RESOURCES	2,165,276	2,149,675	2,157,289	2,349,483	192,194	8.91%	2,349,483	192,194	8.91%
CITY CLERK	182,944	182,604	197,049	197,767	718	0.36%	197,767	718	0.36%
ELECTIONS	50,722	42,903	56,706	43,177	(13,529)	-23.86%	43,177	(13,529)	-23.86%
LEGAL DEPT	455,932	455,920	476,491	417,247	(59,244)	-12.43%	417,247	(59,244)	-12.43%
FINANCE	1,616,393	1,577,133	1,618,183	1,611,742	(6,441)	-0.40%	1,611,742	(6,441)	-0.40%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	961,595	957,244	935,462	883,462	(52,000)	-5.56%	883,462	(52,000)	-5.56%
REGULATORY SERVICES									
PLANNING DEPT	498,076	493,988	505,817	503,849	(1,968)	-0.39%	503,849	(1,968)	-0.39%
INSPECTIONS	350,626	344,691	351,510	351,500	(10)	0.00%	351,500	(10)	0.00%
HEALTH	107,604	107,603	120,703	120,703	0	0.00%	120,703	0	0.00%
PUBLIC WORKS	5,494,095	5,474,965	5,662,265	5,622,265	(40,000)	-0.71%	5,622,265	(40,000)	-0.71%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,434,090	1,386,547	1,476,370	1,476,365	(5)	0.00%	1,476,365	(5)	0.00%
RECREATION	1,117,848	1,107,122	1,137,322	1,116,780	(20,542)	-1.81%	1,116,780	(20,542)	-1.81%
PUBLIC WELFARE	350,988	344,826	361,485	367,927	6,442	1.78%	367,927	6,442	1.78%
OUTSIDE SOCIAL SERV	194,570	194,570	198,460	188,537	(9,923)	-5.00%	188,537	(9,923)	-5.00%
EMERGENCY MANAGEMENT	5,500	5,500	10,000	10,000	0	0.00%	10,000	0	0.00%
TOTAL MUNICIPAL	15,265,956	15,089,565	15,549,199	15,546,895	(2,304)	-0.01%	15,546,895	(2,304)	-0.01%
POLICE	8,352,488	8,341,824	8,613,059	8,737,660	124,601	1.45%	8,737,660	124,601	1.45%
FIRE DEPT	6,500,665	6,496,062	6,814,861	6,814,861	0	0.00%	6,814,861	0	0.00%
SCHOOL DEPT	34,326,773	33,945,516	35,505,754	36,291,193	785,439	2.21%	36,291,193	785,439	2.21%
POLICE, FIRE, SCHOOL	49,179,926	48,783,402	50,933,674	51,843,714	910,040	1.79%	51,843,714	910,040	1.79%
COLLECTIVE BARGAINING CONTINGENCY	0	0	450,000	1,503,006	1,053,006		1,503,006	1,053,006	
TOTAL OPERATING	64,445,882	63,872,968	66,932,873	68,893,615	1,960,742	2.93%	68,893,615	1,960,742	2.93%
GENERAL FUND NON-OPERATING BUDGET									
TAX ANTICIPATION NOTES	400,000	121,482	350,000	350,000	0	0.00%	350,000	0	0.00%
DEBT SERVICE	7,584,387	7,291,273	7,511,734	8,156,496	644,762	8.58%	8,156,496	644,762	8.58%
OVERLAY	1,000,000	1,000,000	1,000,000	1,000,000	0	0.00%	1,000,000	0	0.00%
COUNTY TAX	3,580,000	3,578,292	3,700,000	3,825,800	125,800	3.40%	3,825,800	125,800	3.40%
CONTINGENCY	300,000	300,000	300,000	300,000	0	0.00%	300,000	0	0.00%
CAPITAL OUTLAY	1,200,000	1,200,000	1,035,500	800,000	(235,500)	-22.74%	800,000	(235,500)	-22.74%
OTHER GENERAL NON-OPERATING	1,348,533	1,274,905	1,604,131	1,420,248	(183,883)	-11.46%	1,420,248	(183,883)	-11.46%
TOTAL NON-OPERATING	15,412,920	14,765,952	15,501,365	15,852,544	351,179	2.27%	15,852,544	351,179	2.27%
TOTAL GENERAL FUND	79,858,802	78,638,920	82,434,238	84,746,159	2,311,921	2.80%	84,746,159	2,311,921	2.80%

Title	FY08 BUDGET	FY08 ACTUAL	FY09 BUDGET	FY10 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY10 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
ENTERPRISE FUNDS									
WATER DIVISION									
Administration									
Administration	1,292,726	1,328,422	1,376,283	1,453,907	77,624	5.64%	1,453,907	77,624	5.64%
Engineering	328,743	150,882	298,018	280,151	(17,867)	-6.00%	280,151	(17,867)	-6.00%
Collective Bargaining Contingency	445	0	54,180	89,070	34,890		89,070	34,890	64.40%
sub-total	1,621,914	1,479,304	1,728,481	1,823,128	94,647	5.48%	1,823,128	94,647	5.48%
Water Supply and Treatment									
Treatment Plant	1,281,606	1,071,016	1,648,257	2,262,386	614,129	37.26%	2,262,386	614,129	37.26%
Laboratory	165,070	158,136	167,245	167,648	403	0.24%	167,648	403	0.24%
Wells	346,135	175,214	414,243	354,770	(59,473)	-14.36%	354,770	(59,473)	-14.36%
Storage Tanks	107,443	81,307	122,636	103,109	(19,527)	-15.92%	103,109	(19,527)	-15.92%
Booster Stations	168,330	141,739	184,503	175,137	(9,366)	-5.08%	175,137	(9,366)	-5.08%
sub-total	2,068,584	1,627,412	2,536,884	3,063,050	526,166	20.74%	3,063,050	526,166	20.74%
Water Distribution									
Administration	608,183	604,976	635,850	634,357	(1,493)	-0.23%	634,357	(1,493)	-0.23%
Cross Connection	60,571	37,085	40,857	66,356	25,499	62.41%	66,356	25,499	62.41%
Mains	329,566	326,359	420,775	310,005	(110,770)	-26.33%	310,005	(110,770)	-26.33%
Services	179,475	108,530	167,065	154,548	(12,517)	-7.49%	154,548	(12,517)	-7.49%
Hydrants	133,107	118,948	118,603	118,653	50	0.04%	118,653	50	0.04%
Meters	168,736	89,299	165,034	205,966	40,932	24.80%	205,966	40,932	24.80%
sub-total	1,479,638	1,285,198	1,548,184	1,489,885	(58,299)	-3.77%	1,489,885	(58,299)	-3.77%
Total Water Division	5,170,136	4,391,914	5,813,549	6,376,063	562,514	9.68%	6,376,063	562,514	9.68%
SEWER DIVISION									
Administration									
Administration	1,788,870	1,612,533	2,557,332	2,228,500	(328,832)	-12.86%	2,228,500	(328,832)	-12.86%
Engineering	248,269	183,573	245,824	249,674	3,850	1.57%	249,674	3,850	1.57%
Collective Bargaining Contingency	0	0	50,691	89,404	38,713	76.37%	89,404	38,713	76.37%
sub-total	2,037,139	1,796,106	2,853,847	2,567,578	(286,269)	-10.03%	2,567,578	(286,269)	-10.03%
Wastewater Treatment									
Treatment Plant	3,710,832	3,248,316	3,806,940	3,603,782	(203,158)	-5.34%	3,603,782	(203,158)	-5.34%
Laboratory	239,790	80,793	150,508	150,439	(69)	-0.05%	150,439	(69)	-0.05%
Lift Stations	1,062,520	851,360	1,089,285	1,097,413	8,128	0.75%	1,097,413	8,128	0.75%
sub-total	5,013,142	4,180,468	5,046,733	4,851,634	(195,099)	-3.87%	4,851,634	(195,099)	-3.87%
Wastewater Collection									
Administration	638,295	535,650	638,264	709,600	71,336	11.18%	709,600	71,336	11.18%
Force Main	15,172	6,935	15,027	16,035	1,008	6.71%	16,035	1,008	6.71%
Interceptors	205,635	67,794	204,286	210,422	6,136	3.00%	210,422	6,136	3.00%
Laterals	37,110	93,814	36,862	40,300	3,438	9.33%	40,300	3,438	9.33%
sub-total	896,212	704,193	894,439	976,357	81,918	9.16%	976,357	81,918	9.16%
Total Sewer Division	7,946,493	6,680,768	8,795,019	8,395,569	(399,450)	-4.54%	8,395,569	(399,450)	(0)
TOTAL ENTERPRISE FUNDS	13,116,629	11,072,682	14,608,568	14,771,632	163,064	1.12%	14,771,632	163,064	1.12%

Title	FY08 BUDGET	FY08 ACTUAL	FY09 BUDGET	FY10 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY10 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
SPECIAL REVENUE FUNDS									
PARKING AND TRANSPORTATION									
Parking Administration	296,480	300,755	350,329	388,927	38,598	11.02%	388,927	38,598	11.02%
Parking Garage	435,838	423,875	454,879	422,565	(32,314)	-7.10%	422,565	(32,314)	-7.10%
Parking Enforcement	129,391	123,192	136,008	161,286	25,278	18.59%	161,286	25,278	18.59%
Parking Meter Operations	87,937	87,208	106,615	106,788	173	0.16%	106,788	173	0.16%
Parking Collection	169,581	169,637	173,159	171,101	(2,058)	-1.19%	171,101	(2,058)	-1.19%
Public Transportation	221,882	240,971	231,518	234,069	2,551	1.10%	234,069	2,551	1.10%
Snow Removal	50,000	50,000	50,000	50,000	0	0.00%	50,000	0	0.00%
DOT Reimbursement	(20,000)	(28,029)	(20,000)	(20,000)	0	0.00%	(20,000)	0	0.00%
Debt Service	0	0	772,981	472,950	(300,031)		472,950	(300,031)	
Capital	225,000	225,186	174,000	259,000	85,000	48.85%	259,000	85,000	48.85%
Total Parking & Transportation	1,596,109	1,592,793	2,429,489	2,246,686	(182,803)	-7.52%	2,246,686	(182,803)	-7.52%
COMMUNITY DEVELOPMENT									
Administration	143,924	142,073	136,286	116,504	(19,782)	-14.52%	116,504	(19,782)	-14.52%
Housing Rehab	27,649	26,123	29,165	49,684	20,519	70.35%	49,684	20,519	70.35%
PEDLP	1,871	1,800	1,800	1,800	0	0.00%	1,800	0	0.00%
Total CDBG	173,444	169,995	167,251	167,988	737	0.44%	167,988	737	0.44%
ECONOMIC DEVELOPMENT-UDAG									
	168,165	151,124	194,944	250,816	55,872	28.66%	250,816	55,872	28.66%
TOTAL SPECIAL REVENUE FUNDS	1,937,719	1,913,913	2,791,684	2,665,490	(126,194)	-4.52%	2,665,490	(126,194)	-4.52%
TOTAL APPROPRIATED FUNDS PROPOSED	94,913,150	91,625,514	99,834,490	102,183,281	2,348,791	2.35%	102,183,281	2,348,791	2.35%

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 2010 (Note: Beginning Balance Fund Balances are estimated)
 (For Budgetary Purposes Only)

	Governmental Funds		Enterprise Funds		Total
	General Fund	Special Revenue Funds	Water Fund	Sewer Fund	
Revenues					
Local Fees, Licenses, Permits	919,000				919,000
Other Local Sources	7,704,619				7,704,619
Parking Revenues	3,615,500				3,615,500
Interest & Penalties	600,000	70,000			670,000
School Revenues	4,610,500				4,610,500
State/Federal Revenues	2,577,298	167,988			2,745,286
Fund Transfers	(2,246,686)	2,246,686			-
Use of Fund Balance					-
Use of Reserves	1,434,114				1,434,114
Property Tax	64,478,808				64,478,808
Enterprise Fund Revenues			6,376,063	8,395,569	14,771,632
Total Revenues	83,693,153	2,484,674	6,376,063	8,395,569	100,949,459
Expenditures					
City Council	32,121				32,121
City Manager	253,970				253,970
Human Resources	2,349,483				2,349,483
City Clerk	197,767				197,767
Elections	43,177				43,177
Legal	417,247				417,247
Finance	1,611,742				1,611,742
General Administrative/Coll Bargaining	2,386,468				2,386,468
Planning	503,849				503,849
Inspection	351,500				351,500
Public Health	120,703				120,703
Public Works	5,622,265	2,246,686	6,376,063	8,395,569	22,640,583
Public Library	1,476,365				1,476,365
Recreation	1,116,780				1,116,780
Community Development		167,988			167,988
Economic Development		250,816			250,816
Public Welfare	367,927				367,927
Outside Social Services	188,537				188,537
Emergency Management	10,000				10,000
Police Department	8,737,660				8,737,660
Fire Department	6,814,861				6,814,861
School Department	36,291,193				36,291,193
Non-Operating	15,852,544				15,852,544
Total Expenditures	84,746,159	2,665,490	6,376,063	8,395,569	101,932,465
Net Increase (Decrease) in Undesignated Fund Balance	(1,053,006)	(180,816)	-	-	(1,233,822)
Estimated:					
Undesignated Fund Balance - Beginning FY 10	7,756,054	3,505,120	3,169,050	12,145,909	26,576,133
Fund Balance - Ending FY 10	6,703,048	3,324,304	3,169,050	12,145,909	25,342,311

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**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2008-2010**

	BUDGETED REVENUES FY 08	ACTUAL REVENUES FY 08	ESTIMATED REVENUES FY 09	ESTIMATED REVENUES FY 10	% CHANGE	\$\$ CHANGE
Local Fees, Licenses, Permits						
Other Fees	11,000	17,623	11,000	11,000	0.0%	-
Other Licenses	36,000	31,750	36,000	36,000	0.0%	-
Planning Board	25,000	37,936	25,000	25,000	0.0%	-
Board of Adjustments	26,000	27,215	26,000	26,000	0.0%	-
Site Review	40,000	35,460	40,000	40,000	0.0%	-
Building Permits-Portsmouth	200,000	272,974	210,000	230,000	9.5%	20,000
Building Permits-Pease	21,000	181,480	30,000	30,000	0.0%	-
Electrical Permits-Portsmouth	50,000	80,380	52,000	55,000	5.8%	3,000
Electrical Permits-Pease	7,000	46,670	8,000	10,000	25.0%	2,000
Plumbing Permits-Portsmouth	45,000	81,570	47,000	50,000	6.4%	3,000
Plumbing Permits-Pease	7,000	38,875	8,000	10,000	25.0%	2,000
Sign Permits	3,000	5,635	3,000	5,000	66.7%	2,000
Police Alarms	15,000	43,355	20,000	25,000	25.0%	5,000
Burning Permits	500	690	500	500	0.0%	-
Excavation Permit	11,500	20,944	11,500	11,500	0.0%	-
Solid Waste	20,000	21,756	20,000	20,000	0.0%	-
Outdoor Pool	12,000	13,855	12,000	12,000	0.0%	-
Recreation Department	160,000	150,741	160,000	170,000	6.3%	10,000
Indoor Pool	80,000	98,134	90,000	90,000	0.0%	-
Boat Ramp Fees	6,000	11,223	6,000	6,000	0.0%	-
Food Permits	56,000	60,955	56,000	56,000	0.0%	-
Total Local Fees, Licenses and Permits	832,000	1,279,220	872,000	919,000	5.4%	47,000
Other Local Sources						
Timber Tax	500	213	500	500	0.0%	-
Payments in Lieu of Taxes	160,000	148,400	125,000	150,000	20.0%	25,000
Municipal Agent Fees	52,000	50,408	52,000	52,000	0.0%	-
Motor Vehicle Permits	3,450,000	3,403,351	3,450,000	3,200,000	-7.2%	(250,000)
Title Applications	11,500	9,480	11,500	11,500	0.0%	-
Boat Registration	5,000	430	5,000	-	-100.0%	(5,000)
PDA Airport District	1,900,000	2,078,440	2,000,000	2,100,000	5.0%	100,000
Water/Sewer Overhead	817,068	816,068	918,409	927,697	1.0%	9,288
Sale of Municipal Property	5,000	52,148	5,000	5,000	0.0%	-
Misc Revenue	90,000	75,009	90,000	90,000	0.0%	-
Bond Premium	-	42,083	-	-	0.0%	-
Dog Licenses	8,500	9,532	8,500	8,500	0.0%	-
Marriage Licenses	2,500	2,222	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	18,000	22,154	18,000	18,000	0.0%	-
Rental of City Property	11,642	43,992	11,642	62,652	438.2%	51,010
Rental City Hall Complex	111,209	111,708	113,400	115,770	2.1%	2,370
Cable Franchise Fee	300,000	341,579	320,000	340,000	6.3%	20,000
Hand Gun Permits	500	700	500	500	0.0%	-
Police Outside Detail	90,000	112,761	90,000	90,000	0.0%	-
Fire Alarms	25,000	39,380	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	420,000	572,309	440,000	445,000	1.1%	5,000
Wood Chips	-	7,548	40,000	40,000	N/A	-
Welfare Dept Reimbursements	20,000	34,970	20,000	20,000	0.0%	-
Total Other Local Sources	7,498,419	7,974,885	7,746,951	7,704,619	-0.5%	(42,332)
Parking Revenues						
Parking Meter Fees	960,000	959,481	960,000	960,000	0.0%	-
Parking Garage Revenue	1,140,000	1,150,635	1,140,000	1,140,000	0.0%	-
Garage Space Leases	525,000	681,160	550,000	560,000	1.8%	10,000
Parking Validation	5,000	7,950	5,000	5,000	0.0%	-
Pass Reinstatement	1,500	3,500	1,500	1,500	0.0%	-
Parking Violations	930,000	878,951	940,000	930,000	-1.1%	(10,000)
Boot Removal Fee	9,000	9,188	9,000	9,000	0.0%	-
Summons Admin Fee	10,000	1,271	10,000	10,000	0.0%	-
Total Parking Revenues	3,580,500	3,692,135	3,615,500	3,615,500	0.0%	-

**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2008-2010**

	BUDGETED REVENUES FY 08	ACTUAL REVENUES FY 08	ESTIMATED REVENUES FY 09	ESTIMATED REVENUES FY 10	% CHANGE	\$\$ CHANGE
Interest & Penalties						
Interest on Taxes	140,000	131,228	140,000	150,000	7.1%	10,000
Interest on Investments	750,000	1,129,057	700,000	450,000	-35.7%	(250,000)
Total Interest & Penalties	890,000	1,260,285	840,000	600,000	-28.6%	(240,000)
School Revenues						
Tuition	4,400,000	4,651,069	4,500,000	4,600,000	2.2%	100,000
Other Sources	37,000	41,757	10,500	10,500	0.0%	-
Total School Revenues	4,437,000	4,692,826	4,510,500	4,610,500	2.2%	100,000
State Revenues						
Shared Rev Block Grant	657,154	657,154	657,154	-	-100.0%	(657,154)
Rooms and Meals Tax	815,000	878,389	878,389	921,495	4.9%	43,106
Highway Block Grant	347,225	340,853	358,260	370,719	3.5%	12,459
State Aid-Land Fill	48,173	48,173	47,163	46,251	-1.9%	(912)
Impact Aid	-	608	-	-	0.0%	-
Bonded Debt-School	1,016,222	1,073,783	1,016,222	1,016,222	0.0%	-
Transition Aid	-	-	-	222,611	-	222,611
Total State Revenues	2,883,774	2,998,961	2,957,188	2,577,298	-12.8%	(379,890)
Transfer to Fund 17	(1,596,109)	(1,596,109)	(2,429,489)	(2,246,686)	-7.5%	182,803
Use of Fund Balance-Collective Bargainin	-	-	-	1,053,006	0.0%	1,053,006
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,500,000	1,360,614	-9.3%	(139,386)
Budgeted Property Tax Levy	59,759,718	60,137,120	62,748,088	64,478,808	2.8%	1,730,720
Total General Fund Revenues	79,858,802	82,012,823	82,434,238	84,746,159	2.8%	2,311,921

GENERAL FUND REVENUE SUMMARY

Municipal	11,204,810	12,610,416	10,644,962	10,592,433	-0.5%	(52,529)
School Revenues	4,437,000	4,692,826	4,510,500	4,610,500	2.2%	100,000
State Revenues	2,883,774	2,998,961	2,957,188	2,354,687	-20.4%	(602,501)
State Transition Aid	-	-	-	222,611	-	222,611
Use of Fund Balance-Collective Barg	-	-	-	1,053,006	-	1,053,006
Use of Reserve for Tax Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,500,000	1,360,614	-9.3%	(139,386)
Budgeted Property Tax Levy	59,759,718	60,137,120	62,748,088	64,478,808	2.8%	1,730,720
Total General Fund Revenues	79,858,802	82,012,823	82,434,238	84,746,159	2.8%	2,311,921

General Fund Revenue Descriptions and Trends

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

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

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

Local Fees, Licenses, Permits:

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

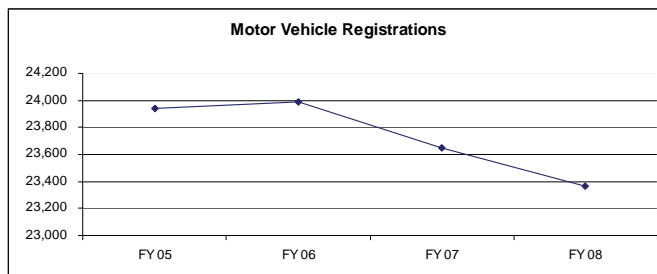
Other Local Sources:

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

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

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

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



The state statute sets the Motor Vehicle fee as follows:

18 mills on each dollar of the maker's list price for current model year vehicles.

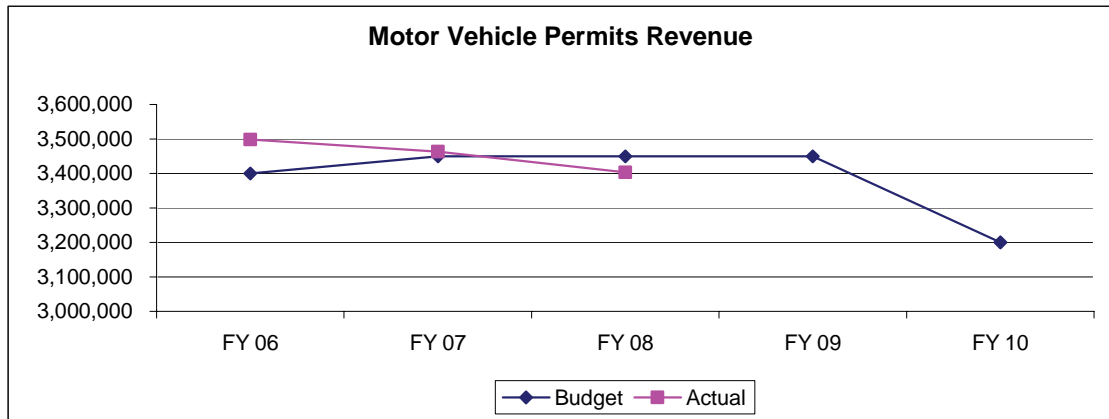
15 mills on each dollar of the maker's list price for the first preceding model year vehicle.

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

9 mills on each dollar of the maker's list price for the third preceding model year vehicle

6 mills on each dollar of the maker's list price for the fourth preceding model year vehicle

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

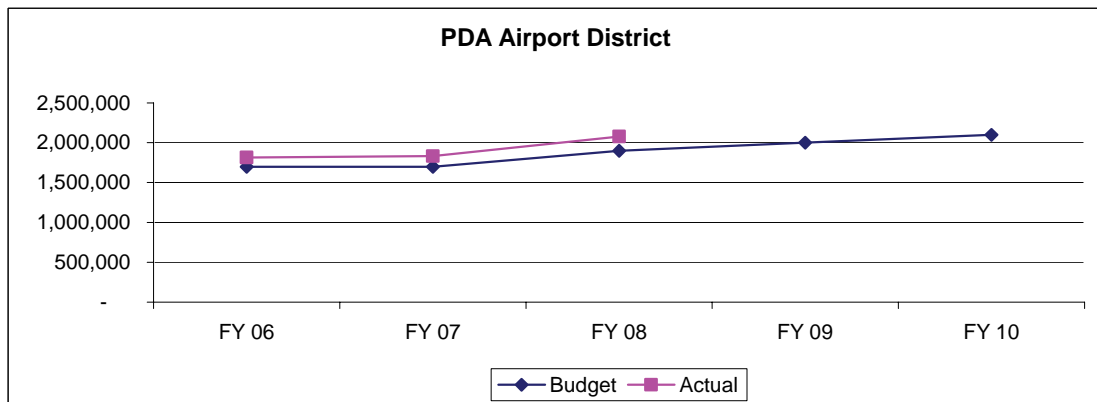


	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	3,400,000	3,450,000	3,450,000	3,450,000	3,200,000
Actual	3,498,519	3,463,042	3,403,351		

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

-Boat Registration – RSA 72-A Fee charged for boats, which are required to be registered. Local collection was suspended by State request until second phase of MAAP software is implemented.

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

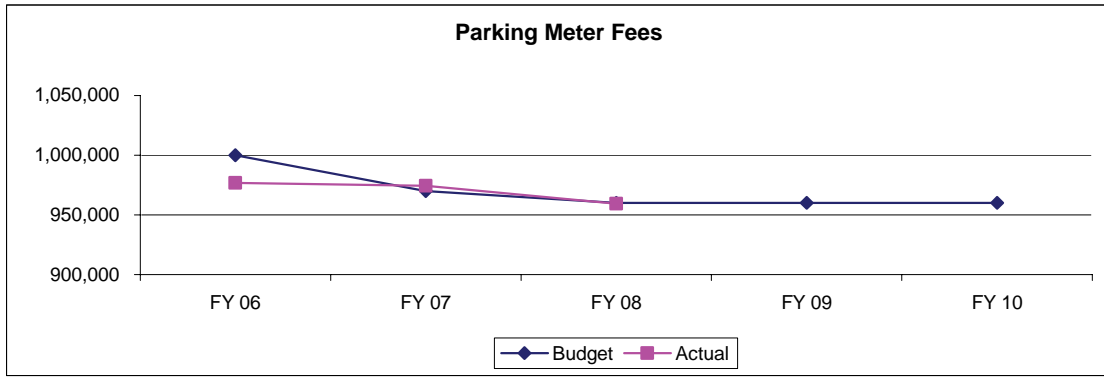


	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	1,700,000	1,700,000	1,900,000	2,000,000	2,100,000
Actual	1,812,589	1,832,050	2,078,440		

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

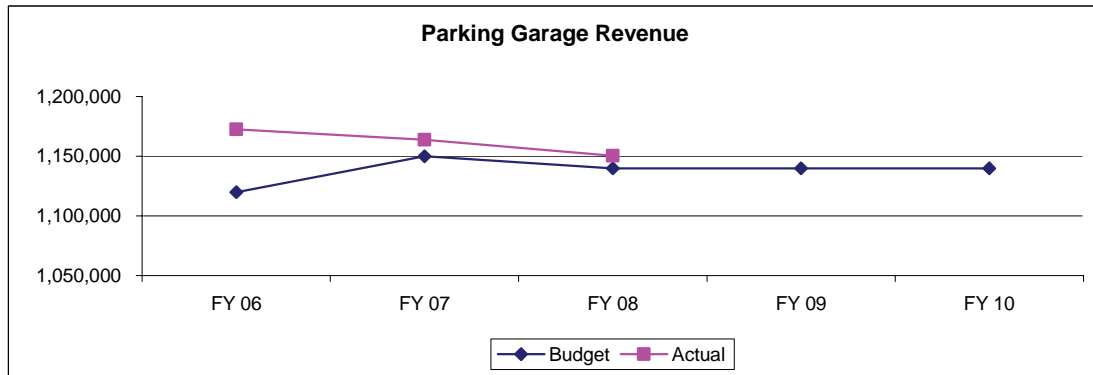
Parking Revenue:

Parking Meter Fees – City Ordinance Chapter 7 – There are approximately 702 single space parking meters and 10 multi-space parking pay stations throughout the City charging \$0.75 per hour. The rates were raised in FY 05 from \$0.50 per hour. One pay station can take the place of 10 on street parking meters or 30 surface parking spaces. The multi-space pay stations allows for payment by credit card which the single space meters do not. The Capital Improvement Plan 10-15 lists as a project the eventual replacement of most of the City’s single space meter with the multi space meters. Parking Meter Fees revenue is determined using quantitative forecasting trend analysis.



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

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



	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	1,120,000	1,150,000	1,140,000	1,140,000	1,140,000
Actual	1,172,473	1,163,899	1,150,535		

-Garage Space Leases – City Ordinance Chapter 7 - Monthly pass holders lease payments in the High-Hanover Parking Facility. A 24-hour lease is \$100 per month while a 12-hour lease is \$80 per month. As of March 2009 there were 290- 12-hour passes, 351- 24 hour passes issued.

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

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

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

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

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

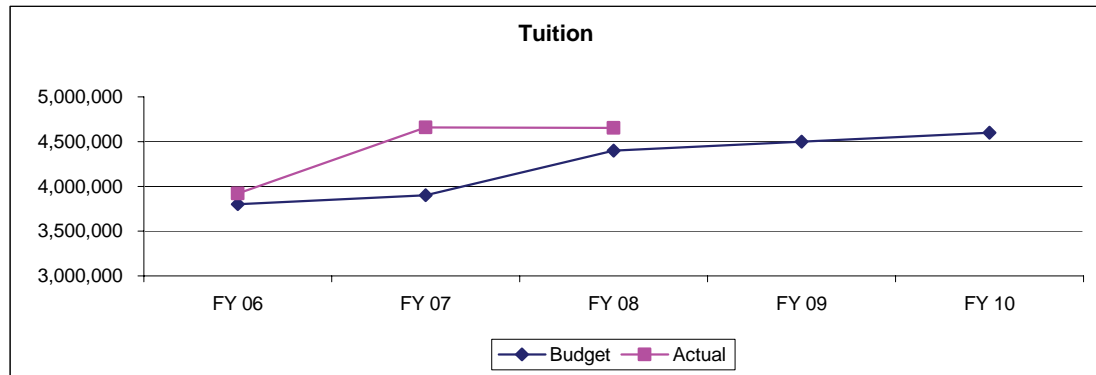
Interest and Penalties:

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

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

School Revenues:

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



	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	3,800,000	3,900,000	4,400,000	4,500,000	4,600,000
Actual	3,920,115	4,659,605	4,651,069		

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

State Revenues:

-Shared Revenue Block Grant – RSA 31-A:4 – Return of revenue to Cities and Towns from the State of New Hampshire. The distribution of the Shared Revenue Block Grant was suspended, as of March 2009 by the Governor, for Fiscal Year 2010.

-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 72% while distributing 28%.

Rooms and Meals	FY 05	FY 06	FY 07	FY 08	FY 09
Total Amount to be Distributed (Increase from previous FY)	42,686,666 13.27%	47,104,777 10.35%	50,903,052 8.06%	55,513,020 9.06%	58,805,057 5.93%
<u>Distributed by Population</u>					
Total New Hampshire Population	1,291,787	1,306,206	1,315,215	1,315,227	1,315,224
Portsmouth	21,051	21,053	20,995	20,811	20,610
Portsmouth %	1.63%	1.61%	1.60%	1.58%	1.57%
Portsmouth \$ Share	695,623	759,219	812,574	878,389	921,495
<u>Distribution % (Goal 60% State 40% Local)</u> (Per RSA 78-A:26)					
State of NH	75.70%	74.45%	73.43%	72.23%	71.59%
NH Communities	24.30%	25.55%	26.57%	27.77%	28.41%

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

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

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

-Transition Adequacy Aid – In the 2008 legislative session, SB539 modified Adequate Education Aid and created the Fiscal Capacity Disparity Aid Program. These changes take effect beginning with aid for the FY 10 school year. A transitional provision for FY 10 and FY 11 moderates increases and decreases when compared to FY 09. RSA 198:38 through 198:41, and RSA 198:46 specify how aid will be calculated and distributed.

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.

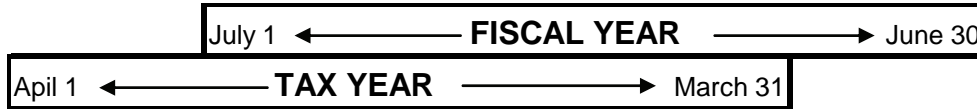
-**Use of Reserve for Debt** – The use of city Reserves for Debt to offset the fiscal year debt service payments.

-**Use of Fund Balance-Collective Bargaining** – This use of Fund Balance has been designated for funding unsettled collective bargaining agreements.

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 \$64,478,808 in the FY10 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 05	FY 06	FY 07	FY 08	FY 09
With Utilities	3,047,711,379	3,106,411,197	3,680,472,581	3,730,985,415	3,781,039,963
% change from previous FY	3.3%	1.9%	18.5%	1.4%	1.3%
Without Utilities	2,929,145,319	2,985,036,259	3,547,403,779	3,557,733,890	3,607,856,910
% change from previous FY	3.6%	1.9%	18.8%	0.3%	1.4%
State Equalized for Debt Limits	3,493,582,911	3,825,166,327	4,168,377,073	4,083,981,593	N/A
% change from previous FY	8.4%	9.5%	9.0%	-2.0%	
% of County Value	8.98%	8.82%	8.69%	9.23%	9.06%
Tax rate					
Town Rate	7.71	8.13	7.27	7.55	8.14
Local School	5.22	5.48	5.16	5.50	5.49
State School	3.20	2.97	2.41	2.34	2.40
County	1.04	1.02	0.88	0.95	0.95
Total Rate	17.17	17.60	15.72	16.34	16.98

PROPERTY TAXES

	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	54,222,971	56,997,051	59,759,718	62,748,088	64,478,808
Actual	54,052,944	56,716,643	60,137,120		

**CITY OF PORTSMOUTH
WATER FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2008-2010**

	BUDGETED REVENUES FY 08	ACTUAL REVENUES FY08	BUDGETED REVENUES FY 09	ESTIMATED REVENUES FY10	% CHANGE	\$\$ CHANGE
WATER CONSUMPTION						
MUNICIPAL	110,890	134,522	122,483	206,817	68.9%	84,334
OTHER UTILITIES WATER	33,852	24,847	45,550	45,550	0.0%	-
COMMERCIAL TYPE 1	1,886,887	1,854,738	2,397,478	2,771,995	15.6%	374,517
INDUSTRIAL TYPE 1	438,918	477,352	531,091	781,415	47.1%	250,324
RESIDENTIAL TYPE 1	1,855,436	1,996,381	2,311,979	3,112,784	34.6%	800,805
TOTAL WATER CONSUMPTION	4,325,983	4,487,839	5,408,581	6,918,561	27.9%	1,509,980
PUBLIC HYDRANT FEES						
HYDRANT RENTAL INCOME	105,000	107,200	105,000	107,500	2.4%	2,500
TOTAL PUBLIC HYDRANT FEES	105,000	107,200	105,000	107,500	2.4%	2,500
PRIVATE FIRE SERVICE FEES						
FIRE SERVICES	216,000	200,588	210,000	201,000	-4.3%	(9,000)
TOTAL PRIVATE FIRE SERVICE	216,000	200,588	210,000	201,000	-4.3%	(9,000)
MISCELLANEOUS FEES						
JOB WORKED SERVICES	120,000	127,767	120,000	100,000	-16.7%	(20,000)
BACKFLOW TESTING	95,000	99,218	110,000	100,000	-9.1%	(10,000)
SERVICE CHARGES-SPECIAL	50,000	44,392	40,000	35,000	-12.5%	(5,000)
PENALTY INCOME	10,500	9,643	9,500	9,500	0.0%	-
INTEREST ON INVESTMENTS	78,000	59,122	80,000	25,000	-68.8%	(55,000)
MISCELLANEOUS	16,000	80,395	50,000	35,000	-30.0%	(15,000)
COST OF SALES	-	(69,921)	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	-	6,696	-	-	0.0%	-
TOTAL MISCELLANEOUS FEES	369,500	357,312	409,500	304,500	-25.6%	(105,000)
STATE REVENUES						
STATE AID GRANT PROGRAM	-	1,100	-	-	0.0%	-
TOTAL STATE REVENUES	-	1,100	-	-	0.0%	-
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	20,515	20,515	20,515	20,515	0.0%	-
TOTAL SPECIAL AGREEMENTS	20,515	20,515	20,515	20,515	0.0%	-
OTHER FINANCING SOURCES						
TRANSFER TO CAPITAL PROJECTS	(1,298,000)	(1,298,000)	(1,314,000)	(2,320,000)	76.6%	(1,006,000)
USE OF RETAINED EARNINGS	1,431,138	-	973,953	1,143,987	17.5%	170,034
TOTAL OTHER FINANCING SOURCES	133,138	(1,298,000)	(340,047)	(1,176,013)	245.8%	(835,966)
TOTAL WATER FUND	5,170,136	3,876,554	5,813,549	6,376,063	9.7%	562,514

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:

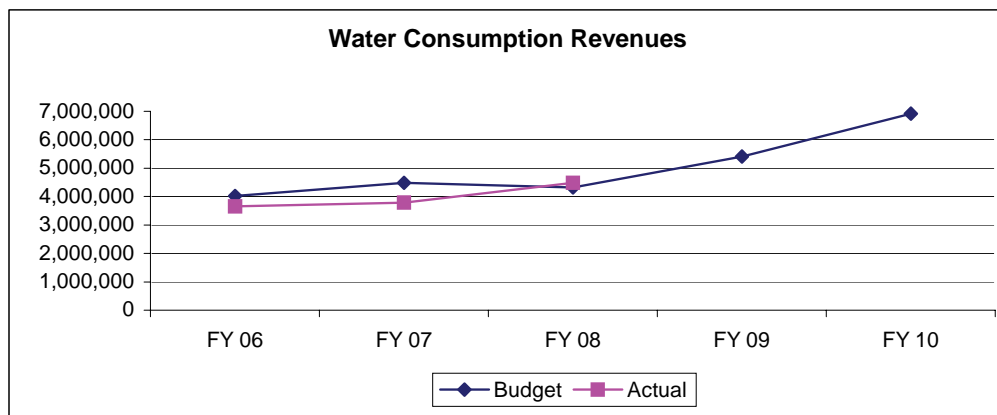
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

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 FY08 attributable to the increase in the water rate and billed consumption. Fluctuations in this revenue source while expected are unpredictable and difficult to budget. The Water Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

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



	FY 06	FY 07	FY 08	FY 09	FY 10
Budget	\$4,026,473	\$4,485,506	\$4,325,983	\$5,408,581	\$6,918,561
Actual	\$3,657,037	\$3,792,280	\$4,487,839		

Public Hydrant Fees:

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

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

Private Fire Service Fees:

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

The revenue generated from this source has been level for several years. Based on new construction of commercial properties, the Water Fund is predicting a slight increase in revenues.

Miscellaneous Fees:

-Job Worked Sales – City Ordinance Chapter 16- Services rendered by the Water division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of water service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year. The fund has projected annual revenue of \$120,000-\$150,000 for the past five years. Actual revenues have ranged from \$85,000 to \$135,000 annually.

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

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

-Penalty Income – City Ordinance. Water bills are due and payable upon presentation. An interest charge of 1.5% per month shall be made on outstanding balances unpaid after 30 days. Implementation of monthly billing in 2009 is anticipated to improve collections; therefore the City expects to realize a decrease in revenues associated with penalty assessments. In FY10, the City is forecasting no change in penalty income revenue.

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

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

State Revenues:

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

Special Agreements:

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

Other Financing Sources:

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

CITY OF PORTSMOUTH
SEWER FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2008-2010

	BUDGETED REVENUES FY 08	ACTUAL REVENUES FY 08	BUDGETED REVENUES FY 09	ESTIMATED REVENUES FY 10	% CHANGE	\$\$ CHANGE
SEWER CONSUMPTION						
MUNICIPAL	92,551	83,426	100,504	93,442	-7.0%	(7,062)
OTHER UTILITIES WATER	96,819	70,092	122,544	200,250	63.4%	77,706
COMMERCIAL TYPE 1	2,872,266	2,990,096	2,958,434	2,772,854	-6.3%	(185,580)
INDUSTRIAL TYPE 1	448,822	473,324	457,798	492,107	7.5%	34,309
RESIDENTIAL TYPE 1	2,608,717	2,677,349	2,674,418	2,557,751	-4.4%	(116,667)
TOTAL SEWER CONSUMPTION	6,119,175	6,294,287	6,313,698	6,116,404	-3.1%	(197,294)
MISCELLANEOUS FEES						
JOB WORKED SERVICES	20,000	26,533	20,000	10,000	-50.0%	(10,000)
SEPTAGE	90,000	98,653	90,000	100,000	11.1%	10,000
PENALTY INCOME	14,000	10,341	14,000	11,000	-21.4%	(3,000)
INTEREST ON INVESTMENTS	300,000	305,978	350,000	100,000	-71.4%	(250,000)
PERMITS	5,000	2,318	5,000	2,500	-50.0%	(2,500)
MISCELLANEOUS	25,000	39,105	45,000	55,000	22.2%	10,000
COST OF SALES	-	(21,859)	-	-	0.0%	-
TOTAL MISCELLANEOUS FEES	454,000	461,068	524,000	278,500	-46.9%	(245,500)
STATE REVENUES						
STATE AID GRANT PROGRAM	1,534,067	1,457,449	1,701,035	1,353,279	-20.4%	(347,756)
TOTAL STATE REVENUES	1,534,067	1,457,449	1,701,035	1,353,279	-20.4%	(347,756)
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	153,086	246,781	153,086	70,532	-53.9%	(82,554)
PEASE REIMBURSE SEWER LOAN	183,774	67,485	178,583	57,103	-68.0%	(121,480)
TOTAL SPECIAL AGREEMENTS	336,860	314,266	331,669	127,635	-61.5%	(204,034)
OTHER FINANCING SOURCES						
TRANSFER TO CAPITAL PROJECTS	(3,802,000)	(3,802,000)	(1,555,000)	(1,218,000)	-21.7%	337,000
USE OF RETAINED EARNINGS	3,304,391	-	1,479,617	1,737,751	17.4%	258,134
TOTAL OTHER FINANCING SOURCES	(497,609)	(3,802,000)	(75,383)	519,751	-789.5%	595,134
TOTAL SEWER FUND	7,946,493	4,725,070	8,795,019	8,395,569	-4.5%	(399,450)

Sewer Fund Revenue Descriptions and Trends

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

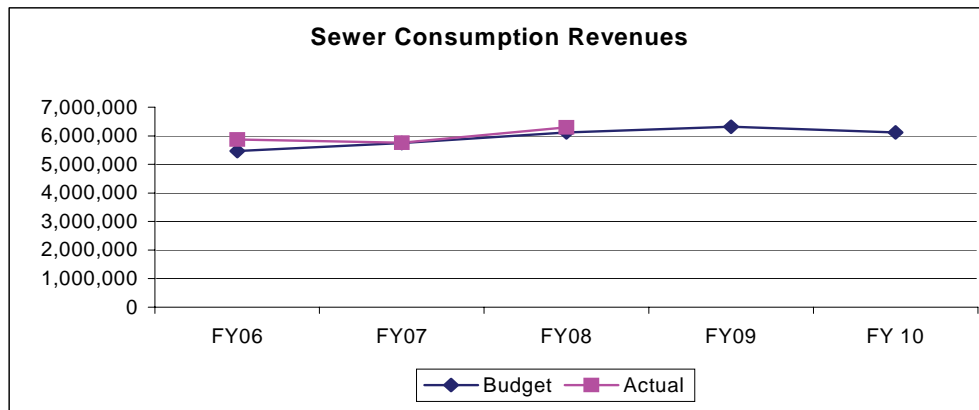
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Aid Grant Program
- 4) Special Agreements
- 5) Other Financing Sources

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

Sewer Consumption Revenues:

-Sewer Consumption Revenues- Ordinance - Revenue generated from sewer consumption by customers. The revenue generated from this source is the primary cash flow for the division. The Sewer Fund recognized an increase in user rate revenues for FY08. Fluctuations in this revenue source are similar to Water in that while expected they are unpredictable and difficult to budget. The Sewer Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

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



	FY06	FY07	FY08	FY09	FY10
Budget	\$5,467,684	\$5,751,538	\$6,119,175	\$6,313,698	\$6,116,404
Actual	\$5,870,710	\$5,759,147	\$6,294,287		

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 \$67,000 annually.

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

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

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

-Penalty Income – Sewer Ordinance - Sewer bills are due and payable upon presentation. An interest charge of 1.5% per month shall be made on outstanding balances unpaid after 30 days.

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

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

State Revenues:

-State Aid Grant Program – RSA 486:3. Revenue received from the State of New Hampshire as a contribution for eligible sewage construction projects. The annual contribution is based on the project's amortization schedule and the impact on user fees. The City of Portsmouth is currently eligible for 30 percent contribution from the State on existing projects.

Special Agreements:

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

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

Other Financing Sources:

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

CITY OF PORTSMOUTH
SPECIAL REVENUE FUNDS
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2008-2010

	BUDGETED REVENUES FY 08	ACTUAL REVENUES FY 08	BUDGETED REVENUES FY 09	ESTIMATED REVENUES FY 10	% CHANGE	\$\$ CHANGE
Community Development						
CDBG Entitlement	143,924	141,980	136,286	116,504	-14.5%	(19,782)
Housing Rehab Program	27,649	25,976	29,165	49,684	70.4%	20,519
Economic Development Program	1,871	1,654	1,800	1,800	0.0%	-
UDAG Interest	168,165	151,285	194,944	70,000	-64.1%	(124,944)
Use of Fund Balance-UDAG	-	-	-	180,816	N/A	180,816
Total Community Development	341,609	320,895	362,195	418,804	15.6%	56,609
Parking and Transportation						
Portion of Total Parking Revenue	1,596,109	1,596,109	2,429,489	2,246,686	-7.5%	(182,803)
Total Parking and Transportation	1,596,109	1,596,109	2,429,489	2,246,686	-7.5%	(182,803)
Total Special Revenue Funds	1,937,718	1,917,004	2,791,684	2,665,490	-4.5%	(126,194)

Special Revenue Fund Revenue Descriptions and Trends

Community Development:

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

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

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

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

-UDAG Interest – Interest earned from payback of Urban Development Action Grants. The City of Portsmouth Economic Development Commission established a budget policy for the UDAG Program which allows expenditures based on available funding and economic development program needs.

Parking and Transportation:

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

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DEBT SERVICE

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.

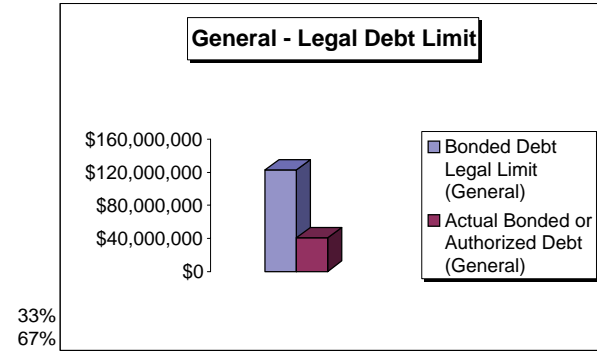
LONG TERM DEBT OUTSTANDING BALANCES (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)

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

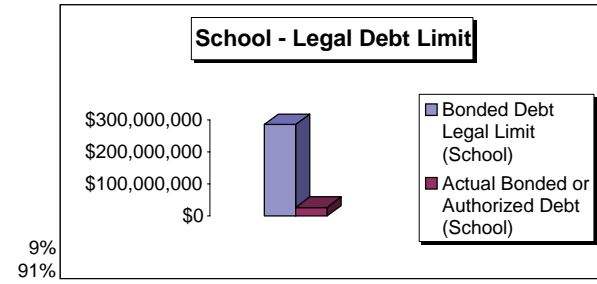
CITY OF PORTSMOUTH, NEW HAMPSHIRE
 Computation of Legal Debt Margin
 As of December 31, 2008 (unaudited)

Modified local assessed valuation Department of Revenue Administration inventory adjustment	\$ 3,755,495,615
	<u>284,913,385</u>
Equalized assessed valuation	4,040,409,000
Adjustment: RSA 31-A	<u>43,572,593</u>
Base valuation for debt limit (1)	<u>\$ 4,083,981,593</u>

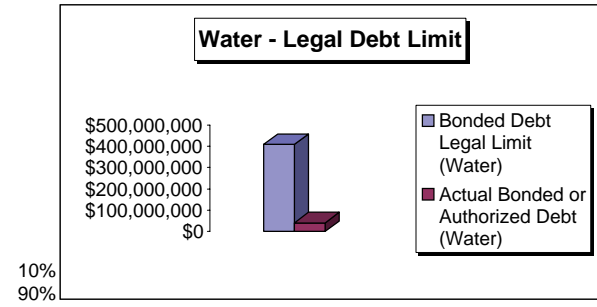
Bonded debt limit - 3.0% of base (General Debt)	\$ 122,519,448
Gross bonded debt	28,734,282
Less:	
Landfill (4)	2,194,283
	26,539,999
Authorized but unissued	
Purchase of Parking Garage	12,500,000
Fire Station 2	1,500,000
	14,000,000
Total debt applicable to 3% limitation	<u>40,539,999</u>
Legal Debt Margin	\$ <u>81,979,448.79</u>



Bonded debt limit - 7.0% of base (School Debt) (5)	\$ 285,878,711.51
Gross bonded debt	27,100,000
	27,100,000
Authorized but unissued	-
Total debt applicable to 7% limitation	<u>27,100,000</u>
Legal Debt Margin	\$ <u>258,778,711.51</u>



Bonded debt limit - 10% of base (Water Fund) (2) (3)	408,398,159.30
Gross bonded debt	
Water bonds	4,585,392
	4,585,392
Authorized but unissued	
Water System Improvements	1,320,000
Capital Projects	10,100,000
Madbury Water Treatment Plant	25,000,000
	36,420,000
Total debt applicable to 10% limitation	<u>41,005,392</u>
Legal Debt Margin	<u>367,392,767</u>



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

GENERAL FUND

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

		<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
ISSUED DEBT												
<u>GENERAL FUND-Issued Debt</u>												
06/15/00 99 City Improvements	5.04%	2,610,000										
Principal			260,000	260,000								
Interest			26,520	13,260								
06/15/00 00 City Improvements	5.04%	500,000										
Principal			50,000	50,000								
Interest			5,100	2,550								
09/15/02 01 Improvements	3.69%	3,750,000										
Principal			375,000	375,000	375,000	375,000	375,000					
Interest			53,438	42,188	30,938	19,219	6,563					
09/15/02 Peverly/Banfield Rd	3.69%	400,000										
Principal			40,000	40,000	40,000	40,000	40,000					
Interest			5,700	4,500	3,300	2,050	700					
09/15/02 Spinnaker Point	3.69%	500,000										
Principal			50,000	50,000	50,000	50,000	50,000					
Interest			7,125	5,625	4,125	2,563	875					
09/15/02 03 Improvements	3.69%	3,990,000										
Principal			400,000	400,000	400,000	400,000	390,000					
Interest			56,650	44,650	32,650	20,150	6,825					
06/15/08 Fire Apparatus	3.80%	750,000										
Principal			150,000	150,000	150,000	150,000	150,000					
Interest			26,250	20,250	15,375	10,500	5,250					
08/01/05 05 Improvements	3.95%	2,945,000										
Principal			295,000	295,000	295,000	295,000	295,000	295,000	290,000			
Interest			88,300	76,500	64,700	52,900	41,100	29,300	17,500	5,800		
06/15/07 New Castle Ave/Seawall	4.00%	600,000										
Principal			60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
Interest			21,825	19,425	17,025	14,625	12,225	9,825	7,425	5,025	2,475	
06/15/07 06 Improvements	4.00%	950,000										
Principal			95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	
Interest			34,556	30,756	26,956	23,156	19,356	15,556	11,756	7,956	3,919	
06/15/07 07 Improvements	4.00%	4,450,000										
Principal			445,000	445,000	445,000	445,000	445,000	445,000	445,000	445,000	445,000	
Interest			161,869	144,069	126,269	108,469	90,669	72,869	55,069	37,269	18,356	
06/15/08 08 Improvements	3.80%	2,500,000										
Principal			250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
Interest			90,625	80,625	72,500	64,375	55,625	46,875	38,125	28,750	19,375	10,000
06/15/08 08 School Building Improveme	3.80%	500,000										
Principal			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Interest			18,125	16,125	14,500	12,875	11,125	9,375	7,625	5,750	3,875	2,000
11/18/98 Coakley 20	3.80%	3,605,773										
Principal			180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289	180,289

GENERAL FUND

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

			<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
Interest			75,361	68,510	61,659	54,808	47,957	41,106	34,255	27,404	20,553	13,702	6,851
07/01/00 Coakley OU-2 20 yr	3.80%	652,330											
Principal			32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617
Interest			14,873	13,634	12,394	11,155	9,915	8,676	7,437	6,197	4,958	3,718	2,479
09/15/02 School Renovations 20 yr	3.69%	38,000,000											
Principal			1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Interest			1,147,125	1,090,125	1,033,125	973,750	909,625	828,875	733,875	638,875	543,875	448,875	363,375
08/01/05 Library	3.95%	6,960,000											
Principal			350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	345,000
Interest			248,575	234,575	220,575	206,575	192,575	178,575	164,575	150,575	136,575	122,575	108,675
06/15/08 Fire Station 2 Replacement	3.80%	3,650,000											
Principal			185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	180,000
Interest			139,963	132,563	126,550	120,538	114,063	107,588	101,113	94,175	87,238	80,300	72,900
06/15/08 Fire Station 2 Land	3.80%	1,300,000											
Principal			65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest			49,888	47,288	45,175	43,063	40,788	38,513	36,238	33,800	31,363	28,925	26,325
Total General Fund Issued Debt Principal Due			5,232,905	5,232,905	4,922,905	4,922,905	4,912,905	3,907,905	3,907,905	3,902,905	3,612,905	3,012,905	2,702,905
Total General Fund Issued Debt Interest Due			2,271,866	2,087,216	1,907,816	1,740,769	1,565,235	1,387,132	1,214,991	1,041,576	872,561	710,095	580,605
Total General Fund-Issued Debt			7,504,772	7,320,121	6,830,721	6,663,674	6,478,140	5,295,037	5,122,897	4,944,481	4,485,466	3,723,000	3,283,510
Issued Debt Related Revenues													
			<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
GF	Coakley Landfill State Aid		(47,164)	(46,154)	(45,144)	(44,135)	(43,125)	(42,115)	(41,106)	(40,096)	(39,087)	(38,077)	(37,067)
GF	School Building Aid (High School)		(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)
GF	Use of Debt Reserve		(1,500,000)	(1,300,000)	(900,000)	(800,000)	(1,100,000)	(500,000)	(550,000)	(1,000,000)			
Total Issued Debt Related Revenues-General Fund			(2,563,386)	(2,362,376)	(1,961,366)	(1,860,357)	(2,159,347)	(1,558,337)	(1,607,328)	(2,056,318)	(1,055,309)	(1,054,299)	(1,053,289)
Total Net Issued Debt-General Fund			4,941,386	4,957,745	4,869,354	4,803,317	4,318,793	3,736,700	3,515,569	2,888,163	3,430,157	2,668,701	2,230,221

PROJECTED FUTURE DEBT:

GENERAL FUND-Projected Future Debt				<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
	Allocation to Debt Reserve			6,963										
20 yr	Fire Station Two (additional funding)	4.25%	1,500,000	138,750	135,563	132,375	129,188	126,000	122,813	119,625	116,438	113,250	110,063	
Authorized 11/10/08														
10 yr	FY 09 Citywide Facilities Improvements		200,000	28,500	27,650	26,800	25,950	25,100	24,250	23,400	22,550	21,700	20,850	
Authorized 01/26/09														
10 yr	FY 09 Citywide Sidewalk Reconstruction		500,000	71,250	69,125	67,000	64,875	62,750	60,625	58,500	56,375	54,250	52,125	
Authorized 01/26/09														
10 yr	FY 09 Citywide Street Paving		2,500,000	356,250	345,625	335,000	324,375	313,750	303,125	292,500	281,875	271,250	260,625	

GENERAL FUND

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

		<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
Authorized 01/26/09												
10 yr	08 and 09 GATEWAY IMPROVEMENTS-EXIT 7	300,000	42,750	41,475	40,200	38,925	37,650	36,375	35,100	33,825	32,550	31,275
Authorized 01/26/09												
20 yr	FY 10 School Renovations 20 yr (3yr BAN)	40,855,000	150,000	750,000	1,225,650	3,779,088	3,692,271	3,605,454	3,518,637	3,431,820	3,345,003	3,258,186
10 yr	FY 10 Municipal Complex Boiler Replacement	400,000	8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250	42,550
10 yr	FY 10 McDonough Street Area Improvements	400,000	8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250	42,550
10 yr	FY 10 School Building Improvements	500,000	10,625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313	53,188
10 yr	FY 10 Sagamore Bridge Replacement	1,000,000	21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625	106,375
10 yr	FY 11 McDonough Street Area Improvements	400,000		8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950	44,250
10 yr	FY 11 Middle Road Sidewalk Replacement	500,000		10,625	70,188	68,063	65,938	63,813	61,688	59,563	57,438	55,313
10 yr	FY 11 Maple Haven Storm Water Drain System	1,000,000		21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625
10 yr	FY 11 Indoor Pool Building Rehabilitation	1,000,000		21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875	110,625
10 yr	FY 11 City Improvements-St,Sw, Build.	4,000,000		85,000	561,500	544,500	527,500	510,500	493,500	476,500	459,500	442,500
10 yr	FY 12 McDonough Street Area Improvements	400,000			8,500	56,150	54,450	52,750	51,050	49,350	47,650	45,950
10 yr	FY 12 School Building Improvements	500,000			10,625	70,188	68,063	65,938	63,813	61,688	59,563	57,438
10 yr	FY 12 Gateway Improvements	570,000			12,113	80,014	77,591	75,169	72,746	70,324	67,901	65,479
10 yr	FY 12 Maplewood Avenue Rehabilitation	1,000,000			21,250	140,375	136,125	131,875	127,625	123,375	119,125	114,875
10 yr	FY 13 McDonough Street Area Improvements	400,000				8,500	56,150	54,450	52,750	51,050	49,350	47,650
10 yr	FY 13 Islington Street Streetscape	500,000				10,625	70,188	68,063	65,938	63,813	61,688	59,563
10 yr	FY 13 Artificial Turf Athletic Fields	1,500,000				31,875	210,563	204,188	197,813	191,438	185,063	178,688
20 yr	FY 13 Station Three Replacement	4,000,000				85,000	365,750	357,250	348,750	340,250	331,750	323,250
10 yr	FY 13 City Improvements-St,Sw, Build.	4,000,000				85,000	561,500	544,500	527,500	510,500	493,500	476,500
10 yr	FY 14 McDonough Street Area Improvements	400,000					8,500	56,150	54,450	52,750	51,050	49,350
10 yr	FY 14 Aviation Drive	500,000					10,625	70,188	68,063	65,938	63,813	61,688
10 yr	FY 14 School Building Improvements	500,000					10,625	70,188	68,063	65,938	63,813	61,688
10 yr	FY 14 Islington Street Streetscape	500,000					10,625	70,188	68,063	65,938	63,813	61,688
10 yr	FY 14 International Drive	550,000					11,688	77,206	74,869	72,531	70,194	67,856
10 yr	FY 14 Gateway Improvements	704,000					14,960	98,824	95,832	92,840	89,848	86,856
10 yr	FY 15 Rochester Avenue	250,000						5,313	35,094	34,031	32,969	31,906

GENERAL FUND

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

		<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
10 yr	FY 15 Gateway Improvements							7,331	48,429	46,963	45,497	44,031
10 yr	FY 15 Peverly Hill Rd New Sidewalk							8,925	58,958	57,173	55,388	53,603
10 yr	FY 15 Intersection Improvement: Bartlett and Isling	1,650,000						35,063	231,619	224,606	217,594	210,581
10 yr	FY 15 City Improvements-St,Sw, Build.	4,000,000						85,000	561,500	544,500	527,500	510,500
20 yr	FY 15 Elementary School Renovations	10,000,000						212,500	914,375	893,125	871,875	850,625
5 yr	Rolling Stock-Fire Engine #6-Heavy Rescue	700,000		14,875	166,775	160,825	154,875	148,925	142,975			
5 yr	Rolling Stock-Fire Engine #4	500,000				10,625	119,125	114,875	110,625	106,375	102,125	
5 yr	Rolling Stock-Fire Engine #1	600,000					12,750	142,950	137,850	132,750	127,650	122,550
Total General Fund-Projected Future Debt		6,963	836,375	1,853,800	3,327,963	6,344,151	7,415,147	8,074,822	9,351,783	8,946,301	8,683,793	8,323,410
<hr/>												
Future Debt Related Revenues		<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
GF	Projected School Building Aid (Middle School 34.2%)					(700,250)	(700,250)	(700,250)	(700,250)	(700,250)	(700,250)	(700,250)
GF	Projected School Building Aid (Elementary Schools 30%)								(150,000)	(150,000)	(150,000)	(150,000)
Total Future Debt Related Revenues-General Fund		-	-	-	-	(700,250)	(700,250)	(700,250)	(850,250)	(850,250)	(850,250)	(850,250)
Total Net Projected Future Debt-General Fund		6,963	836,375	1,853,800	3,327,963	5,643,901	6,714,897	7,374,572	8,501,533	8,096,051	7,833,543	7,473,160
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Total Gross Issued and Projected Debt-General Fund		7,511,735	8,156,496	8,684,521	9,991,637	12,822,291	12,710,184	13,197,718	14,296,264	13,431,766	12,406,793	11,606,920
Total Debt Related Revenues Actual and Projected		(2,563,386)	(2,362,376)	(1,961,366)	(1,860,357)	(2,859,597)	(2,258,587)	(2,307,578)	(2,906,568)	(1,905,559)	(1,904,549)	(1,903,539)
Total Net Issued and Projected Debt-General Fund		4,948,349	5,794,120	6,723,154	8,131,280	9,962,694	10,451,596	10,890,140	11,389,696	11,526,208	10,502,244	9,703,381

GENERAL FUND

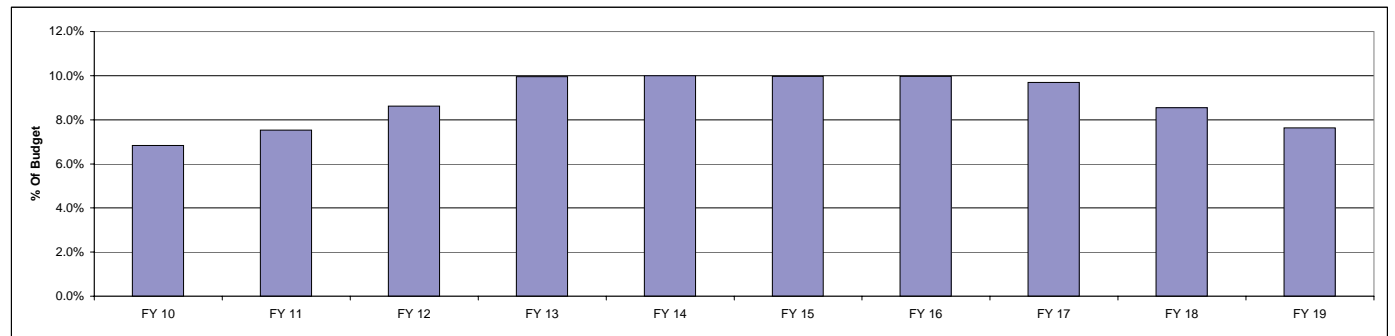
**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL**

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
Total Gen Fund Without Net Debt Service (increase 4.5% FY 11 and beyond)	78,952,039	82,504,881	86,217,600	90,097,392	94,151,775	98,388,605	102,816,092	107,442,816	112,277,743	117,330,241
Existing Debt Service	7,320,121	6,830,721	6,663,674	6,478,140	5,295,037	5,122,897	4,944,481	4,485,466	3,723,000	3,283,510
Projected Debt Service	836,375	1,853,800	3,327,963	6,344,151	7,415,147	8,074,822	9,351,783	8,946,301	8,683,793	8,323,410
Total Gross Debt Service	8,156,496	8,684,521	9,991,637	12,822,291	12,710,184	13,197,718	14,296,264	13,431,766	12,406,793	11,606,920
Debt Service Related Revenues	(2,362,376)	(1,961,366)	(1,860,357)	(2,859,597)	(2,258,587)	(2,307,578)	(2,906,568)	(1,905,559)	(1,904,549)	(1,903,539)
Net Debt	5,794,120	6,723,154	8,131,280	9,962,694	10,451,596	10,890,140	11,389,696	11,526,208	10,502,244	9,703,381
Total General Fund Budget	84,746,159	89,228,035	94,348,880	100,060,087	104,603,372	109,278,745	114,205,788	118,969,024	122,779,987	127,033,623

Percentage Debt Service of Budget:	6.84%	7.53%	8.62%	9.96%	9.99%	9.97%	9.97%	9.69%	8.55%	7.64%
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PARKING and TRANSPORTATION FUND

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

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
<u>ISSUED DEBT</u>											
<u>PARKING/TRANSPORTATION FUND-Issued Debt</u>											
06/15/00 High Hanover Expansion		5.04%	4,500,000								
Principal	450,000	450,000									
Interest	45,900	22,950									
Total Parking/Trans Fund Issued Debt Principal Due	450,000	450,000	-	-	-	-	-	-	-	-	-
Total Parking/Trans Fund Issued Debt Interest Due	45,900	22,950	-	-	-	-	-	-	-	-	-
Total Parking/TransFund-Issued Debt	495,900	472,950	-	-	-	-	-	-	-	-	-
<u>PROJECTED FUTURE DEBT:</u>											
<u>PARKING/TRANSPORTATION FUND- Projected Future Debt</u>											
20 yr	Portwalk Parking Facility	4.25%	12,500,000	281,250	960,952	960,952	960,952	960,952	960,952	960,952	960,952
	Authorized 12/17/07										
Total Parking/Transportation Fund-Projected Future Debt	281,250	-	-	960,952	960,952	960,952	960,952	960,952	960,952	960,952	960,952
<u>Future Debt Related Revenues</u>											
P/T	Use of Parking Revenues (Portwalk)			(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)
Total Future Debt Related Revenues-Parking/Transportation Fund	-	-	-	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)
Total Net Projected Future Debt-Parking/Transportation Fund	281,250	-	-	-	-	-	-	-	-	-	-
Total Net Issued and Projected Debt-Parking/Transportation Fund	777,150	472,950	-	-	-	-	-	-	-	-	-

WATER FUND

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

<u>WATER FUND-Issued Debt</u>			<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
<u>05/15/02 Upgrade Motor Control Center</u>	<u>3.98%</u>	<u>300,000</u>											
Principal			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Interest			8,350	7,754	7,157	6,561	5,964	5,368	4,772	4,175	3,579	2,982	2,386
<u>05/15/02 Corrosion Control Program</u>	<u>3.80%</u>	<u>288,000</u>											
Principal			14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Interest			7,661	7,114	6,567	6,020	5,472	4,925	4,378	3,831	3,284	2,736	2,189
<u>11/01/02 Constitution Avenue</u>	<u>3.70%</u>	<u>4,800,000</u>											
Principal			240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Interest			133,344	124,455	115,565	106,676	97,786	88,896	80,007	71,117	62,228	53,338	44,448
<u>12/01/02 Spinney Tank</u>	<u>3.73%</u>	<u>1,162,560</u>											
Principal			58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
Interest			32,506	30,339	28,172	26,005	23,838	21,671	19,504	17,337	15,170	13,003	10,836
Total Water Fund Issued Debt Principal Due			327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528	327,528
Total Water Fund Issued Debt Interest Due			181,861	169,662	157,461	145,262	133,060	120,860	108,661	96,460	84,261	72,059	59,859
Total Water Fund-Issued Debt			509,389	497,190	484,989	472,790	460,588	448,388	436,189	423,988	411,789	399,587	387,387

WATER FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODELPROJECTED FUTURE DEBT:

WATER FUND-Projected Future Debt				FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
20 yr	Madbury Treatment Plant Design Authorized 08/16/05	3.49%	2,000,000	169,760	166,272	162,784	159,296	155,808	152,320	148,832	145,344	141,856	138,368	134,880
20 yr	Bellamy Reservoir, Raw Water Mgmt Authorized 08/16/05	3.35%	1,100,000	91,872	90,028	88,185	86,341	84,498	82,654	80,810	78,967	77,123	75,280	73,436
20 yr	Greenland Well Authorized 08/16/05	4.25%	1,000,000			92,500	90,375	88,250	86,125	84,000	81,875	79,750	77,625	75,500
20 yr	Water Source Augmentation Authorized 08/16/05	4.25%	2,000,000			185,000	180,750	176,500	172,250	168,000	163,750	159,500	155,250	
20 yr	Maplewood Ave Waterline Replaceme Authorized 08/16/05	4.25%	3,000,000				277,500	271,125	264,750	258,375	252,000	245,625	239,250	
20 yr	Madbury Treatment Plant Upgrac Authorized 11/10/08	4.25%	21,500,000	456,875	1,965,906	1,920,219	1,874,531	1,828,844	1,783,156	1,737,469	1,691,781	1,646,094	1,600,406	
20 yr	Osprey Landing Water Tank Rep	4.25%	1,000,000				92,500	90,375	88,250	86,125	84,000	81,875	79,750	
20 yr	Hobbs Hill Landing Water Tank F	4.25%	1,500,000			138,750	135,563	132,375	129,188	126,000	122,813	119,625	116,438	113,250
Total Water Fund-Projected Future Debt				261,632	713,175	2,448,125	2,576,793	2,886,212	2,817,130	2,748,049	2,678,967	2,609,885	2,540,804	2,471,722
Total Net Issued and Projected Debt Water Fund				771,021	1,210,365	2,933,114	3,049,583	3,346,800	3,265,518	3,184,238	3,102,955	3,021,674	2,940,391	2,859,109

SEWER FUND

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

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
<u>ISSUED DEBT</u>											
<u>SEWER FUND-Issued Debt</u>											
08/01/89 Belt Press	6.80%	740,000									
Principal			30,000	30,000							
Interest			3,060	1,020							
12/01/92 Peirce Island WWTP Improvem	7.00%	19,500,000									
Principal			975,000	975,000	975,000	975,000					
Interest			263,250	197,438	131,625	65,813					
12/21/00 Pease WWTP	4.46%	6,586,836									
Principal			321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450
Interest			172,195	157,845	143,496	129,146	114,797	100,447	86,098	71,748	57,399
06/11/02 Sewer Projects Phase 1	3.98%	4,931,361									
Principal			246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
Interest			137,250	127,447	117,643	107,839	98,038	88,232	78,429	68,625	58,822
05/04/05 Sewer Projects Phase 2	3.69%	8,898,110									
Principal			444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
Interest			278,938	262,530	246,122	229,714	213,305	196,897	180,489	164,081	147,673
12/01/08 Sewer Projects Phase 3	3.49%	5,508,137									
Principal			275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407
Interest			271,041	182,518	172,911	163,305	153,699	144,093	134,487	124,880	115,274
12/01/08 Stormwater Facilities Loan	1.09%	734,199									
Principal			146,840	146,840	146,840	146,840	146,840				
Interest			18,746	6,402	4,802	3,201	1,601				
12/01/08 Lower Court Street Loan	3.49%	688,562									
Principal			34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428
Interest			26,760	22,816	21,615	20,415	19,214	18,013	16,812	15,611	14,410
Total Sewer Fund Issued Debt Principal Due			2,474,599	2,474,599	2,444,599	2,444,599	1,469,599	1,322,759	1,322,759	1,322,759	1,322,759
Total Sewer Fund Issued Debt Interest Due			1,171,240	958,016	838,214	719,432	600,654	547,682	496,315	444,946	393,579
Total Sewer Fund-Issued Debt			3,645,838	3,432,614	3,282,813	3,164,031	2,070,252	1,870,441	1,819,074	1,767,705	1,716,337

<u>Issued Debt Related Revenues</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
SEWER Belt Press-State Aid	(30,179)	(28,373)									
SEWER PIWWTP Improvements-State Aid	(854,731)	(809,302)	(763,873)	(718,445)							
SEWER PIWWTP Improvements-State Aid	(53,517)	(50,672)	(47,828)	(44,983)							
SEWER PIWWTP Improvements-State Aid	(5,823)	(5,514)	(5,204)	(4,895)							
SEWER Pease WWTP-State Aid	(140,484)	(136,400)	(132,316)	(128,233)	(124,148)	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	(99,646)
SEWER Phase I-State Aid	(113,631)	(110,787)	(107,883)	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	(84,652)
SEWER Phase 2-State Aid	(217,153)	(212,231)	(207,309)	(202,386)	(197,464)	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	(167,928)
Total Issued Debt Related Revenues-Sewer Fund	(1,415,518)	(1,353,279)	(1,264,413)	(1,203,921)	(423,687)	(411,777)	(399,867)	(387,956)	(376,047)	(364,137)	(352,226)

Total Net Issued Debt-Sewer Fund	2,230,320	2,079,335	2,018,400	1,960,110	1,646,565	1,458,664	1,419,207	1,379,749	1,340,290	1,300,831	1,261,375
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SEWER FUND

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

<u>SEWER FUND-Projected Future Debt</u>				<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
20 yr	201 Facilities Plan Update Authorized 08/05/02	3.35%	1,000,000			83,520	81,844	80,168	78,492	76,816	75,140	73,464	71,788	70,112
20 yr	Rye Line Pump Station Authorized 10/01/07	3.49%	1,500,000	127,320	124,704	122,088	119,472	116,856	114,240	111,624	109,008	106,392	103,776	
20 yr	LTCP Contract #3, 3A, Bartlett Area Authorized 08/05/02	3.35%	4,000,000			334,080	327,376	320,672	313,968	307,264	300,560	293,856	287,152	
20 yr	LTCP Contract #4	4.25%	3,000,000			277,500	271,125	264,750	258,375	252,000	245,625	239,250	232,875	
20 yr	LTCP Contract #4A	4.25%	3,000,000					277,500	271,125	264,750	258,375	252,000	245,625	
20 yr	LTCP Contract #5	4.25%	3,000,000							277,500	271,125	264,750	258,375	
20 yr	LTCP Contract #5A	4.25%	3,000,000									277,500	271,125	
20 yr	SSES - State Street Authorized 11/10/08	4.25%	2,200,000	203,500	198,825	194,150	189,475	184,800	180,125	175,450	170,775	166,100	161,425	
20 yr	Upgrade to PIWWTP	4.25%	50,000,000										4,625,000	4,518,750
Total Sewer Fund-Projected Future Debt				-	330,820	407,049	1,009,662	987,616	1,243,070	1,214,649	1,463,728	1,428,932	6,296,636	6,149,215
<u>Future Debt Related Revenues</u>				<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
SF	State Aid Grant Program Sewer (30%)			-	-	-	-	-	-	-	-	-	-	-
Total Future Debt Related Revenues-Sewer Fund				-	-	-	-	-	-	-	-	-	-	-
Total Net Projected Future Debt-Sewer Fund				-	330,820	407,049	1,009,662	987,616	1,243,070	1,214,649	1,463,728	1,428,932	6,296,636	6,149,215

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

City of Portsmouth

Outstanding Debt Service by Fiscal Year

Fiscal Year	General Fund		Parking/Trans Fund		Water Fund		Sewer Fund		Total City of Portsmouth		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal/Interest
<u>FY 10</u>	5,232,905	2,087,216	450,000	22,950	327,528	169,662	2,474,599	958,016	8,485,032	3,237,844	11,722,876
<u>FY 11</u>	4,922,905	1,907,816	-	-	327,528	157,461	2,444,599	838,214	7,695,032	2,903,491	10,598,522
<u>FY 12</u>	4,922,905	1,740,769	-	-	327,528	145,262	2,444,599	719,432	7,695,032	2,605,463	10,300,495
<u>FY 13</u>	4,912,905	1,565,235	-	-	327,528	133,060	1,469,599	600,654	6,710,032	2,298,948	9,008,980
<u>FY 14</u>	3,907,905	1,387,132	-	-	327,528	120,860	1,322,759	547,682	5,558,192	2,055,674	7,613,866
<u>FY 15</u>	3,907,905	1,214,991	-	-	327,528	108,661	1,322,759	496,315	5,558,192	1,819,967	7,378,159
<u>FY 16</u>	3,902,905	1,041,576	-	-	327,528	96,460	1,322,759	444,946	5,553,192	1,582,982	7,136,174
<u>FY 17</u>	3,612,905	872,561	-	-	327,528	84,261	1,322,759	393,579	5,263,192	1,350,400	6,613,592
<u>FY 18</u>	3,012,905	710,095	-	-	327,528	72,059	1,322,759	342,209	4,663,192	1,124,364	5,787,556
<u>FY 19</u>	2,702,905	580,605	-	-	327,528	59,859	1,322,759	290,842	4,353,192	931,306	5,284,498
<u>FY 20</u>	2,522,617	472,339	-	-	327,528	47,660	1,322,759	239,473	4,172,903	759,473	4,932,376
<u>FY 21</u>	2,490,000	367,506	-	-	327,528	35,459	1,001,308	188,105	3,818,836	591,070	4,409,907
<u>FY 22</u>	2,490,000	261,106	-	-	327,528	23,260	1,001,308	151,086	3,818,836	435,452	4,254,289
<u>FY 23</u>	2,490,000	153,519	-	-	298,128	11,058	754,740	114,067	3,542,868	278,643	3,821,512
<u>FY 24</u>	590,000	87,494	-	-	-	-	754,740	86,851	1,344,740	174,345	1,519,086
<u>FY 25</u>	590,000	62,909	-	-	-	-	754,740	59,636	1,344,740	122,545	1,467,285
<u>FY 26</u>	590,000	38,201	-	-	-	-	309,835	32,421	899,835	70,622	970,457
<u>FY 27</u>	245,000	20,703	-	-	-	-	309,835	21,614	554,835	42,317	597,152
<u>FY 28</u>	245,000	10,413	-	-	-	-	309,835	10,807	554,835	21,220	576,055
Totals	53,291,668	14,582,184	450,000	22,950	4,555,992	1,265,042	23,289,049	6,535,949	81,586,710	22,406,126	103,992,836
less Anticipated Debt Related Revenues	(20,793,214)		-		-		(7,773,612)		(28,566,826)		(28,566,826)
Net Outstanding Debt	32,498,454	14,582,184	450,000	22,950	4,555,992	1,265,042	15,515,437	6,535,949	53,019,884	22,406,126	75,426,009

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