

CITY OF PORTSMOUTH, NEW HAMPSHIRE

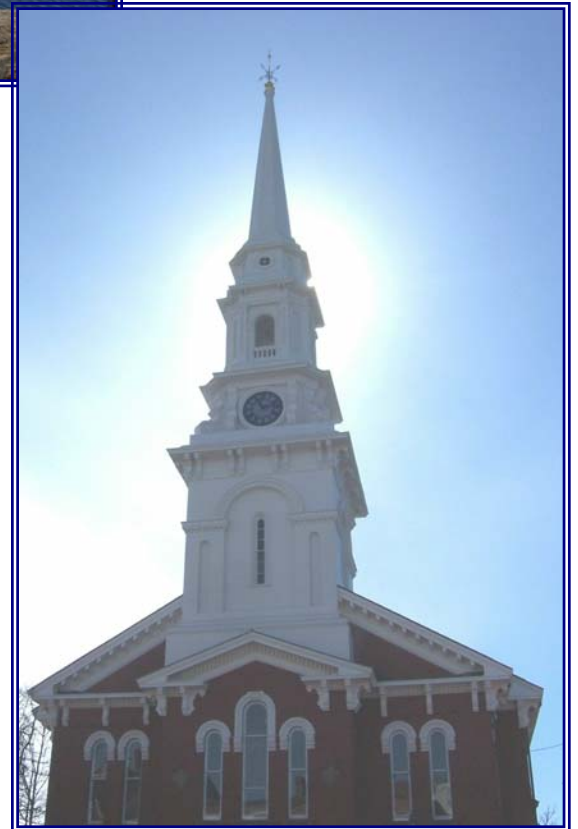


THE PROPOSED



ANNUAL BUDGET

2008 – 2009



City of Portsmouth, New Hampshire

Proposed Budget 2008-2009



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

Edward Raynolds, Councilor

Laura C. Pantelakos, Councilor

City Manager

John P. Bohenko



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Award*

PRESENTED TO

**City of Portsmouth
New Hampshire**

For the Fiscal Year Beginning

July 1, 2007

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, 2007. 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 2009
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CITY OF PORTSMOUTH WEB ADDRESS

www.cityofportsmouth.com

Full view of the proposed FY09 budget document and the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2007 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 2009-2014 can be viewed at the following link on the City's website. Once the FY09 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 11, 2008
Re: Fiscal Year 2009 Budget Message

In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2009 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 condensed version of the Capital Improvement Plan. Over the last few years, the City has used the guidelines recommended by the Government Finance Officers Association (GFOA) to prepare a more comprehensive budget document to assist residents, business owners, and elected officials to better understand the budget and the budget process. As a result of these efforts, the City of Portsmouth has received the Distinguished Budget Document Presentation Award from GFOA for two consecutive years for its FY2007 and FY2008 proposed budget documents.

This FY09 proposed budget reflects a number of accomplishments produced with the cooperation of the City Council, our residents and the dedication of City staff. It also outlines our City's 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.

Although municipalities nationwide are struggling in these difficult financial times, the City of Portsmouth has positioned itself to weather a lean economy. We have accomplished this by implementing financial policies over the past 10 years 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 many efforts, the City's has a AA bond rating, the highest rate ever. Not only does this result in substantial savings to our taxpayers in the form of reduced borrowing costs annually, the City also avoids the requirement to obtain bond insurance that faces many other communities.

We are extremely fortunate that our city remains attractive to new businesses and visitors, alike. Along with continued expansion and building at the Pease International Tradeport, the City's Central Business District is the focus of several significant development and

redevelopment proposals, particularly in the Northern Tier section. These include the Portwalk project that consists of four buildings and an underground parking garage operated by the City. In addition, we are studying ways to improve the Islington Street Corridor. This growth will result in continued expansion of our tax base, which has a positive impact on our efforts to limit increases in the tax rate.

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:

- The new Public Library became the first municipal building in New Hampshire to receive LEED (Leadership in Energy and Environmental Design) certification, part of the City's continuing sustainability efforts.
- Initiation of the design and replacement of the severely outdated Fire Station 2 to be relocated to a new Lafayette Road site.
- Increased citizen participation through Study Circles to examine citywide issues, such as the renovation of the Middle School and sustainability efforts.
- The City selected a design engineer for an approximately \$25 million upgrade to the 50-year-old Madbury Water Treatment Plant.
- The City entered into an agreement that will lead to redevelopment of the Lafayette School into senior housing.

The 2009 General Fund Budget

I am submitting to you the budget as requested from the School Board, Police and Fire Commissions, and Municipal Department heads. The Citizens of the City of Portsmouth have certain expectations regarding the level of services they receive and it is our goal to provide these services in a comprehensive and cost-effective manner.

The proposed Fiscal Year 2009 General Fund budget is \$83,168,360 or a 4.14% increase over FY08. This is an increase of \$3,309,558. The total budget is comprised of \$67,316,995 in the operating budget and \$15,851,365 in the non-operating budget.

2009 PROPOSED BUDGET				
	FY08	FY09 Submitted Budget	\$ Change	Percent Change
Operating	64,445,882	67,316,995	2,871,113	4.46%
Non-Operating	15,412,920	15,851,365	438,445	2.84%
Total FY09 Budget	\$ 79,858,802	\$ 83,168,360	\$ 3,309,558	4.14%

The operating budget of \$67,316,995 finances expenditures associated with the day-to-day operations and services provided by Municipal, Police, Fire, and School Departments and represents an increase of \$2,871,113 or 4.46% over FY08.

The non-operating budget of \$15,851,365 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 \$438,445 or 2.84% over FY08.

Major Factors Affecting the Proposed Budget

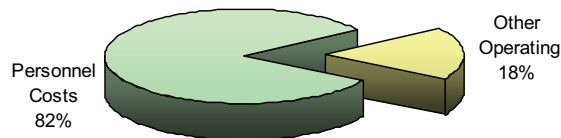
There are many challenges this year which affect the proposed FY09 budget. The following table depicts the operating budgets for Police, Fire, School and Municipal Departments by categories such as total salaries, overtime, health insurance, etc.

GENERAL FUND	FY08	PROPOSED FY09	\$ CHANGE
TOTAL SALARIES	34,454,124	34,823,755	369,631
OVERTIME	1,417,840	1,643,128	225,288
RETIREMENT	3,123,918	3,174,269	50,351
HEALTH INSURANCE	8,926,927	8,799,663	(127,264)
LEAVE AT TERMINATION	1,101,503	1,401,504	300,001
WORKERS' COMPENSATION	666,183	692,749	26,566
OTHER PERSONNEL BENEFITS	3,554,225	3,639,050	84,825
COLLECTIVE BARGAINING CONTINGENCY	-	1,000,000	1,000,000
<i>Total Personnel Costs</i>	53,244,720	55,174,118	1,929,398
UTILITIES	2,452,943	2,410,606	(42,337)
PUPIL TRANSPORTATION	869,669	886,940	17,271
TUITION	821,292	1,338,395	517,103
CONTRACTED SERVICES	827,480	890,537	63,057
OTHER OPERATING	6,229,778	6,616,399	386,621
<i>Total Operating Other Costs</i>	11,201,162	12,142,877	941,715
TOTAL OPERATING	64,445,882	67,316,995	2,871,113
TOTAL NON OPERATING	15,412,920	15,851,365	438,445
TOTAL GENERAL FUND BUDGET	79,858,802	83,168,360	3,309,558

PERSONNEL COSTS

By far, the largest increase in the proposed General Fund Budget represents costs associated with Personnel. As the City's services are labor-intensive, it is important to note that personnel costs make up 82% of the operating budget as depicted in the chart below.

**FY09 Proposed Operating Budget
\$67,316,995**



Salary Costs

Salaries and personnel costs are predetermined by the City's fifteen (15) collective bargaining agreements for employing our teachers, firefighters, police officers, and other municipal professional staff. This year we are faced with the fact that all fifteen agreements will expire on June 30, 2008. Therefore, I have asked each department to prepare its budget without any wage adjustments other than step increases for those employees who are eligible and have not reached top step. The number of employees who will receive step increases represents 31% of the staff in the Police Department, 34% in the Fire Department, 42% in the School Department and 30% of all other Municipal employees.

As it is unknown what the potential negotiated impact associated with salaries and benefits would be for each department, I am recommending appropriating \$1,000,000 in a separate line item within the operating budget that would reserve funds until such time as the contracts are settled.

The proposed operating budget of \$67,316,995 which includes \$1,000,000 for collective bargaining contingency, is presented below by each department.

2009 PROPOSED OPERATING BUDGET				
	FY08	FY09 Submitted Budget	\$ Change	Percent Change
Municipal	15,265,956	15,589,199	323,243	2.12%
Police	8,352,488	8,686,218	333,730	4.00%
Fire	6,500,665	6,858,583	357,918	5.51%
School	34,326,773	35,182,995	856,222	2.49%
Collective Bargaining Contingency	-	1,000,000	1,000,000	
Total Operating	\$ 64,445,882	\$ 67,316,995	\$ 2,871,113	4.46%

In the next several months, the City will be negotiating with each bargaining unit but it is unpredictable at this time when settlements will be reached. It is important to note that when considering wage adjustments, every 1% increase for each department represents approximately \$82,000 for Municipal; \$65,000 for Police; \$44,000 for Fire; and \$222,000 for the School Department. Therefore, every 1% salary adjustment increase for all City departments will equate to approximately \$413,000.

Retirement Costs

The New Hampshire Retirement System contribution rates for all the City's full-time employees will remain the same as in FY08 – Group I employees: 8.74% for Municipal and 5.8% for Teachers; Group II employees: 11.84% for Police and 15.92% for Fire personnel. However, as salaries increase, so does the City's share of retirement contributions. In FY09, the additional cost for retirement budgeted within each department totals \$50,351. This increase does not include retirement impact associated with salary adjustments which have not yet been negotiated.

Health Insurance Costs

For FY09 the New Hampshire Local Government Center (LGC) HealthTrust has provided the City with a health insurance guaranteed maximum rate increase of 7.5%, which will result in a total premium cost approximately \$11 million. The City employees’ share will be approximately \$1.9 million, or approximately 18% of the total cost, leaving the City’s share at almost \$9 million.

Health insurance costs continue to grow. However, the City of Portsmouth has been able to stabilize this increase for each department through the implementation of the Health Insurance Stabilization Fund established in Fiscal Year 2002. For each fiscal year, the Health Insurance Stabilization Fund policy established the amount to appropriate for health insurance by using the past 10-year average rate change in cost for insurance and applied that percentage amount to the department’s prior year budget. Any shortfall in one department was funded by the health insurance reserve. While the health stabilization fund accomplished its goal of stabilizing increases to health insurance appropriation for each department in prior years, the City recalibrated the appropriation for each department for FY09. Changes such as employment, employee status change and state legislation over the last seven years have made this recalibration necessary. The recalibration requires that each department appropriate their estimated actual cost for employee’s needs. As a result, the City was able to reduce its overall budget for health insurance for FY09 by \$127,264 as depicted in the table below.

HEALTH INSURANCE			
	FY 08 Budget	FY09 Increase/Decrease	FY09 Proposed Budget
Municipal	1,499,368	23,332	1,522,700
Police Department	1,348,980	(18,980)	1,330,000
Fire Department	751,006	96,716	847,722
School	5,327,573	(228,332)	5,099,241
Total	\$ 8,926,927	\$ (127,264)	\$ 8,799,663

The Fire Department will have the greatest impact of \$96,716 while the School Department will see a \$228,332 reduction in health insurance appropriation.

The Health Insurance Stabilization Fund policy is outlined in the Financial Guidelines and Policies section of this budget document.

Leave at Termination

More than twelve years ago, the City was facing a growing liability associated with sick leave pay owed to employees upon termination. Two methods were established to eliminate future liabilities and stabilize the existing liability from year to year. The first was to negotiate with all bargaining agreements to eliminate sick leave pay-out for any new employee hired after 1996, which has saved millions of dollars that would have been spent in future years. The second was the creation of the Leave at Termination Stabilization Fund in FY99. This fund was established to eliminate annual budget spikes which negatively impacted the operating budget. Each department appropriates a fixed

amount annually, as established by an actuary study, which funds these pay-outs until the elimination of the liability.

In FY08, the City reviewed this liability and adjusted the annual appropriations for the Municipal and Police Departments, leaving the School Department to be adjusted in FY09. As such, the overall leave at termination appropriation for the FY09 budget has increased by \$300,000 as shown below.

LEAVE AT TERMINATION					
	FY 07 BUDGET	FY08 BUDGET	FY09 PROPOSED BUDGET	\$ CHANGE FROM FY08	PERCENT CHANGE
MUNICIPAL	139,000	271,217	271,217	-	0.00%
POLICE DEPARTMENT	144,804	155,203	155,203	-	0.00%
FIRE DEPARTMENT	70,084	70,084	70,084	-	0.00%
SCHOOL DEPARTMENT	605,000	604,999	905,000	300,001	49.59%
TOTAL	958,888	1,101,503	1,401,504	300,001	27.24%

It is important to note that 60% of the current employees were hired after 1996 and are not eligible to receive sick leave pay-out upon termination.

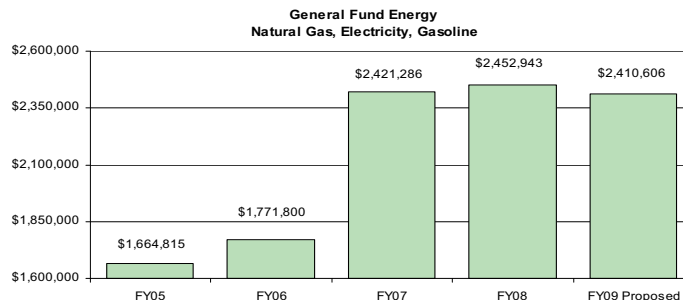
Workers’ Compensation

The Workers’ Compensation premium for the City has increased \$26,566 overall, or 3.99% from FY08. This increase is a result of the City’s Workers’ Compensation carrier, Primex, changing the way it calculates premiums using a Loss Ratio method. This method is based on the last 4 years of performance. The loss ratio adjustments are calculated as a comparison factor against the pool’s loss ratio and applied as either a credit or a debit against the contributions. This change will more accurately reflect the City’s performance in the pool, reward good performance, and promote better performance over the long-term. This change should result in stabilizing the Workers’ Compensation rates in future years.

OTHER OPERATING COSTS

Energy

The City is not alone in having its budget impacted by the high costs of electricity, gasoline and diesel, natural gas and heating oil. Although the proposed budgeted amount of \$2.4 million reflects a slight decrease over our FY08 energy budget, we must remember that utility costs have inflated our budget by over 36% from just three years ago.



In FY08, the City maintained the utility costs for both the old and the new Public Library. Therefore, the decrease of \$42,337 for utility costs from FY08 to FY09 is directly related to eliminating the cost of utilities for the old Public Library.

In order to stabilize the utilities costs and in hopes of reducing them, the City took an initial step in FY06 by examining its history of commodity consumptions. It was determined that overall, the city’s consumption had remained consistent from year to year with some fluctuation caused by extreme weather conditions. Over the last couple of years, the City Council has taken additional steps by appointing a seven-member Committee on Sustainable Practices to work with City staff, local officials and the community to identify initiatives to reduce both the cost and consumption of energy and other resources.

Other Costs

Utilities and other operating costs make up 18% of the total operating budget. Overall inflation has certainly caused increases in these costs that affect the day-to-day operations citywide. These include building and equipment repairs and maintenance, contracted services, special needs tuition and transportation. The City continues to make every effort in our public bidding process to obtain the best prices for materials and services, but market forces still dictate energy, material, and contracted labor costs.

Property Taxes

Property taxes remain the City of Portsmouth’s major source of funding for the services provided by the School, Police, Fire and Municipal Departments, as well as fund our share of the Rockingham County budget. I have submitted the budget for these departments as requested. If adopted as proposed, the total FY09 budget would result in an overall 88¢ increase in the tax rate, or 5.39% over FY08. This increase would create a tax rate of \$17.22 per \$1,000 of property value. This means that an average home assessed at \$344,744 would see an increase in their tax bill of \$304.

<i>Proposed Tax Rate</i>			
	FY08	FY09 Proposed	Difference
Municipal/Local School	13.05	13.81	0.76
Statewide Property Tax	2.34	2.42	0.08
County Tax	0.95	0.99	0.04
	<u>16.34</u>	<u>17.22</u>	<u>0.88</u>

Fiscal Year 2009 Expenditure Goal

The Mayor and City Council members have set a goal for the General Fund expenditures not to increase more than 3.5%. The submitted proposed budget of \$83,168,360 represents a 4.14% increase over FY08. To meet this goal, a reduction of approximately \$514,000 would need to be made to meet the Councilor’s target. This will require difficult policy decisions and choices in order in order to meet this goal.

As a general rule, every 1¢ reduction in the tax rate is equal to an approximately \$37,500 reduction in expenditures, an increase in revenues or a combination of both.

I believe that together, working with the City Council, School Board, Commissioners and Department Heads during the budget work sessions, we can achieve the City Council's goal and continue to provide a high level of services at an acceptable tax rate for the citizens of Portsmouth.

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 Legislature is currently considering an omnibus bill to make changes to provide the financial stability of the New Hampshire Retirement System in FY2010. The proposed reforms are the result of extensive work by the Commission to Make Recommendations to Ensure the Long-Term Viability of the New Hampshire Retirement System. If the Legislature fails to approve these changes, I estimate the City of Portsmouth's retirement costs could increase by almost \$1.5 million – over six times more than we could expect if the reforms are adopted. This could increase the tax rate by an estimated 40 cents. We will continue to monitor the progress of this omnibus bill in the Legislature.

Education Funding and the Statewide Property Tax

The Legislature is working on costing an adequate education and the enabling legislation currently contains provisions that almost certainly will result in the return of "Donor communities" in FY2010. The Governor believes the only way to prevent this is for the New Hampshire Legislature to vote to send a constitutional amendment to NH voters in November to reverse the NH Supreme Court's edict that the State of New Hampshire must pay the full cost of whatever it determines as adequacy for every schoolchild, no matter how wealthy the community. Portsmouth was forced to raise \$11.7 million between FY00 and FY05 in excess Statewide Property Taxes as a "Donor" and a return to that status could severely impact our community. We will continue to monitor this issue in the Legislature.

Conclusion

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

I would like to thank all of the Departments for their invaluable input, assistance and commitment to producing the Fiscal Year 2009 Proposed Budget document.

2009 BUDGET HIGHLIGHTS

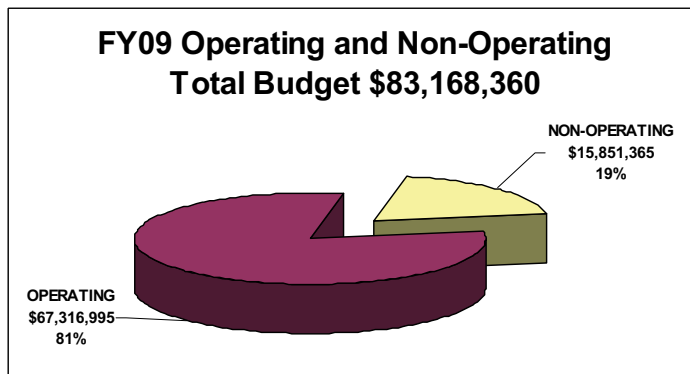
GENERAL FUND

Total Appropriation

The total proposed FY09 appropriations for the General Fund is \$83,168,360 or 4.14% increase over the FY08 budget. The following table is a summary of major expenditure categories for the FY07 budget and actual, FY08 budget, FY09 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY08.

TOTAL GENERAL FUND	FY07	FY07	FY08	FY09	FY09	% Change	\$ Change
	BUDGET	ACTUAL	BUDGET	DEPARTMENT REQUEST	CITY MANAGER RECOMMENDED		
SALARIES	31,141,445	30,753,411	32,149,313	32,477,616	32,477,616	1.02%	328,303
PART TIME SALARIES	1,523,181	1,464,693	1,609,218	1,632,953	1,632,953	1.47%	23,735
OVERTIME	1,374,629	1,623,176	1,417,840	1,643,128	1,643,128	15.89%	225,288
HOLIDAY	271,237	260,216	280,413	287,903	287,903	2.67%	7,490
LONGEVITY	93,946	90,344	98,196	100,322	100,322	2.17%	2,126
STIPENDS	270,287	265,274	316,984	324,961	324,961	2.52%	7,977
RETIREMENT	2,333,991	2,291,010	3,123,918	3,174,269	3,174,269	1.61%	50,351
HEALTH INSURANCE	8,209,081	8,209,081	8,926,927	8,799,663	8,799,663	-1.43%	(127,264)
DENTAL INSURANCE	567,808	551,067	579,630	596,963	596,963	2.99%	17,333
INSURANCE REIMBURSEMENT	67,818	55,399	69,128	71,573	71,573	3.54%	2,445
LEAVE AT TERMINATION	958,888	958,888	1,101,503	1,401,504	1,401,504	27.24%	300,001
WORKERS' COMPENSATION	699,412	694,321	666,183	692,749	692,749	3.99%	26,566
OTHER FRINGE BENEFITS	2,767,462	2,587,497	2,905,467	2,970,514	2,970,514	2.24%	65,047
COLLECTIVE BARGAINING CONTINGENCY	-	-	-	1,000,000	1,000,000		1,000,000
TOTAL SALARIES AND BENEFITS	50,279,185	49,804,375	53,244,720	55,174,118	55,174,118	3.62%	1,929,398
TRAINING	72,850	46,343	70,478	79,755	79,755	13.16%	9,277
UTILITIES	2,421,286	2,103,656	2,452,943	2,410,606	2,410,606	-1.73%	(42,337)
DIRECT ASSISTANCE	218,000	211,900	218,500	224,500	224,500	2.75%	6,000
OUTSIDE SOCIAL SERVICES	188,304	188,304	194,570	198,460	198,460	2.00%	3,890
CONTRACTED SERVICES	835,639	792,039	827,480	890,537	890,537	7.62%	63,057
PUPIL TRANSPORTATION	828,285	776,431	869,669	886,940	886,940	1.99%	17,271
TUITION	751,292	1,472,231	821,292	1,338,395	1,338,395	62.96%	517,103
OTHER OPERATING	5,431,173	5,391,756	5,746,230	6,113,684	6,113,684	6.39%	367,454
TOTAL OTHER OPERATING	10,746,829	10,982,659	11,201,162	12,142,877	12,142,877	8.41%	941,715
TOTAL OPERATING	61,026,014	60,787,035	64,445,882	67,316,995	67,316,995	4.46%	2,871,113
TANS	400,000	66,015	400,000	400,000	400,000	0.00%	
DEBT SERVICE	7,330,930	6,994,642	7,584,387	7,511,734	7,511,734	-0.96%	(72,653)
CONTINGENCY	400,000	400,000	300,000	300,000	300,000	0.00%	
OVERLAY	800,000	800,000	1,000,000	1,000,000	1,000,000	0.00%	
COUNTY	3,680,000	3,273,969	3,580,000	3,700,000	3,700,000	3.35%	
PROPERTY & LIABILITY	313,000	311,986	334,000	366,000	366,000	9.58%	32,000
OTHER GENERAL GOVERNMENT	1,118,442	1,115,152	1,014,533	1,238,131	1,238,131	22.04%	223,598
CAPITAL	1,200,000	1,200,000	1,200,000	1,335,500	1,335,500	11.29%	135,500
TOTAL NON-OPERATING	15,242,372	14,161,764	15,412,920	15,851,365	15,851,365	2.84%	438,445
TOTAL GENERAL FUND BUDGET	76,268,386	74,948,798	79,858,802	83,168,360	83,168,360	4.14%	3,309,558

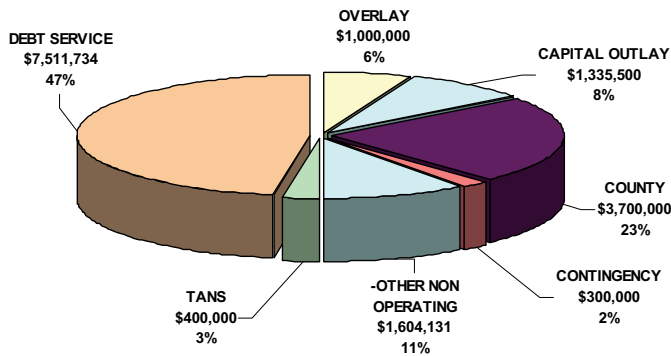
The Total FY09 budget represents \$67,316,995 in operating expenditures and \$15,851,365 for non operating expenditures as depicted in the pie chart below.



-Operating budget is 81% of the total budget.

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

Non-Operating Budget

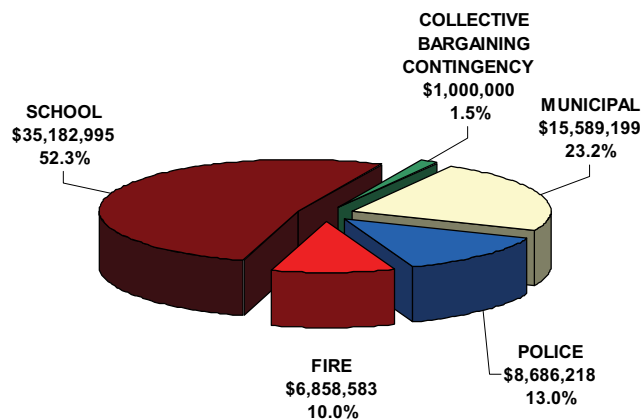


The Non-Operating Budget for \$15,851,365 consists of expenditures for debt service, overlay, capital outlay, county tax, contingency, tax anticipation notes and other non-operating expenditures, and represents a 2.84% increase over the FY08 budget.

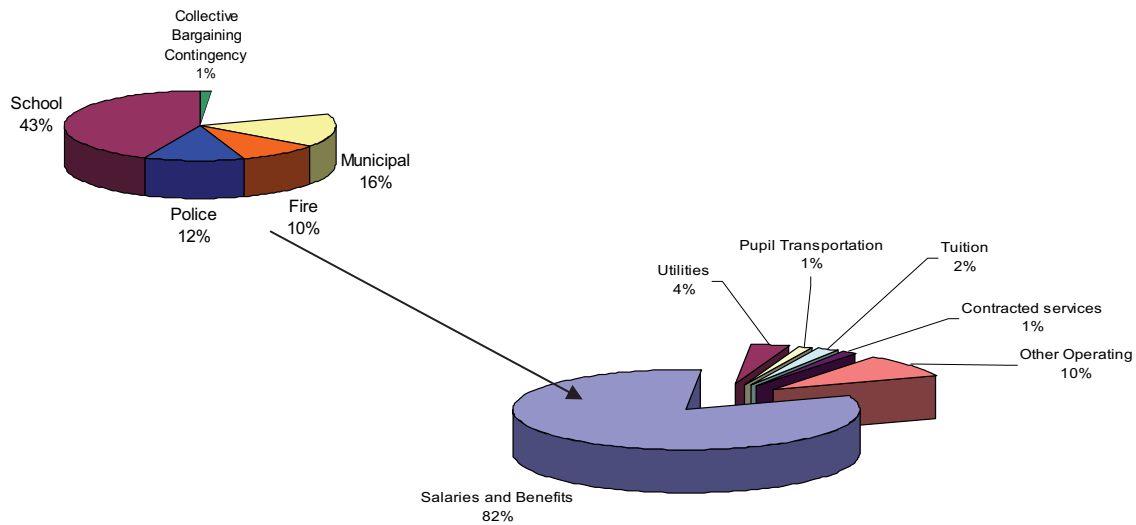
Operating Budget

The total Operating Budget for FY09 is \$67,316,995 which funds the expenditures associated with the day-to-day operations and services provided by the Municipal, Police, Fire and School Departments. 82% of the Operating budget is comprised of contractual obligations associated with salaries and benefits as negotiated in the fifteen (15) collective bargaining agreements for city employees which, will all expire on June 30, 2008. Therefore, Municipal, Police, Fire and School Departments submitted proposed budgets without salary adjustments. To reserve funds for anticipated contract settlements, a proposed \$1,000,000 of the Operating Budget has been appropriated.

The total Operating Budget of \$67,316,995 which includes \$1 million for Collective Bargaining Contingency, represents a 4.46% increase over the FY08 budget for all Departments.



As 82% of the Operating Budget represents salaries and benefits, the remaining 18% of the Operating Budget is comprised of non-salary and benefit costs such as utilities, contracted services, building and equipment repairs and maintenance, supplies, welfare and outside assistance, special needs tuition, transportation and other charges as depicted in the chart below.



Retirement

The New Hampshire Retirement System has announced that the City’s contribution rate for all full-time personnel will remain the same as the prior year for FY09. The table below provides the rates by classification.

Classification	FY 08 Rate	FY 09 Rate	% Change
Group I			
Employees	8.74%	8.74%	0%
Teachers	5.80%	5.80%	0%
Group II			
Police	11.84%	11.84%	0%
Fire	15.92%	15.92%	0%

Although the amount appropriated by departments for retirement contributions reflects a total increase of \$50,351 or 2% over FY08, this does not reflect any retirement increases associated with salary adjustments for the fifteen collective bargaining agreements which, have not yet been negotiated.

Health Insurance

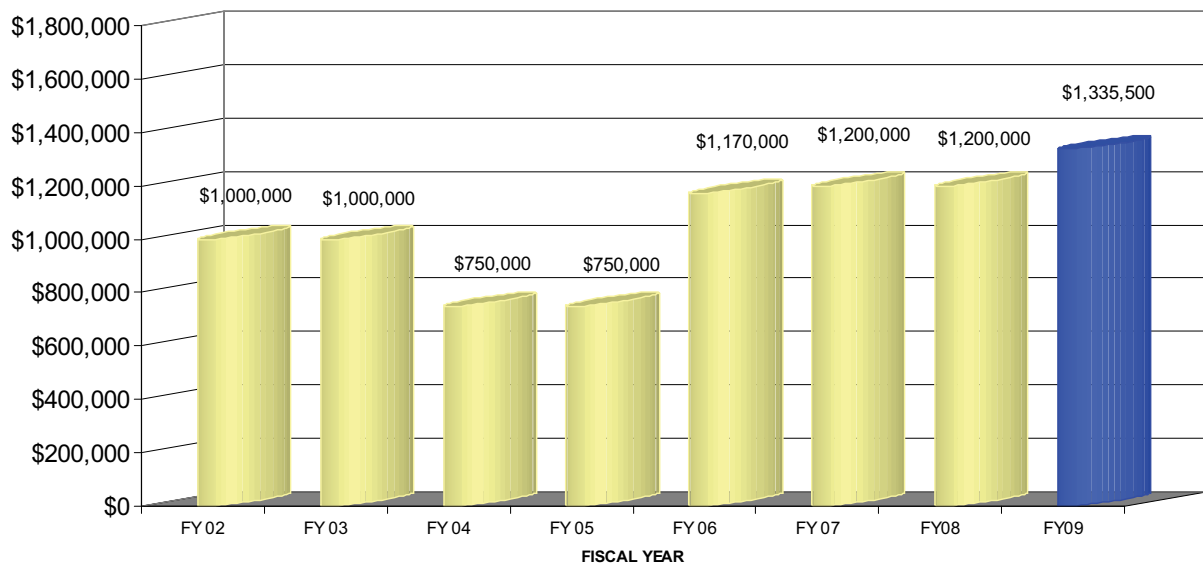
The New Hampshire Local Government Center (LGC) Health Trust has announced that the guaranteed maximum rate increase for health insurance premiums will be 7.5%. The total health insurance premium for FY09 is estimated to be \$11 million. The City employees’ share will be approximately \$1.9 million or 18% of the total cost, leaving the City’s share to be almost \$9 million. Information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document.

Capital Outlay

The Planning Board recommends annual appropriations of \$1 million to \$1.5 million from the General Fund for capital projects within the Capital Improvement Plan. Appendix II identifies projects funded by all funds within the plan.

A summary of the Capital Improvement Plan FY 2009-2014 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

The Planning Board identified projects totaling a recommended budget of \$1,435,500 for FY09. The City Council reduced the Planning Board recommendation to \$1,335,500 which is proposed in the budget. The chart below provides the history of capital outlay in the General Fund.



Including the FY09 proposed capital outlay appropriation; the average expenditure for capital outlay over an 8 year period is \$1,050,688 per year.

The Capital Outlay appropriation is included in the non-operating budget of the General Fund. The following page lists the recommended individual projects that comprise the Capital Outlay appropriation for the General Fund and was approved by the City Council March 18, 2008. Description of each project can be found in Appendix II.

**Capital Improvements
Fiscal Year 2009
Taken from Capital Improvement Plan 2009-2014
General Fund, Capital Outlay Projects Only FY 09**

**Appendix II
PAGE**

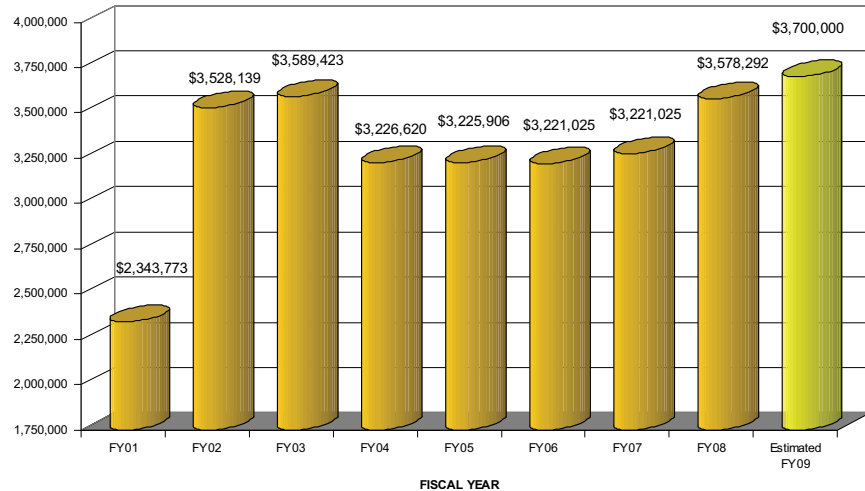
**FY 09
General Fund
Capital Improvment Plan**

II-21	BREATHING AIR COMPRESSOR FILL STATION	\$45,000
II-22	COMMUNITY NOTIFICATION SYSTEM	\$30,000
II-24	NEW POLICE STATION FEASIBILITY STUDY	\$25,000
II-27	LAND ACQUISITION	\$25,000
II-28	HISTORIC MARKERS	\$10,000
II-29	PLAYGROUND IMPROVEMENTS	\$100,000
II-30	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	\$25,000
II-32	SOUND BARRIERS I-95 - ATLANTIC HEIGHTS AND PANNAWAY MANOR	\$25,000
II-33	HISTORIC CEMETERY IMPROVEMENTS	\$10,000
II-34	MARKET SQUARE HANDICAP RAMP RECONSTRUCTION	\$50,000
II-35	MUNICIPAL COMPLEX SITE IMPROVEMENTS	\$50,000
II-37	SEAWALL REPAIRS	\$150,000
II-38	CITY WIDE FACILITIES' CAPITAL IMPROVEMENTS	\$25,000
II-53	CITY COMPLEX PEDESTRIAN WAY IMPROVEMENTS	\$25,000
II-54	DOWNTOWN SIGNAGE AND PEDESTRIAN WAYFINDING SYSTEM	\$40,000
II-58	TRAFFIC SIGNAL EVALUATION AND REPLACEMENT-CITYWIDE	\$100,000
II-59	CITYWIDE TRAFFIC SIGNAL INVENTORY	\$25,000
II-60	PEDESTRIAN SIGNAL UPGRADES	\$25,000
II-61	SAGAMORE AVE/SAGAMORE CREEK BRIDGE REPLACEMENT	\$40,000
II-62	PEIRCE ISLAND BRIDGE: REPAIR RAILS	\$50,000
II-65	CERES ST IMPROVEMENT	\$75,000
II-67	ELWYN PARK NEIGHBORHOOD INTERSECTION TRAFFIC CALMING	\$25,000
II-68	TRAFFIC CALMING/UPGRADES: OCEAN RD	\$150,000
II-69	TRAFFIC MODELING PROJECT	\$31,500
II-70	CITYWIDE TREE REPLACEMENT PROGRAM	\$20,000
II-71	MASTER PLAN STUDIES	\$20,000
II-73	MARKET STREET INTERCHANGE	\$39,000
	CAPITAL CONTINGENCY	\$100,000
Total General Fund FY 09 Capital Outlay		\$1,335,500

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 FY09, it is estimated that Portsmouth will pay approximately \$3.7 million to Rockingham County.

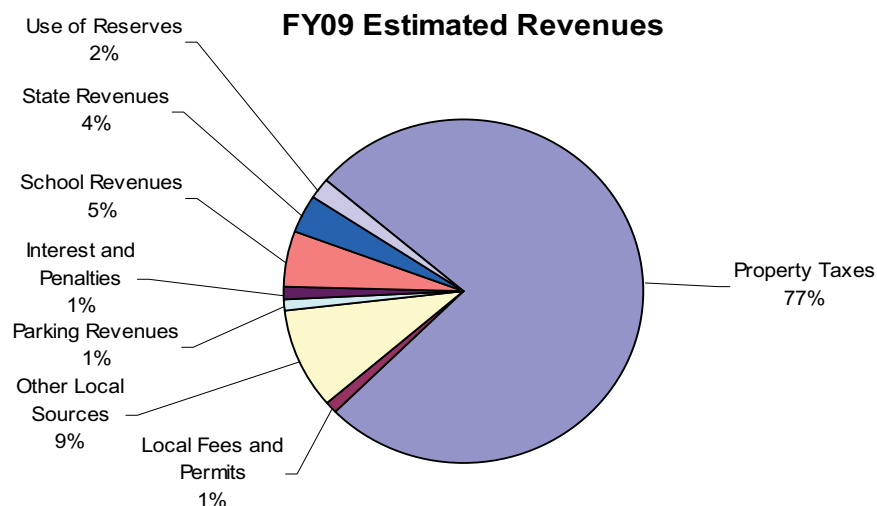
The proportion of the City's share, which determines the actual amount due to the County, is established by the Department of Revenue at the time of setting the tax rate.



Revenues

The FY09 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$63,632,210 in Property Taxes.
- \$7,746,951 in Other Local Sources.
- \$4,510,500 in School Tuition and other School Fees.
- \$2,957,188 from State Revenue Sharing Funds and State School Building Aid.
- \$1,036,011 from Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$1,573,500 from Use of Designated Unreserved Fund Balance.
- \$872,000 from Local Fees and Permits.
- \$840,000 from Interest and Penalties.



WATER FUND

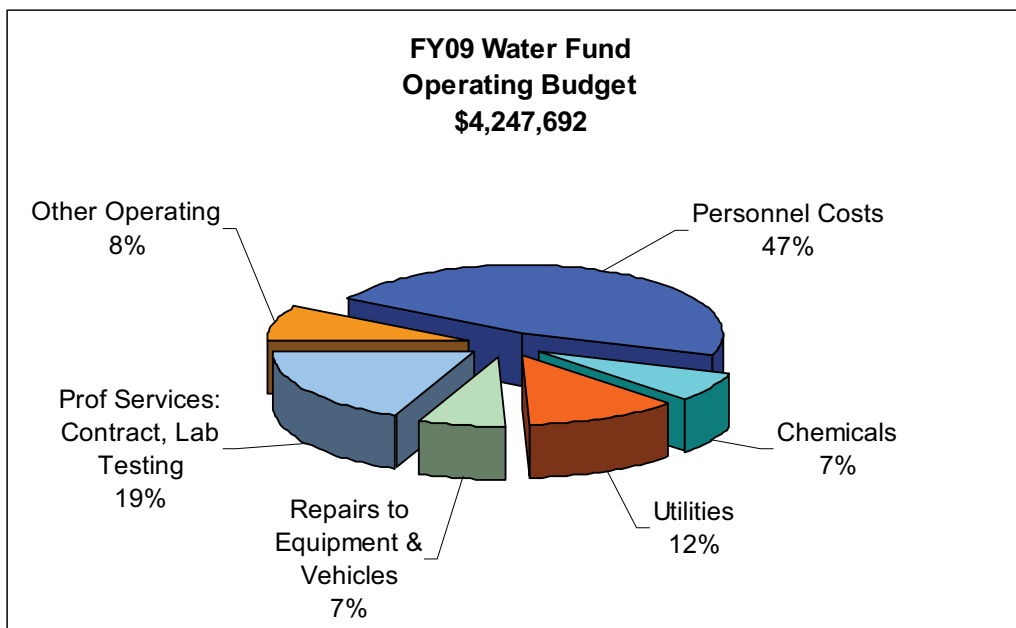
Total Appropriation

Appropriations for the Water Fund total \$7,127,549, or a 10.2% increase over the FY08 budget. The following table is a summary of major expenditure categories for the FY07 budget and actual, FY08 budget and the proposed FY09 budget.

Water Fund	FY07 Budget	FY07 Actual	FY08 Budget	FY09 Department Request	FY09 City Manager Recommended
EXPENDITURES					
Operations and Maintenance Expenditures					
Personnel Costs	1,951,884	1,682,760	1,924,403	1,992,538	1,992,538
Chemicals	233,150	231,633	233,150	290,000	290,000
Utilities	493,180	390,307	521,180	521,180	521,180
Repairs to Equipment & Vehicles	257,430	120,789	263,180	294,680	294,680
Prof Services: Contract, Lab Testing	703,530	641,433	754,996	796,565	796,565
Other Operating	387,807	289,242	347,729	352,729	352,729
<i>Operations and Maintenance</i>	<i>Subtotal</i>	<i>3,356,164</i>	<i>4,044,638</i>	<i>4,247,692</i>	<i>4,247,692</i>
Non-Operating Expenditures					
Interest/Fees on Debt	206,260	206,975	194,060	617,124	617,124
Depreciation	668,944	730,365	667,938	675,753	675,753
Other Non-Operating	93,128	100,870	97,000	106,480	106,480
Equipment and Minor Capital Outlay	231,500	26,053	314,500	315,500	315,500
Non-SRF Capital Projects	1,050,000	0	1,150,000	1,165,000	1,165,000
<i>Non-Operating Expenditures</i>	<i>Subtotal</i>	<i>1,064,263</i>	<i>2,423,498</i>	<i>2,879,857</i>	<i>2,879,857</i>
TOTAL	6,276,813	4,420,427	6,468,136	7,127,549	7,127,549

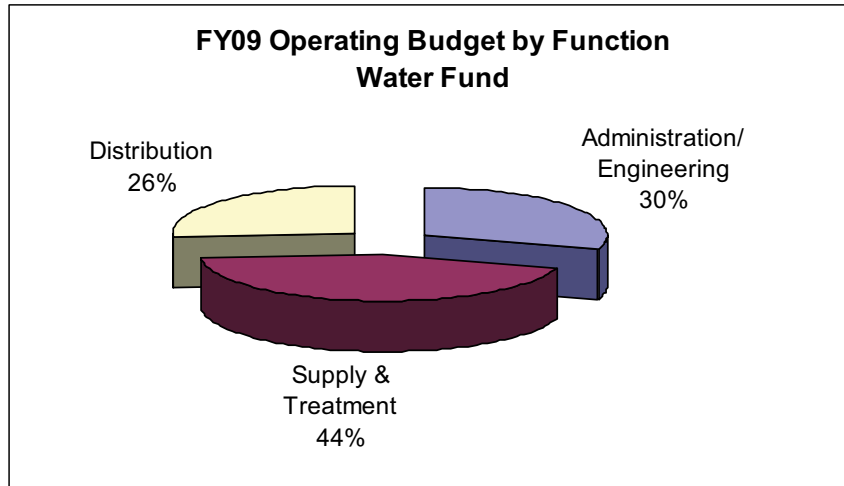
Operating Budget

The proposed Operating Budget is \$4,247,692 or 60% of the total budget. As depicted in the graph below, the personnel related costs consist of only 47% of the Operating Budget. The remaining 53% includes major costs related to providing quality and adequate supply of water.



The Operating Budget consists of three major functions:

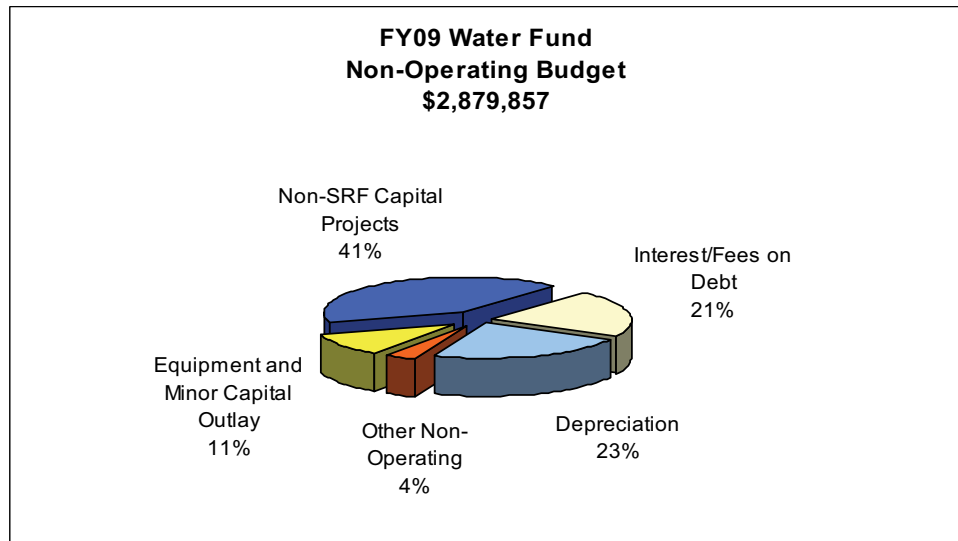
- Administration/Engineering- Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Distribution- Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment- Madbury Treatment Plant, laboratory, a booster station, 9 wells, and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



Non-Operating Budget

The Non-Operating Budget of \$2,879,857 is 40% of the total proposed budget.

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



Capital Outlay

The Water Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The Following is a list of projects the department is requesting for FY09 for a total of \$1,165,000. Detail for each of these projects can be found in Appendix II of this document.

Water Fund Capital Outlay Projects Fiscal Year 2009

Appendix II Page:	CIP #		Water Revenues
II-88	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	325,000
II-90	EF-WD-08	WIDE AREA RADIO METER READING SYSTEM	840,000
Total Water Fund Capital Outlay			1,165,000

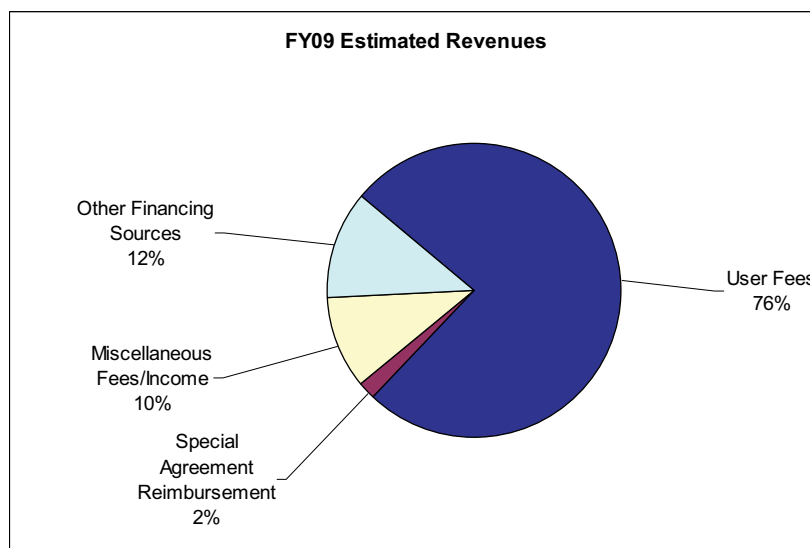
A summary of the Capital Improvement Plan FY 2009-2014 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

Revenues

The FY09 Water Division appropriations would be funded from the following sources:

- \$5,408,581 from User Fees
- \$859,353 from Other Financing Sources
- \$724,500 from Miscellaneous Fees/Income
- \$135,115 from Special Agreement Reimbursement

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



SEWER FUND

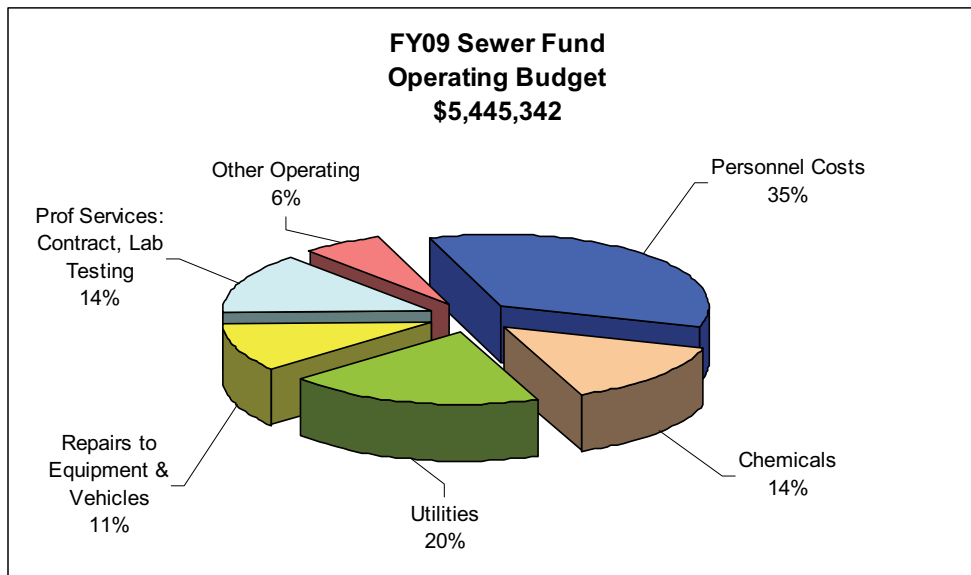
Total Appropriation

Appropriations for the Sewer Fund total \$10,350,019 or 11.9% less than the FY08 budget. The following table is a summary of major expenditure categories for the FY07 budget and actual, FY08 budget and the proposed FY09 budget.

Sewer Division	FY07 Budget	FY07 Actual	FY08 Budget	FY09 Department Request	FY09 City Manager Recommended
EXPENDITURES					
<u>Operations and Maintenance Expenditures</u>					
Personnel Costs	1,716,383	1,571,791	1,771,679	1,918,704	1,918,704
Chemicals	745,600	705,475	745,600	780,600	780,600
Utilities	1,059,600	877,972	1,108,000	1,088,000	1,088,000
Repairs to Equipment & Vehicles	537,765	380,718	565,265	590,265	590,265
Prof Services: Contract, Lab Testing	727,019	599,595	771,645	742,443	742,443
Other Operating	286,480	175,831	308,330	325,330	325,330
<i>Operations and Maintenance Subtotal</i>	<i>5,072,847</i>	<i>4,311,382</i>	<i>5,270,519</i>	<i>5,445,342</i>	<i>5,445,342</i>
<u>Non-Operating Expenditures</u>					
Interest on Debt	1,071,033	1,014,786	990,599	1,723,625	1,723,625
Depreciation	1,191,753	848,979	1,377,332	1,324,221	1,324,221
Other Non-Operating	39,364	17,607	44,000	37,788	37,788
Equipment and Minor Capital Outlay	544,043	59,001	566,043	459,043	459,043
Non-SRF Capital Projects	2,000,000	0	3,500,000	1,360,000	1,360,000
<i>Non-Operating Expenditures Subtotal</i>	<i>4,846,193</i>	<i>1,940,373</i>	<i>6,477,974</i>	<i>4,904,677</i>	<i>4,904,677</i>
TOTAL	9,919,040	6,251,755	11,748,493	10,350,019	10,350,019

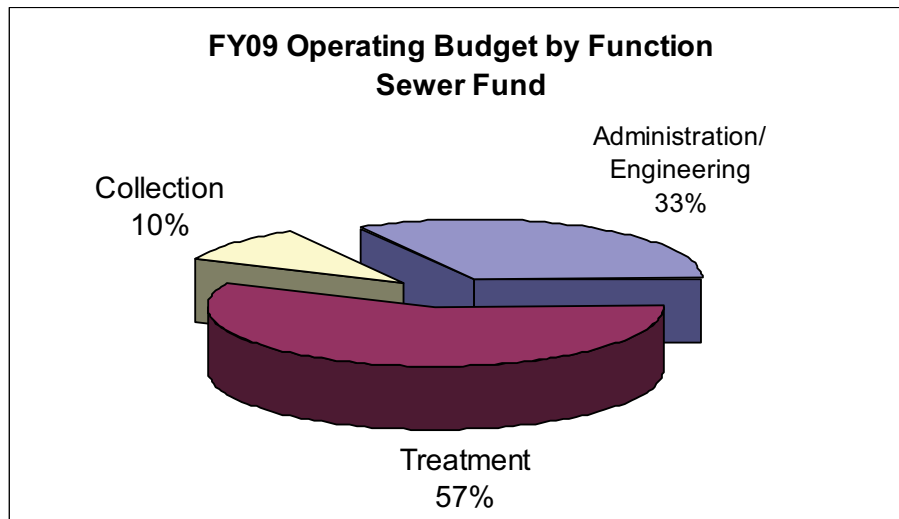
Operating Budget

The proposed Operating Budget is \$5,445,342 or 52.6% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart below, 35% is associated with personnel related costs. The remaining 65% is related to major costs associated with collecting and treating city sewage.



The Operating Budget consists of three major functions:

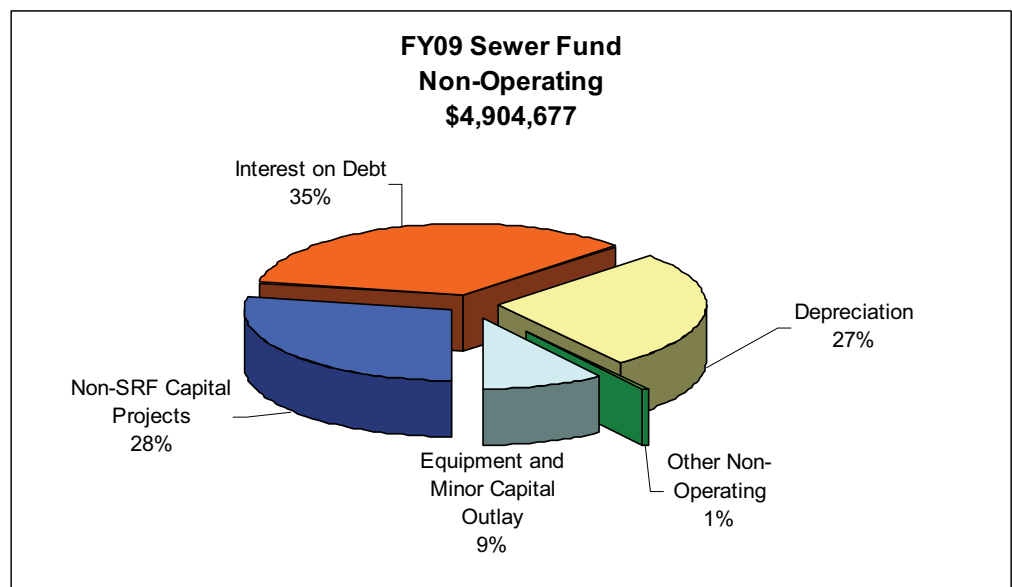
- Administration- Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Collection- Force mains, interceptors, laterals, and meter reading.
- Treatment- Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 21 pump stations.



Non-Operating Budget

The Non-Operating Budget of \$4,904,677 is 47.4% of the total proposed budget.

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



Capital Outlay

The Sewer Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The Following is a list of projects the department is requesting for FY09 for a total of \$1,360,000. Detail for each of these projects can be found in Appendix II of this document.

Sewer Fund Capital Outlay Projects Fiscal Year 2009

Appendix II Page:	CIP #		Sewer Revenues
II-84	EF-SD-07	WIDE AREA RADIO METER READING SYSTEM	740,000
II-85	EF-SD-08	LONG TERM CONTROL PLAN - NON SRF ELIGIBLE COMPONENT	570,000
II-86	EF-SD-10	MECHANIC ST PUMP STATION IMPROVEMENTS	50,000
Total Sewer Fund Capital Outlay			1,360,000

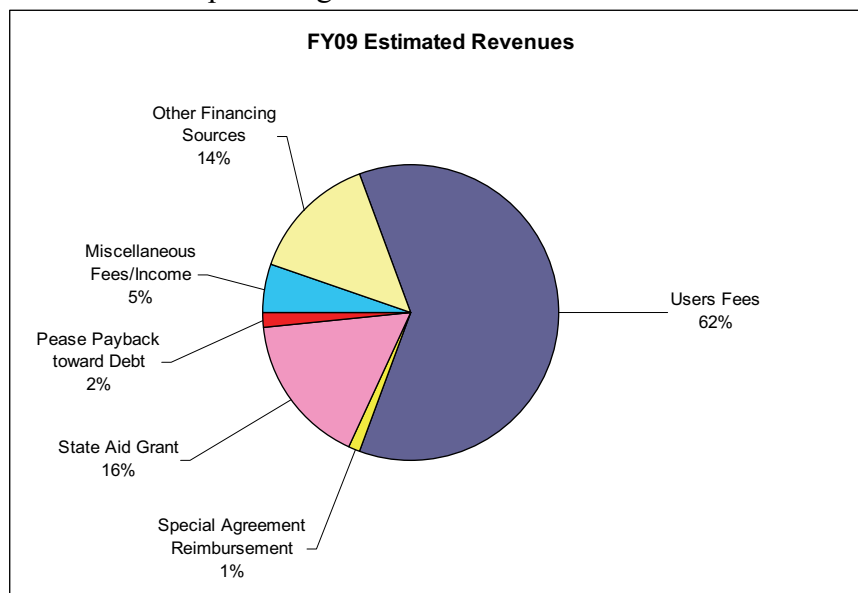
A summary of the Capital Improvement Plan FY 2009-2014 can be viewed and downloaded at the following link: <http://www.cityofportsmouth.com/planning>

Revenues

The FY09 Sewer Division appropriations would be funded from the following sources:

- \$6,313,698 from User Fees
- \$1,701,035 from State Aid Grant
- \$1,479,617 from Other Financing Sources
- \$524,000 from Miscellaneous Fees/Income
- \$178,583 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

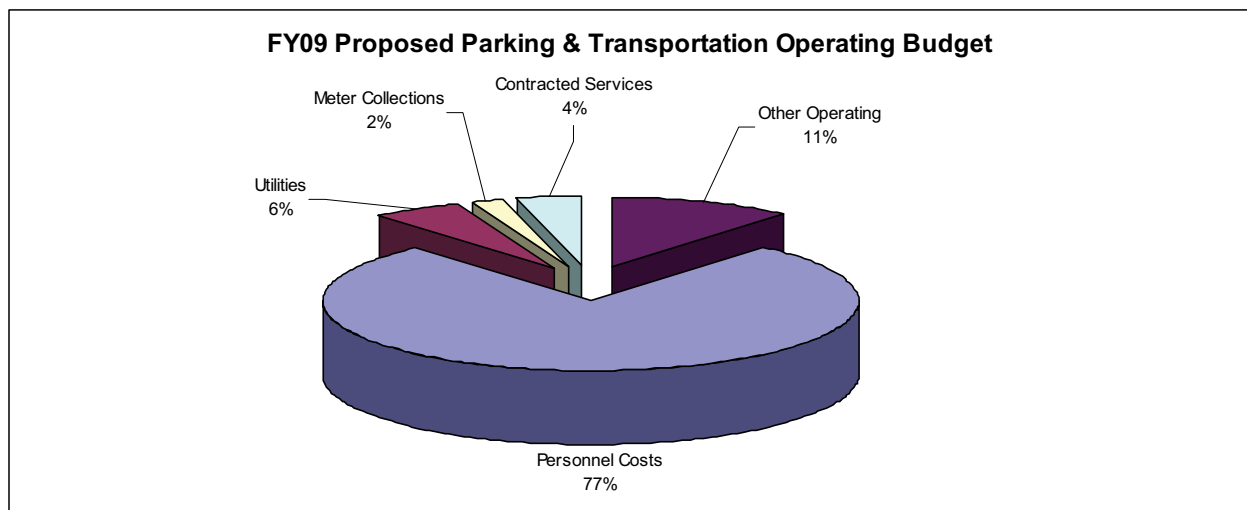
Total Appropriation

The total proposed appropriations for the Parking and Transportation Fund is \$2,579,489 or 61% more than the FY08 budget. In years past all parking related debt service was recorded in the General Fund. In FY09 all parking related debt has been transferred to the Parking and Transportation fund. Without this transfer the overall Parking & Transportation Fund would have increased 13%. The following table is a summary of major expenditure categories for the FY07 budget and actual, FY08 budget and the proposed FY09 budget.

	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY09 DEPARTMENT REQUEST	FY09 CITY MANAGER RECOMMENDED
OPERATING					
PERSONNEL COSTS	836,099	806,629	904,012	970,956	970,956
UTILITIES	65,200	63,896	66,200	68,200	68,200
METER COLLECTION (Police)	25,000	23,045	25,000	25,000	25,000
CONTRACTED SERVICES	45,000	44,730	45,000	47,500	47,500
OTHER OPERATING	182,765	202,918	109,015	135,165	135,165
TOTAL OPERATING	1,154,064	1,141,218	1,149,227	1,246,821	1,246,821
NON OPERATING					
DEBT SERVICE	-	-	-	777,150	777,150
CAPITAL PROJECTS	4,000	7,873	229,000	324,000	324,000
TRANSPORTATION	191,163	200,136	217,882	231,518	231,518
TOTAL NON-OPERATING	195,163	208,009	446,882	1,332,668	1,332,668
TOTAL PARKING/TRANSP	1,349,227	1,349,227	1,596,109	2,579,489	2,579,489

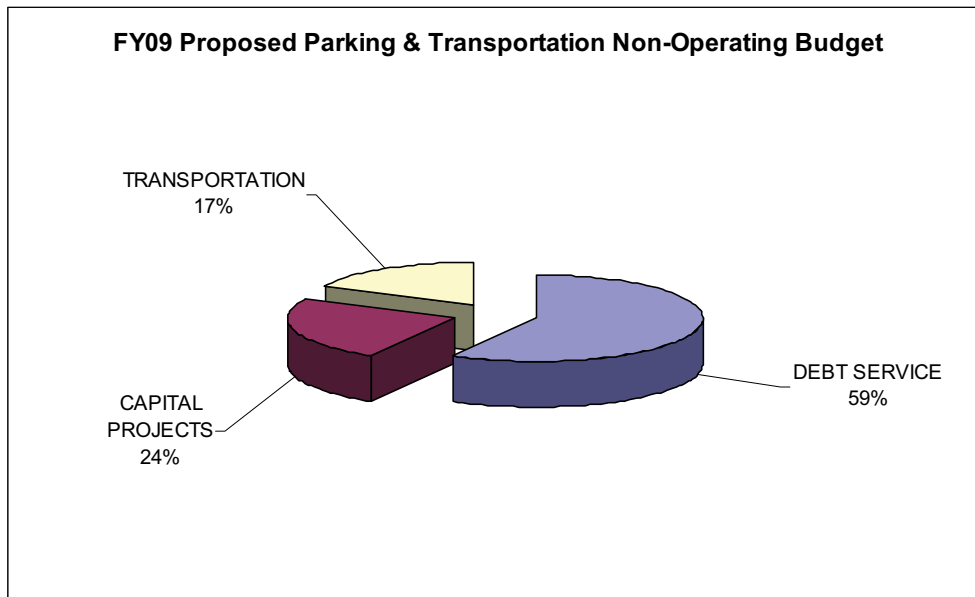
Operating Budget

The proposed Operating Budget is \$1,246,821 or 48% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 77% is associated with personnel related costs. The remaining 23% is related to costs mostly associated with meter collections and parking facility operations.



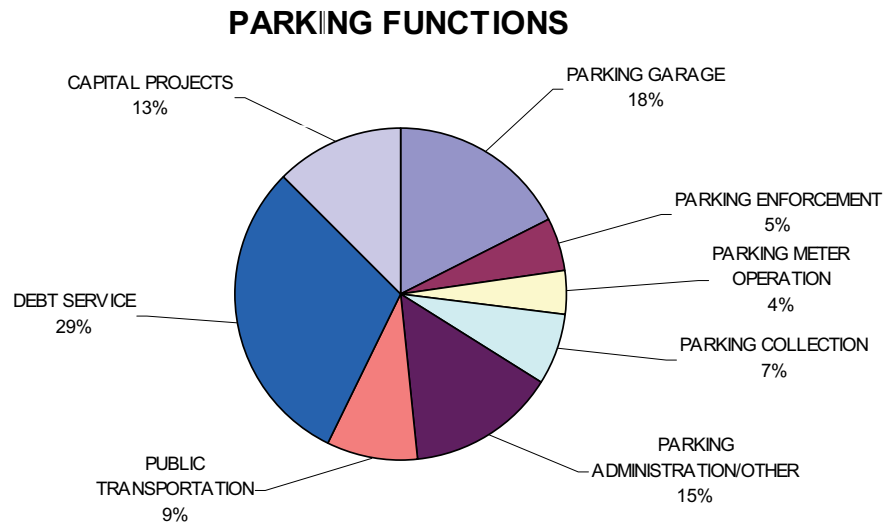
Non-Operating Budget

The Non-Operating Budget of \$1,332,668 is 52% 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



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 FY09 for a total of \$324,000. Detail on each of these projects can be found in Appendix II of this document.

**Parking & Transportation
Capital Outlay Projects
Fiscal Year 2009**

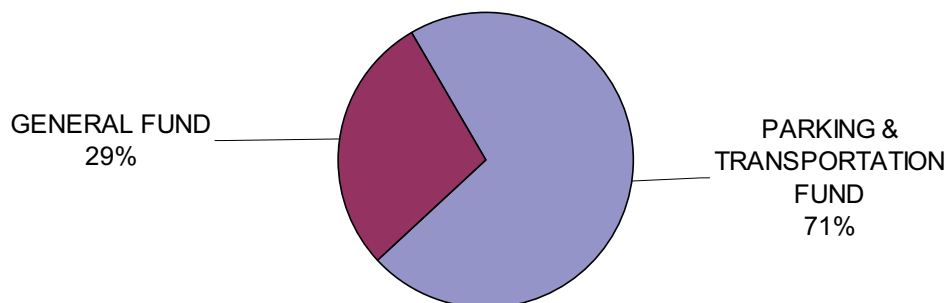
Appendix II Page:	CIP #		Parking Revenues
II-36	BI-PW-30	HIGH HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS	115,000
II-48	TSM CITY/COAST/PDA-02	TRANSIT INFRASTRUCTURE IMPROVEMENTS-CITYWIDE	4,000
II-49	TSM CITY/COAST/PDA-03	GREATER PORTSMOUTH TRANSPORTATION MGT ASSOC	5,000
II-52	TSM CITY-07	REPLACEMENT OF PARKING METERS	200,000
Total Parking & Transportation Fund Capital Outlay			324,000

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 FY09</u>
Parking Garage	\$1,140,000
Parking Meter Fees	\$960,000
Parking Violations	\$940,000
Garage Space Leases	\$550,000
<u>Other</u>	<u>\$25,500</u>
Total Parking Revenue	\$3,615,500
Fund Revenue Recorded:	
General Fund	\$1,036,011
Parking & Transportation	\$2,579,489

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 2008 proposed budget document. This prestigious award is the highest form of recognition in governmental budgeting and is the second 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.

Public Communications

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

The City continued to televise a broad array of meetings on local government access cable Channel 22, including televising both the City Council and Planning Board Work Sessions. In addition, interest in the City's electronic "Community Newsletter" continues to expand with the newsletter now being emailed to over 1,500 points every other week.

Building Re-use Committee

The Mayor's Blue Ribbon Committee on Building Re-use was formed in the fall of 2006 to analyze six surplus City-owned buildings: the former Library, the Lafayette School, the Rock Street Garage, the Plains School, the South Meeting House, and the Creek Athletic Club. The Committee inventoried each building, conducted site visits and held public listening sessions to receive suggestions for re-use of each structure. A final report with re-use guidelines and stewardship policies for the properties, as well as recommendations for the structures, was provided to the City Council and accepted in May 2007.

In accordance with the report and a directive from the City Council, a Request for Proposals was issued in February 2007 for a ground lease of the Library on Islington Street, which is comprised of the historic Benedict and Academy Buildings. One response was submitted from the

Portsmouth Historical Society (PHS), which proposes a collaborative re-use of the facility with the larger goal of creating “a new kind of museum of the city’s past and present with exhibits, digital multi-media and collaborative programming for both residents of the Seacoast and out-of-town visitors to make far better use of the city’s many historical, arts and cultural opportunities.” The proposal envisions a venue for historic exhibits, cultural event ticketing, tourist programs and community meeting space opportunities. It also envisions potentially leasing the Benedict House to a local non-profit and incorporation of the remnants of the Old State House into a rebuilt connector between the Academy Building and the Benedict House. In January 2008 the City Council signed a three-year renewable lease with PHS during which time PHS would make limited use of the property and conduct a fundraising campaign to bring to fruition the long-term vision for the buildings.

In September 2007, the City entered into an option to lease the Lafayette School to the Portsmouth Housing Authority (PHA) for redevelopment as 10 units of senior housing for persons 62 years of age and older. The historic Lafayette School, built in 1914-1915, has been vacant for roughly ten years and is in need of substantial repair. Redevelopment of this building is consistent with the City’s goal of successfully re-using vacant City buildings, as well as the City’s goal of creating additional affordable housing. The intent is for the City to provide a long-term (99 years) ground lease to the PHA. A key source of funding for the redevelopment of the Lafayette School will be federal Low Income Housing Tax Credits (LIHTC).

This housing, assuming the PHA’s LIHTC application to NH Housing Finance Authority is successful, will be targeted to tenants earning 60% or less of the median area income. Additional project funding includes \$150,000 in City Community Development Block Grant (CDBG) funds and a grant from the Federal Home Loan Bank.

Street and Sidewalk Improvements

In FY08, the City continued investment in the vital infrastructure of streets and sidewalks.

Completed projects are as follows:

- Paved streets in the South End include Ridges Court, Fernald Court, Ball Street, Baycliff Road, Driftwood Lane, Pleasant Point Drive, Newcastle Avenue, Humphreys Court, South School Street, Salter Street, Pray Street, Partridge Street, Holmes Court, Walden Street and Marcy Street (Pleasant Street to Newcastle Avenue).
- Newcastle Avenue Seawall project included the construction of a new seawall, sidewalks, drainage, guardrail, lighting, curbing and paving.
- Newcastle Avenue sidewalks were constructed from South Street to Marcy Street.
- Woodbury Avenue and Market Street resurfacing project and pavement markings were completed from Gosling Road to Kearsarge Way.
- Union Street Curbing Project from South Street to Lincoln Avenue included installation of curbing and adjusted drainage structures to control drainage.
- Middle Street sidewalk replacement project from Court Street to Union Street was constructed with a new brick surface.
- Pleasant Street sidewalk replacement project from Court Street to Junkins Avenue replaced existing brick sidewalks with new brick surface.

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 removal of the Islington Street water tank. The tank was at the end of its useful life and determined not to be needed for the water system. The removal provided the opportunity to create a new pocket park in place of the old tank. The new park provides gardens and a pleasant sitting area using the foundation stones from the former water tank. The park also serves as the front yard to the historic Powder House that was refurbished in FY08

Sewer Division

The Deer Street Pump Station Improvement project was completed in FY08. The operational improvements have reduced energy usage by 10% at the City's second-largest pump station. In addition, the project provides aesthetic improvements to the gateway into the City's historic downtown business area.

The sewer division also completed three sewer collection system projects: construction of new low-pressure sewers on Pleasant Point; Contract 2 sewer separation project in the Lincoln Avenue area and the Borthwick Avenue cross-country sewer line.

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 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 include:

- The City's recently completed "green" public library received silver-level Leadership in Energy and Environmental Design (LEED) certification and the City commenced design of three new "green" municipal facilities – the Water Treatment Plant, Middle School and fire substation – all of which will seek LEED certification.
- Completed a grant-funded greenhouse gas emissions inventory to be used as a baseline tool to guide the City toward setting targets to reduce energy consumption and corresponding greenhouse gas emissions.
- Carried out ongoing efforts to make energy efficient, cost saving upgrades to existing municipal facilities, including, for example, the recent installation of three new energy-efficient motors and drives at the Deer Street Pump Station, which resulted in an immediate \$83,000 PSNH rebate and will also result in future, ongoing electricity use reductions and annual cost savings.
- Incorporated sustainability principles into the City's draft land use regulations, including requirements for dark sky friendly lighting, water efficient landscaping, public transit connections and incentives for constructing "green" buildings.
- Contracted with the Rockingham Planning Commission to develop a report titled *Green Building Ordinances: Municipal Experiences from Across America* with the intent of

learning what approaches other communities have successfully undertaken to encourage the construction of green buildings so that similar techniques can be followed locally.

- Broadened the responsibilities of the City's Environmental Planner to include coordination of the City's sustainability efforts within the various municipal departments as well as continuing to work with the Committee on Sustainable Practices.
- Installed LED energy-efficient lighting at the Public Works garage.
- Kicked off a pilot biodiesel program for the City fleet.

Master Plan

The City is continuing its work to complete the comprehensive revision of the Zoning Ordinance and Site Review Regulations, minor revisions to the Subdivision Regulations and development of new Design Review Regulations. The overall goal of this work is to put in place regulations that will improve the quality of development in the City, ensure environmental sustainability and address the aesthetic character of development through additional design review regulation.

With regard to zoning, the Planning Board initially focused on two items of particular concern: 1) development of a new workforce housing section of the Zoning Ordinance – (adopted); and 2) in an effort to stay one step ahead of the redevelopment of the Northern Tier, development of Central Business A District regulations regarding minimum open space requirements, floor area ratio requirements, and upper-story step-backs (adopted). In addition, the Planning Board held work sessions to discuss the recommendations outlined by the City's zoning consultant and City staff have held numerous meetings to discuss needed zoning revisions. Planning staff and the zoning consultant have also held meetings with the Conservation Commission and the Historic District Commission (HDC) to identify needed zoning revisions.

As part of this project the City's existing site review regulations, which shape the site design and layout of non-residential development as well as residential development with more than four housing units, have also been enhanced significantly. To date, dozens of meetings have been held between the zoning consultant, City staff and the Planning Board on the draft Site Review Regulations. The revised draft Site Review Regulations include detailed standards for vehicle circulation, parking, pedestrian and bicycle circulation, landscaping and water resources.

The Planning Board anticipates that work sessions will continue through Spring 2008, to be followed by public hearings on the draft site review regulations and revised Zoning Ordinance in the Fall of 2008.

The Master Plan can be viewed at:

<http://www.cityofportsmouth.com/masterplan/MasterPlanFinalComplete-Aug2005.pdf>

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 (aka Art-Speak), the plan will enhance and create opportunities for arts and cultural activity consistent with the goals of the Master Plan. In

fall 2007, the City contracted with Richardson & Associates of Saco, Maine, to undertake this project.

In May 2006, the City Council adopted NH RSA 162-K, the state regulation that allows a community to adopt Tax Increment Financing districts. With this action the City is able to employ Tax Increment Financing (TIF) as a method of targeting tax revenue to a specified area of the municipality (development district)--such as the Islington Street Corridor--to finance improvements.

Downtown/Northern Tier Development

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

A significant project in the Northern Tier is Portwalk, or phase II of the Parade Mall Master Plan. The previous phase involved the construction of the 120-room Hilton Garden Inn. The Portwalk project, which has received land use approval, includes a pedestrian boardwalk and roadway flanked by four mixed use buildings with 70,000 square feet (or 15-20 shops) of retail on the street level; 28 condominiums offering 1, 2 or 3 bedrooms; 150,000 square feet of office space; and an extended stay hotel with 147 rooms. The project will be served by a 325-space underground parking garage. The City has partnered with the developer to construct a second level of public underground parking. The City will own the second level of parking and has entered into agreements with the developer to allow public use of the private spaces when not in use. The City will operate the entire parking facility.

Another project that is key to the City's tourism success is a comprehensive wayfinding or directional and cultural signage program for the City. The goal is to develop clear signage to direct visitors downtown and to other major attractions from major arteries, and to ease wayfinding within the downtown. The wayfinding signage program will be installed on major arteries leading to downtown and destinations throughout the City and will facilitate easy access to various business districts, cultural institutions, historical destinations, and the waterfront. It is the intent of the wayfinding signage program to enhance the success of, and increase market potential for, arts, entertainment, historic venues and the local economy.

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. The current gateway does not capitalize on the opportunity to present an exciting or visually appealing statement to visitors and residents. In 2007, the city hired the Cecil Group of Boston to develop a gateway improvement design that enhances the streetscape and scenic vistas of the Piscataqua River, North Mill Pond and the Maine waterfront across the river. 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 (Chamber of Commerce). Of particular importance is the need to improve gateway signage, lighting, landscaping and the median strip.

Fire Station 2

The City is planning to relocate Fire Station 2 to a new location on Lafayette Road. The current facility lacks adequate equipment storage, laundry facilities, central heating and air conditioning as well as appropriately-sized garage bays. As part of this project, the City will seek Leadership in Energy and Environmental Design (LEED) certification from the U.S. Green Building Council. This would be the first LEED-certified fire station in New England and the second municipally-owned building in the state to be LEED-certified; the other being the new Portsmouth Public Library.

The original intent of the Fire Station Building Committee and the City Council was to replace Fire Station 2 at its current location. However, during the initial stages of the project, an opportunity arose to relocate the station to a larger parcel within the Fire Station 2 district, which better meets the City needs. The Portsmouth City Council adopted a bond resolution in early 2008 for the purchase of land to relocate Fire Station 2.

The land to be purchased, 3000 Lafayette Road, is a 2.5 acre parcel located on a corner lot. This location will more effectively and efficiently meet the needs of the community in a section of the City which has grown significantly since the original station was built in 1967. The new location and facility will help the Fire Department to meet its mission and serve as an enhanced gateway to the City. It will also result in additional training space and capacity for back-up emergency communications. In addition, this location will support the relocation of the Department's mechanic shop and provide garage bays for the Department's largest trucks.

Middle School

Planning got underway 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. A firm was selected to assess design alternatives for the Middle School at the Parrott Avenue site following a competitive public procurement process that included an in-depth review of qualification statements and proposals from architectural firms. This work will include a review of the existing program, an evaluation of existing conditions, initial public participation events to achieve schematic design alternatives and development of schematic design alternatives sufficient to achieve conceptual level cost estimates and to outline site opportunities and challenges.

Automated Meter Reading System

The City will complete the implementation of the Automated Meter Reading system (AMR) that began in FY08. This system is an integrated automatic meter reader that uses radio frequency to transmit current water usage. 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.

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 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.

The sewer division will also begin implementation of a new asset management system. The new system will improve the tracking of daily field operations through integration with the City's Geographic Information Systems (GIS).

Statewide Property Tax

The City will continue monitoring the Statewide Property Tax and education funding issues as the Legislature works on legislation to cost out an adequate education, and then considers a method to fund it and also establish an accountability system. The Governor and legislative leaders promised there would be no impact on municipal budgets in Fiscal Year 2009.

Portsmouth has not been a "Donor" community forced to raise excess Statewide Property Taxes since a new education funding formula was implemented in FY06. However, the City will be closely monitoring the Legislature's future funding discussions for their potential to impact the City's Fiscal Year 2010 budget. The City will continue to do so through the Coalition Communities office based at Portsmouth City Hall, which is funded by the City and contributions from Coalition-member towns.

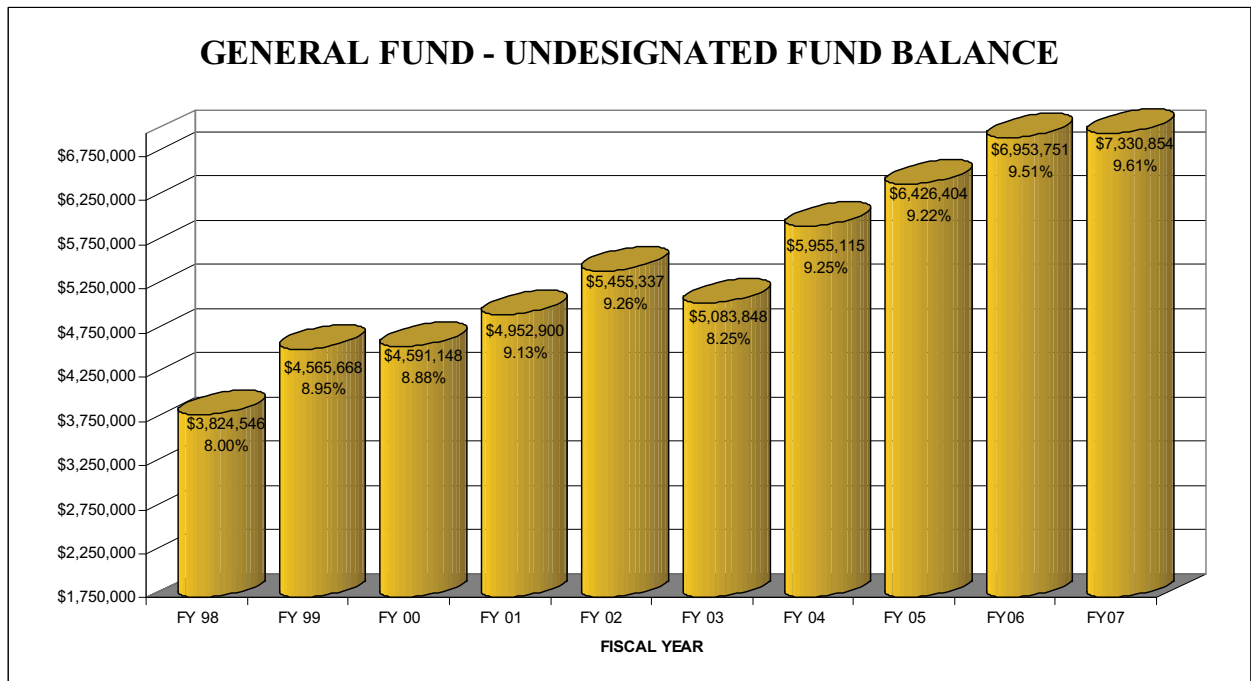


FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

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

UNDESIGNATED FUND BALANCE ORDINANCE

City Council adopted in 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 FY07, Undesignated Fund Balance increased by \$377,103 over FY06 which increased the percentage of appropriation from 9.51% to 9.61%. The chart below shows the history of undesignated fund balance for the last 10 years.



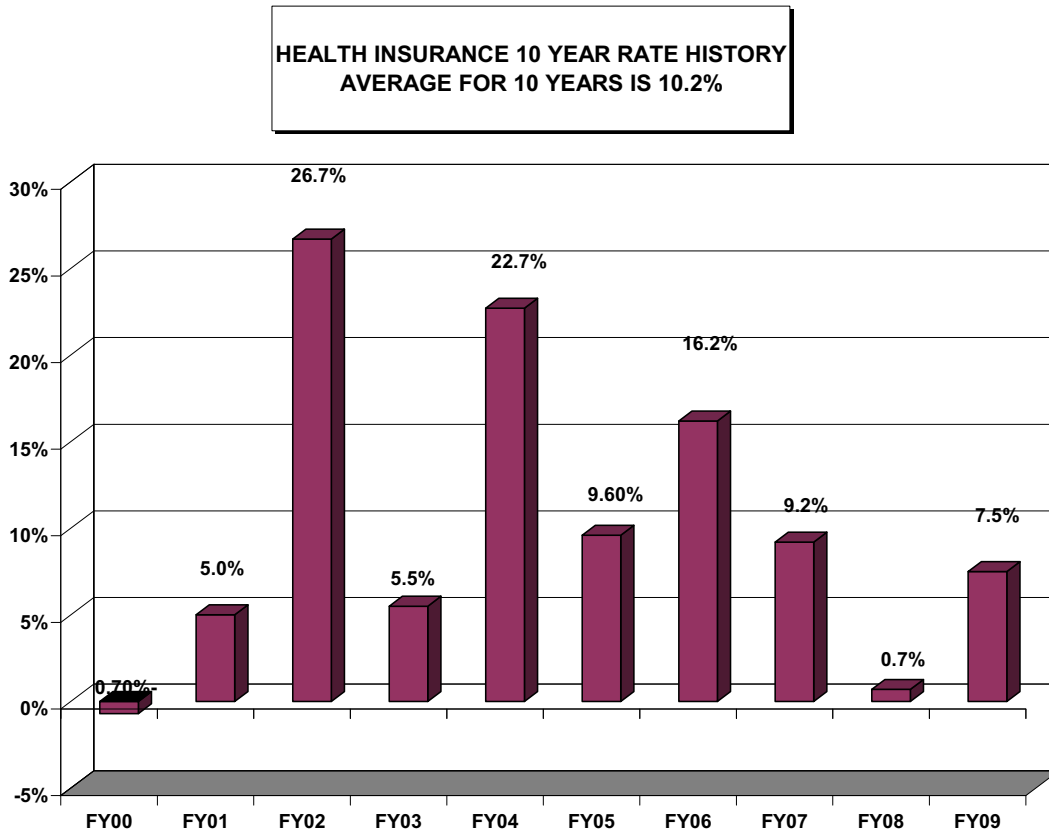
LEAVE AT TERMINATION

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.



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 will reflect an estimate of the actual appropriation required for each department's needs. In FY10, the City will 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.

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 FY09 Budget document includes a performance measures section in each departmental narrative. FY06 was the first year that performance measures were reported in the budget document. This year’s budget includes a two year history of performance measures and an “estimated FY08” column. The departments use their performance measures to better communicate departmental progress and or efficiencies achieved with in the department.

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

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

ROLLING STOCK PROGRAM

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

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP), prepared by the Planning Board, and adopted by the City Council, identifies equipment, vehicles, building, information systems, transportation and Enterprise Fund infrastructure needs over a six-year period. The City Council reviews these projects and annually appropriates from 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 2009 funding. Detailed information for each project can found in Appendix II of this document.

Capital Improvement Plan FY 2009-2014 (FY 2009 Funding)

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '09 Total
GOVERNMENTAL FUNDS	\$1,335,500	\$0	\$20,400,000	\$49,784,037	\$905,850	\$345,000	\$72,770,387
SEWER FUND	\$0	\$1,360,000	\$5,940,000	\$0	\$0	\$0	\$7,300,000
WATER FUND	\$0	\$1,165,000	\$10,500,000	\$0	\$0	\$0	\$11,665,000
TOTAL	\$1,335,500	\$2,525,000	\$36,840,000	\$49,784,037	\$905,850	\$345,000	\$91,735,387

UDAG BUDGET POLICY

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

BOND RATING

The City continues to strive for maintaining and improving its bond rating. The City utilizes Moody’s Investors Service and Standard and Poor’s Ratings Group. The rating agencies weigh a host of financial, economic, debt and managerial information and assign a rating to the issue. Higher bond ratings indicate lower perceived risk of default. The City has taken many steps and will continue to seek improvements to maintain fiscal stability. The City currently has been rated Aa3 and AA by Moody’s Investors Service and Standard and Poor’s Ratings Group, respectively. Table 1 highlights where the City’s rating is today with respect to the model and Table 2 provides the history of the City’s rating.

Table 1

INVESTMENT GRADE RATINGS	
Standard & Poor's	Moody's
AAA	Aaa
AA+	Aa1
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
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 FY09 proposed budget includes a projected net debt cost of 5.95% of the proposed general fund appropriation (A ten-year Projected Net Long Term Debt Service as a Percentage of the

General Fund chart and graph are located in the Debt Service section of this budget document.)

3) Debt Burden

It is the policy of the City to maintain a debt burden of less than 3% of the City's full valuation. The debt burden measures how leveraged the City is by calculating the amount of debt outstanding as compared to the City's full valuation. The City's debt burden as of June 30, 2007, the last completed independent audit, was 1.34% (A Debt Burden calculation is located in the Debt Service section of this budget document.)

MUNICIPAL FEE REVIEW PROCESS

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

ENTERPRISE FUND POLICIES FOR RATE SETTING

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) CERTIFICATE OF ACHIEVEMENT

The City will seek annual renewal of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. The City has received 14 awards for the fiscal years ended June 30, 1988, 1989, 1995, and 1996-2006.

DISTINGUISHED BUDGET PRESENTATION AWARD

The City will seek annual renewal of the Government Finance Officers Association's Achievement for Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. The City received its first award for the Proposed FY 2006-2007 Budget Document, making Portsmouth the first and only community in New Hampshire to receive the award. The City also received the award for the Proposed FY 2007-2008 Budget Document.

EMPLOYEE PAY PLAN

The City of Portsmouth has a total of fifteen (15) collective bargaining units. All fifteen contracts expire on June 30, 2008. Employees who are eligible, will continue to receive step increases under the current contract however, no other wage adjustments will be provided until new contracts are ratified.

The proposed FY09 budget includes salary reclassifications for the Parking Manager, Deputy Tax Collector and Deputy City Clerk. These reclassifications are due to the City's contractual agreement with PMA, SMA and non-union employees that the City would review twenty percent (20%) of the positions in the bargaining unit each fiscal year.

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

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 2009 proposed budget includes twelve (12) additional full time positions and a net of seven (7) part-time positions:

- **Health Department**- Reallocated 5% of the Deputy City Manager's salary from CDBG to the Health Department.
- **Library** – Two full-time positions were added due to coverage for opening the Public Library on Sundays which was approved by the City Council.
- **Police Department** – The funding of the 11th dispatcher.
- **Fire Department** – The table of organization has an additional fire fighter as approved by City Council due to one fire fighter out on long-term disability.
- **School Department** – The table of personnel shows 8 new positions funded by the General Fund. There are three professionals and one paraprofessional as new positions, a total of four new positions in FY09. The total teacher FTE count for FY09 increased by approximately one. In addition, the School Department reallocated in FY08 a professional position into tuition and grant funds and exchanged a larger number of paraprofessionals for an equal amount of appropriations. The tuition and grant funds shows a decrease of 12.5 FTE's overall which, in conjunction with the additional re-organization, resulted in a budget neutral transaction in the general fund. This shifting of positions was done to better align

reimbursement from outside sources (Medicaid reimbursement and federal grant money). This resulted in an increase in FTE's in the general fund budget that in reality represents the results of a re-organization that is budget neutral. On the basis of the consolidated budget, 10 paraprofessional positions were eliminated.

DEPARTMENT	2006/07 ACTUAL	2007/08 ACTUAL	2008/09 PROPOSED BUDGET
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	19.00	17.00	17.00
PLANNING DEPARTMENT	5.90	6.15	6.15
INSPECTION DEPARTMENT	4.00	4.00	4.00
HEALTH DEPARTMENT	1.40	1.45	1.50
PUBLIC WORKS	60.00	60.00	60.00
LIBRARY	15.00	14.00	16.00
RECREATION DEPARTMENT	8.50	8.50	8.50
WELFARE DEPARTMENT	2.00	2.00	2.00
POLICE DEPARTMENT	91.00	91.00	92.00
FIRE DEPARTMENT	60.00	61.00	62.00
SCHOOL DEPARTMENT	371.04	370.28	378.37
GENERAL FUND - FULL TIME PERSONNEL TOTAL	649.84	647.38	659.52
PART-TIME PERSONNEL*			
HUMAN RESOURCES	4.00	4.00	3.00
LEGAL DEPARTMENT	1.00	2.00	2.00
FINANCE DEPARTMENT	1.00	2.00	2.00
INSPECTION DEPARTMENT	1.00	1.00	1.00
LIBRARY	8.00	12.00	12.00
RECREATION	NUMBER OF POSITIONS VARY SEASONALLY		
POLICE DEPARTMENT	36.00	36.00	36.00
FIRE DEPARTMENT	3.00	3.00	3.00
SCHOOL DEPARTMENT	178.00	180.00	188.00
GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL	232.00	240.00	247.00
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	10.50	10.50
COMMUNITY DEVELOPMENT	3.20	2.40	2.35
UDAG	1.00	1.00	1.00
SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL	14.70	13.90	13.85
PART-TIME PERSONNEL*			
PARKING	20.00	19.00	19.00
SPECIAL FUNDS - PART TIME PERSONNEL TOTAL	20.00	19.00	19.00
TOTAL FULL-TIME PERSONNEL	712.64	709.38	721.47
TOTAL PART-TIME PERSONNEL	254.00	261.00	268.00

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, Ass't Mayor

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

BOARD OF EDUCATION

Robert J. Lister, Superintendent
Mitchell Shuldman, Chairperson
Brendan Ristaino, Vice Chairperson

Kent LaPage Sheri Ham Garrity
Leslie Stevens Elizabeth Sweet
Ann M. Walker Dexter R. Legg
 Rebecca Emerson

Police Commission

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

Fire Commission

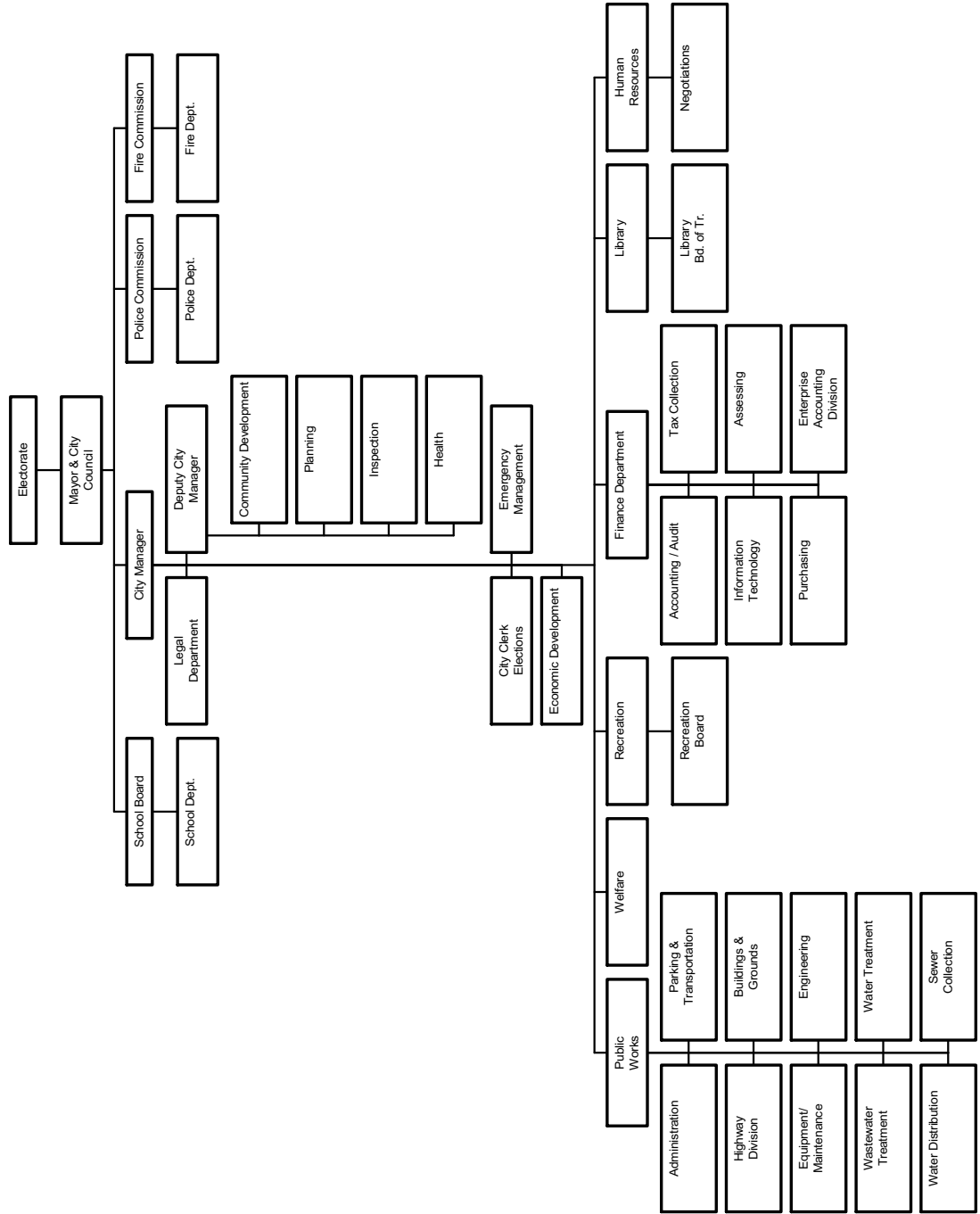
Chief Christopher LeClaire
Paul T. Wentworth, Chairperson
Michael K. Hughes
Richard Gamester

PRINCIPAL EXECUTIVE OFFICERS

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

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

City of Portsmouth, NH Organizational Chart





COMMUNITY AND ECONOMIC PROFILE

The City of Portsmouth (population: 20,811) lies near the mouth of the Piscataqua River, which divides New Hampshire and Maine. It is a regional economic and cultural hub of several small cities and towns and lies 50 miles north of Boston, Massachusetts, and 50 miles south of Portland, Maine.

Settled in 1623, Portsmouth is the nation's third-oldest city with a rich heritage as a working seaport and the home of the State's only deepwater port. Its quaint and historic downtown – and proximity to the ocean, and New Hampshire's lakes and mountains – attracts visitors year round. Its quality of life, business climate, arts and cultural resources, and education facilities have attracted a wide variety of industries led by cutting-edge technology firms employing young, entrepreneurial and highly skilled workers.

Portsmouth enjoys a healthy economy, due in part to tourism and a diversity of businesses that combine to make the City a major employment center. Almost half of the working residents are employed locally. Portsmouth also attracts workers from outside its borders: nearly 80 percent of the total workforce commutes in from other communities. The City's unemployment rate traditionally falls well below the state and national rates.

Portsmouth is a tourism destination and the City benefits from significant investment and growth in the local hospitality sector, with four new hotels proposed and a major new hotel/conference facility expected to come on line in the next few years. Portsmouth serves as the cultural destination for the region and its non-profit cultural institutions contribute over \$38 million to the community.

Over 40 percent of the City's more than \$3 billion in total property valuation is attributable to non-residential uses, which softens the tax burden on home owners. The City's property tax rates had been negatively impacted since 1999 by the State's education funding formulas that forced Portsmouth to raise \$11.7 million in excess property taxes for redistribution to other communities. However, Portsmouth's "Donor" status ended in FY06. Nonetheless, since a recent NH Supreme Court ruling makes it likely the State's education funding formula will be changing once again, the City continues to closely monitor the State education funding issue and potential adverse local impacts.

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

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

Much of the City's new domestic and international business development and job creation has occurred at the Tradeport, which was established following the 1990 closure of Pease Air Force Base. It is now one of the nation's most successful military base redevelopments, employing 6,400 people in 220 companies, generating \$351 million in annual wages and creating approximately 10,000 "spin-off" jobs. The Pease Development Authority (PDA) is responsible for overseeing development at the Tradeport as well as complying with all terms of the Base closure. The Authority has a seven member Board of Directors that oversees the Tradeport, the Executive Director and the staff. Because the Tradeport is located primarily within the municipal boundaries of Portsmouth, the City generates \$4.4 million in revenue from the Tradeport for services provided under the Municipal Service Agreement.

With \$333 million in assessed value and a total market value of \$401 million in taxable private investment, development at the Tradeport is a significant contributor to the city's tax base and to the economic vitality of the region. It is also home to the Pease International Airport, which is an asset to the entire region. The PDA recently approved renovations to the airport aimed at improving passenger management. Passenger flights are available on the new Skybus discount airlines and 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 has announced its intention to relocate offices to Pease and lease 102,000 square feet at 164 Corporate Drive. The company plans to hire 200 employees to provide customer care operations and redundant services supportive of its North American operations. New offices are also proposed by Two International Group at 65 and 29 New Hampshire Avenue, and a 69,000 square foot addition is proposed for 100 Arboretum Drive.

The Port of New Hampshire

The Port of New Hampshire – the State's only deepwater port – is located on the Piscataqua River in 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 also 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 2007 revealed a total of 4,868 current employees with a payroll of \$343.7 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 237 shipyard workers. In addition, \$17.7 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 2007 (per \$1,000)	\$16.34
Total Valuation	\$3,730,985,415

Source: NH Dept. of Revenue Administration

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

LAND

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

*Source: City of Portsmouth, 2003 Wetlands Inventory

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

UTILITIES

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

ECONOMIC INDICATORS

Largest Private Employers (2006)

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

Source: City of Portsmouth, Economic Development

Portsmouth Employed Civilian Population

By Industrial Sector

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	3.2%
State of New Hampshire	4.0%

Source: NH Economic & Labor Market Information Bureau, Jan. 2008

DEMOGRAPHICS

Population

2006 Estimate, NHOEP est.	20,811
2000 U.S. Census	20,784
1990 U.S. Census	25,925

Registered Voters

November 2007	17,461
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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%
---------	-------

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
------	------

COMMERICAL*	\$1,496,568
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RESIDENTIAL**	\$310,218
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Residential Stratified

SINGLE FAMILY	\$334,774
---------------	-----------

CONDO	\$234,208
-------	-----------

MULTI-FAMILY 2-8 UNITS***	\$419,202
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MOBILE HOMES	\$58,586
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As of April 1, 2007

* 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, 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, and Sewer Departments. Such a program serves to inform the City Council and the community that certain expenditures for upgrading the existing equipment are to be expected in the years ahead. The Rolling Stock Program detail is located in Appendix I of this document.

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

BUDGETARY FUND STRUCTURE

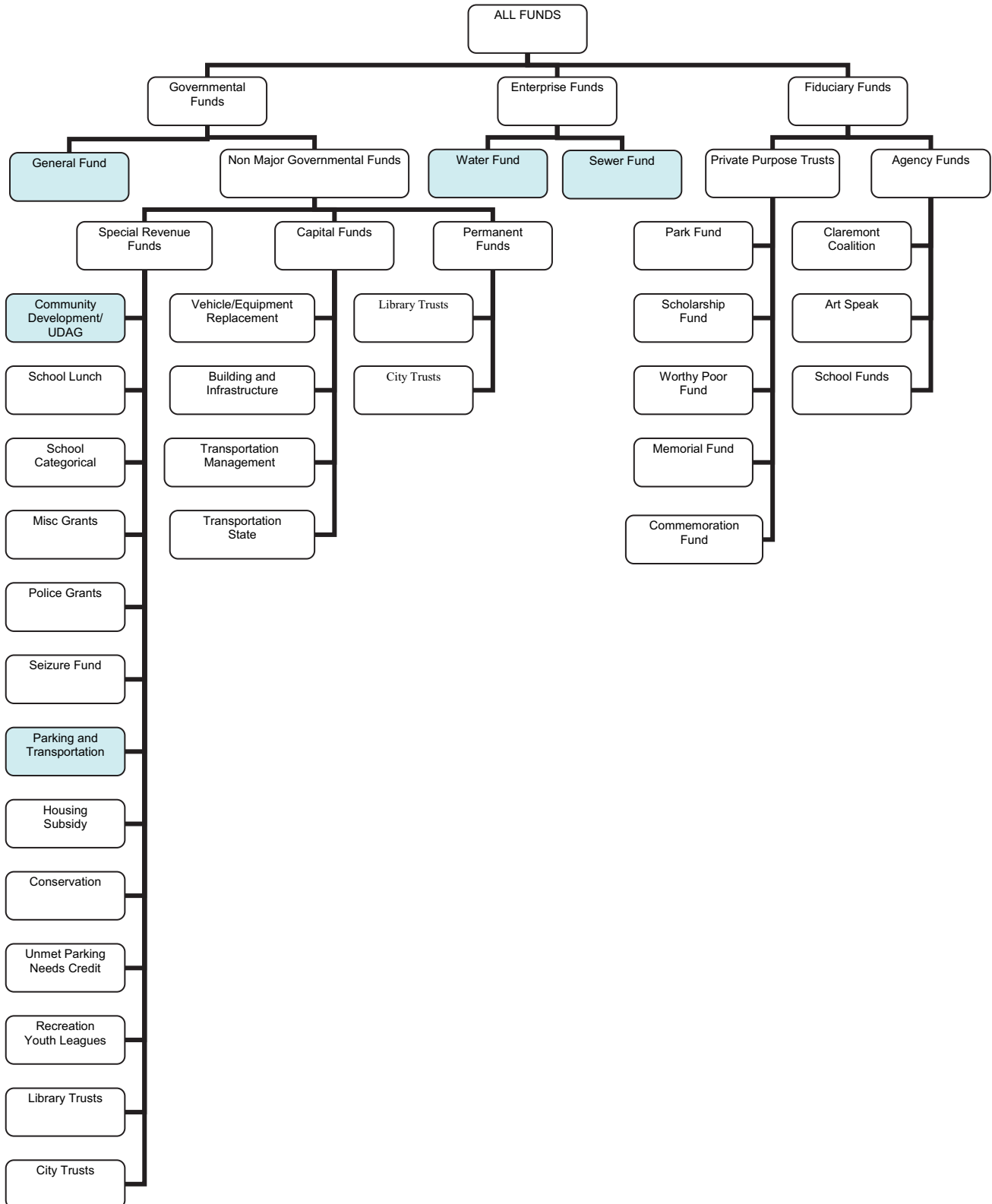
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

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.
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 '2009' BUDGET SCHEDULE

11/14/07 (Wed)	Department Head Meeting on budget procedure, format and guidelines.
1/10/08 (Thurs)	FY09 Preliminary Budget Work session (Meeting of the Whole).
1/16/08 (Wed)	Fire Commission Public Hearing on the proposed FY09 budget
1/17/08 (Thurs)	Planning Board Adoption of the Capital Improvement Program
1/21/08 (Mon)	Capital Improvement Program (CIP) to City Council
1/28/08 (Mon)	City Council Work Session on CIP
1/29/08 (Tues)	School Board Public Hearing #1 on the proposed FY09 budget
2/7/08 (Thurs)	Police Commission Public Hearing on the proposed FY09 budget
2/12/08 (Tues)	School Board Public Hearing #2 on the proposed FY09 budget
2/15/08 (Fri)	Proposed Budgets from all Departments due back to Finance Dept
2/29/08 (Fri)	Finance Department submits all proposed budgets to the City Manager
3/3/08 (Mon)	City Council holds Public Hearing on CIP
3/4/08 to 3/7/08	Departmental budget reviews with City Manager
3/18/08 (Tues)	City Council Adoption of the CIP
4/11/08 (Fri)	Budget sent to the City Council
4/16/08 (Wed)	Public Hearing on City Manager's Proposed FY2009 budget with presentations from Police, Fire, School and Municipal Departments
4/17/08 (Thurs)	Work Session with City Council to review Police Department Budget and Fire Department Budget
4/22/08 (Tues)	Work Session with City Council to review the Municipal Budget
4/24/08 (Thurs)	Work Session with City Council to review the School Department Budget
5/12/08 (Mon)	Re-open Public Hearing on the City Manager's Proposed FY2009 budget
5/14/08 (Wed)	Work Session with City Council –final budget review if necessary
6/2/08 (Mon)	City Council Adoption of the FY2009 Budget

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

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

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GENERAL FUND BUDGET SUMMARY - FY09 PROPOSED TAX RATE

	DEPARTMENT REQUESTED				CITY MANAGER RECOMMENDED		
	FY 07/08 BUDGET	FY 08/09 Operating Budget	% Change	\$\$ Change	FY 08/09 Operating Budget	% Change	\$\$ Change
OPERATING BUDGET							
Municipal	15,265,956	15,589,199	2.12%	323,243	15,589,199	2.12%	323,243
Police	8,352,488	8,686,218	4.00%	333,730	8,686,218	4.00%	333,730
Fire	6,500,665	6,858,583	5.51%	357,918	6,858,583	5.51%	357,918
School	34,326,773	35,182,995	2.49%	856,222	35,182,995	2.49%	856,222
Collective Bargaining Contingency		1,000,000		1,000,000	1,000,000		1,000,000
Total	64,445,882	67,316,995	4.46%	2,871,113	67,316,995	4.46%	2,871,113
NON-OPERATING EXPENSE							
Tax Anticipation Note Interest	400,000	400,000	0.00%	0	400,000	0.00%	0
Debt Service Payments	7,584,387	7,511,734	-0.96%	(72,653)	7,511,734	-0.96%	(72,653)
Overlay	1,000,000	1,000,000	0.00%	0	1,000,000	0.00%	0
Capital Outlay	1,200,000	1,335,500	11.29%	135,500	1,335,500	11.29%	135,500
County	3,580,000	3,700,000	3.35%	120,000	3,700,000	3.35%	120,000
Contingency	300,000	300,000	0.00%	0	300,000	0.00%	0
Other General Non-Operating	1,348,533	1,604,131	18.95%	255,598	1,604,131	18.95%	255,598
Total	15,412,920	15,851,365	2.84%	438,445	15,851,365	2.84%	438,445
Total Gross Budget	79,858,802	83,168,360	4.14%	3,309,558	83,168,360	4.14%	3,309,558
REVENUES							
Municipal/State	14,088,584	13,452,150	-4.52%	(636,434)	13,452,150	-4.52%	(636,434)
School	4,437,000	4,510,500	1.66%	73,500	4,510,500	1.66%	73,500
Use of Fund Balance	0	0	0.00%	0	0	0.00%	0
Use of Reserve for property Appraisal	73,500	73,500	0.00%	0	73,500	0.00%	0
Use of Reserve for Debt	1,500,000	1,500,000	0.00%	0	1,500,000	0.00%	0
Total	20,099,084	19,536,150	-2.80%	(562,934)	19,536,150	-2.80%	(562,934)
BUDGETED PROPERTY TAX LEVY	59,759,718	63,632,210	6.48%	3,872,492	63,632,210	6.48%	3,872,492
Total Property Tax Commitment	60,558,893	63,632,210	5.07%	3,073,317	63,632,210	5.07%	3,073,317
War Service Credits	601,000	601,000	0.00%	0	601,000	0.00%	0
Adequate Education Formula	(8,336,956)	(8,669,658)	3.99%	(332,702)	(8,669,658)	3.99%	(332,702)
State Education Tax	8,336,956	8,669,658	3.99%	332,702	8,669,658	3.99%	332,702
Total Property Taxes Assessed	61,159,893	64,233,210	5.03%	3,073,317	64,233,210	5.03%	3,073,317
Taxes Due State	0	0	0.00%	0	0	0.00%	0
ASSESSED VALUATION WITH UTILITIES	3,730,985,415	3,755,985,415	0.67%	25,000,000	3,755,985,415	0.67%	25,000,000
ASSESSED VALUATION NO UTILITIES	3,557,733,890	3,582,733,890	0.70%	25,000,000	3,582,733,890	0.70%	25,000,000
MUNICIPAL TAX RATE	13.05	13.81	5.81%	0.76	13.81	5.81%	0.76
COUNTY TAX RATE	0.95	0.99	3.69%	0.04	0.99	3.69%	0.04
STATE EDUCATION TAX RATE	2.34	2.42	3.41%	0.08	2.42	3.41%	0.08
COMBINED TAX RATE	16.34	17.22	5.39%	0.88	17.22	5.39%	0.88

EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY09 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY09 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
GENERAL FUND									
GENERAL FUND OPERATING BUDGET									
MUNICIPAL									
GENERAL GOVERNMENT									
CITY COUNCIL	32,121	27,753	32,121	32,121	0	0.00%	32,121	0	0.00%
CITY MANAGER	238,679	236,900	247,576	251,966	4,390	1.77%	251,966	4,390	1.77%
HUMAN RESOURCES	2,172,667	2,166,679	2,165,276	2,197,289	32,013	1.48%	2,197,289	32,013	1.48%
CITY CLERK	171,638	168,476	182,944	197,049	14,105	7.71%	197,049	14,105	7.71%
ELECTIONS	43,780	30,611	50,722	56,706	5,984	11.80%	56,706	5,984	11.80%
LEGAL DEPT	434,876	432,553	455,932	476,491	20,559	4.51%	476,491	20,559	4.51%
FINANCE	1,537,566	1,514,453	1,615,492	1,618,183	2,691	0.17%	1,618,183	2,691	0.17%
OTHER GENERAL GOVERNMENT									
GENERAL ADMINISTRATION	827,006	783,586	962,496	935,462	(27,034)	-2.81%	935,462	(27,034)	-2.81%
REGULATORY SERVICES									
PLANNING DEPT	462,160	455,935	498,076	505,817	7,741	1.55%	505,817	7,741	1.55%
INSPECTIONS	332,087	323,078	350,626	351,510	884	0.25%	351,510	884	0.25%
HEALTH	103,151	76,357	107,604	120,703	13,099	12.17%	120,703	13,099	12.17%
PUBLIC WORKS	5,246,728	5,246,722	5,494,095	5,662,265	168,170	3.06%	5,662,265	168,170	3.06%
COMMUNITY SERVICES									
PUBLIC LIBRARY	1,368,399	1,334,508	1,434,090	1,476,370	42,280	2.95%	1,476,370	42,280	2.95%
RECREATION	1,086,440	1,064,467	1,117,848	1,137,322	19,474	1.74%	1,137,322	19,474	1.74%
PUBLIC WELFARE	344,981	339,750	350,988	361,485	10,497	2.99%	361,485	10,497	2.99%
OUTSIDE SOCIAL SERV	188,304	188,304	194,570	198,460	3,890	2.00%	198,460	3,890	2.00%
EMERGENCY MANAGEMENT	5,500	8,976	5,500	10,000	4,500	81.82%	10,000	4,500	81.82%
TOTAL MUNICIPAL	14,596,083	14,399,109	15,265,956	15,589,199	323,243	2.12%	15,589,199	323,243	2.12%
POLICE	7,830,154	7,801,588	8,352,488	8,686,218	333,730	4.00%	8,686,218	333,730	4.00%
FIRE DEP'T	6,126,861	6,114,204	6,500,665	6,858,583	357,918	5.51%	6,858,583	357,918	5.51%
SCHOOL DEP'T	32,472,916	32,472,133	34,326,773	35,182,995	856,222	2.49%	35,182,995	856,222	2.49%
POLICE, FIRE, SCHOOL	46,429,931	46,387,926	49,179,926	50,727,796	1,547,870	3.15%	50,727,796	1,547,870	3.15%
COLLECTIVE BARGAINING CONTINGENCY	0	0	0	1,000,000	1,000,000		1,000,000	1,000,000	
TOTAL OPERATING	61,026,014	60,787,035	64,445,882	67,316,995	2,871,113	4.46%	67,316,995	2,871,113	4.46%
GENERAL FUND NON-OPERATING BUDGET									
TAX ANTICIPATION NOTES	400,000	66,015	400,000	400,000	0	0.00%	400,000	0	0.00%
DEBT SERVICE	7,330,930	6,994,642	7,584,387	7,511,734	(72,653)	-0.96%	7,511,734	(72,653)	-0.96%
OVERLAY	800,000	800,000	1,000,000	1,000,000	0	0.00%	1,000,000	0	0.00%
COUNTY TAX	3,680,000	3,273,969	3,580,000	3,700,000	120,000	3.35%	3,700,000	120,000	3.35%
CONTINGENCY	400,000	400,000	300,000	300,000	0	0.00%	300,000	0	0.00%
CAPITAL OUTLAY	1,200,000	1,200,000	1,200,000	1,335,500	135,500	11.29%	1,335,500	135,500	11.29%
OTHER GENERAL NON-OPERATING	1,431,442	1,427,138	1,348,533	1,604,131	255,598	18.95%	1,604,131	255,598	18.95%
TOTAL NON-OPERATING	15,242,372	14,161,764	15,412,920	15,851,365	438,445	2.84%	15,851,365	438,445	2.84%
TOTAL GENERAL FUND	76,268,386	74,948,798	79,858,802	83,168,360	3,309,558	4.14%	83,168,360	3,309,558	4.14%

Title	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY09 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY09 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
ENTERPRISE FUNDS									
WATER DIVISION									
Administration									
Administration	1,300,743	1,256,907	1,293,171	1,376,283	83,112	6.43%	1,376,283	83,112	6.43%
Engineering	308,311	195,439	328,743	298,018	(30,725)	-9.35%	298,018	(30,725)	-9.35%
Collective Bargaining Contingency	0	0	0	54,180	54,180		54,180	54,180	
sub-total	1,609,054	1,452,346	1,621,914	1,728,481	106,567	6.57%	1,728,481	106,567	6.57%
Water Supply and Treatment									
Treatment Plant	1,202,807	1,039,566	1,281,606	1,648,257	366,651	28.61%	1,648,257	366,651	28.61%
Laboratory	168,852	144,749	165,070	167,245	2,175	1.32%	167,245	2,175	1.32%
Wells	404,453	253,163	346,135	414,243	68,108	19.68%	414,243	68,108	19.68%
Storage Tanks	109,610	92,081	107,443	122,636	15,193	14.14%	122,636	15,193	14.14%
Booster Stations	160,407	146,849	168,330	184,503	16,173	9.61%	184,503	16,173	9.61%
sub-total	2,046,129	1,676,408	2,068,584	2,536,884	468,300	22.64%	2,536,884	468,300	22.64%
Water Distribution									
Administration	719,958	656,448	608,183	635,850	27,667	4.55%	635,850	27,667	4.55%
Cross Connection	39,718	37,323	60,571	40,857	(19,714)	-32.55%	40,857	(19,714)	-32.55%
Mains	370,885	294,468	329,566	420,775	91,209	27.68%	420,775	91,209	27.68%
Services	128,886	94,889	179,475	167,065	(12,410)	-6.91%	167,065	(12,410)	-6.91%
Hydrants	70,550	94,768	133,107	118,603	(14,504)	-10.90%	118,603	(14,504)	-10.90%
Meters	146,633	113,779	168,736	165,034	(3,702)	-2.19%	165,034	(3,702)	-2.19%
sub-total	1,476,630	1,291,674	1,479,638	1,548,184	68,546	4.63%	1,548,184	68,546	4.63%
Capital									
Non-SRF Capital	1,145,000	0	1,298,000	1,314,000	16,000	1.23%	1,314,000	16,000	1.23%
sub-total	1,145,000	0	1,298,000	1,314,000	16,000	1.23%	1,314,000	16,000	1.23%
Total Water Division	6,276,813	4,420,428	6,468,136	7,127,549	659,413	10.19%	7,127,549	659,413	10.19%
SEWER DIVISION									
Administration									
Administration	1,596,083	1,561,943	1,788,870	2,557,332	768,462	42.96%	2,557,332	768,462	42.96%
Engineering	267,982	211,601	248,269	245,824	(2,445)	-0.98%	245,824	(2,445)	-0.98%
Collective Bargaining Contingency	0	0	0	50,691	50,691		50,691		
sub-total	1,864,065	1,773,544	2,037,139	2,853,847	766,017	37.60%	2,853,847	766,017	37.60%
Wastewater Treatment									
Treatment Plant	3,782,728	3,123,075	3,710,832	3,806,940	96,108	2.59%	3,806,940	96,108	2.59%
Laboratory	246,635	74,617	239,790	150,508	(89,282)	-37.23%	150,508	(89,282)	-37.23%
Lift Stations	994,783	761,006	1,062,520	1,089,285	26,765	2.52%	1,089,285	26,765	2.52%
sub-total	5,024,146	3,958,699	5,013,142	5,046,733	33,591	0.67%	5,046,733	33,591	0.67%
Wastewater Collection									
Administration	435,900	405,299	638,295	638,264	(31)	0.00%	638,264	(31)	0.00%
Force Main	6,577	(15,181)	15,172	15,027	(145)	-0.96%	15,027	(145)	-0.96%
Interceptors	270,179	120,119	205,635	204,286	(1,349)	-0.66%	204,286	(1,349)	-0.66%
Laterals	18,173	9,274	37,110	36,862	(248)	-0.67%	36,862	(248)	-0.67%
sub-total	730,829	519,512	896,212	894,439	(1,773)	-0.20%	894,439	(1,773)	-0.20%
Capital									
Non-SRF Capital	2,300,000	0	3,802,000	1,555,000	(2,247,000)	-59.10%	1,555,000	(2,247,000)	-59.10%
sub-total	2,300,000	0	3,802,000	1,555,000	(2,247,000)	-59.10%	1,555,000	(2,247,000)	-59.10%
Total Sewer Division	9,919,040	6,251,755	11,748,493	10,350,019	(1,449,165)	-12.33%	10,350,019	(1,449,165)	-12.33%
TOTAL ENTERPRISE FUNDS	16,195,853	10,672,183	18,216,629	17,477,568	(789,752)	-4.34%	17,477,568	(789,752)	-4.34%

Title	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY09 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY09 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
SPECIAL REVENUE FUNDS									
PARKING AND TRANSPORTATION									
Parking Administration	291,235	247,627	296,480	346,160	49,680	16.76%	346,160	49,680	16.76%
Parking Garage	447,034	510,618	435,838	454,879	19,041	4.37%	454,879	19,041	4.37%
Parking Enforcement	136,428	131,563	129,391	136,008	6,617	5.11%	136,008	6,617	5.11%
Parking Meter Operations	86,370	83,440	87,937	106,615	18,678	21.24%	106,615	18,678	21.24%
Parking Collection	162,997	163,350	169,581	173,159	3,578	2.11%	173,159	3,578	2.11%
Public Transportation	191,163	200,136	217,882	231,518	13,636	6.26%	231,518	13,636	6.26%
Snow Removal	50,000	18,000	50,000	50,000	0	0.00%	50,000	0	0.00%
DOT Reimbursement	(20,000)	(13,380)	(20,000)	(20,000)	0	0.00%	(20,000)	0	0.00%
Debt Service	0	0	0	777,150	777,150		777,150	777,150	
Capital	4,000	7,873	229,000	324,000	95,000	41.48%	324,000	95,000	41.48%
Total Parking & Transportation	1,349,227	1,349,227	1,596,109	2,579,489	983,380	61.61%	2,579,489	983,380	61.61%
COMMUNITY DEVELOPMENT									
Administration	142,456	142,312	143,924	136,286	(7,638)	-5.31%	136,286	(7,638)	-5.31%
Housing Rehab	73,521	71,254	27,649	29,165	1,516	5.48%	29,165	1,516	5.48%
PEDLP	1,800	1,800	1,871	1,800	(71)	-3.82%	1,800	(71)	-3.82%
Total CDBG	217,777	215,366	173,444	167,251	(6,193)	-3.57%	167,251	(6,193)	-3.57%
ECONOMIC DEVELOPMENT-UDAG									
	148,248	229,081	168,165	121,200	(46,965)	-27.93%	121,200	(46,965)	-27.93%
TOTAL SPECIAL REVENUE FUNDS	1,715,252	1,793,674	1,937,719	2,867,940	930,221	48.01%	2,867,940	930,221	48.01%
TOTAL APPROPRIATED FUNDS PROPOSED	94,179,491	87,414,655	100,013,150	103,513,868	3,450,027	3.45%	103,513,868	3,450,027	3.50%

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 2009 (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	872,000				872,000
Other Local Sources	7,746,951				7,746,951
Parking Revenues	3,615,500				3,615,500
Interest & Penalties	840,000	161,600			1,001,600
School Revenues	4,510,500				4,510,500
State/Federal Revenues	2,957,188	167,251			3,124,439
Fund Transfers	(2,579,489)	2,579,489			-
Use of Fund Balance/Reserves	1,573,500				1,573,500
Property Tax	63,632,210				63,632,210
Enterprise Fund Revenues			7,127,549	10,350,019	17,477,568
Total Revenues	83,168,360	2,908,340	7,127,549	10,350,019	103,554,268
Expenditures					
City Council	32,121				32,121
City Manager	251,966				251,966
Human Resources	2,197,289				2,197,289
City Clerk	197,049				197,049
Elections	56,706				56,706
Legal	476,491				476,491
Finance	1,618,183				1,618,183
General Administrative	1,935,462				1,935,462
Planning	505,817				505,817
Inspection	351,510				351,510
Public Health	120,703				120,703
Public Works	5,662,265	2,579,489	7,127,549	10,350,019	25,719,322
Public Library	1,476,370				1,476,370
Recreation	1,137,322				1,137,322
Community Development		288,451			288,451
Public Welfare	361,485				361,485
Outside Social Services	198,460				198,460
Emergency Management	10,000				10,000
Police Department	8,686,218				8,686,218
Fire Department	6,858,583				6,858,583
School Department	35,182,995				35,182,995
Non-Operating	15,851,365				15,851,365
Total Expenditures	83,168,360	2,867,940	7,127,549	10,350,019	103,513,868
Net Increase (Decrease) in Undesignated Fund Balance	-	40,400	-	-	40,400
Estimated:					
Undesignated Fund Balance - Beginning FY 09	7,330,854	3,500,000	3,370,212	13,777,093	27,978,159
Fund Balance - Ending FY 09	7,330,854	3,540,400	3,370,212	13,777,093	28,018,559

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**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2007-2009**

	BUDGETED REVENUES FY 07	ACTUAL REVENUES FY 07	ESTIMATED REVENUES FY 08	ESTIMATED REVENUES FY 09	% CHANGE	\$\$ CHANGE
Local Fees, Licenses, Permits						
Other Fees	11,000	17,690	11,000	11,000	0.0%	-
Other Licenses	36,000	34,395	36,000	36,000	0.0%	-
Planning Board	25,000	42,684	25,000	25,000	0.0%	-
Board of Adjustments	26,000	25,366	26,000	26,000	0.0%	-
Site Review	40,000	59,399	40,000	40,000	0.0%	-
Building Permits-Portsmouth	170,000	309,356	200,000	210,000	5.0%	10,000
Building Permits-Pease	21,000	69,020	21,000	30,000	42.9%	9,000
Electrical Permits-Portsmouth	50,000	97,371	50,000	52,000	4.0%	2,000
Electrical Permits-Pease	7,000	15,928	7,000	8,000	14.3%	1,000
Plumbing Permits-Portsmouth	45,000	104,280	45,000	47,000	4.4%	2,000
Plumbing Permits-Pease	7,000	17,693	7,000	8,000	14.3%	1,000
Sign Permits	3,000	7,789	3,000	3,000	0.0%	-
Police Alarms	20,500	14,340	15,000	20,000	33.3%	5,000
Burning Permits	500	564	500	500	0.0%	-
Excavation Permit	11,500	10,200	11,500	11,500	0.0%	-
Solid Waste	20,000	21,531	20,000	20,000	0.0%	-
Outdoor Pool	12,000	15,346	12,000	12,000	0.0%	-
Recreation Department	160,000	149,958	160,000	160,000	0.0%	-
Indoor Pool	80,000	87,359	80,000	90,000	12.5%	10,000
Boat Ramp Fees	6,000	10,360	6,000	6,000	0.0%	-
Food Permits	56,000	60,185	56,000	56,000	0.0%	-
Total Local Fees, Licenses and Permits	807,500	1,170,813	832,000	872,000	4.8%	40,000
Other Local Sources						
Timber Tax	500	228	500	500	0.0%	-
Payments in Lieu of Taxes	160,000	125,638	160,000	125,000	-21.9%	(35,000)
Municipal Agent Fees	52,000	50,762	52,000	52,000	0.0%	-
Motor Vehicle Permits	3,450,000	3,463,042	3,450,000	3,450,000	0.0%	-
Title Applications	11,500	10,496	11,500	11,500	0.0%	-
Boat Registration	5,000	6,034	5,000	5,000	0.0%	-
PDA Airport District	1,700,000	1,832,050	1,900,000	2,000,000	5.3%	100,000
Water/Sewer Overhead	806,351	806,251	817,068	918,409	12.4%	101,341
Sale of Municipal Property	5,000	22,805	5,000	5,000	0.0%	-
Misc Revenue	90,000	97,544	90,000	90,000	0.0%	-
Dog Licenses	8,500	10,466	8,500	8,500	0.0%	-
Marriage Licenses	2,500	2,357	2,500	2,500	0.0%	-
Certificates-Birth and Death-Marriage	18,000	23,370	18,000	18,000	0.0%	-
Rental of City Property	602	27,682	11,642	11,642	0.0%	-
Rental City Hall Complex	103,325	102,902	111,209	113,400	2.0%	2,191
Cable Franchise Fee	282,000	322,519	300,000	320,000	6.7%	20,000
Hand Gun Permits	500	770	500	500	0.0%	-
Police Outside Detail	90,000	82,601	90,000	90,000	0.0%	-
Fire Alarms	25,000	38,470	25,000	25,000	0.0%	-
Ambulance Fees-Portsmouth	420,000	458,582	420,000	440,000	4.8%	20,000
Wood Chips	-	-	-	40,000	N/A	40,000
Welfare Dept Reimbursements	20,000	32,745	20,000	20,000	0.0%	-
Total Other Local Sources	7,250,778	7,517,316	7,498,419	7,746,951	3.3%	248,532
Parking Revenues						
Parking Meter Fees	970,000	974,419	960,000	960,000	0.0%	-
Parking Garage Revenue	1,150,000	1,163,899	1,140,000	1,140,000	0.0%	-
Garage Space Leases	500,000	599,621	525,000	550,000	4.8%	25,000
Parking Validation	5,000	8,350	5,000	5,000	0.0%	-
Pass Reinstatement	1,000	2,160	1,500	1,500	0.0%	-
Parking Violations	925,000	1,034,546	930,000	940,000	1.1%	10,000
Boot Removal Fee	8,000	11,000	9,000	9,000	0.0%	-
Summons Admin Fee	10,000	6,524	10,000	10,000	0.0%	-
Total Parking Revenues	3,569,000	3,800,518	3,580,500	3,615,500	1.0%	35,000

**CITY OF PORTSMOUTH
GENERAL FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2007-2009**

	BUDGETED REVENUES FY 07	ACTUAL REVENUES FY 07	ESTIMATED REVENUES FY 08	ESTIMATED REVENUES FY 09	% CHANGE	\$\$ CHANGE
Interest & Penalties						
Interest on Taxes	140,000	53,211	140,000	140,000	0.0%	-
Interest on Investments	500,000	1,029,416	750,000	700,000	-6.7%	(50,000)
Total Interest & Penalties	640,000	1,082,627	890,000	840,000	-5.6%	(50,000)
School Revenues						
Tuition	3,900,000	4,659,605	4,400,000	4,500,000	2.3%	100,000
Other Sources	50,000	56,222	37,000	10,500	-71.6%	(26,500)
Total School Revenues	3,950,000	4,715,827	4,437,000	4,510,500	1.7%	73,500
State Revenues						
Shared Rev Block Grant	657,154	657,154	657,154	657,154	0.0%	-
Rooms and Meals Tax	760,000	812,574	815,000	878,389	7.8%	63,389
Highway Block Grant	347,225	331,272	347,225	358,260	3.2%	11,035
State Aid-Land Fill	49,183	49,183	48,173	47,163	-2.1%	(1,010)
Impact Aid	-	6,466	-	-	0.0%	-
Bonded Debt-School	1,016,222	981,802	1,016,222	1,016,222	0.0%	-
Total State Revenues	2,829,784	2,838,451	2,883,774	2,957,188	2.5%	73,414
Transfer to Fund 17	(1,349,227)	(1,349,227)	(1,596,109)	(2,579,489)	61.6%	(983,380)
Use of Fund Balance	0	-	-	-	0	(0)
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,500,000	1,500,000	0.0%	-
Budgeted Property Tax Levy	56,997,051	56,716,643	59,759,718	63,632,210	6.5%	3,872,492
Total General Fund Revenues	76,268,386	78,066,469	79,858,802	83,168,360	4.1%	3,309,558

GENERAL FUND REVENUE SUMMARY

Municipal/State Revenues	13,747,835	15,060,499	14,088,584	13,452,150	-4.5%	(636,434)
School Revenues	3,950,000	4,715,827	4,437,000	4,510,500	1.7%	73,500
Use of Fund Balance	0	-	-	-	-	-
Use of Reserve for Tax Appraisal	73,500	73,500	73,500	73,500	0.0%	-
Use of Reserve for Debt	1,500,000	1,500,000	1,500,000	1,500,000	0.0%	-
Budgeted Property Tax Levy	56,997,051	56,716,643	59,759,718	63,632,210	6.5%	3,872,492
Total General Fund Revenues	76,268,386	78,066,469	79,858,802	83,168,360	4.1%	3,309,558

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 \$2.50 fee charged to each motor vehicle applicant.

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

FY 2005	23,940
FY 2006	23,988
FY 2007	23,650

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.

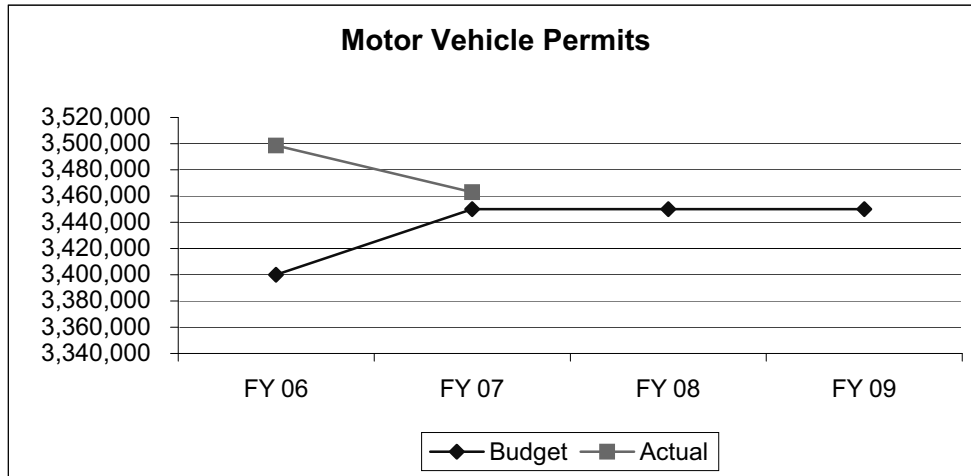
15 mills on each dollar of the maker's list price for the first preceding model year vehicle.

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.

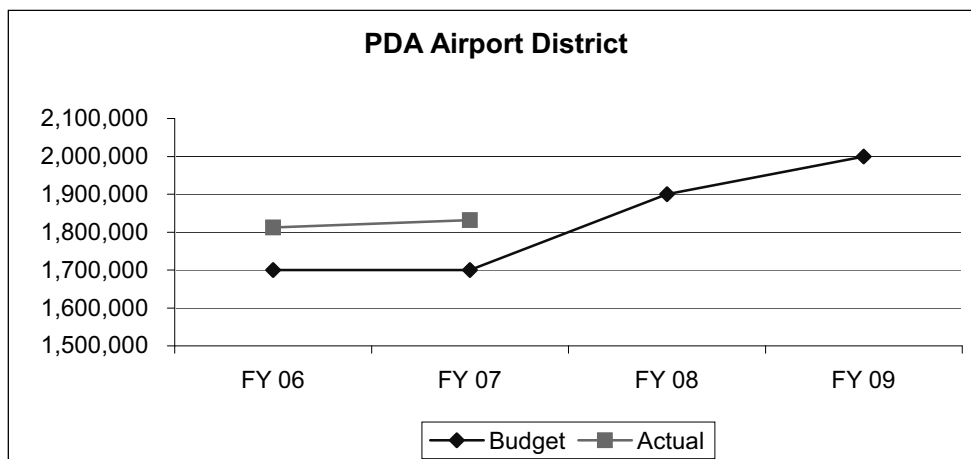


	FY 06	FY 07	FY 08	FY 09
Budget	3,400,000	3,450,000	3,450,000	3,450,000
Actual	3,498,519	3,463,042	3,450,000	3,450,000

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

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

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

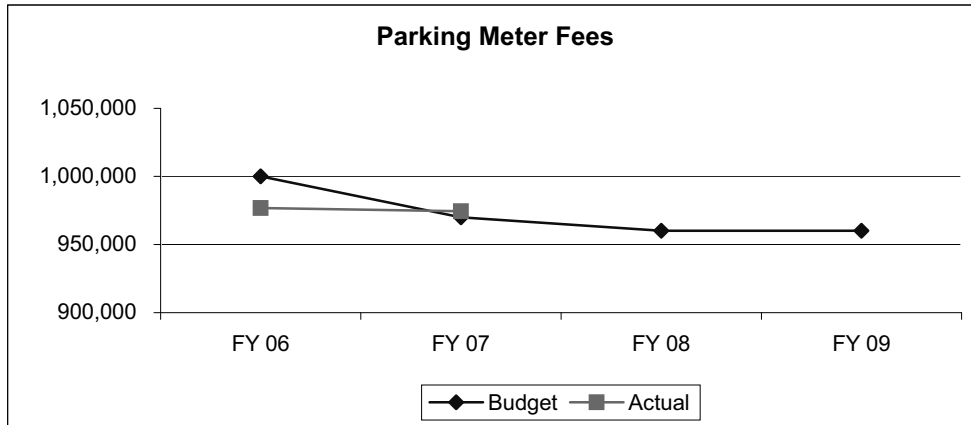


	FY 06	FY 07	FY 08	FY 09
Budget	1,700,000	1,700,000	1,900,000	2,000,000
Actual	1,812,589	1,832,050	1,900,000	1,900,000

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

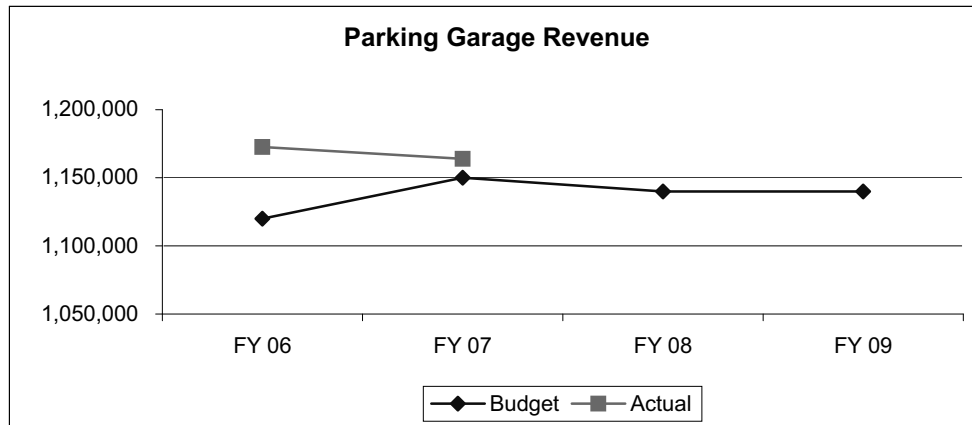
Parking Revenue:

Parking Meter Fees – City Ordinance Chapter 7 – There are approximately 750 single space parking meters and 7 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. In FY 08 the City introduced a pilot program replacing 110 of the 9 year old single space meters with multi-space parking stations. One pay station can take the place of 10 on street parking meters or 40 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 09-14 lists as a project in FY 09 through FY 11 the 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
Budget	1,000,000	970,000	960,000	960,000
Actual	976,651	974,419		

-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
Budget	1,120,000	1,150,000	1,140,000	1,140,000
Actual	1,172,473	1,163,899		

-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 2008 there were 311- 12-hour passes, 359- 24 hour passes and 1 – night pass 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.

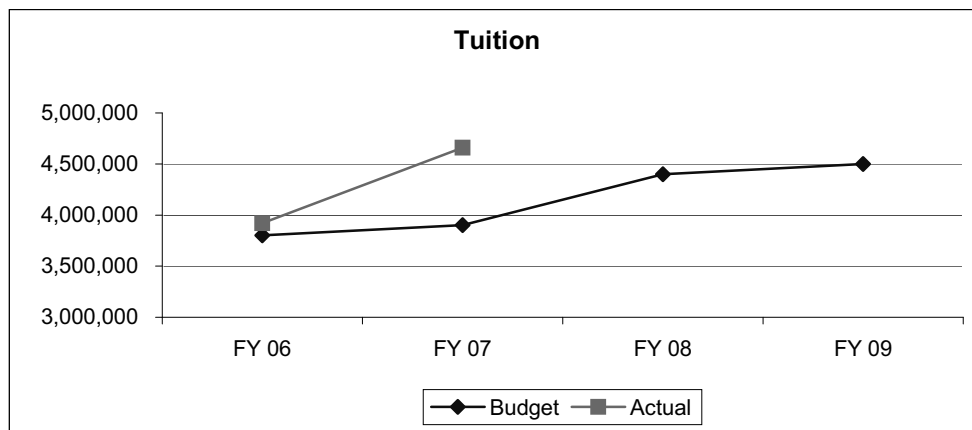
Interest and Penalties:

-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
Budget	3,800,000	3,900,000	4,400,000	4,500,000
Actual	3,920,115	4,659,605		

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

State Revenues:

-Shared Revenue Block Grant – RSA 31-A:4 – Return of revenue to Cities and Towns from the State of New Hampshire.

-Rooms and Meals Tax – RSA 78 –A – Disposition of revenue from the State is based on local community’s population as a percentage of the state population. The goal of the RSA is for the State to distribute 40% of the tax collected to communities while keeping 60%. Currently the State keeps approximately 72% while distributing 28%.

Rooms and Meals	FY 04	FY 05	FY 06	FY 07	FY 08
Total Amount to be Distributed (Increase from previous FY)	37,686,666 5.01%	42,686,666 13.27%	47,104,777 10.35%	50,903,052 8.06%	55,513,020 9.06%
<u>Distributed by Population</u>					
Total New Hampshire Population	1,275,221	1,291,787	1,306,206	1,315,215	1,315,227
Portsmouth	21,008	21,051	21,053	20,995	20,811
Portsmouth %	1.65%	1.63%	1.61%	1.60%	1.58%
Portsmouth \$ Share	620,850	695,623	759,219	812,574	878,389
<u>Distribution % (Goal 60% State 40% Local)</u> (Per RSA 78-A:26)					
State of NH	77.36%	75.70%	74.45%	73.43%	72.23%
NH Communities	22.64%	24.30%	25.55%	26.57%	27.77%

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

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

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

Use of Reserves and Fund Balance:

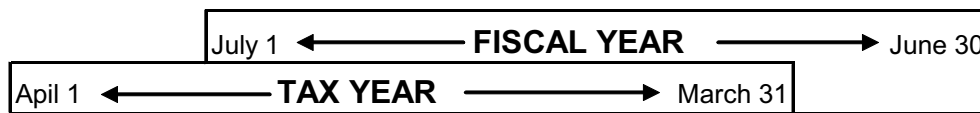
-Use of Reserve for Property Appraisal – The use of Reserve for Property Appraisal is used to offset revaluation expenditures incurred in the budget year.

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

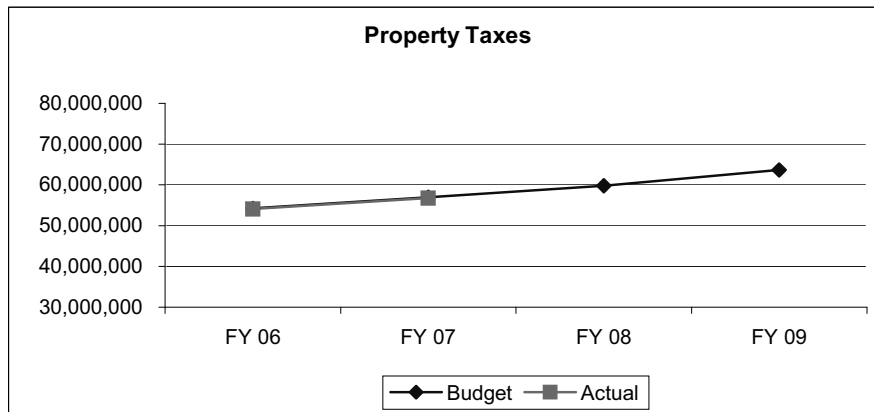
Property Taxes:

-Property Taxes – Property Taxes 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 \$63,632,210 in the FY09 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 04	FY 05	FY 06	FY 07	FY 08
With Utilities	2,950,510,977	3,047,711,379	3,106,411,197	3,680,472,581	3,730,985,415
% change from previous FY	11.3%	3.3%	1.9%	18.5%	1.4%
Without Utilities	2,827,961,259	2,929,145,319	2,985,036,259	3,547,403,779	3,557,733,890
% change from previous FY	11.9%	3.6%	1.9%	18.8%	0.3%
State Equalized	3,223,205,009	3,493,582,911	3,825,166,327	4,168,377,073	N/A
% change from previous FY	10.4%	8.4%	9.5%	9.0%	
% of County Value	9.24%	8.98%	8.82%	8.69%	9.23%
Tax rate					
Town Rate	7.69	7.71	8.13	7.27	7.55
Local School	3.99	5.22	5.48	5.16	5.50
State School	4.98	3.20	2.97	2.41	2.34
County	1.08	1.04	1.02	0.88	0.95
Total Rate	17.74	17.17	17.60	15.72	16.34



	FY 06	FY 07	FY 08	FY 09
Budget	54,222,971	56,997,051	59,759,718	63,632,210
Actual	54,052,944	56,716,643		

**CITY OF PORTSMOUTH
WATER FUND
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2007-2009**

	BUDGETED REVENUES FY 07	ACTUAL REVENUES FY 07	BUDGETED REVENUES FY 08	ESTIMATED REVENUES FY 09	% CHANGE	\$\$ CHANGE
WATER CONSUMPTION						
MUNICIPAL	201,055	84,752	110,890	122,483	10.5%	11,593
OTHER UTILITIES WATER	62,000	40,435	33,852	45,550	34.6%	11,698
COMMERCIAL TYPE 1	1,820,356	1,673,416	1,886,887	2,397,478	27.1%	510,591
INDUSTRIAL TYPE 1	635,734	387,860	438,918	531,091	21.0%	92,173
RESIDENTIAL TYPE 1	1,766,361	1,605,817	1,855,436	2,311,979	24.6%	456,543
TOTAL WATER CONSUMPTION	4,485,506	3,792,280	4,325,983	5,408,581	25.0%	1,082,598
PUBLIC HYDRANT FEES						
HYDRANT RENTAL INCOME	110,000	103,800	105,000	105,000	0.0%	-
TOTAL PUBLIC HYDRANT FEES	110,000	103,800	105,000	105,000	0.0%	-
PRIVATE FIRE SERVICE FEES						
FIRE SERVICES	214,000	198,397	216,000	210,000	-2.8%	(6,000)
TOTAL PRIVATE FIRE SERVICE	214,000	198,397	216,000	210,000	-2.8%	(6,000)
MISCELLANEOUS FEES						
JOB WORKED SERVICES	130,000	84,743	120,000	120,000	0.0%	-
BACKFLOW TESTING	105,000	131,676	95,000	110,000	15.8%	15,000
SERVICE CHARGES-SPECIAL	42,000	35,990	50,000	40,000	-20.0%	(10,000)
PENALTY INCOME	18,000	8,796	10,500	9,500	-9.5%	(1,000)
INTEREST ON INVESTMENTS	60,000	104,101	78,000	80,000	2.6%	2,000
MISCELLANEOUS	20,000	18,104	16,000	50,000	212.5%	34,000
COST OF SALES	-	(89,556)	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	-	-	-	-	0.0%	-
TOTAL MISCELLANEOUS FEES	375,000	293,855	369,500	409,500	10.8%	40,000
STATE REVENUES						
STATE AID GRANT PROGRAM	-	47,218	-	-	0.0%	-
TOTAL STATE REVENUES	-	47,218	-	-	0.0%	-
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	42,000	20,515	135,115	135,115	0.0%	-
TOTAL SPECIAL AGREEMENTS	42,000	20,515	135,115	135,115	0.0%	-
OTHER FINANCING SOURCES						
USE OF RETAINED EARNINGS	1,050,307	-	1,316,538	859,353	-34.7%	(457,185)
TOTAL OTHER FINANCING SOURCES	1,050,307	-	1,316,538	859,353	-34.7%	(457,185)
TOTAL WATER FUND	6,276,813	4,456,065	6,468,136	7,127,549	10.2%	659,413

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:

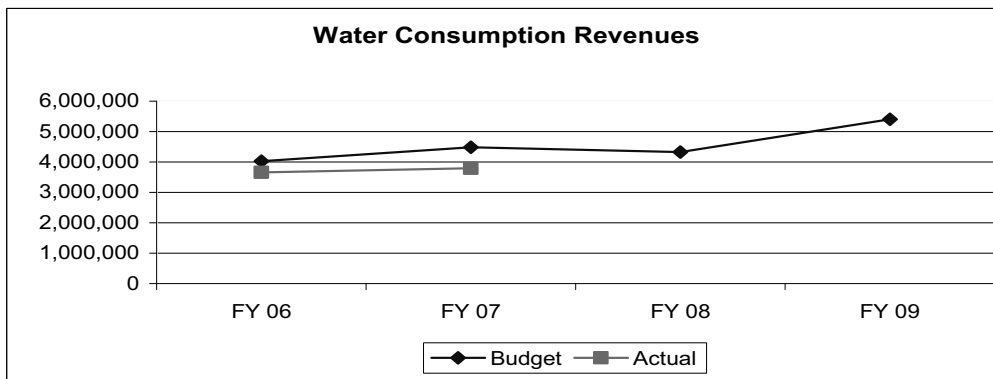
- 1) Water Consumption Revenues
- 2) Public Hydrant Fees
- 3) Private Fire Service Fees
- 4) Miscellaneous Fees
- 5) State Revenues
- 6) Special Agreements
- 7) Other Financing Sources

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 a slight increase in water consumption revenues for FY07 attributable to the increase in the water rate. Fluctuations in this revenue source while expected are unpredictable and difficult to budget. The Water Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

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



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

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. The City converted to new billing software during 2002. During the transition period, penalties were not assessed. FY06 was the first time the City began to assess penalties on the new billing software. As anticipated, FY07 revenues were slightly below FY06 figures due to customer awareness of city policy of penalty assessment.

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

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

State Revenues:

-State Aid Grant Program – RSA 486:3. Revenue received from the State of New Hampshire as a contribution for eligible water works construction projects. The Water Fund received its final payment related to construction debt in FY07. 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 2007-2009**

	BUDGETED REVENUES FY 07	ACTUAL REVENUES FY 07	BUDGETED REVENUES FY 08	ESTIMATED REVENUES FY 09	% CHANGE	\$\$ CHANGE
SEWER CONSUMPTION						
MUNICIPAL	75,010	102,470	92,551	100,504	8.6%	7,953
OTHER UTILITIES WATER	106,770	80,408	96,819	122,544	26.6%	25,725
COMMERCIAL TYPE 1	2,663,463	2,753,957	2,872,266	2,958,434	3.0%	86,168
INDUSTRIAL TYPE 1	536,732	382,237	448,822	457,798	2.0%	8,976
RESIDENTIAL TYPE 1	2,369,563	2,440,075	2,608,717	2,674,418	2.5%	65,701
TOTAL SEWER CONSUMPTION	5,751,538	5,759,147	6,119,175	6,313,698	3.2%	194,523
MISCELLANEOUS FEES						
JOB WORKED SERVICES	20,000	37,077	20,000	20,000	0.0%	-
SEPTAGE	60,000	90,168	90,000	90,000	0.0%	-
PENALTY INCOME	12,000	9,182	14,000	14,000	0.0%	-
INTEREST ON INVESTMENTS	270,000	475,259	300,000	350,000	16.7%	50,000
PERMITS	5,000	2,100	5,000	5,000	0.0%	-
MISCELLANEOUS	18,000	16,455	25,000	45,000	80.0%	20,000
COST OF SALES	-	(33,953)	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	-	6,953	-	-	0.0%	-
TOTAL MISCELLANEOUS FEES	385,000	603,242	454,000	524,000	15.4%	70,000
STATE REVENUES						
STATE AID GRANT PROGRAM	1,539,816	1,558,031	1,534,067	1,701,035	10.9%	166,968
TOTAL STATE REVENUES	1,539,816	1,558,031	1,534,067	1,701,035	10.9%	166,968
SPECIAL AGREEMENTS						
REV FROM SPECIAL AGREEMENTS	153,086	119,949	1,153,086	153,086	-86.7%	(1,000,000)
PEASE REIMBURSE SEWER LOAN	188,965	72,676	183,774	178,583	-2.8%	(5,191)
TOTAL SPECIAL AGREEMENTS	342,051	192,625	1,336,860	331,669	-75.2%	(1,005,191)
OTHER FINANCING SOURCES						
USE OF RETAINED EARNINGS	1,900,635	-	2,304,391	1,479,617	-35.8%	(824,774)
TOTAL OTHER FINANCING SOURCES	1,900,635	-	2,304,391	1,479,617	-35.8%	(824,774)
TOTAL SEWER FUND	9,919,040	8,113,045	11,748,493	10,350,019	-11.9%	(1,398,474)

Sewer Fund Revenue Descriptions and Trends

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

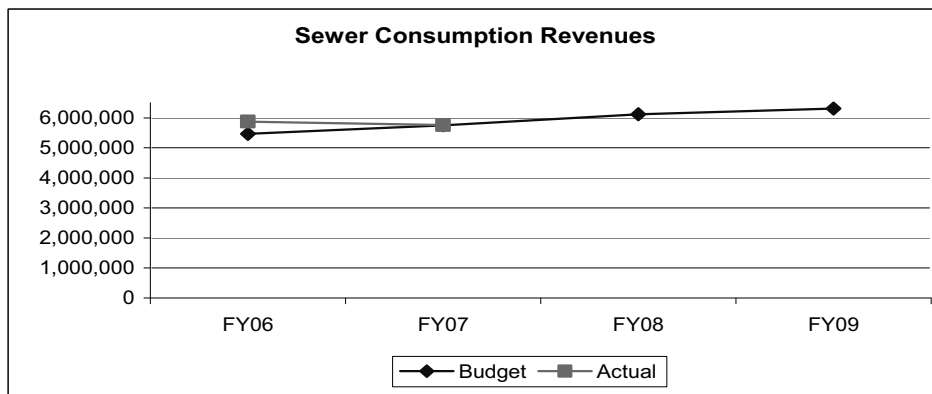
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Aid Grant Program
- 4) Special Agreements
- 5) Other Financing Sources

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

Sewer Consumption Revenues:

-Sewer Consumption Revenues- Ordinance - Revenue generated from sewer consumption by customers. The revenue generated from this source is the primary cash flow for the division. The Sewer Fund recognized a slight decrease in user rate revenues for FY07. 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
Budget	5,467,684	5,751,538	6,119,175	6,313,698
Actual	5,870,710	5,759,147		

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. The City converted to new billing software during 2002. During the transition period, penalties were not assessed. FY06 was the first time the City began to assess penalties on the new billing software. As anticipated, FY07 revenues were slightly below FY06 figures due to customer awareness of city policy of penalty assessment.

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

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

State Revenues:

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

Special Agreements:

-Special Agreements – The Sewer Fund has entered into agreements with customers whose Sewer requirement necessitates Sewer system improvements. The terms of each agreement is based on system improvements and financing needs of the customer. The annual revenue budget amount equals the annual payment due from all customers for the fiscal year. Based on the terms of each agreement, the annual revenue is predictable and stable. It is anticipated new agreements will be established with residents of Sagamore Avenue in conjunction with two sewer extension projects.

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

Other Financing Sources:

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

CITY OF PORTSMOUTH
SPECIAL REVENUE FUNDS
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2007-2009

	BUDGETED REVENUES FY 07	ACTUAL REVENUES FY 07	BUDGETED REVENUES FY 08	ESTIMATED REVENUES FY 09	% CHANGE	\$\$ CHANGE
Community Development						
CDBG Entitlement	215,978	215,978	171,644	165,451	-3.6%	(6,193)
Economic Development Program	1,800	1,800	1,800	1,800	0.0%	-
UDAG Interest	150,000	179,086	174,000	161,600	-7.1%	(12,400)
Total Community Development	367,778	396,864	347,444	328,851	-5.4%	(18,593)
Parking and Transportation						
Portion of Parking Meter and Garage Revenues	1,349,227	1,349,227	1,596,109	2,579,489	61.6%	983,380
Total Parking and Transportation	1,349,227	1,349,227	1,596,109	2,579,489	61.6%	983,380
Total Special Revenue Funds	1,717,005	1,746,091	1,943,553	2,908,340	49.6%	964,787

Special Revenue Fund Revenue Descriptions and Trends

Community Development:

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

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

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

-UDAG Interest – Interest earned from payback of Urban Development Action Grants. The City has an internal policy allowing the expenditure of up to 75% of the interest earned on the principal balance in this fund.

Parking and Transportation:

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

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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 would not exist if certain debt issuance did not exist. Included is a graph displaying the pertinent funds' annual projected debt service payments for the next 10 years.

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

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

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

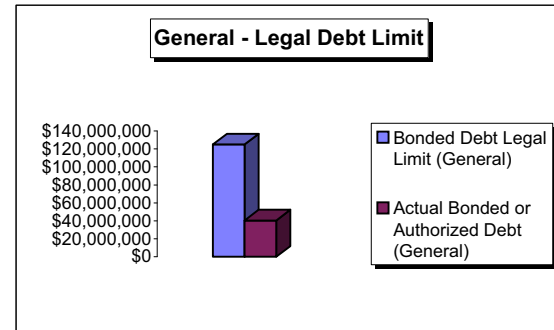
These pages display the outstanding debt balance of the General, Parking/Transportation, Water and Sewer Funds for the next 10 years. They also show the scheduled payments against these balances for the next 10 years. A graph displays these numbers in a bar chart. In addition, the City's Governmental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

CITY OF PORTSMOUTH, NEW HAMPSHIRE
Computation of Legal Debt Margin
As of June 30, 2007

Modified local assessed valuation	\$ 3,708,006,381
Department of Revenue Administration inventory adjustment	<u>413,922,148</u>
Equalized assessed valuation	4,121,928,529
Adjustment: RSA 31-A	<u>46,448,544</u>
Base valuation for debt limit (1)	<u><u>\$ 4,168,377,073</u></u>

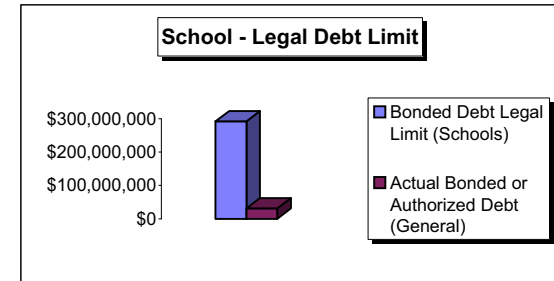
Bonded debt limit - 3.0% of base (General Debt)	\$ 125,051,312
Gross bonded debt June 30, 2007	25,452,476
Less:	
Landfill (4)	2,587,476
	<u>22,865,000</u>
Authorized but unissued	
Parking Facility	15,000,000
FY 08 Street and Sidewalks	2,500,000
	<u>17,500,000</u>
Total debt applicable to 3% limitation	40,365,000
Legal Debt Margin	\$ <u><u>84,686,312</u></u>

32%
68%



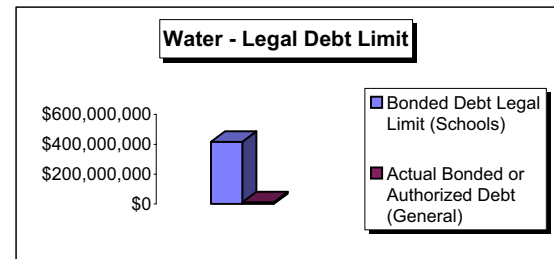
Bonded debt limit - 7.0% of base (School Debt) (5)	\$ 291,786,395
Gross bonded debt June 30, 2007	30,400,000
	<u>30,400,000</u>
Authorized but unissued	
FY 08 Building Improvements	500,000
	<u>500,000</u>
Total debt applicable to 7% limitation	30,900,000
Legal Debt Margin	\$ <u><u>260,886,395</u></u>

11%
89%



Bonded debt limit - 10% of base (Water Fund) (2)(3)	416,837,707
Gross bonded debt June 30, 2007	
Water bonds	5,211,048
	<u>5,211,048</u>
Authorized but unissued	
Water SRF- Water Projects	10,100,000
Water System Improvements	1,320,000
	<u>11,420,000</u>
Total debt applicable to 10% limitation	16,631,048
Legal Debt Margin	<u><u>400,206,659</u></u>

4%
96%



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

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

<u>ISSUE DATE</u>	<u>ISSUE NAME</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
ISSUED DEBT														
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	180,289
	Interest			82,212	75,361	68,510	61,659	54,808	47,957	41,106	34,255	27,404	20,553	13,702
06/15/00	99 City Improvements	5.04%	2,610,000											
	Principal			260,000	260,000	260,000								
	Interest			39,780	26,520	13,260								
06/15/00	00 City Improvements	5.04%	500,000											
	Principal			50,000	50,000	50,000								
	Interest			7,650	5,100	2,550								
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			16,113	14,873	13,634	12,394	11,155	9,915	8,676	7,437	6,197	4,958	3,718
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			1,201,750	1,147,125	1,090,125	1,033,125	973,750	909,625	828,875	733,875	638,875	543,875	448,875
09/15/02	01 Improvements	3.69%	3,750,000											
	Principal			375,000	375,000	375,000	375,000	375,000	375,000					
	Interest			64,219	53,438	42,188	30,938	19,219	6,563					
09/15/02	Pevery/Banfield Rd	3.69%	400,000											
	Principal			40,000	40,000	40,000	40,000	40,000	40,000					
	Interest			6,850	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	50,000					
	Interest			8,563	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	400,000	390,000					
	Interest			68,150	56,650	44,650	32,650	20,150	6,825					
02/01/05	Fire Engine Note	2.97%	437,000											
01/00/00	Principal			145,000										
	Interest			4,307										
08/01/05	05 Improvements	3.95%	2,945,000											
	Principal			295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	290,000		
	Interest			100,100	88,300	76,500	64,700	52,900	41,100	29,300	17,500	5,800		
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	350,000
	Interest			262,575	248,575	234,575	220,575	206,575	192,575	178,575	164,575	150,575	136,575	122,575
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	60,000	60,000
	Interest			24,225	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	95,000	95,000
	Interest			38,356	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	445,000	445,000
	Interest			179,669	161,869	144,069	126,269	108,469	90,669	72,869	55,069	37,269	18,356	
Total General Fund Issued Debt Principal Due				4,677,905	4,532,905	4,532,905	4,222,905	4,222,905	4,212,905	3,357,905	3,357,905	3,352,905	3,062,905	2,462,905
Total General Fund Issued Debt Interest Due				2,104,517	1,947,016	1,790,366	1,633,716	1,489,419	1,338,385	1,184,782	1,031,891	879,101	730,711	588,870
Total General Fund-Issued Debt				6,782,422	6,479,922	6,323,271	5,856,621	5,712,324	5,551,290	4,542,687	4,389,797	4,232,006	3,793,616	3,051,775

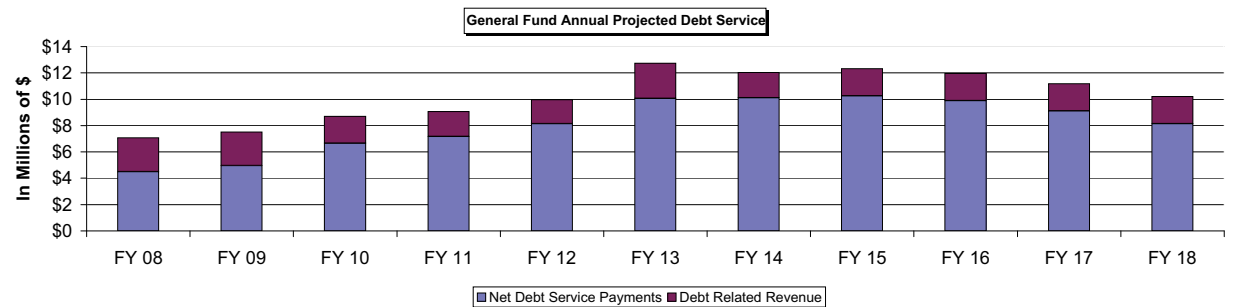
**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL
GENERAL FUND**

82

Projected Future Debt:				FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
	Authorized-Not Issued													
	Allocation to Debt Reserve			158,115										
10 yr	07 & 08 City Improvements-Rt 33 Bridge Authorized 06/25/07	4.50%	800,000		116,000	112,400	108,800	105,200	101,600	98,000	94,400	90,800	87,200	83,600
10 yr	08 School Building Improvements Authorized 06/25/07	4.50%	500,000		72,500	70,250	68,000	65,750	63,500	61,250	59,000	56,750	54,500	52,250
10 yr	08 City Improvements-CIP FY08-13 Authorized 06/25/07	4.50%	700,000		101,500	98,350	95,200	92,050	88,900	85,750	82,600	79,450	76,300	73,150
10 yr	08/09 Woodbury Ave Authorized 06/25/07	4.50%	1,000,000		145,000	140,500	136,000	131,500	127,000	122,500	118,000	113,500	109,000	104,500
20 yr	08/09 Fire Station Two Authorized 08/06/07	4.50%	3,650,000		82,125	342,644	334,431	326,219	318,006	309,794	301,581	293,369	285,156	276,944
20 yr	08/09 Fire Station Two-Land Authorized 03/03/08	4.50%	1,300,000		123,500	120,575	117,650	114,725	111,800	108,875	105,950	103,025	100,100	97,175
5 yr	Rolling Stock-Aerial Ladder Authorized 11/19/07	4.50%	750,000	125,000	183,750	177,000	170,250	163,500	156,750					
Total Authorized Not-Issued				283,115	824,375	1,061,719	1,030,331	998,944	967,556	786,169	761,531	736,894	712,256	687,619
	New Debt to begin in FY 09 (Not Authorized to date)			FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
10 yr	09 City Improvements-St,Sw, Build.	4.50%	4,000,000		90,000	571,000	553,000	535,000	517,000	499,000	481,000	463,000	445,000	427,000
10 yr	09 SCOTT AVENUE BRIDGE REPLACEMENT	4.50%	150,000		3,375	21,413	20,738	20,063	19,388	18,713	18,038	17,363	16,688	16,013
10 yr	09 GATEWAY IMPROVEMENTS-EXIT 7	4.50%	250,000		5,625	35,688	34,563	33,438	32,313	31,188	30,063	28,938	27,813	26,688
20 yr	School Renovations 20 yr (3yr BAN)	4.50%	40,000,000		100,000	400,000	800,000	1,200,000	3,800,000	3,710,000	3,620,000	3,530,000	3,440,000	3,350,000
10 yr	08 City Improvements-CIP FY08-13	4.50%	375,000		8,438	53,531	51,844	50,156	48,469	46,781	45,094	43,406	41,719	40,031
Total New Debt to begin in FY 09 (Not Authorized to date)				-	207,438	1,081,631	1,460,144	1,838,656	4,417,169	4,305,681	4,194,194	4,082,706	3,971,219	3,859,731

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

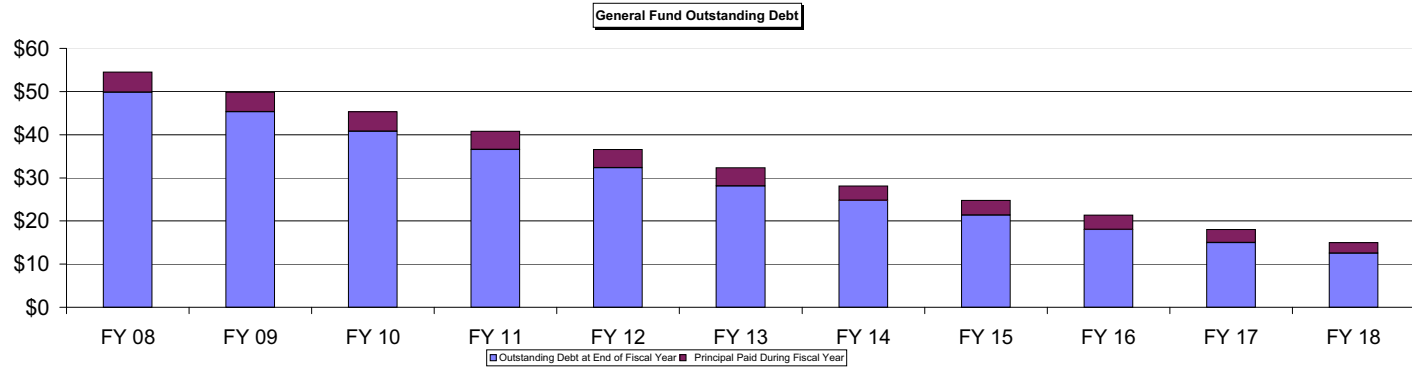
<u>New Debt to begin after FY 09 (Not Authorized to date)</u>				<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
10 yr	10 AVIATION DRIVE	4.50%	500,000			11,250	71,375	69,125	66,875	64,625	62,375	60,125	57,875	55,625
10 yr	10 School Building Improvements	4.50%	500,000			11,250	71,375	69,125	66,875	64,625	62,375	60,125	57,875	55,625
20 yr	10 Station Three Replacement	4.50%	2,500,000			56,250	234,688	299,063	223,438	217,813	212,188	206,563	200,938	195,313
10 yr	10 Sagamore Bridge Replacement	4.50%	800,000			18,000	114,200	110,600	107,000	103,400	99,800	96,200	92,600	89,000
10 yr	11 City Improvements-St,Sw, Build.	4.50%	4,000,000				90,000	571,000	553,000	535,000	517,000	499,000	481,000	463,000
10 yr	12 School Building Improvements	4.50%	500,000					11,250	71,375	69,125	66,875	64,625	62,375	60,125
10 yr	12 Rochester Avenue	4.50%	250,000					5,625	35,688	34,563	33,438	32,313	31,188	30,063
10 yr	12 Prescott Park & Four Tree Island Seav	4.50%	825,000					18,563	117,769	114,056	110,344	106,631	102,919	99,206
10 yr	13 City Improvements-St,Sw, Build.	4.50%	4,000,000						90,000	571,000	553,000	535,000	517,000	499,000
10 yr	14 School Building Improvements	4.50%	500,000							11,250	71,375	69,125	66,875	64,625
20 yr	School Renovations 20 yr (2yr BAN)	4.50%	10,000,000						225,000	225,000	950,000	927,500	905,000	882,500
5 yr	Rolling Stock-Fire Engine #6-Heavy Rescue	4.50%	600,000			147,000	141,600	136,200	130,800	125,400				
5 yr	Rolling Stock-Fire Engine #4	4.50%	500,000					122,500	118,000	113,500	109,000	104,500		
5 yr	Rolling Stock-Fire Engine #1	4.50%	600,000							147,000	141,600	136,200	130,800	125,400
<u>New Debt to begin after FY 09 (Not Authorized to date)</u>				-	-	243,750	723,238	1,413,051	1,805,819	2,396,357	2,989,369	2,897,906	2,706,444	2,619,481
Total Projected Bonded Debt and Interest Due				283,115	1,031,813	2,387,100	3,213,713	4,250,651	7,190,544	7,488,207	7,945,094	7,717,506	7,389,919	7,166,831
TOTAL DEBT SERVICE WITH PROJECTED DEBT				7,065,537	7,511,734	8,710,371	9,070,334	9,962,975	12,741,834	12,030,894	12,334,890	11,949,512	11,183,535	10,218,607
<u>Debt Related Revenues</u>														
	Coakley Landfill State Aid			(48,173)	(47,164)	(46,154)	(45,144)	(44,135)	(43,125)	(42,115)	(41,106)	(40,096)	(39,087)	(38,077)
	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)
	Projected School Building Aid (Middle School 43%)								(860,000)	(860,000)	(860,000)	(860,000)	(860,000)	(860,000)
	Projected School Building Aid (Elementary Schools 30%)										(150,000)	(150,000)	(150,000)	(150,000)
	Use of Debt Reserve			(1,500,000)	(1,500,000)	(1,000,000)	(850,000)	(750,000)	(750,000)					
TOTAL DEBT (net of reimbursements)				4,501,142	4,948,348	6,647,995	7,158,967	8,152,618	10,072,487	10,112,556	10,267,563	9,883,194	9,118,226	8,154,308



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

GENERAL FUND

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Outstanding Debt at Beginning of Fiscal Year	54,502,476	49,824,571	45,291,666	40,758,760	36,535,855	32,312,950	28,100,045	24,742,140	21,384,234	18,031,329	14,968,424
Additional Debt Issued During Fiscal Year											
Principal Paid During Fiscal Year	(4,677,905)	(4,532,905)	(4,532,905)	(4,222,905)	(4,222,905)	(4,212,905)	(3,357,905)	(3,357,905)	(3,352,905)	(3,062,905)	(2,462,905)
Outstanding Debt at End of Fiscal Year	49,824,571	45,291,666	40,758,760	36,535,855	32,312,950	28,100,045	24,742,140	21,384,234	18,031,329	14,968,424	12,505,519



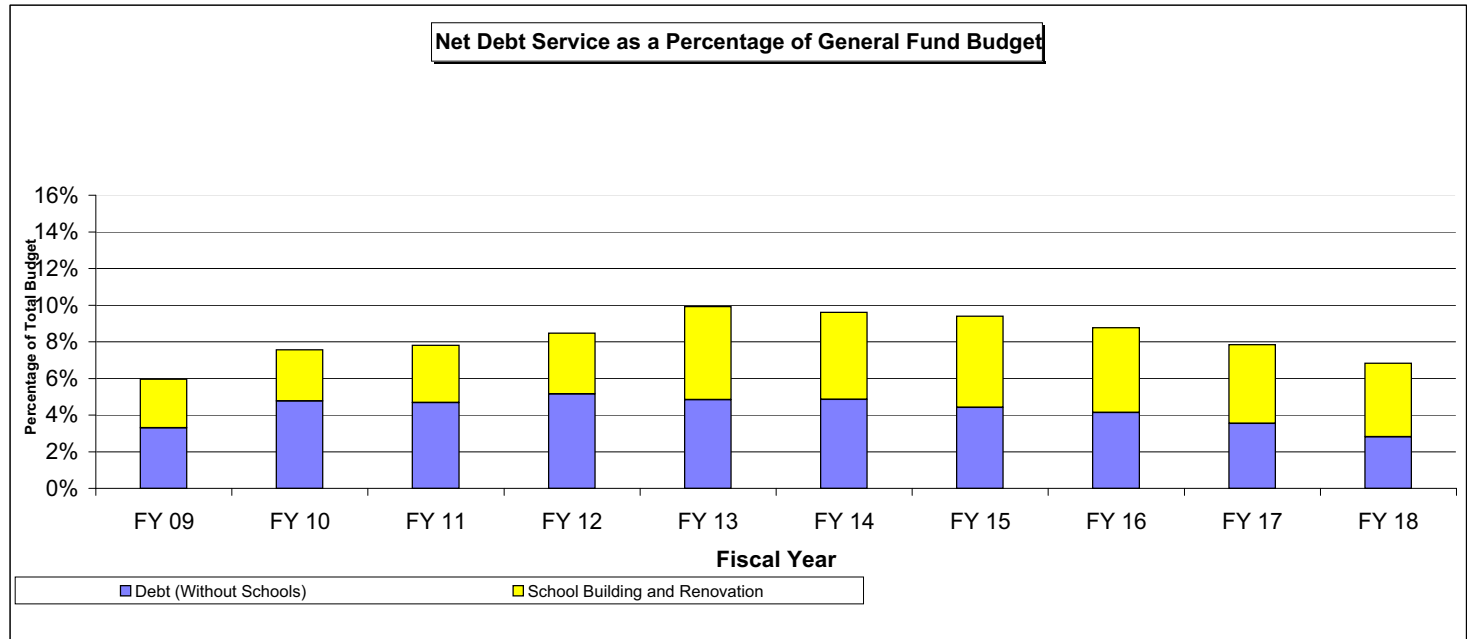
Governmental Activities - General Obligation Debt Burden

Fiscal Year	City Depts.	Landfills	School Dept.	Parking/Trans	Total	Base Value for Debt Limit (1)	% of Debt Outstanding to Taxable Assessed Value (Debt Burden)
2007	\$ 21,515,000	\$ 2,587,476	\$ 30,400,000	\$ 1,350,000	\$ 55,852,476	\$ 4,168,377,073	1.34%

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

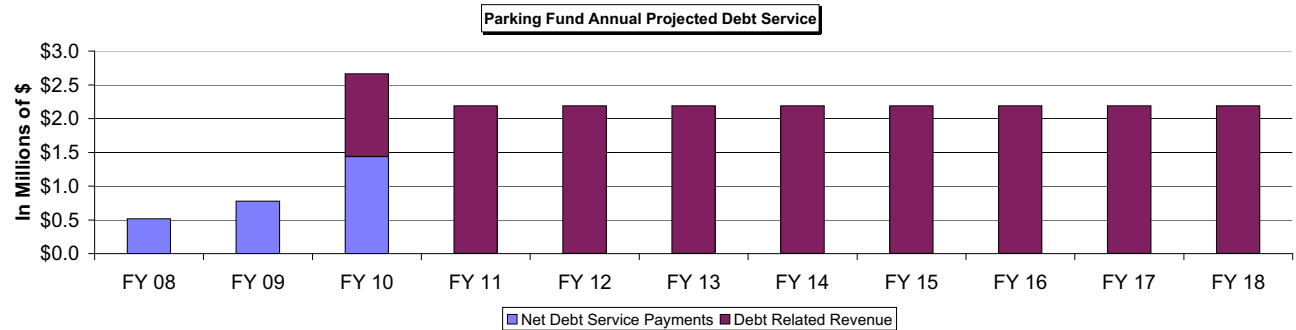
**City of Portsmouth
Projected Net Long Term Debt Service as a Percentage of the General Fund Budget
Issued, Authorized, and Projected**

	<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>
Total Gen Fund Without Net Debt Service (increase 4% FY 10 and beyond)	78,220,012	81,348,812	84,602,764	87,986,875	91,506,350	95,166,604	98,973,268	102,932,199	107,049,487	111,331,466
Total Net Debt Service(Without Schools)	2,744,945	4,192,592	4,302,689	4,948,965	4,912,334	5,118,653	4,830,285	4,662,416	4,113,948	3,366,530
School Building and Renovation Debt	2,203,403	2,455,403	2,856,278	3,203,653	5,160,153	4,993,903	5,437,278	5,220,778	5,004,278	4,787,778
Total Net Debt Service(With Schools)	4,948,348	6,647,995	7,158,967	8,152,618	10,072,487	10,112,556	10,267,563	9,883,194	9,118,226	8,154,308
Change from previous year	9.9%	34.3%	7.7%	13.9%	23.5%	0.4%	1.5%	-3.7%	-7.7%	-10.6%
Total General Fund Budget	83,168,360	87,996,807	91,761,732	96,139,493	101,578,837	105,279,160	109,240,831	112,815,393	116,167,713	119,485,774
Increase from previous year	4.1%	5.8%	4.3%	4.8%	5.7%	3.6%	3.8%	3.3%	3.0%	2.9%
Tax Rate Impact:										
Debt Service(Without Schools)	\$0.73	\$1.11	\$1.12	\$1.28	\$1.26	\$1.30	\$1.21	\$1.16	\$1.01	\$0.82
School Building and Renovation Plan Debt	\$0.59	\$0.65	\$0.75	\$0.83	\$1.32	\$1.27	\$1.36	\$1.30	\$1.23	\$1.17
Total Debt Service(With Schools)	\$1.32	\$1.75	\$1.87	\$2.11	\$2.58	\$2.56	\$2.58	\$2.45	\$2.24	\$1.99
Assessed Value (Increase by 1% per year)	3,755,985,415	3,793,545,269	3,831,480,722	3,869,795,529	3,908,493,484	3,947,578,419	3,987,054,203	4,026,924,745	4,067,193,993	4,107,865,933
Percentage Debt Service of Budget:										
Debt (Without Schools)	3.30%	4.76%	4.69%	5.15%	4.84%	4.86%	4.42%	4.13%	3.54%	2.82%
School Building and Renovation	2.65%	2.79%	3.11%	3.33%	5.08%	4.74%	4.98%	4.63%	4.31%	4.01%
Total Debt (With Schools)	5.95%	7.55%	7.80%	8.48%	9.92%	9.61%	9.40%	8.76%	7.85%	6.82%



**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL
PARKING and TRANSPORTATION FUND**

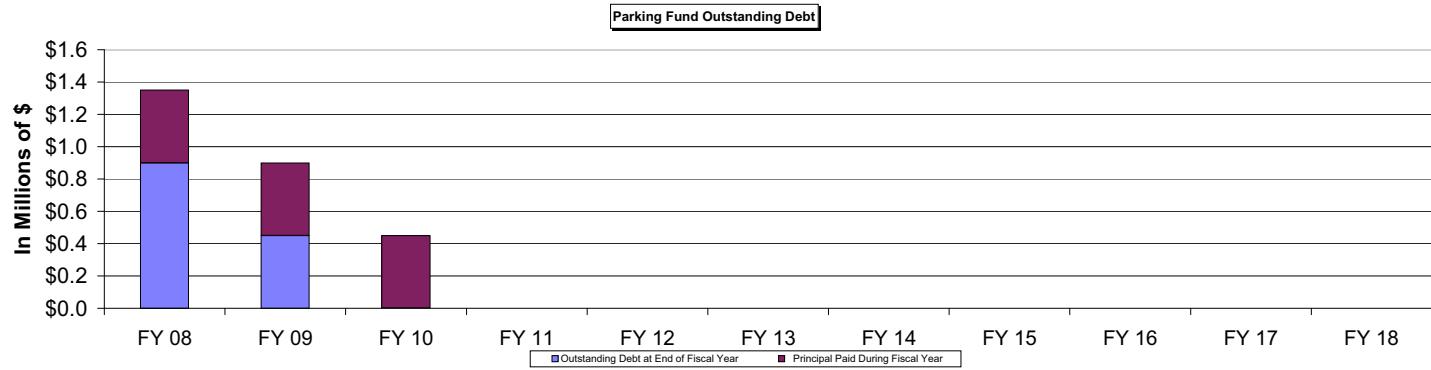
ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
ISSUED DEBT														
06/15/00	High Hanover Expansion	5.04%	4,500,000											
	Principal			450,000	450,000	450,000								
	Interest			68,850	45,900	22,950								
Total General Fund Issued Debt Principal Due				450,000	450,000	450,000	-	-	-	-	-	-	-	-
Total General Fund Issued Debt Interest Due				68,850	45,900	22,950	-	-	-	-	-	-	-	-
Total General Fund-Issued Debt				518,850	495,900	472,950	-	-	-	-	-	-	-	-
Projected Future Debt:														
Authorized-Not Issued														
20 yr	Conference Center Parking Facility (Tax Exempt)	4.50%	7,579,909			582,714	582,714	582,714	582,714	582,714	582,714	582,714	582,714	582,714
	Authorized 12/19/05													
20 yr	Conference Center Parking Facility (Non Tax Exempt)	6.00%	7,420,091			646,130	646,130	646,130	646,130	646,130	646,130	646,130	646,130	646,130
	Authorized 12/19/05													
20 yr	Portwalk Parking Facility	4.50%	12,500,000		281,250	960,952	960,952	960,952	960,952	960,952	960,952	960,952	960,952	960,952
	Authorized 12/17/07													
Total Projected Bonded Debt and Interest Due				-	281,250	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796
TOTAL DEBT SERVICE WITH PROJECTED DEBT				518,850	777,150	2,662,746	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796	2,189,796
Debt Related Revenues														
Use of Parking Revenues (Conference Center)						(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)	(1,228,844)
use of Parking Revenues (Portwalk)						(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)	(960,952)
TOTAL DEBT (net of reimbursements)				518,850	777,150	1,433,902	-	-	-	-	-	-	-	-



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

PARKING and TRANSPORTATION FUND

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Outstanding Debt at Beginning of Fiscal Year	1,350,000	900,000	450,000	-	-	-	-	-	-	-	-
Additional Debt Issued During Fiscal Year											
Principal Paid During Fiscal Year	(450,000)	(450,000)	(450,000)	-	-	-	-	-	-	-	-
Outstanding Debt at End of Fiscal Year	900,000	450,000	-	-	-	-	-	-	-	-	-



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

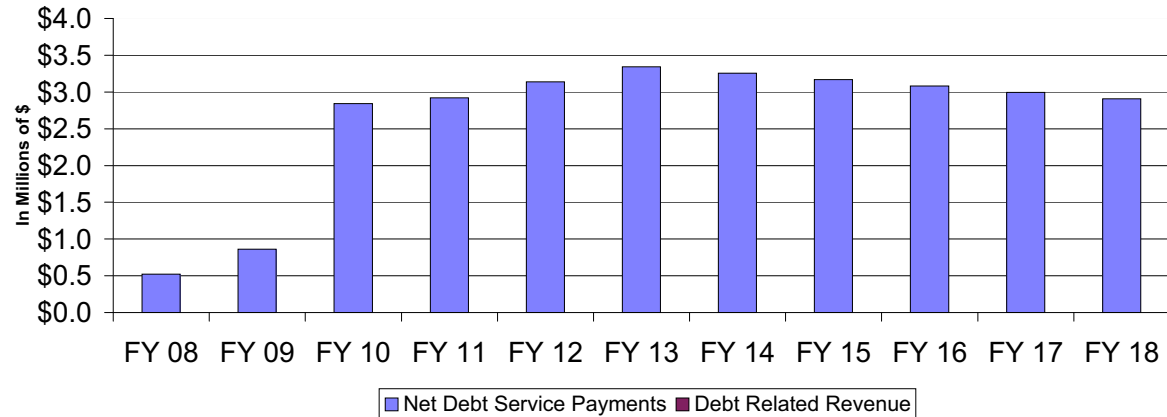
ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
ISSUED DEBT														
05/15/02	Upgrade Motor Control Center	3.98%	300,000											
	Principal			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	Interest			8,946	8,350	7,754	7,157	6,561	5,964	5,368	4,772	4,175	3,579	2,982
05/15/02	Corrosion Control Program	3.80%	288,000											
	Principal			14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
	Interest			8,208	7,661	7,114	6,567	6,020	5,472	4,925	4,378	3,831	3,284	2,836
11/01/02	Constitution Avenue	3.70%	4,800,000											
	Principal			240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
	Interest			142,234	133,344	124,455	115,565	106,676	97,786	88,896	80,007	71,117	62,228	53,338
12/01/02	Spinney Tank	3.73%	1,162,560											
	Principal			58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
	Interest			34,673	32,506	30,339	28,172	26,005	23,838	21,671	19,504	17,337	15,170	13,003
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				194,061	181,861	169,662	157,461	145,262	133,060	120,860	108,661	96,460	84,261	72,159
Total Water Fund-Issued Debt				521,589	509,389	497,190	484,989	472,790	460,588	448,388	436,189	423,988	411,789	399,687

DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Projected Future Debt:														
Authorized-Not Issued														
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
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
20 yr	Greenland Well Authorized 08/16/05	4.00%	1,000,000		90,000	88,000	86,000	84,000	82,000	80,000	78,000	76,000	74,000	72,000
20 yr	Water Source Augmentation Authorized 08/16/05	4.50%	2,000,000					190,000	185,500	181,000	176,500	172,000	167,500	163,000
20 yr	Maplewood Ave Waterline Replacement Authorized 08/16/05	4.50%	3,000,000						285,000	278,250	271,500	264,750	258,000	251,250
Total Authorized Not-Issued					351,632	344,300	336,969	519,637	792,806	774,224	755,642	737,061	718,479	699,898

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

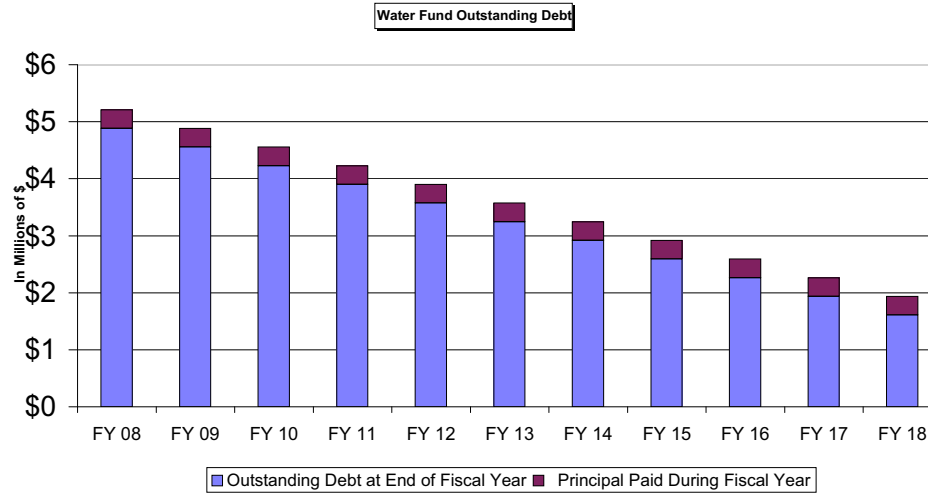
<u>DATE</u>	<u>ISSUE NAME</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE</u>											
				<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
<u>New Debt to begin after FY 09 (Not Authorized to date)</u>														
20 yr	Madbury Treatment Plant Upgrades	5.00%	20,000,000			2,000,000	1,950,000	1,900,000	1,850,000	1,800,000	1,750,000	1,700,000	1,650,000	1,600,000
20 yr	Osprey Landing Water Tank Replacement	5.00%	1,000,000					100,000	97,500	92,500	90,000	87,500	85,000	82,500
20 yr	Hobbs Hill Landing Water Tank Replacement	5.00%	1,500,000				150,000	146,250	142,500	138,750	135,000	131,250	127,500	123,750
Total New Debt to begin after FY 09 (Not Authorized to date)				-	-	2,000,000	2,100,000	2,146,250	2,090,000	2,031,250	1,975,000	1,918,750	1,862,500	1,806,250
TOTAL DEBT SERVICE WITH PROJECTED DEBT				521,589	861,021	2,841,490	2,921,958	3,138,677	3,343,394	3,253,862	3,166,831	3,079,799	2,992,768	2,905,835
<u>Water Fund Debt Related Revenues</u>														
TOTAL DEBT-WATER FUND(net of reimbursements)				521,589	861,021	2,841,490	2,921,958	3,138,677	3,343,394	3,253,862	3,166,831	3,079,799	2,992,768	2,905,835

Water Fund Annual Projected Debt Service



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

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Outstanding Debt at Beginning of Fiscal Year	5,211,048	4,883,520	4,555,992	4,228,464	3,900,936	3,573,408	3,245,880	2,918,352	2,590,824	2,263,296	1,935,768
Additional Debt Issued During Fiscal Year											
Principal Paid During Fiscal Year	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)	(327,528)
Outstanding Debt at End of Fiscal Year	4,883,520	4,555,992	4,228,464	3,900,936	3,573,408	3,245,880	2,918,352	2,590,824	2,263,296	1,935,768	1,608,240



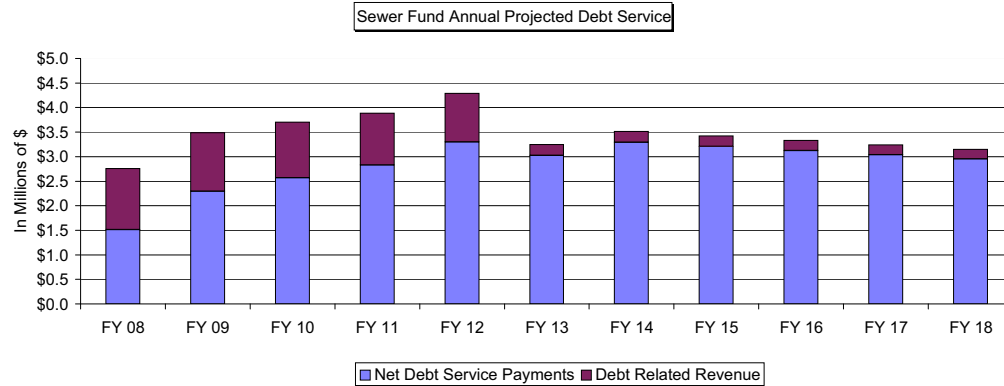
**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL
SEWER FUND**

ISSUE DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
ISSUED DEBT														
08/01/89	Belt Press	6.80%	740,000											
	Principal			30,000	30,000	30,000								
	Interest			5,100	3,060	1,020								
12/01/92	New Plant	7.00%	19,500,000											
	Principal			975,000	975,000	975,000	975,000	975,000						
	Interest			329,063	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	321,450	321,450
	Interest			186,545	172,195	157,845	143,496	129,146	114,797	100,447	86,098	71,748	57,399	43,049
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	246,568	246,568
	Interest			147,054	137,250	127,447	117,643	107,839	98,038	88,232	78,429	68,625	58,822	49,018
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	444,905	444,905
	Interest			295,346	278,938	262,530	246,122	229,714	213,305	196,897	180,489	164,081	147,673	131,265
	Total Sewer Fund Issued Debt Principal Due			2,017,924	2,017,924	2,017,924	1,987,924	1,987,924	1,012,924	1,012,924	1,012,924	1,012,924	1,012,924	1,012,924
	Total Sewer Fund Issued Debt Interest Due			963,108	854,693	746,280	638,886	532,512	426,140	385,576	345,016	304,454	263,894	223,332
	Total Sewer Fund-Issued Debt			2,981,032	2,872,617	2,764,204	2,626,810	2,520,435	1,439,064	1,398,500	1,357,940	1,317,378	1,276,818	1,236,256

DATE	ISSUE NAME	INTEREST RATE	ORIGINAL ISSUE	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Projected Future Debt:														
<u>Authorized-Not Issued</u>														
20 yr	Sewer Phase 3 Projects	3.70%	7,000,000		609,280	596,316	583,352	570,388	557,424	544,460	531,496	518,532	505,568	492,604
	Authorized 08/05/02													
20 yr	201 Facilities Plan Update	3.35%	1,000,000				83,520	81,844	80,168	78,492	76,816	75,140	73,464	71,788
	Authorized 08/05/02													
5 yr	Stormwater Loan	1.16%	759,000		160,585	158,828	157,071	155,314	153,557					
	Authorized 08/05/02													
20 yr	Lower Court St Loan	3.49%	700,000		59,416	58,195	56,974	55,754	54,533	53,312	52,091	50,870	49,650	48,429
	Authorized 03/12/01													
20 yr	Rye Line Pump Station	3.49%	1,500,000			127,320	124,704	122,088	119,472	116,856	114,240	111,624	109,008	106,392
	Authorized 10/01/07													
20 yr	LTCP Contract #3, 3A	3.35%	4,000,000					334,080	327,376	320,672	313,968	307,264	300,560	293,856
	Authorized 08/05/02													
	Total Authorized Not-Issued				829,281	940,659	1,005,621	1,319,468	1,292,530	1,113,792	1,088,611	1,063,430	1,038,250	1,013,069

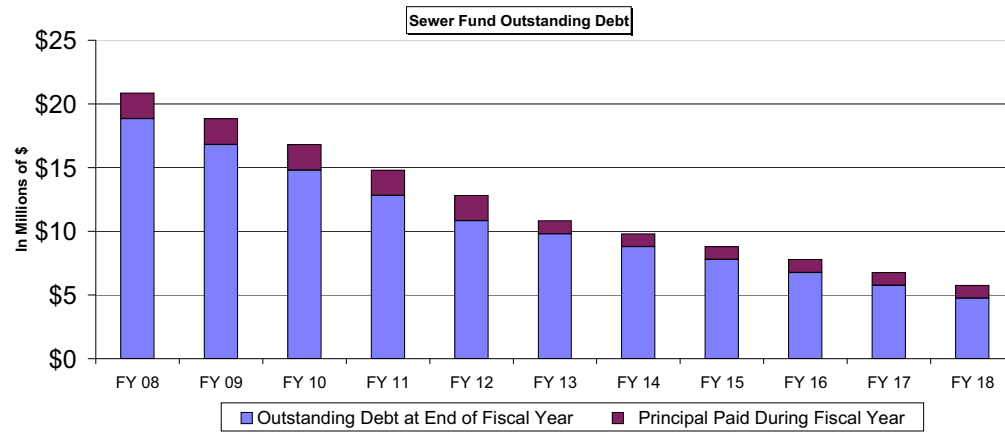
**CITY OF PORTSMOUTH, NEW HAMPSHIRE
LONG TERM DEBT SERVICE FORECAST MODEL
SEWER FUND**

DATE	ISSUE NAME	INTEREST		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
		RATE	ISSUE											
<u>New Debt to begin after FY 09 (Not Authorized to date)</u>														
20 yr	LTCP Contract #3A	5.00%	2,540,000				254,000	247,650	241,300	234,950	228,600	222,250	215,900	209,550
20 yr	LTCP Contract #4	5.00%	2,080,000					208,000	197,600	192,400	187,200	182,000	176,800	
20 yr	LTCP Contract #4A	5.00%	771,000						77,100	75,173	73,245	71,318	69,390	67,463
20 yr	LTCP Contract #5	5.00%	4,975,000							497,500	485,063	472,625	460,188	447,750
20 yr	SSES - State Street	4.50%	2,200,000			209,000	204,050	199,100	194,150	189,200	184,250	179,300	174,350	169,400
Total New Debt to begin after FY 09 (Not Authorized to date)				-	-	209,000	458,050	654,750	715,350	1,194,423	1,163,558	1,132,693	1,101,828	1,070,963
Total Projected Bonded Debt and Interest Due				-	829,281	1,149,659	1,463,671	1,974,218	2,007,880	2,308,215	2,252,169	2,196,123	2,140,078	2,084,032
TOTAL DEBT SERVICE WITH PROJECTED DEBT				2,981,032	3,701,898	3,913,863	4,090,481	4,494,653	3,446,944	3,706,715	3,610,109	3,513,501	3,416,896	3,320,288
<u>Sewer Fund Debt Related Revenues</u>														
	Belt Press-State Aid		(31,985)	(30,179)	(28,373)									
	New Plant-State Aid		(900,160)	(854,731)	(809,302)	(763,873)	(718,445)							
	New Plant-State Aid		(56,361)	(53,517)	(50,672)	(47,828)	(44,983)							
	Pease WWTP-State Aid		(144,567)	(140,484)	(136,400)	(132,316)	(128,233)	(124,148)	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	
	Phase I-State Aid		(116,595)	(113,631)	(110,787)	(107,883)	(104,979)	(102,075)	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	
	Phase 2-State Aid		(222,076)	(217,153)	(212,231)	(207,309)	(202,386)	(197,464)	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	
TOTAL DEBT-SEWER FUND (net of reimbursements)				1,509,288	2,292,203	2,566,098	2,831,272	3,295,627	3,023,257	3,294,938	3,210,242	3,125,545	3,040,849	2,956,151



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

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Outstanding Debt at Beginning of Fiscal Year	20,850,673	18,832,749	16,814,825	14,796,902	12,808,978	10,821,054	9,808,130	8,795,206	7,782,282	6,769,358	5,756,435
Additional Debt Issued During Fiscal Year											
Principal Paid During Fiscal Year	(2,017,924)	(2,017,924)	(2,017,924)	(1,987,924)	(1,987,924)	(1,012,924)	(1,012,924)	(1,012,924)	(1,012,924)	(1,012,924)	(1,012,924)
Outstanding Debt at End of Fiscal Year	18,832,749	16,814,825	14,796,902	12,808,978	10,821,054	9,808,130	8,795,206	7,782,282	6,769,358	5,756,435	4,743,511



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