

**CITY OF
CONCORD, NEW HAMPSHIRE**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2005**

CITY OF CONCORD, NEW HAMPSHIRE

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2005



**Prepared by:
The Finance Department**

**James R. Howard
Director of Finance**

**Nancy A. Woods
Controller**

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INTRODUCTORY SECTION



City of Concord, New Hampshire

FINANCE DEPARTMENT

41 GREEN STREET CONCORD, NH 03301

(603) 225-8560

January 9, 2006

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Concord:

Presented herewith please find the Comprehensive Annual Financial Report (CAFR) for the City of Concord, New Hampshire for the fiscal year ending June 30, 2005. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the City's financial position and the results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an accurate understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report covers the entity's financial performance for the twelve-month fiscal period, July 1, 2004 through June 30, 2005. This CAFR also presents the City's financial statements as required under the Governmental Accounting Standards Board's (GASB) Statement No. 34, which established a new financial reporting model for state and local governments. The report is presented in three main sections as evidenced by the Table of Contents: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the City's organization chart, a listing of principal officials, and a drawing that shows the location of the City of Concord within the State of New Hampshire. The Financial Section contains the Independent Auditors' Report; Management's Discussion and Analysis; basic government-wide financial statements of net assets and activities; governmental, proprietary and fiduciary financial statements; and supplementary statements and schedules for non-major governmental funds, the general fund and non-major enterprise funds. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

Users of this CAFR are encouraged to read this Letter of Transmittal in conjunction with the Management's Discussion and Analysis appearing on page 13.

This CAFR covers all funds of the City of Concord that by law, or other fiduciary obligation, the City has become obligated to administer in connection with its responsibility in providing services. It does not report on the funds of the Concord School District, Merrimack Valley School District or the County of Merrimack. These governmental units are independent of the City and do not meet established criteria for inclusion in this CAFR.

PROFILE OF THE GOVERNMENT

The City of Concord is located in Merrimack County, approximately 70 miles north of Boston, Massachusetts, on the Merrimack River in south central New Hampshire. The City had a population of 42,887 as of December 31, 2003, a 1.05% increase as estimated by its Community Development Department, Planning Division, and occupies a land area of 64 square miles.

Originally settled in 1727, Concord was incorporated in 1765 and established as the state capital in 1808. Government is by an elected 15-member council and an appointed City Manager. The City also serves as the Merrimack County seat and Federal Court seat. Two separate school districts serve the City - the Concord School District and the Merrimack Valley School District.

Policymaking and legislative authority are vested by adopted City Charter in the 15-member council. Under the Charter, which was originally adopted in 1853, and most recently amended in 2001, the Council appoints a City Manager who is solely responsible for carrying out the policies and ordinances of the City Council. The Council is elected on a non-partisan basis. Ten ward councilors, and the mayor, are elected every two years. Two of the four remaining "at-large" councilors are elected to staggered 4-year terms every two years. The current mayor is former City Councilor Michael Donovan who was elected mayor in November 2001 and re-elected in November 2003. Duncan R. Ballantyne, the City Manager, was appointed in October 1996, and resigned in October 2005. The City has had three City Managers since 1978. The City Manager, pursuant to the City Charter, has all appointive and dismissal powers for paid employees of the City. Appointive authority for boards and commissions are shared between the Mayor, Council and City Manager.

As the seat of state and county government, and host to several federal agencies, Concord is the only full-service local government between Laconia - 25 miles to the north, Manchester - 20 miles to the south, Keene - 54 miles to the west, and Portsmouth - 50 miles to the east. Among the services provided by the City are: water treatment and supply; wastewater treatment; refuse collection and disposal; highway construction and maintenance, including snow plowing, storm sewer system and related infrastructure maintenance and construction; prosecutorial, police and fire protective services (including advanced life support); airport, parks, golf course and ice arena; library and recreational facilities and programs; human services; planning, economic and community development, and code enforcement services.

LOCAL ECONOMY

During fiscal 2005, the City and the State of New Hampshire continued to experience economic performance stronger than the regional and national economies as evidenced by the growth in income, employment and housing construction. However, this growth did not result in commensurate city revenue growth and along with increasing costs for health insurance, employee retirement and state education funding, remained as major issues for fiscal 2005.

Buoyed by state and other government employment, the City's average annual unemployment rate remained below the state average for the 13th consecutive year. At June 2005, the U.S. unemployment rate was 5.2%, the New England Region at 4.7%, New Hampshire at 3.5%, and Concord was at 3.3%. The Concord unemployment rate in June of 2005 was third lowest among the 13 cities in the state. It remained well below the two larger cities in New Hampshire with Nashua at 4.1% and Manchester at 3.8%. A mixed labor market picture entering fiscal 2005, working against a tight budget outlook, yielded CPI-based labor settlements during the period and increased employee sharing of health benefit premiums. The fiscal 2005 cost-of-living increase for non-contractual and UAW union employees was 2.2% in February 2005.

LONG-TERM FINANCIAL PLANNING AND POLICY MONITORING

The City Council instituted, at the behest of the Fiscal Policy Advisory Committee (FPAC) in 1993, a quarterly process of reporting current fiscal conditions. Since then, the City Administration has presented formal Fiscal Monitoring Reports complete with national, regional, and local economic overviews, budgetary revenue and expense updates, and a 5-year projection of both General Fund operations and the tax rate. These reports and budget models have become a staple of the annual budgetary planning and tax rate setting process. The City Council has also routinely adopted a series of fiscal policy goals to guide the financial direction and management of the City.

Additional goals adopted by the Fiscal Policy Advisory Committee support economic development, as well as fiscal stability, through supporting and funding of capital reserves for several purposes. In 1995, after several years of limited capital investment, the FPAC established several capital reserve funds from the results of General Fund operations made possible by the expanding economy and improved revenues. Reserves were created for City-wide and downtown economic development, property revaluation, street repaving, fire apparatus, highway equipment, limited self-insurance, Tax Stabilization (TSR) and 53-week years (periodically the City experiences a 53 pay week, roughly equivalent to a 2% cost, within a fiscal year). Additions to the reserves were made each year to the 1995 - 2005 budgets after the results of the year's fiscal operations were known. These reserves, along with General Fund equity, have been in decline since 2001, yet the City has achieved its undesignated fund balance retention goal throughout that period.

Anyone interested in reviewing these Fiscal Monitoring Reports, City Fiscal Goals, or the minutes of the FPAC can contact the City's Finance Department.

General Fund Balance - The General Fund undesignated fund balance (UFB) of \$4,106,287 as of fiscal year end represent a nominal \$ 106,287 increase over the previous year. This strong UFB and correspondingly strong year-end cash position again enabled the City to avoid entering the short-term market for operating capital. The following table shows the results of the City's return to sound fiscal condition during the late 1990's through its cooperative program of fiscal management and tax rate target setting. Our Management's Discussion and Analysis discusses the trend in fund balance in more detail.

GENERAL FUND EQUITY AND FUND BALANCE

	1994-2005	
	<u>Total Fund Equity</u>	<u>Undesignated Fund Balance</u>
1994	\$7,160,770	\$4,271,143
1995	6,350,421	5,164,144
1996*	9,833,557	3,447,183
1997	8,917,159	3,327,328
1998	10,730,680	4,045,028
1999	10,055,895	3,994,408
2000	9,667,335	4,693,358
2001	10,424,868	4,000,000
2002	8,995,314	4,000,000
2003	8,637,348	4,359,999
2004	7,777,170	4,000,000
2005	7,305,247	4,106,287

*1996 was a 6-month transitional period

CREDIT RATING AND DEBT LIMITATIONS

The City Council Fiscal Policy Advisory Committee (FPAC) was created to deal with fiscal difficulties arising out of the recession and related General Fund deficits of 1990 (\$2,817,598) and 1991 (\$1,122,718). These difficulties included a credit downgrading to A-1 from Moody's Investor Service. Along with the administration, the FPAC developed a proposal to change the City's fiscal year through a simultaneous conversion to quarterly property tax collections. This proposal, designed to eliminate the structural year-end and monthly cash deficits due to semi-annual collections in arrears, as well as related liquidity problems, was implemented in 1996 and has been a major contributor to subsequent bond rating improvements.

In January 1997, citing a consistently high fund balance, substantial reserves, conversion to quarterly tax billing, and the conversion to a June 30 fiscal year-end, the City successfully persuaded Moody's rating committee to restore the City to their higher AA3 rating.

In May of 2001, after issuance of a ruling by the state supreme court upholding the constitutionality of the state school funding law, Moody's raised the credit rating of the City to AA2 citing... "economic strength and stability, ...consistently good financial results, and manageable debt position along with effective management practices..., and sound budgeting" as reasons for their upgrade. This rating remained in affect through fiscal 2005. Standards and Poors affirmed their consistently high AA rating for the City, which the City has held since February of 1997.

In their most recent credit reports issued in connection with the 2005 bond sale, credit rating agencies recognized mounting pressures on reserves and fund balance.

The City's Debt Limit for general purposes is established in accordance with RSA 33:4-a at 3% of assessment. As of June 30, 2005, the City has remaining 64% of its debt capacity. Please see page 107, in the Statistical Section, for a complete calculation and explanation of debt capacity. Also available are previous CAFR Letters of Transmittal, Official Bond Statements and Credit Agency Reports. Please contact the City Finance Department for more details about city bonds, debt and credit history.

MAJOR INITIATIVES

In Fall 2005, subsequent to a Needs Assessment performed by the City with the assistance of the Government Finance Officer's Association, the City issued a request for proposal for an Enterprise Resources Planning (ERP) system and hired a Project Manager to oversee and implement the project. Over the next 18 months, the City will be implementing a broad range of fully integrated, financial applications including: general ledger, asset management, tax billing and collections, utility billing and collection, purchasing and human resources/payroll.

Additionally, with the resignation of the City Manager, the City has hired a consultant to assist in our search for a replacement which is expected to be completed in the spring of 2006.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded ten consecutive Certificates of Achievement for Excellence in Financial Reporting to the City of Concord, NH for its Comprehensive Annual Financial Report (CAFR) beginning for the fiscal year ended December 31, 1995, through June 30, 2004 including the six-month transitional fiscal period ending June 30, 1996. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual

Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes this current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this CAFR on a timely basis was made possible by the entire staff of the Finance Department. Their efforts throughout the year are greatly appreciated. In particular, again this year, we wish to recognize the efforts of Nancy A. Woods, City Controller. At the same time, we add our recognition and thanks to Senior Accountant Carol B. Andersen, the newest addition to our staff. With Carol's help, we were able to include all the City's capital assets and infrastructure in this CAFR which represents the third year we've complied with GASB Statement No.34. Without their diligence and hard work, this report would not meet the high standards mentioned.

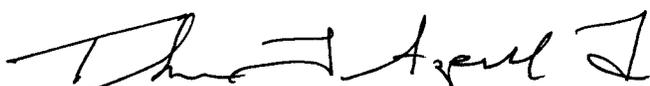
OTHER INFORMATION

Although state statutes do not require an annual audit, the City has continually produced an independently audited set of Financial Statements since the 1920's. Presently, the firm of Melanson, Heath and Company, P.C. of Nashua, New Hampshire conducts the annual audit for the City. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, and combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's report related specifically to the single audit section is included in a separately issued single audit report.

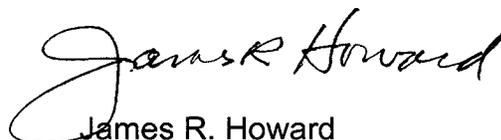
The City invites you to visit our web site at www.ci.concord.nh.us., where this CAFR is expected to be prominently displayed by mid February. Also displayed are previous CAFR's and other summary financial information.

In closing, the preparation of this report, receipt of the Certificate of Achievement, and the strong financial position of the City would not be possible without the guidance and support of the City Council through its fiscal goals and the professional and diligent efforts of the entire staff of the City to whom we owe our sincere appreciation.

Sincerely,

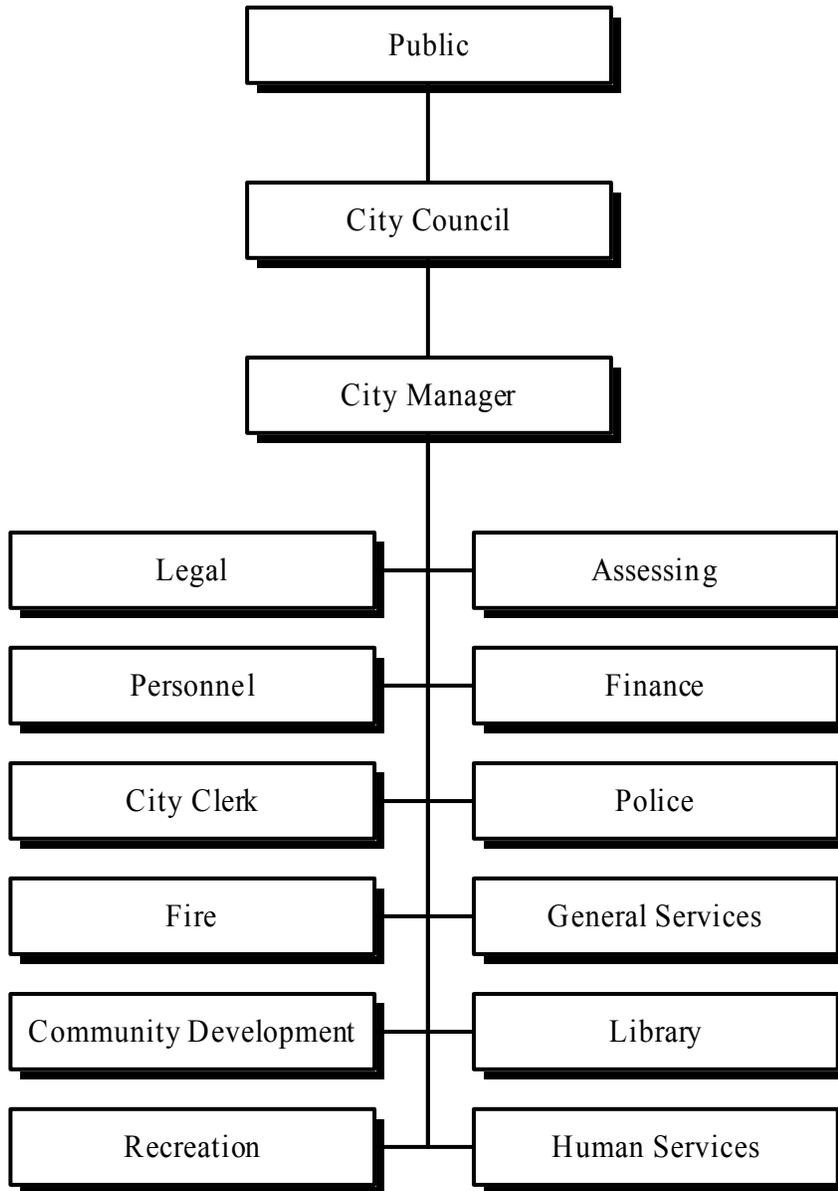


Thomas J. Aspell
Interim City Manager



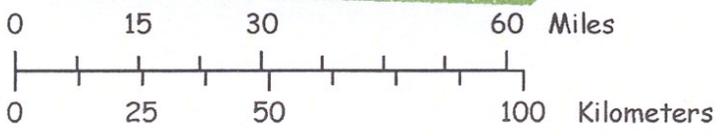
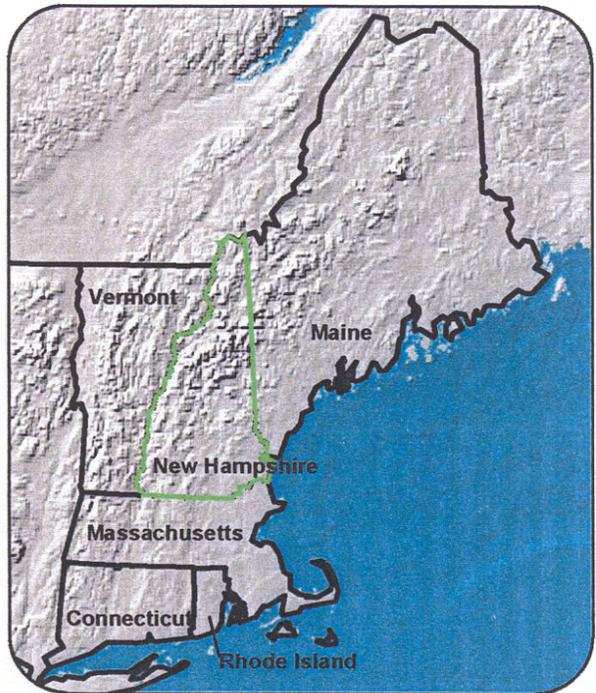
James R. Howard
Finance Director

CITY OF CONCORD, NEW HAMPSHIRE
TABLE OF ORGANIZATION



City of Concord, NH

Geographic Location



CITY OF CONCORD, NEW HAMPSHIRE
LIST OF PRINCIPAL OFFICIALS

June 30, 2005

Title	Name
<u>Elected by Public:</u>	
Mayor	Michael Donovan
Mayor Pro-Tem	James Bouley, Councilor Ward 10
Councilor-at-Large	Leonard A. Brochu
Councilor-at-Large	James McGonigle
Councilor-at-Large	Douglas Black
Councilor-at-Large	Doris Ballard
Councilor Ward 1	Elizabeth Blanchard
Councilor Ward 2	Dana C. Lankhorst
Councilor Ward 3	Jan McClure
Councilor Ward 4	Jeffrey Bart
Councilor Ward 5	Marjory Swope
Councilor Ward 6	J. Allen Bennett
Councilor Ward 7	William G. McGonagle
Councilor Ward 8	Vacant
Councilor Ward 9	Katherine D. Rogers
<u>Appointed by Council:</u>	
City Manager	Duncan R. Ballantyne
<u>Appointed by City Manager:</u>	
Assistant City Manager	Thomas J. Aspell
City Solicitor	Paul F. Cavanaugh
Director of Real Estate Assessments	Kathryn Temchack
Director of Personnel and Labor Relations	Norman C. O'Neil
Purchasing Agent	Douglas B. Ross
Finance Director	James R. Howard
Controller	Nancy A. Woods
Treasurer / Tax Collector	Michael P. Jache
City Clerk	Janice Bonenfant
Police Chief	Jerome Madden
Fire Chief	Christopher Pope
Code Administrator	C. Hamilton Rice
General Services Director	Chip Chesley
City Engineer	Martha Drukker, Acting
City Planner	Douglas Woodward
Business Development Coordinator	Kenneth G. Lurvey
Library Director	Patricia Immen
Recreation Director	Carolyn Tracy
Human Services Director	Jacqueline Whatmough
Community Development Director	Roger C. Hawk

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Concord,
New Hampshire

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

102 Perimeter Road
Nashua, NH 03063-1301
Tel (603)882-1111 • Fax (603)882-0450
melansonheath.com

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Concord, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, New Hampshire, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Concord's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Concord, New Hampshire's basic financial statements. The introductory section, supplementary statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "McLennan Heath & Company P.C.".

Nashua, New Hampshire
January 9, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Concord, New Hampshire, we offer readers of the City of Concord's financial statements this narrative overview and analysis of the financial activities of the City of Concord for the fiscal year ended June 30, 2005. This section should be read in conjunction with the Letter of Transmittal beginning on page 1 of this report.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, general services, community development, leisure and information services, and human services. The business-type activities include water, sewer, solid waste, golf and arena activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund and certain non-major governmental (special revenue) funds. Budgetary comparison statements have been provided to demonstrate compliance with budgets.

Proprietary funds. Proprietary funds are maintained as follows:

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, solid waste, golf and arena operations. The Water, Sewer and Solid Waste funds are considered major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is required to be disclosed by the *Governmental Accounting Standards Board (GASB)*.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 183,557,962 (i.e., net assets), an increase of \$ 4,350,448 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 38,304,558, a decrease of \$ (978,296) in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 4,106,287, an increase of \$ 106,287 in comparison with the prior year. In addition, total general fund balance decreased by \$ (471,923).
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$ 47,369,857, a decrease of \$ (1,603,559) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 79,833	\$ 77,743	\$ 12,614	\$ 13,408	\$ 92,447	\$ 91,151
Capital assets	<u>58,851</u>	<u>53,681</u>	<u>132,354</u>	<u>130,754</u>	<u>191,205</u>	<u>184,435</u>
Total assets	138,684	131,424	144,968	144,162	283,652	275,586
Long-term liabilities outstanding	23,920	23,790	18,561	20,313	42,481	44,103
Other liabilities	<u>45,953</u>	<u>42,839</u>	<u>11,660</u>	<u>9,436</u>	<u>57,613</u>	<u>52,275</u>
Total liabilities	69,873	66,629	30,221	29,749	100,094	96,378
Net assets:						
Invested in capital assets, net	35,137	30,529 (1)	104,436	104,744	139,573	136,981
Restricted	7,670	7,678	693	1,169	8,363	8,847
Unrestricted	<u>26,004</u>	<u>26,588 (1)</u>	<u>9,618</u>	<u>8,500</u>	<u>35,622</u>	<u>33,380</u>
Total net assets	\$ <u>68,811</u>	\$ <u>64,795</u>	\$ <u>114,747</u>	\$ <u>114,413</u>	\$ <u>183,558</u>	\$ <u>179,208</u>

(1) Reflects a reclassification of \$ 1,708 of net assets invested in capital assets net of related debt to unrestricted net assets.

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,751	\$ 6,113	\$ 12,626	\$ 12,428	\$ 19,377	\$ 18,541
Operating grants and contributions	701	246	-	67	701	313
Capital grants and contributions	2,394	2,781	1,353	-	3,747	2,781
General revenues:						
Property taxes	30,526	26,733	-	-	30,526	26,733
Penalties and interest on taxes	619	627	-	-	619	627
Grants and contributions not restricted to specific programs	1,931	3,646	342	302	2,273	3,948
Investment income	1,459	1,030	189	118	1,648	1,148
Other	<u>946</u>	<u>636</u>	<u>80</u>	<u>12</u>	<u>1,026</u>	<u>648</u>
Total revenues	45,327	41,812	14,590	12,927	59,917	54,739
Expenses:						
General government	5,825	5,083	-	-	5,825	5,083
Public safety	15,915	15,065	-	-	15,915	15,065
General services	10,772	11,859	-	-	10,772	11,859
Community development	2,964	2,580	-	-	2,964	2,580
Leisure and information services	2,081	2,038	-	-	2,081	2,038
Human services	1,030	1,069	-	-	1,030	1,069
Employee benefits	335	274	-	-	335	274
Interest on long-term debt	954	1,099	-	-	954	1,099
Miscellaneous	1,053	1,033	-	-	1,053	1,033
Water operations	-	-	4,833	4,628	4,833	4,628
Sewer operations	-	-	5,536	5,094	5,536	5,094
Solid waste operations	-	-	3,225	3,132	3,225	3,132
Other operations	<u>-</u>	<u>-</u>	<u>1,166</u>	<u>1,128</u>	<u>1,166</u>	<u>1,128</u>
Total expenses	<u>40,929</u>	<u>40,100</u>	<u>14,760</u>	<u>13,982</u>	<u>55,689</u>	<u>54,082</u>
Change in net assets before transfers and contributions	4,398	1,712	(170)	(1,055)	4,228	657
Transfers in (out)	(504)	(866)	504	866	-	-
Permanent fund contributions	<u>122</u>	<u>368</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>368</u>
Increase in net assets	4,016	1,214	334	(189)	4,350	1,025
Net assets - beginning of year	<u>64,795</u>	<u>63,581</u>	<u>114,413</u>	<u>114,602</u>	<u>179,208</u>	<u>178,183</u>
Net assets - end of year	<u>\$ 68,811</u>	<u>\$ 64,795</u>	<u>\$ 114,747</u>	<u>\$ 114,413</u>	<u>\$ 183,558</u>	<u>\$ 179,208</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 183,557,962, an increase of \$ 4,350,448 from the prior year.

The largest portion of net assets \$ 139,573,647 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 8,362,085 resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 35,622,230 may be used to meet the government's on-going obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in an increase in net assets of \$ 4,016,510. Key elements of this increase are as follows (in thousands):

Excess of revenues over expenditures:	
General fund	\$ 1,344
Special revenue funds	907
Permanent funds	704
Debt service fund	<u>194</u>
Subtotal	3,149
General fund transfer to solid waste	(1,312)
General fund transfers from enterprise funds	835
Debt service principal paydown in excess of depreciation	982
Other	<u>363</u>
Total	\$ <u>4,017</u>

While total net assets of the governmental activities increased, unrestricted net assets decreased \$ 583,817 principally due to the use of previous unrestricted net assets (Capital Reserve Funds) for the acquisition of new fixed assets.

Business-type activities. Business-type activities for the year resulted in an increase in net assets of \$ 333,938. This increase primarily results from depreciation expense exceeding debt service pay downs by approximately \$ 391,226 and \$ 376,735 in the Water and Sewer funds, respectively, and the acquisition of capital assets from operating revenues. The following is a summary of the changes in net assets by fund (in thousands):

Water	\$ (170)
Sewer	597
Solid Waste	(18)
Nonmajor funds	<u>(75)</u>
Total	\$ <u>334</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 38,304,558, a decrease of \$ (978,296) in comparison with the prior year. Most of this decrease was attributable to the use of General Fund unreserved fund balance and the current year expenditure of capital reserve funds established in prior fiscal years.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, undesignated fund balance of the General Fund was \$ 4,106,287, while total fund balance was \$ 7,305,247. While the undesignated fund balance increased by \$ 106,287, total fund balance was decreased by \$ (471,923). The use of undesignated fund balance to fund operating activities as well as the transfer to designated fund balance for eventual transfer to capital reserves, while largely offset by positive results of operation compared to the budget, has caused a decline in our overall General Fund balance position. The City has also drawn on the Tax Stabilization Reserve (\$ 2,500,000 at June 30, 2003, \$ 2,000,000 at June 30, 2004, and \$ 1,500,000 at June 30, 2005) to support designated balance for transfer to reserves. The following table highlights the change in our General Fund balance accounts (in thousands):

	<u>Unreserved</u>	<u>Reserves</u>	<u>Tax Stabilization</u>	<u>Designations</u>	<u>Total</u>
Beginning of year	\$ 4,000	\$ 945	\$ 2,000	\$ 832	\$ 7,777
Use of fund balance	(1,175)	-	(325)	(832)	(2,332)
Revenues in excess of budget	935	-	-	-	935
Expenditure under budget	1,083	-	-	-	1,083
Other	(158)	-	-	-	(158)
Transfers	<u>(579)</u>	<u>221</u>	<u>(175)</u>	<u>533</u>	<u>-</u>
End of Year	\$ <u>4,106</u>	\$ <u>1,166</u>	\$ <u>1,500</u>	\$ <u>533</u>	\$ <u>7,305</u>

As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 11.2% of total General Fund expenditures, while total fund balance represents 19.9% of that same amount. The undesignated amount exceeded the City Council Fiscal Policy minimum of 8%.

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 9,617,980, an increase of \$ 1,118,531 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$ 912,349. The majority of the overall increase, \$ 832,349 represents transfers of General Fund balance to capital reserve special revenue funds.

The only notable revenue receipts in excess of budget were \$ 330,232 in investment income. Unspent General Fund appropriations were due to several factors including the self-imposed reduction in expenditures mentioned in section G below, and a year-end level of under-expenditure (including transfers) of approximately 2.6% , even lower than last year's historical level of 3.1%.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 191,204,590 (net of accumulated depreciation), an increase of \$ 6,769,826 from the prior year. This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included engineering and design costs for the installation of an HVAC System for the Concord Public Library, replacement of an electric generator for the Water Department, acquisition of vehicles for the General Service and Police Departments, and on-going infrastructure improvements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 47,369,857, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in footnotes 9 and 13, respectively, of this report.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Comment regarding local economic conditions can be found in the Transmittal letter section on the LOCAL ECONOMY.

Following is a comparison of the fiscal 2005 adopted to the fiscal 2006 adopted City General Fund budget and tax rate:

	<u>2005 COUNCIL ADOPTED</u>	<u>2006 COUNCIL ADOPTED</u>
<u>Uses of Funds</u>		
Budget Appropriations	\$ 40,256,519	\$ 42,351,839
War Credits(1)	242,000	349,000
Overlay	<u>500,000</u>	<u>500,000</u>
Total Uses of Funds	\$ <u>40,998,519</u>	\$ <u>43,200,839</u>
<u>Sources of Funds</u>		
Miscellaneous Revenues	\$ 16,369,659	\$ 17,532,935
Surplus (Prior Year Undesignated Fund Balance)	1,175,000	1,000,000
Tax Stabilization Reserve	325,000	175,000
Tax Stabilization Reserve (to Highway Reserve)		200,000
Amount to be raised by property taxes	<u>23,128,860</u>	<u>24,292,904</u>
Total Sources of Funds	\$ <u>40,998,519</u>	\$ <u>43,200,839</u>

TAX RATE DETERMINATION

Assessed Value (A.V.) in thousands of dollars	\$ 3,389,075 *	\$ 3,458,490
Amount to be Raised	\$ 23,128,860	\$ 24,292,904
Current Year Recommended Tax Rate/\$1000 A.V.		\$ 7.02
Prior Year Tax Rate/\$ 1000 A.V.		<u>6.82*</u>
Increase over Prior Year		\$ 0.20
% Change		2.93%

*Note: The originally adopted tax rate increase for FY2005 was \$ 9.69 per thousand or 2.1% above the previous year's rate of \$ 9.49. A property revaluation on April 1, 2004, completed in the fall of 2004, increased the assessed value of property Citywide and caused the municipal tax rate to drop to \$ 6.82 per thousand.

(1) City Council approved an increase in the Veteran's credit.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Concord's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Finance Director
City of Concord, New Hampshire
41 Green Street
Concord, New Hampshire 03301

Basic Financial Statements

CITY OF CONCORD, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term equivalents	\$ 46,844,201	\$ 9,557,902	\$ 56,402,103
Investments	9,306,691	-	9,306,691
Receivables, net of allowance for uncollectibles:			
Property taxes	21,193,029	-	21,193,029
Accounts	1,061,812	-	1,061,812
User fees	-	948,096	948,096
Departmental and other	239,885	-	239,885
Intergovernmental	-	1,480,785	1,480,785
Loans	692,961	-	692,961
Interest	147,233	-	147,233
Other assets	346,986	25,911	372,897
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental	-	601,985	601,985
Capital assets:			
Land and construction in progress	20,171,849	5,095,408	25,267,257
Other capital assets, net of accumulated depreciation	<u>38,678,966</u>	<u>127,258,367</u>	<u>165,937,333</u>
TOTAL ASSETS	138,683,613	144,968,454	283,652,067
LIABILITIES			
Current:			
Accounts payable	2,152,936	464,066	2,617,002
Retainage payable	406,829	389,881	796,710
Accrued liabilities	515,450	342,787	858,237
Deferred revenues	21,534,383	35,111	21,569,494
Notes payable	-	7,969,719	7,969,719
Taxes collected in advance	14,776,406	-	14,776,406
Other current liabilities	1,448,632	14,486	1,463,118
Due to other governments	223,564	-	223,564
Current portion of long-term liabilities:			
Bonds payable	3,416,387	2,297,754	5,714,141
Other liabilities	1,477,625	146,911	1,624,536
Noncurrent:			
Bonds payable, net of current portion	23,094,590	18,561,126	41,655,716
Other liabilities, net of current portion	<u>825,462</u>	<u>-</u>	<u>825,462</u>
TOTAL LIABILITIES	69,872,264	30,221,841	100,094,105
NET ASSETS			
Invested in capital assets, net of related debt	35,137,392	104,436,255	139,573,647
Restricted for:			
Grants and other statutory restrictions	286,648	-	286,648
Permanent funds:			
Nonexpendable	7,383,059	-	7,383,059
Debt service	-	692,378	692,378
Unrestricted	<u>26,004,250</u>	<u>9,617,980</u>	<u>35,622,230</u>
TOTAL NET ASSETS	\$ <u>68,811,349</u>	\$ <u>114,746,613</u>	\$ <u>183,557,962</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 5,824,678	\$ 2,783,810	\$ 585,805	\$ -
Public safety	15,914,564	1,835,850	105,180	-
General services	10,772,375	280,993	-	2,393,988
Community development	2,963,853	1,468,041	10,200	-
Leisure and information services	2,081,248	366,244	-	-
Human services	1,030,422	16,258	-	-
Employee benefits	334,904	-	-	-
Interest	954,439	-	-	-
Miscellaneous	1,052,586	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	40,929,069	6,751,196	701,185	2,393,988
Business-Type Activities:				
Water	4,833,091	4,801,521	-	-
Sewer	5,536,027	4,778,328	-	1,353,013
Solid waste	3,224,879	1,894,194	-	-
Other (nonmajor)	1,166,432	1,152,073	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-Type Activities	14,760,429	12,626,116	-	1,353,013
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ <u>55,689,498</u>	\$ <u>19,377,312</u>	\$ <u>701,185</u>	\$ <u>3,747,001</u>

General Revenues, Transfers & Permanent Fund Contributions
 Property taxes
 Penalties, interest and other taxes
 Grants and contributions not restricted to specific programs
 Investment income
 Miscellaneous
 Transfers, net
 Permanent fund contributions

Total general revenues, transfers, and contributions

Change in Net Assets

Net Assets:
 Beginning of year
 End of year

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (2,455,063)	\$ -	\$ (2,455,063)
(13,973,534)	-	(13,973,534)
(8,097,394)	-	(8,097,394)
(1,485,612)	-	(1,485,612)
(1,715,004)	-	(1,715,004)
(1,014,164)	-	(1,014,164)
(334,904)	-	(334,904)
(954,439)	-	(954,439)
(1,052,586)	-	(1,052,586)
(31,082,700)	-	(31,082,700)
-	(31,570)	(31,570)
-	595,314	595,314
-	(1,330,685)	(1,330,685)
-	(14,359)	(14,359)
-	(781,300)	(781,300)
(31,082,700)	(781,300)	(31,864,000)
30,526,322	-	30,526,322
619,051	-	619,051
1,931,245	341,461	2,272,706
1,458,842	189,382	1,648,224
945,897	80,341	1,026,238
(504,054)	504,054	-
121,907	-	121,907
35,099,210	1,115,238	36,214,448
4,016,510	333,938	4,350,448
64,794,839	114,412,675	179,207,514
\$ <u>68,811,349</u>	\$ <u>114,746,613</u>	\$ <u>183,557,962</u>

CITY OF CONCORD, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2005

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and short-term equivalents	\$ 18,176,003	\$ 28,668,198	\$ 46,844,201
Investments	2,201,421	7,105,270	9,306,691
Receivables:			
Property taxes	21,297,845	-	21,297,845
Accounts	-	1,042,830	1,042,830
Departmental and other	260,944	-	260,944
Loans	-	692,961	692,961
Interest	147,233	-	147,233
Due from other funds	3,886,967	-	3,886,967
Inventory	194,258	-	194,258
Other assets	<u>147,278</u>	<u>5,450</u>	<u>152,728</u>
TOTAL ASSETS	<u>\$ 46,311,949</u>	<u>\$ 37,514,709</u>	<u>\$ 83,826,658</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 846,518	\$ 1,309,690	\$ 2,156,208
Retainage payable	1,345	405,485	406,830
Other liabilities	1,447,438	-	1,447,438
Deferred revenues	21,930,718	693,969	22,624,687
Taxes collected in advance	14,776,406	-	14,776,406
Due to other funds	-	3,886,967	3,886,967
Due to other governments	<u>4,277</u>	<u>219,287</u>	<u>223,564</u>
TOTAL LIABILITIES	39,006,702	6,515,398	45,522,100
Fund Balances:			
Reserved for:			
Encumbrances	971,898	13,990	985,888
Expenditures	-	165,981	165,981
Inventory	194,258	-	194,258
Perpetual (nonexpendable) permanent funds	-	7,383,059	7,383,059
Tax stabilization	1,500,000	-	1,500,000
Unreserved:			
Designated, reported in:			
General fund	532,804	-	532,804
Undesignated, reported in:			
General fund	4,106,287	-	4,106,287
Special revenue funds	-	9,438,221	9,438,221
Capital project funds	-	13,490,784	13,490,784
Debt service	<u>-</u>	<u>507,276</u>	<u>507,276</u>
TOTAL FUND BALANCES	<u>7,305,247</u>	<u>30,999,311</u>	<u>38,304,558</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,311,949</u>	<u>\$ 37,514,709</u>	<u>\$ 83,826,658</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND
 BALANCES TO NET ASSETS OF GOVERNMENTAL
 ACTIVITIES IN THE STATEMENT OF NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2005

Total governmental fund balances	\$ 38,304,558
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	58,850,815
• Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	985,490
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(515,450)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(28,814,064)</u>
Net assets of governmental activities	\$ <u>68,811,349</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2005

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Property taxes	\$ 29,446,424	\$ 732,581	\$ 30,179,005
Licenses and permits	1,124,663	-	1,124,663
Intergovernmental	2,012,583	2,134,853	4,147,436
Charges for services	3,809,613	1,816,920	5,626,533
Investment income	655,232	885,410	1,540,642
Contributions	-	1,003,404	1,003,404
Miscellaneous	869,534	642,966	1,512,500
Total Revenues	<u>37,918,049</u>	<u>7,216,134</u>	<u>45,134,183</u>
Expenditures:			
Current:			
General government	3,824,791	1,973,313	5,798,104
Public safety	15,457,287	-	15,457,287
General services	6,895,328	-	6,895,328
Community development	2,655,668	-	2,655,668
Leisure and information services	2,071,709	-	2,071,709
Human services	1,029,900	-	1,029,900
Employee benefits	334,904	-	334,904
Miscellaneous	843,910	208,675	1,052,585
Debt service			
Principal	2,712,175	415,000	3,127,175
Interest	748,814	191,153	939,967
Capital outlay	-	9,760,998	9,760,998
Total Expenditures	<u>36,574,486</u>	<u>12,549,139</u>	<u>49,123,625</u>
Excess (deficiency) of revenues over expenditures	1,343,563	(5,333,005)	(3,989,442)
Other Financing Sources (Uses):			
Bond proceeds	-	3,515,200	3,515,200
Proceeds of refunding bonds	2,512,615	-	2,512,615
Payment to refunded bonds escrow agent	(2,512,615)	-	(2,512,615)
Transfers in	1,506,913	1,987,319	3,494,232
Transfers out	(3,322,399)	(675,887)	(3,998,286)
Total Other Financing Sources (Uses)	<u>(1,815,486)</u>	<u>4,826,632</u>	<u>3,011,146</u>
Net change in fund balance	(471,923)	(506,373)	(978,296)
Fund Balance, at Beginning of Year	<u>7,777,170</u>	<u>31,505,684</u>	<u>39,282,854</u>
Fund Balance, at End of Year	<u>\$ 7,305,247</u>	<u>\$ 30,999,311</u>	<u>\$ 38,304,558</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds	\$ (978,296)												
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Capital outlay purchases and disposals, net</td> <td style="text-align: right;">7,315,674</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,145,385)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue. 344,648 • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Bond repayments</td> <td style="text-align: right;">5,603,974</td> </tr> <tr> <td>Bond proceeds</td> <td style="text-align: right;">(6,027,815)</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 21,343 • Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Compensated absences</td> <td style="text-align: right;">(147,633)</td> </tr> <tr> <td>Landfill liability</td> <td style="text-align: right;"><u>30,000</u></td> </tr> </table> 		Capital outlay purchases and disposals, net	7,315,674	Depreciation	(2,145,385)	Bond repayments	5,603,974	Bond proceeds	(6,027,815)	Compensated absences	(147,633)	Landfill liability	<u>30,000</u>
Capital outlay purchases and disposals, net	7,315,674												
Depreciation	(2,145,385)												
Bond repayments	5,603,974												
Bond proceeds	(6,027,815)												
Compensated absences	(147,633)												
Landfill liability	<u>30,000</u>												
Change in net assets of governmental activities	\$ <u>4,016,510</u>												

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

STATEMENT OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES AND USES -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS

FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		Positive (Negative)
Revenues:				
Taxes	\$ 29,527,888	\$ 29,527,888	\$ 29,793,128	\$ 265,240
Licenses and permits	1,086,260	1,086,260	1,124,663	38,403
Intergovernmental	1,983,631	1,983,631	2,012,582	28,951
Charges for services	3,584,413	3,664,413	3,809,614	145,201
Investment income	325,000	325,000	655,232	330,232
Miscellaneous	717,427	717,427	869,534	152,107
Total Revenues	37,224,619	37,304,619	38,264,753	960,134
Expenditures:				
General government	3,916,975	3,924,175	3,795,410	128,765
Public safety	16,136,010	16,136,010	15,494,765	641,245
General services	6,478,101	6,568,101	6,748,035	(179,934)
Planning and development	2,741,229	2,821,229	2,823,238	(2,009)
Leisure and information services	2,125,090	2,125,090	2,077,846	47,244
Human services	1,114,490	1,115,790	1,029,900	85,890
Employee benefits	697,000	672,000	493,054	178,946
Debt service	3,674,630	3,674,630	3,484,069	190,561
Miscellaneous	941,686	868,186	840,117	28,069
Total Expenditures	37,825,211	37,905,211	36,786,434	1,118,777
Other Financing Sources (Uses):				
Transfers in	1,531,900	1,531,900	1,506,913	(24,987)
Transfers out	(2,431,308)	(3,263,657)	(3,299,319)	(35,662)
Budgetary use of fund balance	1,500,000	2,332,349	2,332,349	-
Total Other Financing Sources (Uses)	600,592	600,592	539,943	(60,649)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 2,018,262	\$ 2,018,262

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Business-Type Activities Enterprise Funds				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Funds</u>	
<u>ASSETS</u>					
Current:					
Cash and short-term equivalents	\$ 4,586,021	\$ 3,743,932	\$ 712,328	\$ 515,621	\$ 9,557,902
User fees, net of allowance for uncollectibles	380,564	377,157	184,641	5,734	948,096
Intergovernmental receivables	-	1,480,785	-	-	1,480,785
Inventory	7,266	-	-	-	7,266
Other assets	8,364	-	-	10,281	18,645
Total current assets	4,982,215	5,601,874	896,969	531,636	12,012,694
Noncurrent:					
Intergovernmental	-	601,985	-	-	601,985
Capital assets:					
Land and construction in progress	553,080	4,163,422	186,200	192,706	5,095,408
Other capital assets, net of accumulated depreciation	65,695,309	60,003,394	-	1,559,664	127,258,367
Total noncurrent assets	66,248,389	64,768,801	186,200	1,752,370	132,955,760
TOTAL ASSETS	71,230,604	70,370,675	1,083,169	2,284,006	144,968,454
<u>LIABILITIES</u>					
Current:					
Accounts payable	146,802	147,886	119,355	50,023	464,066
Retainage payable	213,424	176,457	-	-	389,881
Accrued liabilities	162,777	171,815	-	8,195	342,787
Deferred revenue	-	-	2,199	32,912	35,111
Notes payable	-	7,969,719	-	-	7,969,719
Other current liabilities	5,025	9,461	-	-	14,486
Current portion of long-term liabilities:					
Bonds payable	1,379,711	840,043	-	78,000	2,297,754
Compensated absences	65,551	53,916	3,474	23,970	146,911
Total current liabilities	1,973,290	9,369,297	125,028	193,100	11,660,715
Noncurrent:					
Bonds payable, net of current portion	11,296,546	6,577,880	-	686,700	18,561,126
Total noncurrent liabilities	11,296,546	6,577,880	-	686,700	18,561,126
TOTAL LIABILITIES	13,269,836	15,947,177	125,028	879,800	30,221,841
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	53,885,223	49,299,202	186,200	1,065,630	104,436,255
Restricted for debt service	-	692,378	-	-	692,378
Unrestricted	4,075,545	4,431,918	771,941	338,576	9,617,980
TOTAL NET ASSETS	\$ 57,960,768	\$ 54,423,498	\$ 958,141	\$ 1,404,206	\$ 114,746,613

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds	
Operating Revenues:					
Charges for services	\$ 4,801,521	\$ 4,778,328	\$ 1,894,194	\$ 1,152,073	\$ 12,626,116
Other	279	79,505	-	557	80,341
Total Operating Revenues	4,801,800	4,857,833	1,894,194	1,152,630	12,706,457
Operating Expenses:					
Operating expenses	2,499,902	3,194,677	3,224,879	1,000,595	9,920,053
Depreciation	1,737,029	1,763,610	-	136,052	3,636,691
Other	53,870	12,209	-	-	66,079
Total Operating Expenses	4,290,801	4,970,496	3,224,879	1,136,647	13,622,823
Operating Income (Loss)	510,999	(112,663)	(1,330,685)	15,983	(916,366)
Nonoperating Revenues (Expenses):					
Intergovernmental revenue	-	1,353,013	-	-	1,353,013
Investment income	98,422	84,384	-	6,576	189,382
Interest expense	(542,290)	(565,531)	-	(29,785)	(1,137,606)
Other non-operating income	101,722	239,739	-	-	341,461
Total Nonoperating Revenues (Expenses), Net	(342,146)	1,111,605	-	(23,209)	746,250
Income (Loss) Before Transfers	168,853	998,942	(1,330,685)	(7,226)	(170,116)
Transfers:					
Transfers in	-	4,374	1,312,000	23,080	1,339,454
Transfers out	(338,600)	(406,200)	-	(90,600)	(835,400)
Change in Net Assets	(169,747)	597,116	(18,685)	(74,746)	333,938
Net Assets at Beginning of Year	58,130,515	53,826,382	976,826	1,478,952	114,412,675
Net Assets at End of Year	\$ 57,960,768	\$ 54,423,498	\$ 958,141	\$ 1,404,206	\$ 114,746,613

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds	
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 4,798,550	\$ 4,873,531	\$ 1,844,909	\$ 1,159,593	\$ 12,676,583
Payments to vendors and employees	(2,842,187)	(4,367,110)	(3,490,811)	(1,031,963)	(11,732,071)
Net Cash Provided By (Used For) Operating Activities	1,956,363	506,421	(1,645,902)	127,630	944,512
Cash Flows From Noncapital Financing Activities:					
Transfers in	-	4,374	1,312,000	23,080	1,339,454
Transfers out	(338,600)	(406,200)	-	(90,600)	(835,400)
Other non operating income	101,722	1,592,752	-	-	1,694,474
Net Cash Provided by (Used For) Noncapital Financing Activities	(236,878)	1,190,926	1,312,000	(67,520)	2,198,528
Cash Flows From Capital and Related Financing Activities:					
Proceeds from issuance of bonds and notes	96,200	3,974,811	-	29,700	4,100,711
Proceeds from refunded bonds	1,927,345	1,057,890	-	-	2,985,235
Acquisition and construction of capital assets	(1,172,277)	(4,063,952)	-	-	(5,236,229)
Principal payments on bonds and notes	(1,345,803)	(1,386,875)	-	(72,925)	(2,805,603)
Payment to escrow agent for refunded bonds	(1,914,000)	(1,059,000)	-	-	(2,973,000)
Interest expense	(542,290)	(565,531)	-	(29,785)	(1,137,606)
Net Cash (Used For) Capital and Related Financing Activities	(2,950,825)	(2,042,657)	-	(73,010)	(5,066,492)
Cash Flows From Investing Activities:					
Investment income	98,422	84,384	-	6,576	189,382
Net Cash Provided by Investing Activities	98,422	84,384	-	6,576	189,382
Net Change in Cash and Short-Term Equivalents	(1,132,918)	(260,926)	(333,902)	(6,324)	(1,734,070)
Cash and Short-Term Equivalents, Beginning of Year	5,718,939	4,004,858	1,046,230	521,945	11,291,972
Cash and Short-Term Equivalents, End of Year	\$ 4,586,021	\$ 3,743,932	\$ 712,328	\$ 515,621	\$ 9,557,902
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:					
Operating income (loss)	\$ 510,999	\$ (112,663)	\$ (1,330,685)	\$ 15,983	\$ (916,366)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,737,029	1,763,610	-	136,052	3,636,691
Changes in assets and liabilities:					
User fees	(3,250)	15,697	(50,032)	10,128	(27,457)
Inventory	668	-	-	-	668
Other assets	(1,478)	(913,914)	-	1,000	(914,392)
Accounts payable	(249,893)	(291,918)	(265,749)	(29,148)	(836,708)
Compensated absences	1,749	1,899	(183)	223	3,688
Other liabilities	(39,461)	43,710	747	(6,608)	(1,612)
Net Cash Provided By (Used For) Operating Activities	\$ 1,956,363	\$ 506,421	\$ (1,645,902)	\$ 127,630	\$ 944,512

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	Agency Fund
<u>ASSETS</u>	
Cash and short-term equivalents	\$ <u>2,048,293</u>
Total Assets	2,048,293
<u>LIABILITIES</u>	
Due to other governments	1,026,451
Other liabilities	<u>1,021,842</u>
Total Liabilities	<u>2,048,293</u>
<u>NET ASSETS</u>	
Total net assets	\$ <u><u>-</u></u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the City of Concord, New Hampshire (the City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected Mayor, 15-member Council and an appointed City Manager. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2005, it was determined that no entities met the required GASB-39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental and Fiduciary fund financial statements (with the exception of the Agency fund), are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

- Water Fund - to account for the operation and maintenance of the City's water lines, pumping stations and plant.
- Sewer Fund - to account for the operation and maintenance of the City's sewer lines, pumping stations, and two wastewater treatment plants.
- Solid Waste Fund - to account for the collection and disposal of City's trash. Residential trash collection is handled as a transfer from the general fund and reimbursed through the property tax levy.

In addition, the City has two enterprise funds, for Golf and Arena activities, which are reported as nonmajor funds.

The Agency Fund is custodial in nature and is used to account for funds held for others.

D. Cash and Investments

The government's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The New Hampshire Public Deposit Investment Pool (NHPDIP) operates in accordance with RSA 383:22, and regulations and is under the control of the New Hampshire Banking Commission and Advisory Committee. The reported value of the pool is

the same as the fair value of the pool shares. Participation units of the NHPDIP are considered short-term for financial presentation purposes.

Investments are considered holdings of greater than three months and are reported at fair value.

City Funds

Under New Hampshire RSA 48:16, the City Treasurer may invest excess funds which are not immediately needed for the purpose of expenditure, in obligations of the United States government, in participation units in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer.

Trust Funds

Under New Hampshire RSA 34:5, capital reserve funds of the City shall be invested only by deposit in some savings bank or in the savings department of a national bank or trust company, or in the shares of a cooperative bank, building and loan association, or federal savings and loan association, in this state or in bonds, notes or other obligations of the United States government, in bonds or notes of this state, in such stocks and bonds as are legal for investment by New Hampshire savings banks, or in participation units in the public deposit investment pool established pursuant to RSA 383:22 by the trustees of the trust funds.

Under New Hampshire RSA 31:27, the city trustees of trust funds may establish, maintain and operate one or more common trust funds, in which may be combined money and property belonging to the various trusts in their care, for the purpose of facilitating investments, providing diversification and obtaining reasonable income; provided however that said common trust funds shall be limited to the investments authorized in RSA 31:25; provided further, that not more than \$ 10,000, or more than 10 percent of the fund whichever is greater of any town or city common trust funds shall be invested under RSA 31:25 in the obligations of any one corporation or organization, excepting deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, in credit unions in this state, or in obligations of the United States and of the state of New Hampshire and its subdivisions; or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in shares of open-ended mutual funds selected by the trustees for investment under RSA 31:25.

Under New Hampshire RSA 31:25, at least yearly, the trustees of trust funds shall review and adopt an investment policy for the investment of public funds in conformance with the provisions of applicable statutes. The significant sections of that policy are disclosed in Note 3.

E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

F. Inventories

Inventories are valued at cost using the cost-averaging method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Water/sewer infrastructure	50 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

H. Accrued Employee Benefits

City employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation leave which is at their then current rates of pay. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts a legal budget for its general fund, parking and airport special revenue funds and enterprise funds. The City observes the following procedures in establishing the budgetary data reflected in the financial statements:

- At such time as may be requested by the City Manager, or specified by the administrative code, each director of a department submits an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control.

- Under the City charter, the City Manager must submit the budget to Council 45 days before the start of the fiscal year.
- A public hearing on the budget is held before its final adoption by the City Council. Notice of the public hearing, together with a summary of the budget as submitted, is published at least one week in advance by the City Clerk.
- By City charter, the budget must be legally adopted not later than the twenty-seventh day of July. In connection with converting to a June 30 fiscal year end, an adopted ordinance requires budget adoption by July 1 of the new fiscal year. Should the City Council take no final action by the date specified in the charter, the budget, as submitted, is deemed to have been finally adopted by the City Council.
- No appropriation is 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 held to discuss the appropriation. The City Council shall by resolution designate the source of any money so appropriated.
- At the beginning of each quarterly period during the fiscal year, and more often if required by the City Council, the City Manager submits data to the City Council showing a comparison of the estimated and actual revenues and expenditures to date. If it appears that the revenues are less than anticipated, the City Council or City Manager may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the City's revenues. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds, or agencies under such rules as he may prescribe.
- After the budget has been adopted no expenditure may be incurred, except pursuant to a budget appropriation unless there is a specific additional appropriation thereof. The head of any department, with the approval of the City Manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his/her department to another fund or agency within his/her department. The City Manager must report these transfers to the City Council. The City Manager, with the approval of the Council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another. The legal level of control is at the department level.
- Budget appropriations lapse at the end of the fiscal year except for any appropriations either supported by formal purchase contracts or approved by the City Council or City Manager to be carried forward.

B. Budgetary Basis

The General Fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general, special revenue, and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund and parking and airport special revenue funds are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 37,918,049	\$ 36,574,486
Other financing sources/uses (GAAP basis)	<u>4,019,528</u>	<u>5,835,014</u>
Subtotal (GAAP Basis)	41,937,577	42,409,500
Adjust tax revenue to accrual basis	346,704	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(783,030)
Add end of year appropriation carryforwards to expenditures	-	971,898
Recognize use of fund balance as funding source	2,332,349	-
To reverse bond refunding	<u>(2,512,615)</u>	<u>(2,512,615)</u>
Budgetary basis	\$ <u>42,104,015</u>	\$ <u>40,085,753</u>

In addition, adjustments were made to the enterprise funds to conform to the budgetary basis, primarily for the omission of depreciation expense which is not budgeted, the inclusion of principal debt service and capital expenses which are budgeted expenses.

D. Excess of Expenditures Over Appropriations

The City reflected expenditures in excess of appropriation in the following departments and transfers out:

General Fund:

City Manager	\$ (149)
General services	\$ (179,934)
Engineering	\$ (71,345)
Transfers out	\$ (35,662)

Nonmajor Governmental Funds:

Airport	\$ (21,121)
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Investment income in excess of budget funded the additional expenditures. Revenues in excess of estimated receipts funded the departmental overexpenditures.

E. Deficit Fund Equity

The following fund had a deficit as of June 30, 2005:

Community development (nonmajor - special revenue fund)	\$ (27,947)
--	--------------

The deficit in this fund will be eliminated through future federal grant reimbursements.

3. Cash and Investments

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

City Funds

Custodial Credit Risk - Deposits. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a city with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The City's deposit policy for custodial credit risk is to fully collateralize all deposits.

As of June 30, 2005, the City's bank balance of \$ 58,677,421 was fully insured and collateralized.

The Investment Policy of the City's Trustees of the Trust Funds does not permit deposits and investments in the following, without prior written approval:

- unregistered or restricted stock
- commodities, including gold, precious gems or currency futures
- private placement debt
- conditional sales contracts
- uncovered options
- short sales or margin purchases
- transferable certificates of participation in business trusts and limited partnerships
- securities of the investment managers or their respective parents, subsidiaries or affiliates
- tobacco stock

Investments at June 30, 2005 included the following:

State Investment Pool	\$ 2,201,421
U.S. Treasury Obligations	633,103
U.S. Government Agencies	1,068,941
Corp. and Foreign Bonds	681,691
Common equities	4,420,209
Int'l Equity Mutual funds	<u>301,326</u>
Total	<u>\$ 9,306,691</u>

B. Credit Risk

The City's Investment Policy and the Board of Trustees Investment Policy minimize credit risk by limiting investments to the safest types of securities as listed above, pre-qualifying institutions and diversifying the portfolio. Information regarding the quality and maturity dates of fixed income securities is as follows:

	<u>Total</u>	<u>Years to Maturity</u>			<u>Average Rating</u>
		<u><1</u>	<u>1-5</u>	<u>6-10</u>	
U.S. Treasury Obligations	\$ 633,103	\$ -	\$ -	\$ 633,103	Aaa
U.S. Government Agencies	1,068,941	442,926	626,015	-	Aaa
Corp. and Foreign Bonds	<u>681,691</u>	<u>101,226</u>	<u>580,465</u>	<u>-</u>	A1
Total	<u>\$ 2,383,735</u>	<u>\$ 544,152</u>	<u>\$ 1,206,480</u>	<u>\$ 633,103</u>	

C. Concentration Of Credit Risk

City Funds

The City's Investment Policy limits its exposure to concentration credit risk by limiting the types of investment securities that it holds to U.S.

Government Obligations and by splitting its short-term deposits between financial institutions that fully collateralize them and the NHPDIP that also collateralizes the deposits and fully insures them.

Trust Funds

It is the policy of the Trustees that common investments shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, industry or specific issuer. The Trustees' concentration of credit risk policy is to not allow more than 5% of the portfolio to be invested in the securities of one issuer, with the exception of the U.S. Government or its agencies. As of and for the fiscal year ended June 30, 2005, the City was in compliance with this limitation policy.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Please see table above under Part B.

City Funds

The City minimizes the risk that the market value of securities will fall due to changes in general interest rates by structuring the portfolio so securities mature to meet the cash requirements for on-going operations thus avoiding the need to sell securities on the open market prior to maturity. The policy also provides for investing primarily in shorter-term securities, including the local government investment pool.

Trust Funds

The Trust recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary loss of liquidity. Portfolio diversification is to be employed as a way to control risk. The Trustee is expected to use prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the specific issuer. The Trustee shall review and, if appropriate, proceed to liquidate any securities having comparable credit risks.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is not provided, since all investments are held in mutual funds.

E. Foreign Currency Risk

The City's and Trustee's investment policies do not specifically address foreign currency issues, however, the City and Trustee believe that they have minimal exposure to foreign currency risk.

4. Property Taxes Receivable

The City bills property taxes on a quarterly basis and they are due in July, October, January and March. Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable, within the current fiscal year and collected within the current period or within 60 days of year end.

Property taxes collected before the due date, and in advance of the year for which they are levied, are recorded as a prepaid tax liability as they are intended to finance the subsequent year's budget.

At the time of the tax lien, which the City usually places within 60 to 90 days after the due date, a lien is recorded on the property at the Registry of Deeds. If the property taxes (redemptions) are not paid within two years and one day of the tax lien date, the property could be conveyed to the City by deed and subsequently sold at public sale held in November of each year. Property taxes collected before the due date, and in advance of the year for which they are levied, are recorded as a prepaid tax liability as they are intended to finance the subsequent year's operations.

The City annually raises through tax levy an amount (overlay for abatements) for property tax abatements and interest refunds. All abatements and interest refunds are charged to overlay.

Taxes receivable at June 30, 2005 are comprised of (in thousands):

Property taxes:		
Levy of 2005	\$ 21,249	
Levy of 2004	659	
Levy of 2003	293	
Levy of 2002	21	
Levy of 2001	9	
Unredeemed taxes:		
Levy of 2000	10	
Prior years	<u>4</u>	
Subtotal		22,245
Other taxes:		
Elderly tax liens	<u>94</u>	
Subtotal		<u>94</u>
Gross Tax Receivable		22,339
Allowance for Abatements (overlay)		(1,041)
Net Total Taxes Receivable		\$ <u>21,298</u>

5. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following additional allowances for doubtful accounts (in thousands):

Property taxes	\$ <u>105</u>
Total	\$ <u>105</u>

6. Loans Receivable

Loans receivable of \$ 692,961 in non-major governmental funds represent the uncollected balance of community development loans.

7. Intergovernmental Receivable

Intergovernmental receivables in the sewer fund represents amounts owed to the City from the Town of Boscawen for improvements to the Penacook Treatment Plant and annual reimbursements from the New Hampshire Department of Environmental Services. The amount due from the Town of Boscawen is \$ 1,390,392. The amount due from the State in future years is as follows:

Fiscal Year Ended <u>June 30</u>	<u>Reimbursement For</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 90,393	\$ 30,911	\$ 121,304
2007	63,390	28,256	91,646
2008	64,374	25,484	89,858
2009	66,342	22,619	88,961
2010	67,326	19,660	86,986
2011 - 2021	<u>340,553</u>	<u>50,110</u>	<u>390,663</u>
Total	\$ <u>692,378</u>	\$ <u>177,040</u>	\$ <u>869,418</u>

8. Interfund Fund Receivables/Payables and Transfers

The City maintains self-balancing funds; however, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2005 balances in interfund receivable and payable accounts.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,886,967	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Community Development	-	16,718
Miscellaneous SRF	-	616,271
Special Revenue Funds (Previously Reported as Trust Funds):		
Insured Retention	-	111,722
Nelson	-	16,007
Forest and Conservation	-	188,172
Library	-	16,453
Highway	-	2,242,122
Economic Development	-	42,000
Revaluation	-	40,000
Equipment	-	244,985
Mountain Green	-	4,649
Downtown Economic Development	-	70,000
Permanent Funds:		
Cemetery (Nonexpendable)	-	137,868
Library (Nonexpendable)	-	9,578
Dedicated Income (Nonexpendable)	<u>-</u>	<u>130,422</u>
Total	<u>\$ 3,886,967</u>	<u>\$ 3,886,967</u>

The following is an analysis of interfund transfers made in fiscal year 2005:

<u>Governmental Fund:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$ 1,506,913	\$ 3,322,399
Nonmajor Funds:		
Special Revenue Funds:		
Parking	-	63,500
Airport	17,000	42,976
Impact Fee	-	588,725
Miscellaneous	87,712	1,645
Insured Retention	2,000	120,000
Durgin	10,500	-
Nelson	-	16,007
Forest and Conservation	14,828	203,000
Library	-	16,453
Highway	844,878	2,312,000
Economic Development	200,000	242,000

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<u>Governmental Fund:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Revaluation	-	40,000
53 rd Week	57,349	-
Equipment	9,015	254,000
Mountain Green	-	4,649
Downtown Economic Development	-	70,000
Capital Project Funds:		
Other Capital Project Funds Pre 2003	50,000	354,764
Other Capital Project Funds Post 2002	4,672,652	246,915
Open Space Protection Fund	200,000	-
Permanent Funds:		
Cemetery (Nonexpendable)	-	137,868
Library (Nonexpendable)	-	9,578
Dedicated Income (Nonexpendable)	-	130,422
<u>Business-Type Funds:</u>		
Major Funds:		
Water	-	338,600
Sewer	4,374	406,200
Solid Waste	1,312,000	-
Nonmajor Funds:		
Golf	-	60,700
Arena	<u>23,080</u>	<u>29,900</u>
Total	<u>\$ 9,012,301</u>	<u>\$ 9,012,301</u>

9. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 3,833	\$ 414	\$ -	\$ 4,247
Buildings and improvement	15,679	464	-	16,143
Machinery, equipment, and furnishing	3,653	213	-	3,866
Infrastructure	28,413	2,431	-	30,844
Licensed vehicles	<u>9,235</u>	<u>842</u>	<u>(380)</u>	<u>9,697</u>
Total capital assets, being depreciated	60,813	4,364	(380)	64,797
Less accumulated depreciation for:				
Land improvements	(3,269)	(62)	-	(3,331)
Buildings and improvements	(6,074)	(324)	-	(6,398)
Machinery, equipment, and furnishings	(1,994)	(274)	-	(2,268)
Infrastructure	(7,390)	(563)	-	(7,953)

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Licensed vehicles	(5,597)	(922)	351	(6,168)
Total accumulated depreciation	(24,324)	(2,145)	351	(26,118)
Total capital assets, being depreciated, net	36,489	2,219	(29)	38,679
Capital assets, not being depreciated:				
Land	7,604	649	-	8,253
Construction-in-progress	9,587	5,231	(2,899)	11,919
Total capital assets, not being depreciated	17,191	5,880	(2,899)	20,172
Governmental activities capital assets, net	\$ <u>53,680</u>	\$ <u>8,099</u>	\$ <u>(2,928)</u>	\$ <u>58,851</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 55,010	\$ 125	\$ -	\$ 55,135
Machinery, equipment, and furnishings	4,082	550	-	4,632
Infrastructure	127,069	653	-	127,722
Licensed vehicles	906	16	(110)	812
Total capital assets, being depreciated	187,067	1,344	(110)	188,301
Less accumulated depreciation for:				
Buildings and improvements	(14,322)	(1,142)	-	(15,464)
Machinery, equipment, and furnishings	(1,595)	(489)	-	(2,084)
Infrastructure	(40,861)	(1,948)	-	(42,809)
Licensed vehicles	(737)	(58)	110	(685)
Total accumulated depreciation	(57,515)	(3,637)	110	(61,042)
Total capital assets, being depreciated, net	129,552	(2,293)	-	127,259
Capital assets, not being depreciated:				
Land	1,064	-	-	1,064
Construction-in-progress	138	3,893	-	4,031
Total capital assets, not being depreciated	1,202	3,893	-	5,095
Business-type activities capital assets, net	\$ <u>130,754</u>	\$ <u>1,600</u>	\$ <u>-</u>	\$ <u>132,354</u>

Depreciation expense was charged to functions of the City as follows (in thousands):

Governmental Activities:

Public safety	\$ 510
General services	1,345
Community development	284
Culture and recreation	<u>6</u>

Total depreciation expense - governmental activities \$ 2,145

Business-Type Activities:	
Water	\$ 1,737
Sewer	1,764
Other	<u>136</u>
Total depreciation expense - business-type activities	\$ <u>3,637</u>

10. Accounts Payable

Accounts payable represent additional 2005 expenditures paid after July 1, 2005.

11. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund deferred revenues account is equal to the total of all June 30, 2005 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

Property taxes levied are recorded as receivables in the fiscal year billed. As of June 30, 2005, the City had billed the first two quarterly installments of the tax year 2005 (fiscal year 2006) real estate bills. The amount of this billing that is outstanding is included in the receivables on the statement of net assets and is shown as deferred revenue on both the Government-Wide Statement of Net Assets and the Governmental Funds Balance Sheet.

12. Notes Payable

The City had the following notes outstanding at June 30, 2005:

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance at</u> <u>June 30, 2005</u>
State Revolving Loan	1.0%	10/01/01	03/01/06	\$ 4,233,621
State Revolving Loan	1.0%	01/07/04	01/07/06	<u>3,736,098</u>
Total				\$ <u>7,969,719</u>

The following is a summary of notes payable activity in fiscal year 2005:

Balance Beginning of Year	New Issues	Maturities	Balance End of Year
\$ 4,251,623	\$ 214,165	\$ (232,167)	\$ 4,233,621
<u>383,352</u>	<u>3,352,746</u>	<u>-</u>	<u>3,736,098</u>
\$ <u>4,634,975</u>	\$ <u>3,566,911</u>	\$ <u>(232,167)</u>	\$ <u>7,969,719</u>

13. Long-Term Debt

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding are as follows:

	Original Amount	Serial Maturities Through	Interest Rate (s)%	Amount Outstanding as of June 30, 2005
<u>Governmental Funds:</u>				
General Obligation Bonds Payable:				
Public improvements	\$ 1,685,000	07/15/06	7.50	\$ 128,000
Public improvements	11,157,200	01/15/10	4.20 - 7.00	853,800
Public improvements	3,330,000	04/15/14	5.45 - 7.75	1,895,000
Public improvements	4,770,000	04/15/15	4.60 - 6.50	2,955,000
Public improvements	2,463,504	10/15/15	4.00 - 4.70	2,375,906
Public improvements	8,322,590	10/15/16	4.00 - 4.70	4,350,000
Public improvements	1,035,000	04/01/10	4.00 - 5.00	540,000
Public improvements	3,642,514	12/15/10	3.00	2,876,456
Public improvements	4,829,750	11/15/24	3.23	4,509,000
Public improvements	6,027,815	07/15/24	3.00 - 5.00	<u>6,027,815</u>
Total Governmental Funds				\$ <u>26,510,977</u>
<u>Enterprise Funds:</u>				
<u>Water Fund:</u>				
Water construction & equip.	\$ 400,000	07/15/06	7.50	\$ 43,000
Water	3,537,000	01/15/16	4.20 - 7.00	356,400
Water	2,260,000	07/15/13	3.30 - 6.25	472,000
Water	3,660,000	04/15/14	3.65 - 4.50	2,565,000
Water	1,980,000	04/01/10	4.60 - 6.50	1,025,000
Water meters	2,297,279	10/15/16	4.00 - 4.70	1,293,000
Water	452,280	10/15/10	4.00 - 4.70	434,124
Water	1,730,000	04/01/17	4.00 - 4.70	1,370,000
Water	125,604	12/15/10	3.00	99,188
Water	3,236,175	01/15/24	3.23	2,995,000
Water	2,023,545	07/15/24	3.00 - 5.00	<u>2,023,545</u>
Total Water Fund				12,676,257

Sewer Fund:

Sanitary sewer	1,350,000	07/15/13	2.90 - 5.65	58,000
Sanitary sewer	755,000	07/15/06	7.50	79,000
Sanitary sewer	1,552,800	07/15/16	3.30 - 6.25	130,000
Sanitary sewer	3,272,000	04/15/14	3.65 - 4.50	2,230,000
Sanitary sewer	2,150,000	04/01/17	4.60 - 6.50	1,245,000
Sanitary sewer	910,176	10/15/15	4.00 - 4.70	433,000
Sanitary sewer	312,175	10/15/14	4.00 - 4.70	299,726
Sanitary sewer	169,000	04/01/13	4.00 - 5.00	120,000
Sanitary sewer	482,259	12/15/10	3.00	382,407
Sanitary sewer	1,059,150	01/15/24	3.23	975,000
Sanitary sewer	1,465,790	07/15/24	3.00 - 5.00	<u>1,465,790</u>

Total Sewer Fund 7,417,923

Nonmajor Funds:

Clubhouse improvements	25,000	10/15/05	4.00 - 4.70	5,000
Clubhouse improvements	365,000	04/01/17	4.00 - 5.00	290,000
Golf course renovation	100,000	11/15/24	3.23	90,000
Arena expansion	430,000	10/15/15	4.00 - 4.70	314,000
Arena	39,925	01/15/24	3.23	36,000
Arena	29,700	07/15/24	3.00 - 500	<u>29,700</u>

Total Other Enterprise Funds 764,700

Total Enterprise Fund Bonds Payable \$ 20,858,880

B. Future Debt Service

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2005 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,416,387	\$ 1,019,614	\$ 4,436,001
2007	3,309,251	900,465	4,209,716
2008	3,049,906	771,364	3,821,270
2009	2,523,738	666,681	3,190,419
2010	2,462,353	575,701	3,038,054
2011-2015	8,454,842	1,666,355	10,121,197
2016-2020	2,125,500	436,711	2,562,211
2021-2025	<u>1,169,000</u>	<u>119,143</u>	<u>1,288,143</u>
Total	\$ <u>26,510,977</u>	\$ <u>6,156,034</u>	\$ <u>32,667,011</u>

<u>Enterprise</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 2,297,754	\$ 823,284	\$ 3,121,038
2007	2,298,327	738,286	3,036,613
2008	2,235,844	646,385	2,882,229
2009	2,174,847	564,236	2,739,083
2010	2,149,945	482,856	2,632,801
2011-2015	8,061,698	1,262,106	9,323,804
2016-2020	1,579,465	132,783	1,712,248
2017 - 2021	<u>61,000</u>	<u>6,100</u>	<u>67,100</u>
Total	\$ <u>20,858,880</u>	\$ <u>4,656,036</u>	\$ <u>25,514,916</u>

C. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2005 are as follows:

<u>Purpose</u>	<u>Amount</u>
Langlely park	\$ 225,000
Open space	4,300,000
Sludge stabilization	4,600,000
Sears garage	12,580,000
PENA plant modification	3,930,000
Arena energy	150,000
Sewer lines	175,000
North end paving	<u>721,000</u>
Total	\$ <u>26,681,000</u>

D. Advance and Current Refundings

Current Year

On February 1, 2005, the City issued general obligation bonds in the amount of \$ 5,497,850 with an interest rate of 3% to advance refund \$ 5,449,800 of term bonds with interest rates ranging from 2.9% to 7.0%. The term bonds mature on July 15, 2016 and are callable on July 15, 2005. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with and escrow agent to provide debt service payments until the term bonds are called on July 15, 2016. The advance refunding met the requirements of an insubstance debt defeasance and the term bonds were removed from the City's financial statements.

As a result of the advanced refunding, the City reduced its total debt service cash flow requirements by \$ 76,957, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 64,960.

Defeased debt still outstanding as of June 30, 2005 is \$ 5,449,800.

E. Prior Year's Debt Defeasance

Current Year

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. The proceeds from the new issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature in October 2014. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's balance sheet. As of June 30, 2005, the amount of defeased debt outstanding but removed from the Governmental Activities and Business-Type Activities was \$ 5,764,900 and \$ 1,386,100, respectively.

F. Changes in General Long-Term Liabilities

During the year ended June 30, 2005, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/04	Additions	Reductions	Refunding	Total Balance 6/30/05	Less Current Portion	Equals Long-Term Portion 6/30/05
<u>Governmental Activities</u>							
General obligation debt	\$ 26,087	\$ 6,028	\$ (3,127)	\$ (2,477)	\$ 26,511	\$ (3,416)	\$ 23,095
Other:							
Accrued employee benefits	1,556	147	-	-	1,703	(1,448)	255
Landfill closure	630	-	(30)	-	600	(30)	570
Subtotal	2,186	147	(30)	-	2,303	(1,478)	825
Totals	\$ 28,273	\$ 6,175	\$ (3,157)	\$ (2,477)	\$ 28,814	\$ (4,894)	\$ 23,920
	Total Balance 7/1/04	Additions	Reductions	Refunding	Total Balance 6/30/05	Less Current Portion	Equals Long-Term Portion 6/30/05
<u>Business-Type Activities</u>							
General obligation debt	\$ 22,886	\$ 3,519	\$ (2,573)	\$ (2,973)	\$ 20,859	\$ (2,298)	\$ 18,561
Other:							
Accrued employee benefits	143	5	(1)	-	147	(147)	-
Totals	\$ 23,029	\$ 3,524	\$ (2,574)	\$ (2,973)	\$ 21,006	\$ (2,445)	\$ 18,561

14. Subsequent Events

Debt

Subsequent to June 30, 2005, the City has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General Obligation Bond	\$ 10,161,000	4.0%	07/15/05	07/15/25

15. Landfill and Postclosure Care Costs

The City is required by state and federal laws and regulations to construct a final capping system on the Concord Sanitary Landfill and perform certain maintenance and monitoring functions at the site for 30 years.

The landfill stopped accepting waste in May 1994, and the final capping system was completed in July 1995. The City has reflected \$ 600,000 as the estimate of the remaining postclosure care liability at June 30, 2005 in the Governmental Activities Statement of Net Assets. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

16. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

17. Reserves and Designations of Fund Equity

The City has established "reserves" of fund equity to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use. Fund "designations," which are not legally required segregations, have also been established to indicate tentative plans for future financial utilization.

The City reported the following types of reserves and designations at June 30, 2005:

Reserved for Encumbrances - an account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance.

Reserved for Expenditures - represents Airport fund balance reserved to be used in accordance with Federal Aviation Administration guidelines.

Reserved for Inventory - an account used to segregate that portion of fund balance committed for inventory purposes.

Reserved for Perpetual Funds - represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

Reserved for Tax Stabilization - represents surplus the City Council has approved to provide tax rate stabilization.

Unreserved - Designated - represents management's tentative plans to utilize fund balance for future capital projects.

18. Commitments and Contingencies

Outstanding Lawsuits - There are several pending lawsuits in which the City is involved. The City's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

19. Post-Employment Health Care

The City provides certain health care benefits for retired employees and will provide benefits to current employees hired prior to January 1, 1991 upon retirement. Payments are made in accordance with City policy established in January 1987 and annual appropriations. In order to participate in the City Group Health Insurance Program (the Retiree Group), the employee must be enrolled in the City group plan upon the date of retirement from the City, must be at least age 62 (age 60 with 35 or more years of service), and must be vested in the New Hampshire Retirement System. Any retirees who leave the Retiree Group may not reenter.

Persons who retire from the City with at least ten (10) years of creditable services in the New Hampshire Retirement System but prior to the minimum age 62 must maintain an unbroken participation (at retiree's expense) in the Retiree Group from the effective date of their retirement until qualifying for the City-paid premium benefit in order to become eligible for such City-paid premium benefit at a later date.

Persons who have participated in both the City's group health insurance and the New Hampshire State Retirement System for at least 24 consecutive

months immediately prior to retirement, but who are not vested in the New Hampshire Retirement System, may also join the Retiree Group at their own expense.

As of June 30, 2005, there were 345 retirees, including eligible spouses, receiving health care benefits. The City recognizes the cost of providing these benefits as paid. These costs totaled \$ 309,047 fiscal year ended June 30, 2005.

20. Retirement System

The City follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, with respect to employees' funds.

A. Plan Description

The City contributes to the New Hampshire Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A41-a of New Hampshire law assigns the system the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301-8509.

B. Funding Policy

Plan members are required to contribute between 5% and 9.30% of annual covered compensation to the pension plan. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A: 16, which range from 2.18% to 5.70% of covered compensation. The City's contributions to the system for the years ended June 30, 2005, 2004 and 2003 were \$ 1,821,378, \$ 1,771,199, and \$ 1,025,326, respectively, which were equal to its annual required contributions for each of these years.

21. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The government participates in a risk pool for workers' compensation for which it does not retain any risk of loss. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

22. Tax Increment District

The following represents the North End Opportunity Corridor Tax Increment Financing District's life-to-date financial report. This District is reported as a debt service fund of the City.

Revenues:

Tax Increment District	\$ 3,152,601	
Investment interest	<u>30,774</u>	\$ 3,183,375

Expenditures:

Principal	1,575,000	
Interest on debt	1,018,572	
Outside services	<u>82,527</u>	<u>2,676,099</u>

Excess (Deficiency) of revenue 507,276

Fund Balance Reserved for Debt Service \$ 507,276

Long-Term Debt Payable:

Principal	\$ 3,605,000	
Interest	<u>968,098</u>	<u>4,573,098</u>

Deficit to be Raised by Tax Increment District \$ (4,065,822)

Assessment Information:

Base Value \$ 4,096,900

Captured Value* \$ 42,900,100

* = As of April 1, 2005

Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for certain revenue sources which are restricted by law or other formal action to expenditures for specific purposes.

Special Revenue Funds are established for the following purposes:

- Community Development Fund - to account for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning.
- Housing Revolving Loan Fund - to account for revenues and expenditures incurred with loans issued to various homeowners.
- Housing Revolving Loan Fund/Post 1992 - to account for revenues and expenditures incurred with loans issued to various homeowners after 1992.
- Parking Fund - to account for revenues and expenditures incurred with the collection of City parking meter fees.
- Airport Fund - to account for revenues and expenditures incurred with the operation of the Concord Airport.
- Impact Fee Fund - to account for revenues and expenditures incurred with fees charged on the construction of new buildings.
- Miscellaneous Special Revenue Fund - to account for the various other funds of the City legally restricted for specific purposes.
- Insured Retention - to account for sums of money which are appropriated for City insurance purposes.
- Durgin Garage - to account for monies received by the City to fund capital improvements on the Durgin Garage.
- Landfill - to account for monies received by the City to fund anticipated expenditures upon closure of the landfill.
- Reappraisal - to account for funds remaining from the 1991 property reappraisal.
- Nelson - to account for monies left to the Concord Public Library for capital improvement or land acquisition.
- Forest and Conservation - to account for revenues collected from the Land Use Charge Tax (used to preserve and protect open space, forests and conservation land in the City) and the option to purchase real property or interests therein.

- Cemetery - to account for expendable gifts to the City designated for the maintenance of cemeteries.
- Library - to account for expendable gifts to the City designated for the libraries.
- Highway - to account for funds transferred from the General Fund for future pavement restoration and repair.
- Economic Development - to account for funds transferred from the General Fund for an office park, industrial park or civic center.
- Revaluation - to account for funds transferred from the General Fund for the next property revaluation.
- 53rd Week - to account for funds transferred to reserve for an upcoming 53rd payroll week fiscal year.
- Equipment - to account for funds transferred from the General Fund for equipment upgrades.
- Mountain Green - to account for funds transferred from the General Fund for system repairs and renovations.
- Fire Apparatus Replacement - to account for funds transferred from the General Fund for fire apparatus replacement.
- Downtown Economic Development - to account for funds transferred from the General Fund for downtown economic development.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in the Enterprise Funds.

The current funds were established for the following purposes:

- Other Capital Project Funds - Pre-2003 - to account for various other smaller construction projects and MIS upgrade funded by various sources prior to 6/30/02.
- Capital Commons Garage Fund - to account for the construction of a new parking garage subsequent to the demolition of the former Sears building.
- Other Capital Project Funds - Post 2002 - to account for various other smaller construction projects funded by various sources after 6/30/02.
- Open Space Protection Fund - to account for annually planned acquisitions of open space and conservation easements in accordance with the priorities of the Master Plan and Vision 2020.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the City in a fiduciary capacity as trustee. The following is a description of the City's Permanent Funds:

- Cemetery - to account for nonexpendable gifts to the City. Income is available for maintenance of various cemeteries.
- Library - to account for nonexpendable gifts received by the library with income restricted for maintenance of the library grounds.
- Dedicated Income - to account for nonexpendable gifts received by the City to be used for the purchase of a new lot suitable for the library, the erection of the library building, and any other general library purposes thereof.
- Other - to account for all other nonexpendable gifts received by the City. Income is available for those activities designated by the appropriate trust instrument.

DEBT SERVICE FUND

Debt Service Funds are established to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The following is a description of the City's Debt Service Fund:

- North End Opportunity Corridor (NEOC) Tax Increment Financing District (NEOCTIFD) - established in March 1998 to account for related revenues and debt service expenditures by this TIFD.

CITY OF CONCORD, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2005

	Special Revenue Funds			
	Community Development Fund	Housing Revolving Loan Fund	Housing Revolving Loan Fund/Post 1992	Parking Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 205,933	\$ 72,212	\$ 985,261
Investments	-	-	-	-
Accounts receivable	36,580	446	-	688
Loans receivable	-	494,315	198,646	-
Other assets	-	-	-	-
	-	-	-	-
Total Assets	<u>\$ 36,580</u>	<u>\$ 700,694</u>	<u>\$ 270,858</u>	<u>\$ 985,949</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 19,094	\$ 67	\$ 2,078	\$ 24,120
Retainage payable	28,715	-	-	-
Deferred revenue	-	494,315	198,646	-
Payments collected in advance	-	-	-	1,008
Due to other funds	16,718	-	-	-
Other liabilities	-	-	-	-
	-	-	-	-
Total Liabilities	64,527	494,382	200,724	25,128
Fund Balances:				
Reserved for encumbrances	-	-	-	13,990
Reserved for expenditures	-	-	-	-
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	(27,947)	206,312	70,134	946,831
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
	-	-	-	-
Total Fund Balances	<u>(27,947)</u>	<u>206,312</u>	<u>70,134</u>	<u>960,821</u>
Total Liabilities and Fund Balances	<u>\$ 36,580</u>	<u>\$ 700,694</u>	<u>\$ 270,858</u>	<u>\$ 985,949</u>

Special Revenue Funds

Airport Fund	Impact Fee Fund	Miscellaneous Special Revenue Fund	Insured Retention Fund	Durgin Garage Fund	Landfill Fund
\$ 319,766	\$ 1,640,244	\$ -	\$ 1,195,724	\$ 322,340	\$ 138,305
-	-	-	-	-	-
8,887	-	981,610	-	-	-
-	-	-	-	-	-
5,450	-	-	-	-	-
<u>334,103</u>	<u>1,640,244</u>	<u>981,610</u>	<u>1,195,724</u>	<u>322,340</u>	<u>138,305</u>
\$ 775	\$ 1,194	\$ 298,506	\$ -	\$ -	\$ -
-	-	28,685	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	616,271	111,722	-	-
-	219,287	-	-	-	-
775	220,481	943,462	111,722	-	-
-	-	-	-	-	-
165,981	-	-	-	-	-
-	-	-	-	-	-
167,347	1,419,763	38,148	1,084,002	322,340	138,305
-	-	-	-	-	-
-	-	-	-	-	-
<u>333,328</u>	<u>1,419,763</u>	<u>38,148</u>	<u>1,084,002</u>	<u>322,340</u>	<u>138,305</u>
<u>\$ 334,103</u>	<u>\$ 1,640,244</u>	<u>\$ 981,610</u>	<u>\$ 1,195,724</u>	<u>\$ 322,340</u>	<u>\$ 138,305</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>			
	<u>Reappraisal Fund</u>	<u>Nelson Fund</u>	<u>Forest & Conservation Fund</u>	<u>Cemetery Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 53,074	\$ 306,633	\$ 12,890
Investments	-	-	1,381,077	58,054
Accounts receivable	-	-	-	-
Loans receivable	-	-	-	-
Other assets	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 53,074</u>	<u>\$ 1,687,710</u>	<u>\$ 70,944</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
Payments collected in advance	-	-	-	-
Due to other funds	-	16,007	188,172	-
Other liabilities	-	-	-	-
Total Liabilities	-	16,007	188,172	-
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved for expenditures	-	-	-	-
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	-	37,067	1,499,538	70,944
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
Total Fund Balances	-	<u>37,067</u>	<u>1,499,538</u>	<u>70,944</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 53,074</u>	<u>\$ 1,687,710</u>	<u>\$ 70,944</u>

Special Revenue Funds

Library Fund	Highway Fund	Economic Development Fund	Revaluation Fund	53rd Week Fund	Equipment Fund
\$ 4,968	\$ 3,467,452	\$ 1,442,589	\$ 68,754	\$ 414,552	\$ 267,507
22,378	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 27,346</u>	<u>\$ 3,467,452</u>	<u>\$ 1,442,589</u>	<u>\$ 68,754</u>	<u>\$ 414,552</u>	<u>\$ 267,507</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,453	2,242,122	42,000	40,000	-	244,985
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,453	2,242,122	42,000	40,000	-	244,985
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,893	1,225,330	1,400,589	28,754	414,552	22,522
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,893</u>	<u>1,225,330</u>	<u>1,400,589</u>	<u>28,754</u>	<u>414,552</u>	<u>22,522</u>
<u>\$ 27,346</u>	<u>\$ 3,467,452</u>	<u>\$ 1,442,589</u>	<u>\$ 68,754</u>	<u>\$ 414,552</u>	<u>\$ 267,507</u>

(continued)

(continued)

	Special Revenue Funds			
	Mountain Green Fund	Fire Apparatus Replacement Fund	Downtown Economic Development Fund	Subtotal
<u>ASSETS</u>				
Cash and cash equivalents	\$ 276,380	\$ 43,367	\$ 117,699	\$ 11,355,650
Investments	-	-	-	1,461,509
Accounts receivable	-	-	-	1,028,211
Loans receivable	-	-	-	692,961
Other assets	-	-	-	5,450
Total Assets	<u>\$ 276,380</u>	<u>\$ 43,367</u>	<u>\$ 117,699</u>	<u>\$ 14,543,781</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 345,834
Retainage payable	-	-	-	57,400
Deferred revenue	-	-	-	692,961
Payments collected in advance	-	-	-	1,008
Due to other funds	4,649	-	70,000	3,609,099
Other liabilities	-	-	-	219,287
Total Liabilities	4,649	-	70,000	4,925,589
Fund Balances:				
Reserved for encumbrances	-	-	-	13,990
Reserved for expenditures	-	-	-	165,981
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	271,731	43,367	47,699	9,438,221
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
Total Fund Balances	<u>271,731</u>	<u>43,367</u>	<u>47,699</u>	<u>9,618,192</u>
Total Liabilities and Fund Balances	<u>\$ 276,380</u>	<u>\$ 43,367</u>	<u>\$ 117,699</u>	<u>\$ 14,543,781</u>

Capital Project Funds

Other Capital Project Funds Pre 2003	Capital Commons Garage Fund	Other Capital Project Funds Post 2002	Open Space Protection Fund	Subtotal
\$ 3,002,500	\$ 1,300,717	\$ 9,969,160	\$ 515,729	\$ 14,788,106
-	-	-	-	-
9,001	-	5,618	-	14,619
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,011,501</u>	<u>\$ 1,300,717</u>	<u>\$ 9,974,778</u>	<u>\$ 515,729</u>	<u>\$ 14,802,725</u>
\$ 86,950	\$ 89,928	\$ 786,978	\$	\$ 963,856
18,930	-	329,155	-	348,085
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
105,880	89,928	1,116,133	-	1,311,941
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,905,621	1,210,789	8,858,645	515,729	13,490,784
-	-	-	-	-
<u>2,905,621</u>	<u>1,210,789</u>	<u>8,858,645</u>	<u>515,729</u>	<u>13,490,784</u>
<u>\$ 3,011,501</u>	<u>\$ 1,300,717</u>	<u>\$ 9,974,778</u>	<u>\$ 515,729</u>	<u>\$ 14,802,725</u>

(continued)

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	Permanent Funds				
	Cemetery Fund	Library Fund	Dedicated Income Fund	Other Fund	Subtotal
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,130,712	\$ 128,182	\$ 744,633	\$ 13,639	\$ 2,017,166
Investments	5,004,996	577,332	-	61,433	5,643,761
Accounts receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Other assets	-	-	-	-	-
Total Assets	<u>\$ 6,135,708</u>	<u>\$ 705,514</u>	<u>\$ 744,633</u>	<u>\$ 75,072</u>	<u>\$ 7,660,927</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Payments collected in advance	-	-	-	-	-
Due to other funds	137,868	9,578	130,422	-	277,868
Other liabilities	-	-	-	-	-
Total Liabilities	137,868	9,578	130,422	-	277,868
Fund Balances:					
Reserved for encumbrances	-	-	-	-	-
Reserved for expenditures	-	-	-	-	-
Reserved for perpetual permanent funds	5,997,840	695,936	614,211	75,072	7,383,059
Unreserved:					
Undesignated					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service fund	-	-	-	-	-
Total Fund Balances	<u>5,997,840</u>	<u>695,936</u>	<u>614,211</u>	<u>75,072</u>	<u>7,383,059</u>
Total Liabilities and Fund Balances	<u>\$ 6,135,708</u>	<u>\$ 705,514</u>	<u>\$ 744,633</u>	<u>\$ 75,072</u>	<u>\$ 7,660,927</u>

Debt Service Fund

<u>NEOC Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 507,276	\$ 28,668,198
-	7,105,270
-	1,042,830
-	692,961
-	<u>5,450</u>
<u>\$ 507,276</u>	<u>\$ 37,514,709</u>
\$ -	\$ 1,309,690
-	405,485
-	692,961
-	1,008
-	3,886,967
-	<u>219,287</u>
-	6,515,398
-	13,990
-	165,981
-	7,383,059
-	9,438,221
-	13,490,784
<u>507,276</u>	<u>507,276</u>
<u>507,276</u>	<u>30,999,311</u>
<u>\$ 507,276</u>	<u>\$ 37,514,709</u>

CITY OF CONCORD, NEW HAMPSHIRE

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance**

Nonmajor Governmental Funds

For Fiscal Year Ended June 30, 2005

	Special Revenue Funds			
	Community Development Fund	Housing Revolving Loan Fund	Housing Revolving Loan Fund/Post 1992	Parking Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	578,908	-	-	-
Charges for services	-	184,053	15,596	392,327
Investment income	-	7,691	1,695	17,855
Contributions	-	-	-	-
Miscellaneous:				
Departmental	-	-	-	196,541
Interest and penalties	-	-	-	277,179
	578,908	191,744	17,291	883,902
Total Revenues				
Expenditures:				
Current:				
General government	14,250	8,079	-	675,456
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	582,516	451,394	30,000	-
	596,766	459,473	30,000	675,456
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(17,858)	(267,729)	(12,709)	208,446
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(63,500)
	-	-	-	(63,500)
Total Other Financing Sources (Uses)				
Net change in fund balance	(17,858)	(267,729)	(12,709)	144,946
Fund Balance, beginning	(10,089)	474,041	82,843	815,875
Fund Balance, ending	\$ (27,947)	\$ 206,312	\$ 70,134	\$ 960,821

Special Revenue Funds

Airport Fund	Impact Fee Fund	Miscellaneous Special Revenue Fund	Insured Retention Fund	Durgin Garage Fund	Landfill Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,560	-	1,543,185	-	-	-
296,478	780,243	148,223	-	-	-
3,462	34,337	603	27,853	6,591	3,157
-	-	14,712	6,278	-	-
165,981	-	-	-	-	-
-	-	3,109	-	-	-
<u>468,481</u>	<u>814,580</u>	<u>1,709,832</u>	<u>34,131</u>	<u>6,591</u>	<u>3,157</u>
195,684	476,946	582,741	-	-	-
-	-	-	-	-	-
70,000	-	-	-	-	-
6,288	-	-	-	-	-
-	-	1,349,473	-	-	-
<u>271,972</u>	<u>476,946</u>	<u>1,932,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
196,509	337,634	(222,382)	34,131	6,591	3,157
-	-	-	-	-	-
17,000	-	87,712	2,000	10,500	-
<u>(42,976)</u>	<u>(588,725)</u>	<u>(1,645)</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>
<u>(25,976)</u>	<u>(588,725)</u>	<u>86,067</u>	<u>(118,000)</u>	<u>10,500</u>	<u>-</u>
170,533	(251,091)	(136,315)	(83,869)	17,091	3,157
<u>162,795</u>	<u>1,670,854</u>	<u>174,463</u>	<u>1,167,871</u>	<u>305,249</u>	<u>135,148</u>
<u>\$ 333,328</u>	<u>\$ 1,419,763</u>	<u>\$ 38,148</u>	<u>\$ 1,084,002</u>	<u>\$ 322,340</u>	<u>\$ 138,305</u>

(continued)

(continued)

	Special Revenue Funds			
	Reappraisal Fund	Nelson Fund	Forest & Conservation Fund	Cemetery Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	3	6,956	84,188	1,774
Contributions	-	-	403,511	-
Miscellaneous:				
Departmental	-	-	-	-
Interest and penalties	-	-	-	-
Total Revenues	<u>3</u>	<u>6,956</u>	<u>487,699</u>	<u>1,774</u>
Expenditures:				
Current:				
General government	-	-	-	-
Miscellaneous	1,342	1,636	3,848	72
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>1,342</u>	<u>1,636</u>	<u>3,848</u>	<u>72</u>
Excess (deficiency) of revenues over expenditures	(1,339)	5,320	483,851	1,702
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	14,828	-
Transfers out	-	(16,007)	(203,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(16,007)</u>	<u>(188,172)</u>	<u>-</u>
Net change in fund balance	(1,339)	(10,687)	295,679	1,702
Fund Balance, beginning	<u>1,339</u>	<u>47,754</u>	<u>1,203,859</u>	<u>69,242</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 37,067</u>	<u>\$ 1,499,538</u>	<u>\$ 70,944</u>

Special Revenue Funds

Library Fund	Highway Fund	Economic Development Fund	Revaluation Fund	53rd Week Fund	Equipment Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
6,276	68,546	36,383	3,228	7,737	6,464
-	-	-	1,342	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,276</u>	<u>68,546</u>	<u>36,383</u>	<u>4,570</u>	<u>7,737</u>	<u>6,464</u>
-	-	-	-	-	-
282	-	-	-	-	18,030
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,030</u>
5,994	68,546	36,383	4,570	7,737	(11,566)
-	-	-	-	-	-
-	844,878	200,000	-	57,349	9,015
<u>(16,453)</u>	<u>(2,312,000)</u>	<u>(242,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(254,000)</u>
<u>(16,453)</u>	<u>(1,467,122)</u>	<u>(42,000)</u>	<u>(40,000)</u>	<u>57,349</u>	<u>(244,985)</u>
(10,459)	(1,398,576)	(5,617)	(35,430)	65,086	(256,551)
<u>21,352</u>	<u>2,623,906</u>	<u>1,406,206</u>	<u>64,184</u>	<u>349,466</u>	<u>279,073</u>
<u>\$ 10,893</u>	<u>\$ 1,225,330</u>	<u>\$ 1,400,589</u>	<u>\$ 28,754</u>	<u>\$ 414,552</u>	<u>\$ 22,522</u>

(continued)

(continued)

	Special Revenue Funds			
	Mountain Green Fund	Fire Apparatus Replacement Fund	Downtown Economic Development Fund	Subtotal
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	2,124,653
Charges for services	-	-	-	1,816,920
Investment income	5,280	933	2,757	333,769
Contributions	30,662	-	-	456,505
Miscellaneous:				
Departmental	-	-	-	362,522
Interest and penalties	-	-	-	280,288
Total Revenues	35,942	933	2,757	5,374,657
Expenditures:				
Current:				
General government	-	-	-	1,953,156
Miscellaneous	-	-	-	25,210
Debt service:				
Principal	-	-	-	70,000
Interest	-	-	-	6,288
Capital outlay	-	-	-	2,413,383
Total Expenditures	-	-	-	4,468,037
Excess (deficiency) of revenues over expenditures	35,942	933	2,757	906,620
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	1,243,282
Transfers out	(4,649)	-	(70,000)	(3,974,955)
Total Other Financing Sources (Uses)	(4,649)	-	(70,000)	(2,731,673)
Net change in fund balance	31,293	933	(67,243)	(1,825,053)
Fund Balance, beginning	240,438	42,434	114,942	11,443,245
Fund Balance, ending	\$ 271,731	\$ 43,367	\$ 47,699	\$ 9,618,192

Capital Project Funds

Other Capital Project Funds Pre 2003	Capital Commons Garage Fund	Other Capital Project Funds Post 2002	Open Space Protection Fund	Subtotal
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	10,200	-	10,200
-	-	-	-	-
-	-	65,600	16,200	81,800
115,103	-	2,573	-	117,676
-	-	156	-	156
-	-	-	-	-
115,103	-	78,529	16,200	209,832
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
665,625	254,693	6,043,026	384,271	7,347,615
665,625	254,693	6,043,026	384,271	7,347,615
(550,522)	(254,693)	(5,964,497)	(368,071)	(7,137,783)
-	-	2,831,400	683,800	3,515,200
50,000	-	4,672,652	200,000	4,922,652
(354,764)	-	(246,915)	-	(601,679)
(304,764)	-	7,257,137	883,800	7,836,173
(855,286)	(254,693)	1,292,640	515,729	698,390
3,760,907	1,465,482	7,566,005	-	12,792,394
\$ 2,905,621	\$ 1,210,789	\$ 8,858,645	\$ 515,729	\$ 13,490,784

(continued)

(continued)

	Permanent Funds				
	Cemetery Fund	Library Fund	Dedicated Income Fund	Other Fund	Subtotal
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	390,410	49,610	15,671	3,002	458,693
Contributions	121,869	38	307,316	-	429,223
Miscellaneous:					
Departmental	-	-	-	-	-
Interest and penalties	-	-	-	-	-
Total Revenues	<u>512,279</u>	<u>49,648</u>	<u>322,987</u>	<u>3,002</u>	<u>887,916</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Miscellaneous	47,521	2,458	133,248	238	183,465
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>47,521</u>	<u>2,458</u>	<u>133,248</u>	<u>238</u>	<u>183,465</u>
Excess (deficiency) of revenues over expenditures	464,758	47,190	189,739	2,764	704,451
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(137,868)</u>	<u>(9,578)</u>	<u>(130,422)</u>	<u>-</u>	<u>(277,868)</u>
Total Other Financing Sources (Uses)	<u>(137,868)</u>	<u>(9,578)</u>	<u>(130,422)</u>	<u>-</u>	<u>(277,868)</u>
Net change in fund balance	326,890	37,612	59,317	2,764	426,583
Fund Balance, beginning	<u>5,670,950</u>	<u>658,324</u>	<u>554,894</u>	<u>72,308</u>	<u>6,956,476</u>
Fund Balance, ending	<u>\$ 5,997,840</u>	<u>\$ 695,936</u>	<u>\$ 614,211</u>	<u>\$ 75,072</u>	<u>\$ 7,383,059</u>

Debt Service Fund

<u>NEOC Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 732,581	\$ 732,581
-	2,134,853
-	1,816,920
11,148	885,410
-	1,003,404
-	362,678
-	280,288
<u>743,729</u>	<u>7,216,134</u>
20,157	1,973,313
-	208,675
345,000	415,000
184,865	191,153
-	9,760,998
<u>550,022</u>	<u>12,549,139</u>
193,707	(5,333,005)
-	3,515,200
-	6,165,934
-	(4,854,502)
-	4,826,632
193,707	(506,373)
<u>313,569</u>	<u>31,505,684</u>
<u>\$ 507,276</u>	<u>\$ 30,999,311</u>

CITY OF CONCORD, NEW HAMPSHIRE

Combining Statement of Net Assets

Nonmajor Proprietary Funds

June 30, 2005

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Arena Fund</u>	<u>Total Other Funds</u>
<u>ASSETS</u>			
Current:			
Cash and short-term equivalents	\$ 283,747	\$ 231,874	\$ 515,621
User fees, net of allowance for uncollectibles	(296)	6,030	5,734
Other assets	<u>10,281</u>	<u>-</u>	<u>10,281</u>
Total current assets	293,732	237,904	531,636
Noncurrent:			
Capital assets:			
Land and construction in progress	121,992	70,714	192,706
Other capital assets, net of accumulated depreciation	<u>835,215</u>	<u>724,449</u>	<u>1,559,664</u>
Total noncurrent assets	<u>957,207</u>	<u>795,163</u>	<u>1,752,370</u>
TOTAL ASSETS	1,250,939	1,033,067	2,284,006
<u>LIABILITIES</u>			
Current:			
Accounts payable	46,861	3,162	50,023
Accrued liabilities	4,457	3,738	8,195
Deferred revenue	11,619	21,293	32,912
Current portion of long-term liabilities:			
Bonds payable	40,000	38,000	78,000
Compensated absences	<u>15,200</u>	<u>8,770</u>	<u>23,970</u>
Total current liabilities	118,137	74,963	193,100
Noncurrent:			
Bonds payable, net of current portion	<u>345,000</u>	<u>341,700</u>	<u>686,700</u>
Total noncurrent liabilities	<u>345,000</u>	<u>341,700</u>	<u>686,700</u>
TOTAL LIABILITIES	463,137	416,663	879,800
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	572,207	493,423	1,065,630
Unrestricted	<u>215,595</u>	<u>122,981</u>	<u>338,576</u>
TOTAL NET ASSETS	<u>\$ 787,802</u>	<u>\$ 616,404</u>	<u>\$ 1,404,206</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Nonmajor Proprietary Funds

For Fiscal Year Ended June 30, 2005

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Arena Fund</u>	<u>Total Other Funds</u>
Operating Revenues:			
Charges for services	\$ 745,243	\$ 406,830	\$ 1,152,073
Other	<u>-</u>	<u>557</u>	<u>557</u>
Total Operating Revenues	745,243	407,387	1,152,630
Operating Expenses:			
Operating expenses	653,222	347,373	1,000,595
Depreciation	<u>88,012</u>	<u>48,040</u>	<u>136,052</u>
Total Operating Expenses	<u>741,234</u>	<u>395,413</u>	<u>1,136,647</u>
Operating Income	4,009	11,974	15,983
Nonoperating Revenues (Expenses):			
Investment income	3,582	2,994	6,576
Interest expense	<u>(16,527)</u>	<u>(13,258)</u>	<u>(29,785)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(12,945)</u>	<u>(10,264)</u>	<u>(23,209)</u>
Income Before Transfers	(8,936)	1,710	(7,226)
Transfers:			
Transfers in	-	23,080	23,080
Transfers out	<u>(60,700)</u>	<u>(29,900)</u>	<u>(90,600)</u>
Change in Net Assets	(69,636)	(5,110)	(74,746)
Net Assets at Beginning of Year	<u>857,438</u>	<u>621,514</u>	<u>1,478,952</u>
Net Assets at End of Year	<u>\$ 787,802</u>	<u>\$ 616,404</u>	<u>\$ 1,404,206</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

For Fiscal Year Ended June 30, 2005

	Business-Type Activities Enterprise Funds		
	Golf Fund	Arena Fund	Total Other Funds
<u>Cash Flows From Operating Activities:</u>			
Receipts from customers and users	\$ 750,002	\$ 409,591	\$ 1,159,593
Payments to vendors and employees	<u>(640,510)</u>	<u>(391,453)</u>	<u>(1,031,963)</u>
Net Cash Provided By Operating Activities	109,492	18,138	127,630
<u>Cash Flows From Noncapital Financing Activities:</u>			
Transfers in	-	23,080	23,080
Transfers out	<u>(60,700)</u>	<u>(29,900)</u>	<u>(90,600)</u>
Net Cash (Used For) Noncapital Financing Activities	(60,700)	(6,820)	(67,520)
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Proceeds from issuance of bonds and notes	-	29,700	29,700
Principal payments on bonds and notes	(40,000)	(32,925)	(72,925)
Interest expense	<u>(16,527)</u>	<u>(13,258)</u>	<u>(29,785)</u>
Net Cash (Used For) Capital and Related Financing Activities	(56,527)	(16,483)	(73,010)
<u>Cash Flows From Investing Activities:</u>			
Investment income	<u>3,582</u>	<u>2,994</u>	<u>6,576</u>
Net Cash Provided by Investing Activities	<u>3,582</u>	<u>2,994</u>	<u>6,576</u>
Net Change in Cash and Short-Term Equivalents	(4,153)	(2,171)	(6,324)
Cash and Short-Term Equivalents, Beginning of Year	<u>287,900</u>	<u>234,045</u>	<u>521,945</u>
Cash and Short-Term Equivalents, End of Year	<u>\$ 283,747</u>	<u>\$ 231,874</u>	<u>\$ 515,621</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>			
Operating income	\$ 4,009	\$ 11,974	\$ 15,983
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	88,012	48,040	136,052
Changes in assets and liabilities:			
User fees	-	10,128	10,128
Other assets	1,000	-	1,000
Accounts payable	16,436	(45,584)	(29,148)
Compensated absences	(1,202)	1,425	223
Other liabilities	<u>1,237</u>	<u>(7,845)</u>	<u>(6,608)</u>
Net Cash Provided By Operating Activities	<u>\$ 109,492</u>	<u>\$ 18,138</u>	<u>\$ 127,630</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2005

	Balance July 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2005</u>
<u>Agency Fund</u>				
Assets - cash and short-term investments	\$ <u>1,854,950</u>	\$ <u>86,791,498</u>	\$ <u>(86,896,055)</u>	\$ <u>1,750,393</u>
Liabilities - due to other governments	1,184,535	65,927,874	(66,085,958)	1,026,451
Liabilities - other liabilities	<u>670,415</u>	<u>20,863,624</u>	<u>(20,810,097)</u>	<u>723,942</u>
Total liabilities	\$ <u>1,854,950</u>	\$ <u>86,791,498</u>	\$ <u>(86,896,055)</u>	\$ <u>1,750,393</u>
 <u>Beneflex Fund</u>				
Assets - cash and short-term investments	\$ <u>374,311</u>	\$ <u>4,981,585</u>	\$ <u>(5,057,996)</u>	\$ <u>297,900</u>
Liabilities - other liabilities	\$ <u>374,311</u>	\$ <u>4,981,585</u>	\$ <u>(5,057,996)</u>	\$ <u>297,900</u>
 <u>Totals:</u>				
Assets - cash and short-term investments	\$ <u>2,229,261</u>	\$ <u>91,773,083</u>	\$ <u>(91,954,051)</u>	\$ <u>2,048,293</u>
Liabilities - due to other governments	1,184,535	65,927,874	(66,085,958)	1,026,451
Liabilities - other liabilities	<u>1,044,726</u>	<u>25,845,209</u>	<u>(25,868,093)</u>	<u>1,021,842</u>
Total liabilities	\$ <u>2,229,261</u>	\$ <u>91,773,083</u>	\$ <u>(91,954,051)</u>	\$ <u>2,048,293</u>

**Detail and Combining Budget
and Actual Statements**

General Fund

The general fund is established to account for all resources obtained and used for those services commonly provided by the City which are not accounted for in any other fund. These services include among other items: General government, public safety, general services, community development, leisure and information services, and human services. 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.

CITY OF CONCORD, NEW HAMPSHIRE

**Detail Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund**

For the Fiscal Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	Variance Positive (Negative)
<u>Taxes</u>			
Property taxes - current	\$ 22,386,860	\$ 22,386,860	\$ -
Timber tax yield	15,000	26,337	11,337
Excavation activity tax	700	76	(624)
Motor vehicle registrations	5,400,000	5,508,184	108,184
Boat registrations	3,000	4,602	1,602
Rooms and meals	1,323,300	1,385,893	62,593
Payment in lieu of taxes	<u>399,028</u>	<u>481,176</u>	<u>82,148</u>
Total Taxes	29,527,888	29,793,128	265,240
<u>Licenses and Permits</u>			
Engineering	45,440	37,695	(7,745)
City clerk records	26,900	33,016	6,116
Health services	116,040	97,913	(18,127)
Police/protection/amusement	2,900	1,950	(950)
Code enforcement/building permits	890,500	944,939	54,439
General service permits	<u>4,480</u>	<u>9,150</u>	<u>4,670</u>
Total Licenses and Permits	1,086,260	1,124,663	38,403
<u>Intergovernmental</u>			
State sharing	1,164,121	1,164,121	-
Railroad tax	4,760	2,669	(2,091)
Forest loss reimbursement	1,150	731	(419)
Fire service aid	81,380	81,380	-
Emergency mgmt. administration - grant	23,800	23,800	-
State election reimbursement	4,020	4,337	317
Highway block grant	<u>704,400</u>	<u>735,544</u>	<u>31,144</u>
Total Intergovernmental	1,983,631	2,012,582	28,951
<u>Charges For Services</u>			
Finance	120,800	131,255	10,455
Legal - prosecutor	49,750	49,750	-
City clerk	54,500	54,133	(367)
Public safety	1,422,293	1,578,742	156,449
General services	188,650	226,483	37,833
Planning	453,640	399,831	(53,809)
Human services	35,000	16,258	(18,742)

(continued)

(continued)

	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Library	20,990	20,928	(62)
Recreation	312,320	243,282	(69,038)
Cable franchise fee	480,000	526,801	46,801
Auditorium rental	45,380	45,360	(20)
School district lease	74,580	74,805	225
Storage rental	5,000	10,410	5,410
Community Center rental	37,000	46,755	9,755
Memorial field rental	14,310	3,884	(10,426)
Code prosecution	45,000	70,737	25,737
Restitution	15,000	13,974	(1,026)
Parking fines - non meters	181,000	196,821	15,821
False alarm penalties	47,000	46,000	(1,000)
Overdue book fines	58,800	51,395	(7,405)
Concessions/sponsors	3,400	2,010	(1,390)
Total Charges For Services	3,664,413	3,809,614	145,201
<u>Investment Income</u>			
Earnings on investments	325,000	655,232	330,232
Total Investment Income	325,000	655,232	330,232
<u>Miscellaneous</u>			
Miscellaneous revenue not anticipated	73,857	179,335	105,478
Insurance refunds/dividends	32,000	27,966	(4,034)
Other share of capital debt	56,770	56,768	(2)
Sale of city property	20,000	51,077	31,077
Timber sales	52,300	44,670	(7,630)
MV transportation surcharge	176,000	170,955	(5,045)
Interest, costs, and penalties	306,500	338,763	32,263
Total Miscellaneous	717,427	869,534	152,107
<u>Other Financing Sources</u>			
Transfers in	1,531,900	1,506,913	(24,987)
Budgetary use of fund balance	2,332,349	2,332,349	-
Total Other Financing Sources	3,864,249	3,839,262	(24,987)
Total Revenues and Other Financing Sources	\$ 41,168,868	\$ 42,104,015	\$ 935,147

CITY OF CONCORD, NEW HAMPSHIRE

**Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund**

For the Fiscal Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>General Government</u>			
City Manager	\$ 349,095	\$ 349,244	\$ (149)
Legal services	663,606	656,962	6,644
Personnel	275,290	259,571	15,719
Finance:			
Finance department	582,330	578,570	3,760
Purchasing	147,430	142,846	4,584
Treasury division	605,008	582,186	22,822
Audit services	44,440	44,265	175
Data processing	433,612	377,869	55,743
City Council	30,600	28,268	2,332
City Clerk	257,090	248,939	8,151
Assessor	535,674	526,690	8,984
	<hr/>	<hr/>	<hr/>
Total General Government	3,924,175	3,795,410	128,765
 <u>Public Safety</u>			
Police	6,997,180	6,718,444	278,736
Fire	9,115,480	8,755,881	359,599
Civil Defense	23,350	20,440	2,910
	<hr/>	<hr/>	<hr/>
Total Public Safety	16,136,010	15,494,765	641,245
 <u>General Services</u>			
	<hr/>	<hr/>	<hr/>
Total General Services	6,568,101	6,748,035	(179,934)
 <u>Planning and Development</u>			
Community development	808,280	803,916	4,364
Building & codes	871,470	830,879	40,591
Engineering	1,062,929	1,134,274	(71,345)
Conservation	25,850	22,094	3,756
Forestry	52,700	32,075	20,625
	<hr/>	<hr/>	<hr/>
Total Planning and Development	2,821,229	2,823,238	(2,009)
 <u>Leisure and Information Services</u>			
Library	1,563,370	1,532,240	31,130
Recreation and parks	561,720	545,606	16,114
	<hr/>	<hr/>	<hr/>
Total Leisure and Information Services	2,125,090	2,077,846	47,244
 <u>Human Services</u>			
Welfare	708,330	622,440	85,890
Social services	407,460	407,460	-
	<hr/>	<hr/>	<hr/>
Total Human Services	1,115,790	1,029,900	85,890

(continued)

(continued)

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Employee Benefits</u>			
Employee benefits	<u>672,000</u>	<u>493,054</u>	<u>178,946</u>
Total Employee Benefits	672,000	493,054	178,946
<u>Debt Service</u>			
Principal	2,695,270	2,700,884	(5,614)
Interest	<u>979,360</u>	<u>783,185</u>	<u>196,175</u>
Total Debt Service	3,674,630	3,484,069	190,561
<u>Miscellaneous</u>			
	<u>868,186</u>	<u>840,117</u>	<u>28,069</u>
Total Miscellaneous	868,186	840,117	28,069
<u>Other Financing Uses</u>			
Transfers out	<u>3,263,657</u>	<u>3,299,319</u>	<u>(35,662)</u>
Total Other Financing Uses	<u>3,263,657</u>	<u>3,299,319</u>	<u>(35,662)</u>
Total Expenditures and Other Financing Uses	<u>\$ 41,168,868</u>	<u>\$ 40,085,753</u>	<u>\$ 1,083,115</u>

CITY OF CONCORD, NEW HAMPSHIRE

**Statement of Revenues, Expenditures, and
Other Financing Sources and Uses - Budget and Actual**

Annually Budgeted Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2005

	Parking		
	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services:			
Street parking - meters	270,000	272,634	2,634
Firehouse block garage - meters	36,000	30,604	(5,396)
Durgin block garage - meters	76,000	68,234	(7,766)
Prepaid parking	18,000	20,855	2,855
Fuel flow fees	-	-	-
Rentals	-	-	-
Total Charges for Services	400,000	392,327	(7,673)
Investment income	6,520	17,855	11,335
Miscellaneous:			
Capital reserve	10,500	10,500	-
Meter parking penalties	340,000	276,934	(63,066)
Rentals	174,921	177,926	3,005
Court fines	400	245	(155)
Miscellaneous	2,000	8,115	6,115
Total Miscellaneous	527,821	473,720	(54,101)
Total Revenues	934,341	883,902	(50,439)
Expenditures:			
General Government:			
Compensation	348,120	349,312	(1,192)
Outside services	72,430	69,715	2,715
Fringe benefits	113,960	111,282	2,678
Firehouse block garage	41,635	36,440	5,195
Durgin block garage	76,864	71,818	5,046
Supplies	31,740	26,807	4,933
Utilities	-	-	-
Insurance	9,320	7,941	1,379
Debt service	-	-	-
Other	18,170	12,512	5,658
Total General Government and Total Expenditures	712,239	685,827	26,412
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer out	(63,500)	(63,500)	-
Total Other Financing Sources (Uses)	(63,500)	(63,500)	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 158,602	\$ 134,575	\$ (24,027)

Airport			Total		
<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 2,000	\$ 2,560	\$ 560	\$ 2,000	\$ 2,560	\$ 560
-	-	-	270,000	272,634	2,634
-	-	-	36,000	30,604	(5,396)
-	-	-	76,000	68,234	(7,766)
-	-	-	18,000	20,855	2,855
22,145	17,338	(4,807)	22,145	17,338	(4,807)
<u>279,549</u>	<u>279,140</u>	<u>(409)</u>	<u>279,549</u>	<u>279,140</u>	<u>(409)</u>
301,694	296,478	(5,216)	701,694	688,805	(12,889)
-	3,462	3,462	6,520	21,317	14,797
-	-	-	10,500	10,500	-
-	-	-	340,000	276,934	(63,066)
-	-	-	174,921	177,926	3,005
-	-	-	400	245	(155)
-	165,981	165,981	<u>2,000</u>	<u>174,096</u>	<u>172,096</u>
<u>-</u>	<u>165,981</u>	<u>165,981</u>	<u>527,821</u>	<u>639,701</u>	<u>111,880</u>
303,694	468,481	164,787	1,238,035	1,352,383	114,348
34,000	44,655	(10,655)	382,120	393,967	(11,847)
63,900	66,635	(2,735)	136,330	136,350	(20)
18,640	26,109	(7,469)	132,600	137,391	(4,791)
-	-	-	41,635	36,440	5,195
-	-	-	76,864	71,818	5,046
20,600	33,935	(13,335)	52,340	60,742	(8,402)
20,110	15,668	4,442	20,110	15,668	4,442
5,660	8,682	(3,022)	14,980	16,623	(1,643)
87,941	76,288	11,653	87,941	76,288	11,653
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,170</u>	<u>12,512</u>	<u>5,658</u>
250,851	271,972	(21,121)	963,090	957,799	5,291
-	17,000	17,000	-	17,000	17,000
<u>(51,250)</u>	<u>(42,976)</u>	<u>8,274</u>	<u>(114,750)</u>	<u>(106,476)</u>	<u>8,274</u>
<u>(51,250)</u>	<u>(25,976)</u>	<u>25,274</u>	<u>(114,750)</u>	<u>(89,476)</u>	<u>25,274</u>
\$ <u>1,593</u>	\$ <u>170,533</u>	\$ <u>168,940</u>	\$ <u>160,195</u>	\$ <u>305,108</u>	\$ <u>144,913</u>

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Proprietary (Enterprise) Funds

Enterprise Funds were established to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the activity be self-supporting based on user charges.

The City of Concord has the following Enterprise Funds:

Water Fund - to account for the operation and maintenance of the City's water lines, pumping stations and plant.

Sewer Fund - to account for the operation and maintenance of the City's sewer lines, pumping stations, and two wastewater treatment plants.

Solid Waste Fund - to account for the collection and disposal of City's trash. Residential trash collection is handled as a transfer from the general fund and reimbursed through the property tax levy.

Golf Fund - to account for the operation and maintenance of the City's public golf course.

Arena Fund - to account for the operation and maintenance of the City's public ice arena.

CITY OF CONCORD, NEW HAMPSHIRE

**Schedule of Revenues and
Expenses - Budget and Actual**

Enterprise Funds

For the Fiscal Year Ended June 30, 2005

		<u>Water Fund</u>	
	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
Operating Revenues:			
Operating revenue	\$ 4,779,660	\$ 4,801,521	\$ 21,861
Miscellaneous	<u>-</u>	<u>279</u>	<u>279</u>
Total Operating Revenues	4,779,660	4,801,800	22,140
Operating Expenses:			
Administration	758,610	746,341	12,269
Collection	-	-	-
Treatment facility/plant operations	978,510	973,674	4,836
Water supply	191,010	203,725	(12,715)
Distribution	450,750	414,153	36,597
Pump station	-	-	-
Disposal	-	-	-
Miscellaneous	58,490	40,525	17,965
Capital outlay	769,100	639,104	129,996
Debt service	<u>1,345,800</u>	<u>1,345,803</u>	<u>(3)</u>
Total Operating Expenses	<u>4,552,270</u>	<u>4,363,325</u>	<u>188,945</u>
Operating Income (Loss)	227,390	438,475	211,085
Non-Operating Income (Expenses):			
Interest expense	(578,170)	(542,290)	35,880
Investment income	39,500	98,422	58,922
Intergovernmental	-	-	-
Other non-operating income	<u>156,000</u>	<u>88,377</u>	<u>(67,623)</u>
Total Non-Operating Income (Expenses)	<u>(382,670)</u>	<u>(355,491)</u>	<u>27,179</u>
Net Income (Loss) Before Transfers	(155,280)	82,984	238,264
Other Financing Sources:			
Transfers in	-	-	-
Transfers out	<u>(338,600)</u>	<u>(338,600)</u>	<u>-</u>
Total Other Financing Sources	<u>(338,600)</u>	<u>(338,600)</u>	<u>-</u>
Net Income (Loss)	<u>\$ (493,880)</u>	<u>\$ (255,616)</u>	<u>\$ 238,264</u>

Sewer Fund			Solid Waste Fund		
<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 4,683,880	\$ 4,778,328	\$ 94,448	\$ 1,889,920	\$ 1,894,194	\$ 4,274
-	3,395	3,395	-	-	-
4,683,880	4,781,723	97,843	1,889,920	1,894,194	4,274
677,280	661,936	15,344	-	-	-
290,220	272,431	17,789	1,147,800	1,095,172	52,628
1,964,166	2,063,534	(99,368)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
71,540	71,674	(134)	-	-	-
-	-	-	2,245,790	2,199,206	46,584
24,910	12,209	12,701	-	-	-
531,310	400,447	130,863	-	-	-
1,461,380	1,386,874	74,506	-	-	-
<u>5,020,806</u>	<u>4,869,105</u>	<u>151,701</u>	<u>3,393,590</u>	<u>3,294,378</u>	<u>99,212</u>
(336,926)	(87,382)	249,544	(1,503,670)	(1,400,184)	103,486
(506,070)	(528,350)	(22,280)	-	-	-
39,730	84,384	44,654	-	-	-
391,220	311,884	(79,336)	-	-	-
203,550	210,209	6,659	-	-	-
<u>128,430</u>	<u>78,127</u>	<u>(50,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(208,496)	(9,255)	199,241	(1,503,670)	(1,400,184)	103,486
6,000	4,374	(1,626)	1,312,000	1,312,000	-
(406,200)	(406,200)	-	-	-	-
<u>(400,200)</u>	<u>(401,826)</u>	<u>(1,626)</u>	<u>1,312,000</u>	<u>1,312,000</u>	<u>-</u>
\$ <u>(608,696)</u>	\$ <u>(411,081)</u>	\$ <u>197,615</u>	\$ <u>(191,670)</u>	\$ <u>(88,184)</u>	\$ <u>103,486</u>

(continued)

CITY OF CONCORD, NEW HAMPSHIRE

**Schedule of Revenues and
Expenses - Budget and Actual**

Enterprise Funds

For the Fiscal Year Ended June 30, 2005

(continued)

	<u>Golf Fund</u>		
	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
Operating Revenues:			
Operating revenue	\$ 891,300	\$ 745,243	\$ (146,057)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	891,300	745,243	(146,057)
Operating Expenses:			
Administration	751,090	659,983	91,107
Collection	-	-	-
Treatment facility/plant operations	-	-	-
Water supply	-	-	-
Distribution	-	-	-
Pump station	-	-	-
Disposal	-	-	-
Storm sewer maintenance	-	-	-
Capital outlay	-	-	-
Debt service	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Operating Expenses	<u>791,090</u>	<u>699,983</u>	<u>91,107</u>
Operating Income (Loss)	100,210	45,260	(54,950)
Non-Operating Income (Expenses):			
Interest expense	(16,950)	(16,527)	423
Investment income	1,510	3,582	2,072
Intergovernmental	-	-	-
Other non-operating income	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Income (Expenses)	<u>(15,440)</u>	<u>(12,945)</u>	<u>2,495</u>
Net Income (Loss) Before Transfers	84,770	32,315	(52,455)
Other Financing Sources			
Transfers in	-	-	-
Transfers out	<u>(60,700)</u>	<u>(60,700)</u>	<u>-</u>
Total Other Financing Sources	<u>(60,700)</u>	<u>(60,700)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 24,070</u>	<u>\$ (28,385)</u>	<u>\$ (52,455)</u>

	Arena Fund	
<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 425,820	\$ 406,830	\$ (18,990)
-	557	557
425,820	407,387	(18,433)
353,970	333,383	20,587
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
32,930	32,925	5
386,900	366,308	20,592
38,920	41,079	2,159
(15,320)	(13,258)	2,062
830	2,994	2,164
-	-	-
-	-	-
(14,490)	(10,264)	4,226
24,430	30,815	6,385
23,080	23,080	-
(29,900)	(29,900)	-
(6,820)	(6,820)	-
\$ 17,610	\$ 23,995	\$ 6,385

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STATISTICAL SECTION

CITY OF CONCORD, NEW HAMPSHIRE
 GOVERNMENT-WIDE EXPENSES BY FUNCTION
 (in thousands)

Fiscal Year	Governmental Activities										Business-Type Activities					Total
	General Government	Public Safety	General Services	Community Development	Information and Services	Human Services	Employees Benefits	Interest	Miscellaneous	Subtotal	Water Services	Sewer Services	Solid Waste Services	Other Services	Subtotal	
2003	\$ 4,681	\$ 13,171	\$ 8,686	\$ 2,111	\$ 1,995	\$ 1,010	\$ 224	\$ 1,165	\$ 1,018	\$ 34,061	\$ 3,658	\$ 4,541	\$ 2,905	\$ 1,155	\$ 12,259	\$ 46,320
2004	5,083	15,065	11,859	2,580	2,038	1,070	274	1,099	1,033	40,101	4,628	5,095	3,132	1,128	13,983	54,084
2005	5,825	15,915	10,772	2,964	2,081	1,030	335	954	1,053	40,929	4,833	5,536	3,225	1,166	14,760	55,689

Note: Only fiscal year 2003, 2004, and 2005 information is provided because in fiscal year 2003 the City implemented the reporting requirements of GASB 34. In future years, the City intends on reporting additional year comparative information on this table so that after fiscal year 2012 there will be ten years presented.

CITY OF CONCORD, NEW HAMPSHIRE

GOVERNMENT-WIDE REVENUES
(in thousands)

Fiscal Year	Program Revenues			General Revenues							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Penalties, interest, and other taxes	Grants and Contributions Not Restricted to Specific Programs	Investment income	Miscellaneous revenues	Permanent Fund Contributions		
2003	\$ 17,027	\$ 904	\$ 2,569	\$ 27,299	\$ 706	\$ 4,455	\$ 1,312	\$ 700	\$ 289	\$ 55,261	
2004	18,541	314	2,781	26,733	627	3,947	1,148	649	368	55,108	
2005	19,377	701	3,747	30,527	619	2,273	1,648	1,026	122	60,040	

Note: Only fiscal years 2003, 2004, and 2005 information is provided because in fiscal year 2003 the City implemented the reporting requirements of GASB 34. In future years, the City intends on reporting additional year comparative information on this table so that after fiscal year 2012 there will be ten years presented.

CITY OF CONCORD, NEW HAMPSHIRE
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended	General Government	Public Safety	General Services	Community Development	Leisure and Information Services	Human Services	Employees Benefits	Debt Service	Capital Outlay	Miscellaneous	Total
June 30, 1996	(2) \$ 1,565	\$ 5,333	\$ 2,530	\$ 565	\$ 796	\$ 546	\$ 106	\$ 1,359	\$ 437	\$ 6	\$ 13,243
June 30, 1997	3,794	10,327	4,781	1,164	1,582	1,152	240	2,667	1,159	93	26,959
June 30, 1998	3,778	10,505	4,611	1,184	1,602	1,045	288	3,419	1,308	157	27,897
June 30, 1999	3,862	10,991	4,952	1,098	1,705	1,015	273	3,221	1,265	332	28,714
June 30, 2000	4,090	10,874	4,949	1,962	1,780	1,036	289	3,258	1,017	239	29,494
June 30, 2001	3,519	12,115	5,601	2,857	1,923	1,127	299	3,591	1,815	275	33,122
June 30, 2002	3,623	12,708	5,744	3,111	2,001	1,063	188	4,230	752	787 (3)	34,207
June 30, 2003	4,729	13,774	6,260	2,120	1,993	1,007	224	4,034	2,508	796 (3)	37,445
June 30, 2004	5,076	15,047	6,014	2,561	2,040	1,072	274	3,782	2,517	758 (3)	39,141
June 30, 2005	5,798	15,457	6,895	2,656	2,072	1,030	335	4,067	2,413	844 (3)	41,567

(1) Includes general, debt service funds, and funds considered to be special revenue funds prior to GASB 34.

(2) Six month transitional fiscal period.

(3) Includes expenditures previously included in Planning and Development.

CITY OF CONCORD, NEW HAMPSHIRE
 General Governmental Revenues by Source (1)
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended		Taxes	Licenses and Permits	Intergovern- mental	Charges for Services	Investment Income	Contributions and Miscellaneous	Total
June 30, 1996	(2)	\$ 14,554	\$ 294	\$ 392	\$ 1,308	\$ 372	\$ 1,948	\$ 18,868
June 30, 1997		22,486	513	2,609	2,734	876	853	30,071
June 30, 1998		23,200	574	3,196	2,721	1,146	2,046	32,883
June 30, 1999		22,819	495	3,662	2,897	1,058	941	31,872
June 30, 2000	(3)	23,570	779	3,747	3,536	1,281	949	33,862
June 30, 2001		25,138	740	3,804	3,610	1,733	937	35,962
June 30, 2002		26,425	770	3,562	4,192	1,263	1,338	37,550
June 30, 2003		27,851	1,027	5,393	4,368	574	1,554 (4)	40,767
June 30, 2004		27,147	1,073	5,133	5,042	359	1,363 (4)	40,117
June 30, 2005		30,179	1,125	4,137	5,627	732	1,512 (4)	43,312

(1) Includes general, debt service funds, and funds considered to be special revenue funds prior to GASB 34.

(2) Six month transitional fiscal period.

(3) In fiscal year 2000 the State of New Hampshire instituted a statewide property tax for education.

(4) Includes amounts reported as contributions from general fund and funds considered to be special revenue funds prior to GASB 34.

CITY OF CONCORD, NEW HAMPSHIRE
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended	City Current Tax Levy (1)	Total Current Tax Levy (2)	Current Tax Collections	Percent of Current Taxes Collected	Supplemental Tax Levy and Lien Costs Added To Delinquent Tax Levy	Abatements To Delinquent Tax Levy	Total Tax Levy	Delinquents Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
June 30, 1996	(3) \$ 12,564	\$ 13,362	\$ 12,383	92.7 %	\$ 225	\$ 1,206	\$ 12,381	\$ 3,203	\$ 15,586	125.9 %	\$ 4,482	36.2 %
June 30, 1997	17,188	56,549	54,583	96.5	16	226	56,299	1,664	56,247	99.9	4,534	8.1
June 30, 1998	17,451	58,336	56,987	97.7	351	336	58,351	3,385	60,372	103.5	2,513	4.3
June 30, 1999	17,603	60,293	59,049	97.9	92	245	60,140	1,350	60,399	100.4	2,254	3.7
June 30, 2000	18,040	51,444	50,602	98.3	98	95	51,447	1,521	52,123	101.3	1,578	3.1
June 30, 2001	19,229	56,374	55,465	98.4	96	136	56,334	996	56,462	100.2	1,450	2.6
June 30, 2002	20,326	60,477	59,737	98.8	64	38	60,503	1,064	60,801	100.5	1,152	1.9
June 30, 2003	21,107	63,416	62,681	98.8	66	127	63,355	680	63,361	100.0	1,146	1.8
June 30, 2004	22,082	66,169	65,582	99.1	86	338	65,918	527	66,109	100.3	955	1.4
June 30, 2005	23,153	70,219	69,625	99.2	69	857	69,430	(238)	69,389	99.9	996	1.4

(1) Includes taxes levied for the City of Concord, per N.H. Department of Revenue Administration Tax Rate Calculation.

(2) Includes taxes levied for the City of Concord, the Concord School District, the Merrimack Valley School District, and Merrimack County. The City of Concord is unique in New Hampshire in that it has the only separate school districts with separate taxing authorities for which tax revenues are collected by the City. School and county revenues are not included in the City's general fund.

(3) Includes six month transitional fiscal period.

CITY OF CONCORD, NEW HAMPSHIRE
 Assessed and Estimated Actual Value of Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended		Assessed Value	Exemptions	Net Assessed Value	Estimated Actual Value	Ratio of Net Assessed Value To Estimated Actual Value
June 30, 1996	(1)	\$ 1,497,771	\$ 19,983	\$ 1,477,788	\$ 1,507,947	98 %
June 30, 1997		1,503,988	19,652	1,484,336	1,469,640	101
June 30, 1998		1,573,072	15,583	1,557,489	1,622,384	96
June 30, 1999		1,589,680	15,539	1,574,141	1,692,625	93
June 30, 2000		1,628,808	15,100	1,613,708	1,854,837	87
June 30, 2001		1,672,985	14,160	1,658,825	2,154,318	77
June 30, 2002	(2)	2,222,083	17,735	2,204,348	2,504,941	88
June 30, 2003		2,389,547	19,169	2,370,378	2,855,877	83
June 30, 2004	(3)	2,343,293	18,415	2,324,878	3,184,764	73
June 30, 2005	(4)	3,415,092	26,017	3,389,075	3,644,167	93

- (1) Six month transitional fiscal period.
- (2) Initiated annual assessment update.
- (3) Lowered commercial/industrial values by ten percent.
- (4) Updated all assessments to 100% market value.

CITY OF CONCORD, NEW HAMPSHIRE
Property Tax Rates Per \$1,000 Assessed Valuation
All Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ended	Concord Tax Rate					Penacook Tax Rate					
	City	Concord School District Local Education	Concord School District State Education	Merrimack County	Total	City	Merrimack Valley Sch Dist Local Education	Merrimack Valley Sch Dist State Education	Merrimack County	Total	
June 30, 1996	(1) (2)	\$ 8.60	\$ -	\$ -	\$ 0.54	\$ 9.14	\$ 8.29	\$ -	\$ -	\$ 0.54	\$ 8.83
June 30, 1997		11.58	24.50	-	2.16	38.24	11.58	21.98	-	2.16	35.72
June 30, 1998		11.20	24.51	-	2.04	37.75	11.20	22.52	-	2.04	35.76
June 30, 1999		11.18	25.00	-	2.31	38.49	11.18	23.89	-	2.31	37.38
June 30, 2000	(3)	11.18	11.61	7.27	2.30	32.36	11.18	9.02	7.54	2.30	30.04
June 30, 2001		11.59	12.75	7.11	2.51	33.96	11.59	13.46	7.22	2.51	34.78
June 30, 2002	(4)	9.22	9.95	5.80	2.37	27.34	9.22	10.55	5.69	2.37	27.83
June 30, 2003		8.90	9.73	5.36	2.41	26.40	8.90	12.40	5.44	2.41	29.15
June 30, 2004	(5)	9.49	10.65	5.41	2.52	28.07	9.49	14.33	5.19	2.52	31.53
June 30, 2005	(6)	6.82	8.69	2.84	2.02	20.37	6.82	11.08	2.91	2.02	22.83

- (1) Six month transitional fiscal period.
- (2) Pursuant to Chapter 203 of the laws of 1994, the City was authorized to issue a quarterly property tax bill which funded the six month fiscal year conversion. By law, this bill was equal to one quarter of the 1995 tax bill exclusive of the County. The rate displayed is implied from that law and process appertaining thereto.
- (3) RSA 76:3 enacted on November 3, 1999 under Chapter 338, Laws of 1999, established a State Education Property Tax.
- (4) Initiated annual assessment update.
- (5) Lowered commercial/industrial values by ten percent.
- (6) Updated all assessments to 100% market value.

CITY OF CONCORD, NEW HAMPSHIRE
Principal Taxpayers
June 30, 2005
(amounts expressed in thousands)

Taxpayer	Type of Business	Assessed Value	Percentage of net Assessed Value (1)
GGP Steeplegate Inc	Mall	\$ 69,645	2.06 %
Hodges Properties Inc	Rentals	43,545	1.28
Concord Electric Company	Utility	35,563	1.05
SES Concord Company LP	Trash to Energy	33,759	1.00
David Glass-Walmart/Sam's Club	Retail	28,550	0.84
Capital Region Health Care	Health Care	28,495	0.84
St Paul's School	Private School	25,188	0.74
Eddy Plaza Associates LLC	Retail	21,431	0.63
EnergyNorth Natural Gas Inc	Utility	17,484	0.52
Dayton Hudson Corporation	Retail	<u>12,322</u>	<u>0.36</u>
Total		<u>\$ 315,982</u>	<u>9.32 %</u>

(1) From page 104.

CITY OF CONCORD, NEW HAMPSHIRE
 Computation of Legal Debt Margin
 June 30, 2005
 (amounts expressed in thousands)

Modified local assessed valuation (2)		\$ 3,414,741
Department of Revenue Administration inventory adjustment (2)		<u>215,782</u>
Equalized assessed valuation (2)		3,630,523
Adjustment: RSA 31-A (2)		<u>65,207</u>
Base valuation for debt limits (1) (2)		<u>\$ 3,695,730</u>
Bonded debt limit - 3.00% of base (3)		\$ 110,872
Gross bonded debt June 30, 2005	47,370	
Less: Water bonds (4) (5)	(12,676)	
Sewer bonds (4) (6)	(7,418)	
Tax Increment District (7)	(3,605)	
Landfill closure bonds (8)	<u>(1,981)</u>	21,690
Authorized but unissued	26,681	
Less: Sewer bonds (4) (6)	<u>(8,705)</u>	<u>17,976</u>
Total debt applicable to limitation		<u>39,666</u>
Legal debt margin		<u>\$ 71,206</u>

- (1) The equalization of all taxable property in the State of New Hampshire is conducted annually by the New Hampshire Department of Revenue Administration under the provisions of RSA 21-J: 3(XIII).
- (2) The 2004 Equalization Survey, New Hampshire Department of Revenue Admin.
Per RSA 33.4-b.
- (3) Per RSA 33:4-a.
- (4) An enterprise fund.
- (5) Subject to a separate debt limit of 10% of the City's base valuation per RSA 33:5-a.
- (6) Exempt per RSA 33:5-b.
- (7) North End Opportunity Corridor Tax Increment District exempt per RSA 162-k:8.
- (8) Exempt per RSA 33:6-d.

CITY OF CONCORD, NEW HAMPSHIRE
Ratio of Net General Obligation Bonded Debt
To Net Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year Ended	Population*	Net Assessed Value * (3)	Gross Bonded Debt All Funds *	Less Debt Service Fund * (4)	Less Debt Payable From Enterprise Revenues * (5)	Net Bonded Debt *	Ratio of Net Bonded Debt To Net Assessed Value	Net Bonded Debt Per Capita
June 30, 1996 (7)	38 (1)	\$ 1,477,788	\$ 34,071	\$ 1,062	\$ 16,893	\$ 16,116	1.09%	424
June 30, 1997	38 (1)	1,484,336	43,123	773	20,248	22,102	1.49%	582
June 30, 1998	38 (1)	1,557,489	38,396	485	17,830	20,081	1.29%	528
June 30, 1999	38 (2)	1,574,141	44,043	200	22,366	21,477	1.36%	565
June 30, 2000	39 (2)	1,613,708	48,101	2,785	23,911	21,405	1.33%	549
June 30, 2001	41 (8)	1,658,825	52,783 (6)	4,990	23,680	24,113	1.45%	588
June 30, 2002	41 (2)	2,204,348	50,335	4,640	22,767	22,928	1.04%	559
June 30, 2003	42 (2)	2,370,378	44,606	4,295	19,942	20,369	0.86%	485
June 30, 2004	42 (2)	2,324,878	48,973 (6)	3,950	22,078	22,945	0.99%	546
June 30, 2005	43 (2)	3,389,075	47,370 (6)	3,605	20,859	22,906	0.68%	533

* Amounts expressed in thousands.

(1) N.H. Office of State Planning.

(2) City of Concord, Community Development Department, Planning Division estimate.

(3) From page 104.

(4) Amount available from the North End Opportunity Corridor Tax Increment District for repayment of General obligation bonds.

(5) These amounts include the general obligation bonds that are being repaid from the water and sewer funds, but not the golf and arena funds.

(6) The City issued general obligations refunding bonds.

(7) Six month transitional fiscal period.

(8) 2000 Census.

CITY OF CONCORD, NEW HAMPSHIRE
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt (1)
to Total General Government Expenditures
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended		Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures (3)	Ratio of Debt Service To General Government Expenditures
June 30, 1996	(5)	\$ 902	\$ 457	\$ 1,359	\$ 13,243	10.3 %
June 30, 1997		1,493	1,174	2,667	26,959	9.9
June 30, 1998		2,296	1,123	3,419	27,897	12.3
June 30, 1999		2,219	1,002	3,221	28,714	11.2
June 30, 2000		2,245	1,013	3,258	29,494	11.0
June 30, 2001	(4)	2,370	1,221	3,591	33,121	10.8
June 30, 2002		2,901	1,329	4,230	34,207	12.4
June 30, 2003		2,833	1,201	4,034	37,445	10.8
June 30, 2004	(4)	2,807	975	3,782	39,141	9.7
June 30, 2005	(4)	3,127	940	4,067	41,567	9.8

(1) General obligation bonds reported in the enterprise funds have been excluded.

(2) Excludes bond issuance and other costs.

(3) Includes general, debt service funds, and funds considered to be special revenue funds prior to GASB 34.

(4) The City issued general obligation refunding bonds.

(5) Six month transitional fiscal period.

CITY OF CONCORD, NEW HAMPSHIRE
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2005
 (amounts expressed in thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable To City of Concord	Amount Applicable To City of Concord
Direct:			
City of Concord	\$ 26,511 (1)	100.00 %	\$ 26,511
Overlapping:			
Merrimack County (12/31/04)	27,850	25.88	7,208
Concord School District (6/30/05)	19,289	100.00	19,289
Merrimack Valley School District (6/30/05)	<u>6,831</u>	25.67	<u>1,754</u>
Total	<u>\$ 80,481</u>		<u>\$ 54,761</u>

(1) Excluding general obligation bonds reported in the enterprise funds.

CITY OF CONCORD, NEW HAMPSHIRE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended	Population	Per Capita Personal Income (Estimate)	Concord School District Total Enrollment (4)	Merrimack Valley School District Average Enrollment (5)	Annual Average Unemployment Rate (6)	Retail Sales (Estimate) (3) *	Number of Retail Establishments (Estimate) (3)
June 30, 1996	(8) 37,850 (1)	\$ 23,084 (3)	5,393	668	3.0 %	\$ 808,586	312
June 30, 1997	37,925 (1)	24,734 (9)	5,337	757	2.6	(7)	(7)
June 30, 1998	38,180 (1)	25,943 (3)	5,444	639	2.3	877,926	317
June 30, 1999	38,356 (2)	20,401 (3)	5,613	716	2.0	911,493	312
June 30, 2000	39,023 (2)	20,632 (3)	5,584	777	1.8	983,488	403
June 30, 2001	40,687 (10)	21,114 (3)	5,564	721	1.9	609,593	206
June 30, 2002	41,310 (2)	23,745 (3)	5,550	743	2.2	617,518	206
June 30, 2003	41,792 (2)	25,157 (3)	5,360	772	2.7	641,755	206
June 30, 2004	42,440 (2)	26,085 (3)	5,473	754	3.0	697,197	206
June 30, 2005	42,887 (2)	25,877 (3)	5,422	781	3.1	621,789	207

* Amounts expressed in thousands.

- (1) N.H. Office of State Planning.
- (2) City of Concord, Community Development Department, Planning Division estimate.
- (3) "Editor & Publisher Market Guide", The Editor & Publisher Co.
- (4) N.H. Department of Education.
- (5) Merrimack Valley School District, Superintendent's Office - Concord residents in M.V.S.D.
- (6) N.H. Department of Employment Security.
- (7) Not available.
- (8) Six month transitional fiscal period.
- (9) "American Demographics", January 1998 issue.
- (10) 2000 Census.

CITY OF CONCORD, NEW HAMPSHIRE
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Fiscal Year Ended	Estimated Actual Value (1) *	Building Permits (2)						Total Value of Building Permits Issued *	Bank Deposits (3) *
		Non-Residential Commercial		Residential		Alterations and Other			
		No.	Value *	No.	Value *	No.	Value *		
June 30, 1996	(4) \$ 1,507,947	5	\$ 4,611	32	\$ 3,526	180	\$ 19,588	\$ 27,725	\$ 3,223,870
June 30, 1997	1,469,640	8	1,762	40	9,473	177	23,154	34,389	1,869,264
June 30, 1998	1,622,384	15	17,343	67	5,783	338	26,716	49,843	1,563,597
June 30, 1999	1,692,625	6	11,093	96	10,029	386	17,301	38,424	1,626,363
June 30, 2000	1,854,837	20	22,902	148	22,021	333	17,750	62,673	1,533,550
June 30, 2001	2,154,318	21	16,419	125	16,149	426	30,843	63,411	2,291,801
June 30, 2002	2,504,941	10	7,459	162	19,859	452	41,176	68,494	210,562
June 30, 2003	2,855,877	10	25,983	170	25,407	489	59,600	110,990	240,402
June 30, 2004	3,184,764	12	24,844	215	38,383	509	33,963	97,190	242,004
June 30, 2005	3,644,167	7	21,543	151	26,282	495	50,296	98,121	254,134

* Amounts expressed in thousands.

(1) From page 104.

(2) City of Concord, Code Enforcement Department.

(3) Source: Annual Report of the Bank Commissioner of the State of New Hampshire/Commercial Banks, Fiduciary Trust Companies, Mutual & Guaranty Savings Bank and Credit Unions listed under Concord.

(4) Six month transitional fiscal period.

CITY OF CONCORD, NEW HAMPSHIRE

Miscellaneous Statistics

June 30, 2005

Originally Settled:	1727
Date of Incorporation:	1765
Established as State Capital:	1808
Date First Charter Adopted:	1853
Date of Present Charter Adopted:	1993
Form of Government:	Council/Manager

Elections:

Number of votes cast in last election:	
2003 Municipal (12%)	2,697
2004 Federal (1st in the nation) Primary (52%)	10,107
2004 State Primary (23%)	5,348
2004 General (77%)	21,479
Number of registered voters	26,824 *
* at the 11/2/04 general election	

Number of full-time budgeted employees (excluding police and fire)	257
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Area in square miles	64
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City of Concord facilities and services:

Miles of streets	
Paved	317
Unpaved	21
Number of Street Lights	2,183

Fire Protection/Emergency Medical Service:

Headquarters	1
Number of stations	4
Number of rescue/ambulances: Full time (3) Reserve (2)	5
Number of employees:	
Chief	1
Division Commanders	2
Battalion Chiefs	4
EMS and Professional Standards Officer	1
Fire Captains	4
Life Safety Officer and Asst Life Safety Officer	2
Paramedic Lieutenants	4
Fire Lieutenants	16
Fire Alarm/Traffic Supervisor	1
Communications Supervisor	1
Public Safety Educator	1
Paramedics	24
Fire Alarm/Traffic Technician	2
Firefighters/EMTs	44
Dispatchers	8
Administrative Specialists	2.25
Call Firefighters	4

(continued)

(continued)

Fire Protection/Emergency Medical Service (Cont.):

Number of calls for service:	
Unit operations	7,095
EMS calls:	4,253

Police Protection:

Number of stations	1
Number of sub-stations	2
Number of vehicles:	
Patrol units	16
Unmarked	12
Jeeps - parking	2
Vans	2
Number of employees:	
Sworn personnel - budgeted	79
Sworn personnel - grants	1
Civilian personnel - police	17
Civilian personnel - parking	9
Number of calls for service:	
Part I offenses	1,326
Part II offenses	4,398
Non-criminal	37,924
Number of arrests (per 3,276 offenses)	3,215
Number of parking garages	2
Number of parking lots	2
Number of traffic violations:	
Summonses	5,950
Accidents	2,224
DWI arrests	229

General Aviation (G.A.) Airport:

Number of based planes	92
Number of paved tie-downs	76
Number of landings/takeoffs (est.)	53,000
Number of notices issued to airmen	147

Sewerage System:

Miles of sanitary sewers (approx.)	141
Miles of storm sewers	92
Number of treatment plants	2
Number of service connections - sewer (approx. 70% of all residential and commercial properties)	9,970
Number of service connections - steam condensate	190
Daily average treatment in gallons:	
Concord plant (in service 1981)	4,570,000
Penacook plant (in service 1973)	573,000
Maximum daily capacity gallons:	
Concord plant	10,100,000
Penacook plant	1,180,000
Number of pump stations	8

(continued)

(continued)

Water System:

Miles of water mains	169
Number of treatment plants:	1
Surface water treatment facility with design capacity	10,000,000
Number of service connections	11,510
Daily average consumption in gallons	4,840,000
Maximum daily capacity of plant in gallons	10,000,000
Number of pump stations	3
Number of storage tanks	
Water distribution system	5
4.7 mg clearwell at plant	1
Number of Fire Hydrants:	
Public	1,314
Private	424

Culture and Recreation:

Number of libraries	2
Number of auditoriums	1
Number of communities centers	4
Number of squares (with fountains)	2
Number of golf courses:	1
(Beaver Meadow is the oldest municipal course in New Hampshire)	
Number of ice arenas:	1
(Everett Arena is home to Tara Mounsey *, 1998 U.S.A. Women's Olympic Hockey Team Gold Medallist.)	
Boat ramp	1
Skateboard park	1
Number of parks and playlots:	20
White Park:	
Water playground	
Ballfields	
Basketball court (lighted)	
Soccer fields	
Pond - winter ice skating	
Hockey rink	
Winter sledding hill	
"Monkey Around" playground	
Memorial Field:	
Track	
Tennis courts (10 all purpose)	
Ballfields	
Basketball courts	
Soccer and lacrosse fields	
Football field (lighted)	
Merrill Park:	
Pool	
Tennis courts (3 lighted)	
Ballfields	
Basketball court	

* Tara's mom works in the Finance Department.

(continued)

Culture and Recreation (Cont.):

- Merrill Park (Cont'd):
 - Soccer fields
 - Pond - winter ice skating
 - Trails
 - Playground equipment
- Keach Park:
 - Pool
 - Ballfields
 - Basketball court
 - Soccer fields
 - Playground equipment
- Rollins Park:
 - Pool
 - Tennis court (lighted)
 - Ballfields
 - Basketball court (lighted)
 - Field hockey field
 - Playground equipment
- Rolfe Park/Penacook:
 - Pool
 - Tennis courts (4 - 2 lighted)
 - Ballfields
 - Basketball court (lighted)
 - Soccer fields
 - Trails
 - Playground equipment
- Kimball Park:
 - Pool
 - Basketball courts
 - Playground equipment
- Garrison Park:
 - Pool
 - Basketball courts
 - Playground equipment
- Beaver Meadow Park:
 - Tennis courts (3 all purpose)
 - Little League ballfield
- Martin Park:
 - Soccer fields
 - Lacrosse field
 - Little League ballfield
- Lehtinen Park:
 - Trails
- Riverfront Park
- West Street Playlot:
 - Basketball court
 - Playground equipment
- Fletcher-Murphy Playlot:
 - Basketball court
 - Playground equipment
- Thompson Playlot:
 - Basketball court
 - Playground equipment

Culture and Recreation (Cont.):

Reed Playlot:
 Softball field
 Practice soccer field
 Playground equipment
 Terrill Park:
 Picnic area
 Future park
 Contoocook Island Park:
 Trails
 Future park
 Broken Ground:
 Trails
 Future park
 Morono Park:
 Trails
 Future park

Facilities and services not included in the reporting entity:**Education:**

Concord School District:	
Number of elementary schools	9
Number of elementary school instructors	183
Number of elementary school aides	113
Number of secondary schools	2
Number of secondary school instructors	239
Number of secondary school aides	87
Merrimack Valley School District:	
Number of elementary schools * (Penacook)	1
Number of elementary school instructors	32
Number of elementary schools aides	18
Number of secondary schools	2
Number of secondary school instructors	134
Number of secondary school aides	37
Other:	
Number of private elementary/secondary schools	7
Number of post-secondary schools	6

Hospitals:

Number of hospitals	2
Number of licensed patient beds:	
Concord Hospital	295
Healthsouth	50

Electricity:

Number of electric companies	1
Average number of residential customers	24,585
Average residential bill (based on 500kw hours per month) in dollars	56.13
Capacity of primary distribution sub-system (kVa)	126,062
Number of square miles in service area	64

(continued)

Facilities and services not included in the reporting entity (Cont.):

Refuse to Energy:

Number of incinerators (in service 1989)	1
Number of communities serviced (Co-op)	27
Daily average tons processed	550

News Media:

Newspapers (Daily and Sunday):	
Concord Monitor (Local and Lakes Region)	
Manchester Union Leader (state-wide)	
Number of radio stations located in Concord	5

Transportation:

Number of Bus Lines:	
Local service	1
Interstate service	4

* There are four other elementary schools in this school district which do not serve the Concord/Penacook area.