

# **CITY OF CONCORD, NEW HAMPSHIRE**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2004**

# **CITY OF CONCORD, NEW HAMPSHIRE**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2004**



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The Finance Department**

**James R. Howard  
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# INTRODUCTORY SECTION



# City of Concord, New Hampshire

## FINANCE DEPARTMENT

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(603) 225-8560

January 25, 2005

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, 2004. 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, 2003 through June 30, 2004. 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 21.

Due to the receipt of federal government funds, the City is required to undergo a yearly single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Government Office of Management and Budget's Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*. Information related to this single audit, including a Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is available in a separately issued single audit report.

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.

## GOVERNMENT STRUCTURE

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 42,440 as of December 31, 2003, a 1.5% 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 current city manager, was appointed in October 1996. 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.

## ECONOMIC CONDITIONS AND OUTLOOK

During fiscal 2004, the City and the State of New Hampshire continued to experience a stronger economic performance than the regional and national economies as evidenced by the growth in income, employment and housing construction. However, this growth did not achieve the level of the late 1990's or 2000 and increasing costs for health insurance, employee retirement and state education funding emerged as major issues for fiscal 2004. These issues will remain paramount for the State and the City in the future as well. State fiscal 2004 general fund revenues fell about ten (10) million dollars short of plan as reported in the final accrual revenue report produced by the State.

Continued low mortgage rates fuel the rise in residential property values and construction and will affect a concurrent shift of property tax burden to the residential sector as commercial values, while increasing, have not kept pace.

Buoyed by state and other government employment, the City's average annual unemployment rate remained below the state average for the 12<sup>th</sup> consecutive year. At June 2004, the U.S. unemployment rate was 5.8%, the New England Region at 4.9%, New Hampshire at 3.9%, and Concord was at 3.0%. The Concord unemployment rate in June of 2004 was third lowest among the 13 cities in the state. It remained well below the two larger cities in New Hampshire with Nashua at 5.0% and Manchester at 4.5%. A mixed labor market picture entering fiscal 2004, working against a tight budget outlook, holds promise for unsettled discussions with unions whose contracts were set to expire during this year and next. The fiscal 2004 cost-of-living increase for non-contractual and UAW union employees was 1.6% in February 2004.

One year ago, the expectation for the twelve months contained in the fiscal 2004 budget recognized the cloud hanging over the national economy, compared to strong local and state economies. This expectation was largely realized as is evidenced by the positive but continued reduced results of fiscal 2004 general fund operations as measured by general fund equity and the reduced balance designated for transfer to capital reserve funds. The following table presents the comparative history of general fund designations and undesignated fund balance. As this report goes to print, the expectation for fiscal 2005 operations, as presented in the November 2004 Fiscal Monitoring Report portends of further slowing of revenue growth and correspondingly weaker operational results.

### Selected General Fund Balance Allocations

Source: Annual CAFR

Fiscal year	1999	2000	2001	2002	2003	2004
Tax stabilization reserve	\$3,000,000	\$2,500,000	\$2,500,000	\$2,550,000	\$2,500,000	\$2,000,000
Designated fund balance	2,541,015	1,860,000	2,697,229	\$1,464,793	1,063,863	832,349
Undesignated	3,994,408	4,693,358	4,000,000	\$4,000,000	4,360,000	\$4,000,000
<b>Total</b>	<b>\$9,535,423</b>	<b>\$9,053,358</b>	<b>\$9,197,229</b>	<b>\$8,014,793</b>	<b>\$7,923,863</b>	<b>\$6,832,349</b>

Despite signs of improving national and state economic growth, cost increases in retirement and health benefits, prospects for state budget reductions for local education, and the shift of tax burden to the residential homeowner all portray a challenging fiscal environment for fiscal 2005 and fiscal 2006.

### SUMMARY OF FINANCIAL POSITION AND OPERATIONS – GENERAL FUND

In addition to the information provided in the Management's Discussion and Analysis section of this report, the following information is offered on the General Fund. The General Fund year-end cash balance dropped to \$13.7 million from last year's \$16.5 million. The City's General Fund Current Ratio, i.e., Current Assets to Current Liabilities for fiscal 2004 dropped to 1.2 from last year's 1.3. No comparison to the 1.7 in fiscal 2002 is possible due to the change in the revenue recognition accounting principle associated with GASB Statement No.34 as applied to taxes collected in advance.

Overall, city revenues and collection of taxes, both tied to the local economy, remained strong. Tax collections as a percent of the current levy were 99.1% comparable with the prior year level of 98.8%. See page 109, in the Statistical Section, for a ten-year comparison of property tax collection rates.

The City Director of Real Estate Appraisal implemented an annual property inspection program in fiscal 2002 along with a revaluation with the intention of bringing property assessments closer to market value. However, with the departure of that Assessor before the beginning of fiscal 2004 (tax year 2003), the update became an interim measure to drop commercial values in view of the growing disproportionality of that sector compared to residential. As a result, commercial values dropped in book terms bringing overall taxable assessments down as well. But, on an equalized basis, assessment growth was strong at 11% over the previous year. The affect of the assessment change, coupled with an increase in the amount to be raised by taxation, resulted in an inflated tax rate increase for municipal purposes of 6.6% but an average real overall municipal tax rate increase (real assessment growth considered) of 2.5%. Please refer to pages 110 and 111, in the Statistical Section, for further details.

With the combined affect of a strong local economy and a comprehensive collection plan, delinquent taxes set another record low level as a ratio to the total levy at 1.4% down further from last year's 1.8%. This is a measure of all

delinquent taxes as a percent of the total tax levy. See page 109 in the Statistical Section.

The rate and value of properties in bankruptcy remains low. One fire-damaged home was taken by the City for non-payment of taxes in July 2004 but, as of this writing, it is expected to eventually be deeded back to the mortgagee. No properties were taken by tax deed for non-payment of taxes. Due again to the efforts of the Administration's Tax Deeded Property Committee, there is no backlog of tax-deeded properties.

Fiscal 2004 represents the first full year that land use change tax revenues will not appear as a General Fund revenue. Motor vehicle revenues again exceeded budgeted 2004 levels and grew by 3.5% over fiscal 2003 after having increased by only 2.7% in fiscal 2003 over the actual 2002 level.

Disregarding the elimination of Land Use Change Tax as a General Fund revenue, the next largest decline in revenues continues to be related to the decline in interest rates as measured by the historically low Fed Funds Rate of 1.25% at fiscal year end. During the period, despite the City's strong cash position, it continues as no mystery why interest income dropped in fiscal 2004 to \$317,525 from its peak of \$1,615,111 in fiscal 2001.

Contrasting with the high level of tax collections, propped-up by record mortgage refinancing, revenue from interest, costs and penalties on delinquent taxes remained at its historically lowest level.

Year-end fiscal 2004 results showed another reduction in the City's total fund balance position of \$7,777,170 compared to last year's figure of \$8,637,348. This includes the amount of \$2.0 million in fund balance reserved for tax stabilization purposes which the City Council voted to decrease by \$500,000 from fiscal 2003.

2004 BUDGET – IN ADDITION TO THE RECOGNITION OF NEEDED SUPPORT FOR FINANCIAL OPERATIONS AND INFORMATION TECHNOLOGY, BUDGET GROWTH IS AFFECTED MOSTLY BY INCREASED RETIREMENT AND HEALTH COSTS

The fiscal 2004 budget included the restoration of a senior accountant position in the Finance Department and the creation of a director of information technology. The budget also signaled the intended separation of the information technology function from a division of the Finance Department to a separate department with the responsibility for enterprise-wide technology operations and services. The management initiative was strongly supported by both the City Council Information Technology Advisory Committee and the City Council who made it contingent upon revenue available to the City if the technology-based State Motor Vehicle Registration Program could be instituted. Such a program would serve as an example of the productivity and customer service improvements that would come from the new agency.

The senior accountant position, eliminated due to budget stringency in the early 1990's, was restored after a convincing case was made over the increasing complexity of operations, partially a result of the implementation of the GASB Statement No.34 requirement and the need to improve internal auditing, financial controls and analysis.

Employee benefit cost increases were the major story for the fiscal 2004 budget. Notified in September 2002 that retirement rates would increase an average of 43%, the City immediately developed plans to raise fees and consider other actions to offset the impact of what was projected to cost an additional \$600,000. At the same time, a 20+% increase in health insurance costs were projected to cost in excess of \$300,000.

### PROPERTY TAX RATES

The following table provides a comparison of Concord and Penacook property tax rates (per \$1000 of Assessed Valuation) between fiscal 2004 (2003 rate) and fiscal 2003 (2002 rate), combining the statewide education property tax with the local education tax rate for both school districts. As explained earlier, property tax rates in the Concord school districts increased in association with an overall decrease in assessments attributable to the reduction in commercial values and increases in the amounts to be raised by taxes for all the taxing units.

### **COMPARATIVE PROPERTY TAX RATES**

Concord and Penacook

<u>Entity</u>	<u>FY 2004 2003 Rate</u>	<u>FY 2003 2002 Rate</u>	<u>Percent Change</u>
Municipal Government	9.49	8.90	6.6%
Merrimack County	2.52	2.41	4.6%
Concord Schools – Local and State	16.06	15.09	6.4%
Merrimack Valley Schools – Local & State	19.52	17.84	9.4%
Total Concord	28.07	26.40	6.3%
Total Penacook	31.53	29.15	8.2%

### FISCAL MONITORING BY CITY COUNCIL

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, 2% cost, within a fiscal year). Additions to the reserves were made each year to the 1995 - 2004 budgets after the results of the year's fiscal operations were known.

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

### 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 2004. Standards and Poors affirmed their consistently high AA rating for the City, which the City has held since February of 1997.

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, 2004, the City has remaining 75% of its debt capacity. Please see page 113, 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.

## DISCUSSION OF INFRASTRUCTURE ASSET ACCOUNTING

Under GASB Statement No.34, governmental units are required to include all capital assets, including infrastructure. The City has included fixed assets in its CAFR since 1995. Our current CAFR also includes all infrastructure assets. The City chose to depreciate all capital assets using the straight-line method.

## FINANCIAL STRUCTURE AND MANAGEMENT

According to the City Charter and Code of Ordinances, the City Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, intellectual and human assets of the City are protected from loss, theft, and misuse; and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, the management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires judgments by management.

In connection with the preparation of the fiscal 2003 budget, the Finance Director requested an additional accounting position due to the increasing responsibilities associated with implementation of GASB Statement No.34, recurring management letter recommendations, and the increasing complexity of municipal government financial operations. In view of other funding priorities the position was not approved at that time. Again, with the submittal of the fiscal 2004 budget another request was made to fund the position with the result that a full-time senior accountant was funded.

Single Audit - As a recipient of federal and state assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws and regulations applicable to those programs. This internal control structure is subject to periodic evaluation by management and the public accounting firm hired to audit the records and internal control systems of the City.

As part of the City's single audit (described earlier), tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine if the City complied with applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2004 provided no instances of material weaknesses in the internal control structure. The single audit will be completed and published in February 2005.

Budgeting Controls - In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions established by state law, city charter and the code of ordinances. Additionally, controls are in place to accomplish the programs and purposes established in the budget by vote of the City Council. Activities of the General Fund, certain special revenue funds, and the enterprise funds are established through a formal annual appropriation process established by the City Charter, section 34 through 39. The level of formal, legal budgetary control by City Council is established pursuant to these sections at the department level. Below this level, the City Manager has the authority to transfer available appropriations. However, as a result of Fiscal Policy Advisory Committee (FPAC) deliberations during the fall of 2002, the City Manager agreed to notify Council in advance of his intent to transfer funds within a department when it involves a compensation account. The City also maintains a system of encumbrance accounting to further control budgetary expenditures. Again, as a result of recent FPAC recommendations and Council approval, encumbrances at year-end that are rolled forward to subsequent years will be based upon approval by City Council of a list specifying the purpose for the encumbrance. Unspent or unencumbered funds lapse to fund balance at year-end.

As demonstrated by these financial statements, and the comments of independent credit rating agencies, the City complies with the responsibility for sound fiscal management and budgetary control.

General Governmental Functions - The following is a summary of revenues and operating transfers in the General Fund, special revenue funds, and debt service funds for the fiscal year ended June 30, 2004. Comparisons to the previous fiscal year are also included.

<u>Revenues And Transfers</u>	<u>2004 Amount*</u>	<u>Percent of Total</u>	<u>2003 Amount*</u>	<u>Amount of Increase (Decrease)*</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 27,147	63.9%	\$ 27,851	\$ (704)	-2.5%
Licenses & permits	1,073	2.5%	1,027	46	4.5%
Intergovernmental	5,133	12.1%	5,393	(260)	-4.8%
Charges for service	5,042	11.9%	4,368	674	15.4%
Investment income	359	0.8%	574	(215)	-37.5%
Contributions & misc	1,363	3.2%	1,554	(191)	-12.3%
<b>Operating trans in</b>	<u>2,345**</u>	<u>5.5%</u>	<u>1,710</u>	<u>635</u>	<u>37.1%</u>
<b>TOTAL</b>	<u>\$ 42,462</u>	<u>100.0%</u>	<u>\$ 42,477</u>	<u>\$ (15)</u>	

\*amounts expressed in thousands

\*\*includes the general fund, debt service funds, and funds considered to be special revenue funds prior to GASB Statement No.34

New Hampshire has neither a general sales nor income tax. The most significant source of city revenue continues to be derived from property taxes.

The following schedule presents a summary of expenditures and operating transfers in the General Fund, special revenue funds and debt service funds for the 12-month fiscal year ended June 30, 2004. Comparisons to the previous fiscal year are also included.

<b>Expenditures and Transfers</b>	<b>2004 Amount*</b>	<b>Percent of Total</b>	<b>2003 Amount*</b>	<b>Amount of Increase (Decrease)*</b>	<b>Percent of Increase (Decrease)</b>
<b>Current:</b>					
General Government	\$ 5,076	11.6%	\$ 4,729	\$ 347	7.3%
Public Safety	15,047	34.4%	13,774	1,273	9.2%
General Services	6,014	13.8%	6,260	(246)	-3.9%
Community Development	2,561	5.9%	2,120	441	20.8%
Leisure & Information	2,040	4.7%	1,993	47	2.4%
Human Services	1,072	2.5%	1,007	65	6.5%
Employee Benefits	274	0.6%	224	50	22.3%
Miscellaneous	758	1.7%	796	(38)	-4.8%
<b>Debt Service:</b>					
Principal	2,807	6.4%	2,833	(26)	-0.9%
Interest	975	2.2%	1,201	(226)	-18.8%
<b>Capital Outlay</b>	2,517	5.8%	2,508	9	0.4%
<b>Operating Transfers Out</b>	4,543**	10.4%	5,230	(687)	-13.1%
<b>Total</b>	<u>\$ 43,684</u>	<u>100.0%</u>	<u>\$ 42,675</u>	<u>\$ 1,009</u>	

\*amounts expressed in thousands

\*\*includes the general fund, debt service funds, and funds considered to be special revenue funds prior to GASB Statement No.34

[jrh5]

General Fund Balance - The General Fund undesignated fund balance (UFB) of \$4,000,000 as of fiscal year end was a planned reduction from the previous year through the increased use of a larger undesignated fund balance in fiscal 2003. That increase was generated from the early implementation of fee increases intended to help compensate for expected lower revenues from sources identified earlier in this letter. 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.

**GENERAL FUND EQUITY AND FUND BALANCE**

	1994-2004	
	<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

\*1996 was a 6-month transitional period

Maintenance of a strong fund balance, and increased contribution to reserves, comes primarily from revenues received in excess of budget and then unspent appropriations. Through fiscal 2004, expenditure controls and stringent budgeting have kept budgetary expenditures from outstripping revenue growth.

Enterprise Operations - The City's enterprise operations are comprised of water and sewer utilities, the Beaver Meadow Golf Course, the Douglas N. Everett Ice Arena and the solid waste fund. Water, sewer, golf and arena funds through fiscal 2004 are fully self-supporting from rates charged to customers. The solid waste fund receives a transfer payment from the General Fund to cover the residential portion of solid waste collection and disposal. This payment is billed via the property tax levy. It is segregated as an enterprise fund to support the establishment of fair rates for private refuse disposal at the waste-to-energy facility, as well as segregating the cost of this service. Rates at the golf course and arena were increased in fiscal 2004 to cover the costs of operations and capital expansion plans as identified in the Capital Improvement Program.

Water and sewer rates were last increased 3% in October 2001 in order to insure these utilities retain the ability to be self-supporting. While both utilities retain positive cumulative earning positions and are highly liquid, management concern exists over the ability to continue these positions and provide for capital replacements without additional rate increases. The Fiscal Policy Advisory Committee recognized this need by endorsing another 3% rate increase for fiscal 2003, which was included by the City Manager in his recommended 2003 budget. However, based upon consistent positive operating results, the City Council did not approve the increase in either the adopted 2002, 2003 or 2004 budgets.

Retirement Obligations - By law, all full-time city employees, excluding the City Manager, are members of the State of New Hampshire Retirement System. This system is a cost sharing, multiple-employer, public employee, defined-benefit retirement system (PERS). No formal early retirement incentive program was offered to city employees in fiscal 2004.

Debt Administration - At June 30, 2004, the City had a number of general obligation debt issues outstanding. These included \$26,087,136 of governmental fund debt, \$22,078,355 of water and sewer fund debt, and \$807,925 of golf and arena fund debt. The total authorized but unissued debt was \$12,710,000. Under state law, changed in 1998, the City's debt limitation for general purposes is established at 3.00% of the Base Valuation for Debt Limits as it appears in the Annual Equalization Survey produced by the State Department of Revenue Administration. At fiscal 2004 year end, the remaining debt capacity for these purposes was \$73,411,000. Water and sewer purposes are subject to separate legal limitations. Existing debt, and foreseeable plans for future debt, place the City below legal limits for all purposes.

Cash Management - Cash temporarily idle during the year was invested in U.S. Treasury Bills, certificates of deposit, a sweep account of Citizen's Bank (with collateral held in a joint custody account at the Federal Reserve Bank by repurchase agreements), and the Public Deposit Investment Pool (PDIP). The PDIP was created by an act of the New Hampshire State Legislature solely for managing and collateralizing investments of local governmental units of the State. The average yield on invested funds during the year was 1.23%, down from 1.73% last year.

City investments are guided by an adopted investment policy. This policy was first adopted by City Council in December 1985 and last adopted in February 2004. No city funds were, or are, invested in derivatives. The policy recognizes safety as the number one tenet. Minimization of credit or market risk is considered before liquidity and yield. Accordingly, deposits at the City's major depository are collateralized in a joint custody account at the Federal Reserve Bank of Boston. Other funds, bid in compliance with the investment and cash management policy, may have uncollateralized deposits and investments. These investments must comply with a multi-step formula that reviews the institution's total capital, its capital/asset ratio, and the City of Concord's investment balances. Remaining investments were held at the NH Public Deposit Investment Pool. The Pool has a credit facility, backed by Municipal Bond Investors Assurance, Inc. (MBIA), which guarantees all deposit principal.

Trust fund investments at year end were invested under the authority of three Trustees of Trust Funds pursuant to RSA 31:19 through 31:38-a. These funds are invested in equity and fixed income securities. At their February 2003 meeting, the Trustees most recently adopted an updated Investment Policy. In addition to objectives, the new policy defined diversification and asset allocation strategies and placed limitations and restrictions on investments. An overriding objective is to ensure that all funds are managed with prudence, skill and compliance with applicable regulations. The Trustees of Trust Funds review and approve the investment manager's activity on a quarterly basis. During the year, overall, the

fund experienced a total (combined equity and fixed income) time-weighted return of 11.10%, and cash and equivalent return of 1.17%, both as reported by Citizen's Investment Services.

Risk Management - The City competitively bids its property and casualty insurance every three years. During the 2004 fiscal year, this coverage remained with Primex (formerly Compensation Funds of New Hampshire). The City actively pursues certificates of insurance from all contractors or related parties.

Worker's compensation insurance services are also competitively bid every three years and likewise obtained through Primex. The City enjoys a very low premium modification factor of 0.64 recognizing its efforts at safety and loss control for its employees.

The City Manager commissioned a joint labor/management review committee, The Health Benefits Review Team (HBRT), with funding provided by City Council continuously since fiscal 1999. The purpose of this Team is to examine the City's employee health and dental offerings and recommend cost-effective means for improvement. The HBRT meets regularly and has had positive impact on the cost and arrangement of coverage since its inception. By a report issued in April 2000, the HBRT has turned its attention to several long-term opportunities to positively affect the health of employees and the cost of health insurance. An HBRT project, developed by the Wellness Sub-committee, established "Wellflex", a program aimed at improving employee lifestyle health habits to positively affect costs and quality of personal and work life. For the first time, in fiscal 2002, a financial incentive as a credit against the employee's share of the premium was offered for successful participation in wellness activities. A copy of the February 2000 report, along with the record of accomplishments by the committee, is available from the City Personnel Department.

Health, dental and life insurance benefits were obtained through the New Hampshire Municipal Association Health Insurance Trust through fiscal 2003. As a result of a competitive bid, for the first time in over 30 years the City moved its health insurance for fiscal 2004 to a CIGNA product. Prior to fiscal 2004 year-end, the City again, through its HBRT, publicly bid this insurance and moved to Harvard Pilgrim for fiscal 2005.

The City has an award-winning, joint labor/management safety and loss control committee to routinely review losses and establish policies to prevent or reduce future claims.

## OTHER INFORMATION

Independent Audit - 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 general purpose 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.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded nine consecutive Certificates of Achievement for Excellence in Financial Reporting to the City of Concord, NH for its comprehensive annual financial report beginning for the fiscal year ended December 31, 1995, through June 30, 2003 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.

Acknowledgments - 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 second year we've complied with GASB Statement No.34. Without their diligence and hard work, this report would not meet the high standards mentioned.

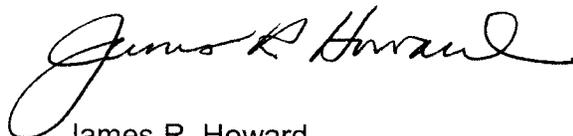
The City invites you to visit our web site at [www.ci.concord.nh.us](http://www.ci.concord.nh.us), where this CAFR is expected to be prominently displayed by mid February. Also displayed are previous CAFR's and other summary financial information.

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,

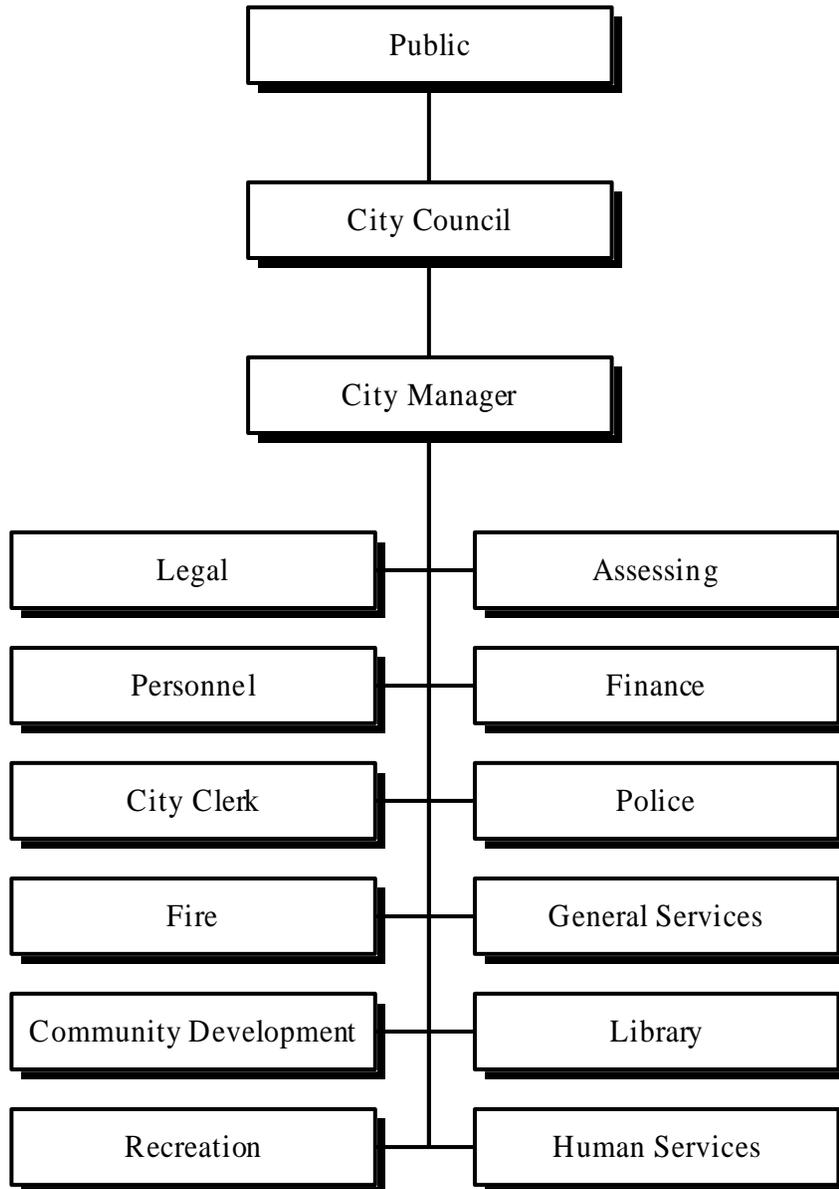


Duncan R. Ballantyne  
City Manager



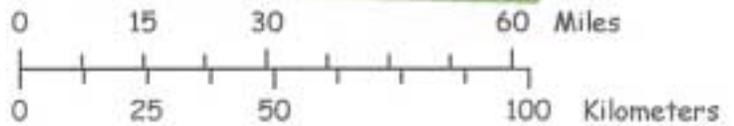
James R. Howard  
Finance Director

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, 2004

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 McGonagle
Councilor Ward 8	Keith Allberg
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	Michael Vignale
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, 2003

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. Ziehl*

President

*Jeffrey R. Egan*

Executive Director

**FINANCIAL SECTION**



MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT ADVISORS

11 Trafalgar Square • Suite 101  
Nashua, NH 03063-1974  
Tel (603) 882-1111 • Fax (603) 882-9456

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, 2004, 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, 2004, 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 December 1, 2004 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.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
December 1, 2004

## **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, 2004. 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 the 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.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, Concord maintains one internal service fund to account for the maintenance of certain City equipment. Because this service predominantly benefits governmental functions, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. This fund was discontinued in fiscal year 2004.

**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 the 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 \$ 179,207,514 (i.e., net assets), an increase of \$ 1,023,896 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 39,282,854, a decrease of \$ 412,728 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 4,000,000, a decrease of \$ 359,999 in comparison with the prior year. In addition, total general fund balance decreased by \$ 860,178.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$ 48,973,416, an increase of \$ 4,367,247 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 77,743	\$ 76,156	\$ 13,408	\$ 10,508	\$ 91,151	\$ 86,664
Capital assets	<u>53,681</u>	<u>49,976</u>	<u>130,754</u>	<u>130,460</u>	<u>184,435</u>	<u>180,436</u>
Total assets	131,424	126,132	144,162	140,968	275,586	267,100
Long-term liabilities outstanding	23,790	21,936	20,313	18,429	44,103	40,365
Other liabilities	<u>42,839</u>	<u>40,615</u>	<u>9,436</u>	<u>7,937</u>	<u>52,275</u>	<u>48,552</u>
Total liabilities	66,629	62,551	29,749	26,366	96,378	88,917
Net assets:						
Invested in capital assets, net	32,237	28,595	104,744	105,840	136,981	134,435
Restricted	7,678	7,323	1,169	1,237	8,847	8,560
Unrestricted	<u>24,880</u>	<u>27,663</u>	<u>8,500</u>	<u>7,525</u>	<u>33,380</u>	<u>35,188</u>
Total net assets	\$ <u>64,795</u>	\$ <u>63,581</u>	\$ <u>114,413</u>	\$ <u>114,602</u>	\$ <u>179,208</u>	\$ <u>178,183</u>

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,113	\$ 5,392	\$ 12,428	\$ 11,635	\$ 18,541	\$ 17,027
Operating grants and contributions	246	446	67	458	313	904
Capital grants and contributions	2,781	2,569	-	-	2,781	2,569
General revenues:						
Property taxes	26,733	27,300	-	-	26,733	27,300
Penalties and interest on taxes	627	706	-	-	627	706
Grants and contributions not restricted to specific programs	3,646	4,239	302	215	3,948	4,454
Investment income	1,030	1,152	118	161	1,148	1,313
Other	<u>636</u>	<u>609</u>	<u>12</u>	<u>90</u>	<u>648</u>	<u>699</u>
Total revenues	41,812	42,413	12,927	12,559	54,739	54,972
Expenses:						
General government	5,083	4,681	-	-	5,083	4,681
Public safety	15,065	13,171	-	-	15,065	13,171
General services	11,859	8,686	-	-	11,859	8,686
Community development	2,580	2,111	-	-	2,580	2,111
Leisure and information services	2,038	1,995	-	-	2,038	1,995
Human services	1,069	1,010	-	-	1,069	1,010
Employee benefits	274	224	-	-	274	224
Interest on long-term debt	1,099	1,165	-	-	1,099	1,165
Miscellaneous	1,033	1,018	-	-	1,033	1,018
Water operations	-	-	4,628	3,658	4,628	3,658
Sewer operations	-	-	5,094	4,541	5,094	4,541
Solid waste operations	-	-	3,132	2,905	3,132	2,905
Other operations	<u>-</u>	<u>-</u>	<u>1,128</u>	<u>1,155</u>	<u>1,128</u>	<u>1,155</u>
Total expenses	<u>40,100</u>	<u>34,061</u>	<u>13,982</u>	<u>12,259</u>	<u>54,082</u>	<u>46,320</u>
Change in net assets before transfers and contributions	1,712	8,352	( 1,055)	300	657	8,652
Transfers in (out)	( 866)	( 604)	866	604	-	-
Permanent fund contributions	<u>368</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>368</u>	<u>288</u>
Increase in net assets	1,214	8,036	( 189)	904	1,025	8,940
Net assets - beginning of year (as restated)	<u>63,581</u>	<u>55,545</u>	<u>114,602</u>	<u>113,698</u>	<u>178,183</u>	<u>169,243</u>
Net assets - end 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>

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 \$ 179,207,514, an increase of \$ 1,023,896 from the prior year.

The largest portion of net assets \$ 136,981,793 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 \$ 8,846,590 resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 33,379,131 may be used to meet the government's on-going obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a increase in net assets of \$ 1,213,528. Key elements of this increase are as follows (in thousands):

General fund expenditures over revenues	\$ ( 860)
Special revenue fund expenditures over revenues	(4,223)
Fixed assets acquisitions from revenues and transfers	5,442
Debt service principal paydowns in excess of depreciation	942
Other changes	<u>( 87)</u>
Total	\$ <u>1,214</u>

**Business-type activities.** Business-type activities for the year resulted in a decrease in net assets of \$ 189,632. This decrease primarily results from depreciation expense exceeding debt service pay downs by approximately \$ 578,020 and \$ 647,919 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	\$ 64
Sewer	(349)
Solid Waste	1
Nonmajor funds	<u>95</u>
Total	\$ <u>(189)</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 \$ 39,282,854, a decrease of \$ 412,728 in comparison with the prior year. Most of this decrease was attributable to the use of General Fund unreserved fund balance.

The General Fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$ 4,000,000, while total fund balance was \$ 7,777,170. The \$ 359,999 decrease in General Fund unreserved fund balance from fiscal 2003, resulted from an effort to reduce expenditures in the mid-year fiscal 2003 in anticipation of a need to meet increased employer pension contributions in fiscal 2004. The use of unreserved fund balance in fiscal 2004 increased accordingly.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.6% of total General Fund expenditures, while total fund balance represents 22.5% of that same amount. The unreserved amount exceeded the City Council Fiscal Policy minimum of 8%. Other than a City Council designation of \$ 2,000,000 as a tax stabilization reserve, and the designation of \$ 832,349 as a transfer to capital reserve funds, there are no significant limitations on the use of General Fund resources.

The fund balance of the General Fund decreased by \$ 860,178 during the current fiscal year. Key factors in this change are as follows (in thousands):

Use of undesignated fund balance	\$ (3,001)
Excess actual revenues over budget estimates	591
Unspent and unencumbered appropriations	1,455
Other	<u>95</u>
Total	\$ ( <u>860</u> )

**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 \$ 8,499,449, an increase of \$ 974,823 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 \$ 1,258,863. The majority of the

overall increase, \$ 1,063,863 represents transfers of general fund balance to capital reserve special revenue funds.

On a GAAP basis, the only notable revenue receipts in excess of budget were \$ 437,727 in motor vehicle registration fees. Unspent General Fund appropriations were due to several factors including the self-imposed reduction in expenditures mentioned in section G below, the liquidation of encumbrances after review, and a year-end level of under-expenditure of approximately 3.4% which is comparable to last year's historical level of 3.7%.

## **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 184,434,764 (net of accumulated depreciation), an increase of \$ 3,999,040 from the prior year. This investment in capital assets includes land, buildings and 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 \$ 48,973,416, 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 the Notes to the Financial Statements beginning on page 43 of this report.

## **G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Of the more significant issues affecting fiscal 2004, as in fiscal 2003, is the impact of investment returns to the City, as evidenced by the low level of Interest Income in the General Fund and the elimination of the Land Use Change Tax as revenue to the General Fund.

The impacts of slower revenue growth, increased health insurance and retirement costs, additional demands for service, inexorable need for capital investment, operating cost increases, and a growing population have combined to affect a toll on the City's General Fund Balance. This pressure mounts at the same time the school districts struggle with the prospects of reduced state aid to education from the State of New Hampshire as its revenues experience slow growth, and it remains unable to solve the state school funding problem.

High housing demands generate rapid appreciation in home values compared to the appreciation in commercial and industrial property values. The City had to drop its commercial assessments in anticipation of a pending city-wide revaluation that could shift significant burden of the property tax to the homeowners in Concord. In response to these developments, management and the City Council embarked upon an effort to curtail expenditures, including a rolling position freeze through the balance of the fiscal 2004, and to again increase fees to lessen the impact on fiscal 2005. The results of this effort are evident within the excess revenue received in the General Fund, reduced encumbrances, and another high level of budget under-expenditures.

There are no other changes in capital assets, long-term debt including commitments for future capital expenditures, or debt limitation issues that are anticipated to affect planned facilities or services.

For additional information about economic conditions affecting fiscal 2004, and those expected for fiscal 2005, along with a discussion of tax rates, general revenues and expenditure trends, please refer to the appropriate section of the Letter of Transmittal at the beginning of the Introductory Section.

For a comparison of the adopted fiscal 2004 and fiscal 2005 budgets showing expected tax rate impacts, please see the following:

	2004 Council <u>Adopted</u>	2005 Council <u>Adopted</u>
<u>Uses of Funds:</u>		
Budget Appropriations	\$ 38,555,563	\$ 40,256,519
War Credits	210,000	242,000
Overlay	<u>300,000</u>	<u>500,000</u>
Total uses of funds	\$ <u>39,065,563</u>	\$ <u>40,998,519</u>
<u>Sources of Funds:</u>		
Miscellaneous Revenues	\$ 15,083,493	\$ 16,369,659
Surplus	1,287,000	1,175,000
Tax Stabilization Reserves	650,000	325,000
Amount to be Raised by Property Taxes	<u>22,045,070</u>	<u>23,128,860</u>
Total sources of funds	\$ <u>39,065,563</u>	\$ <u>40,998,519</u>

**TAX RATE DETERMINATION:**

Assessed Value (A.V.) (in thousands of dollars)	\$ 2,340,000*	\$ 2,386,000
Amount to be raised	\$ 22,045,070	\$ 23,128,860
Current year recommended Tax rate/\$ 1,000 A.V.	\$ 9.49	\$ 9.69
Prior year tax rate/\$ 1,000 A.V.	<u>8.90</u>	<u>9.49</u>
Increase over prior	\$ <u>0.59</u>	\$ <u>0.20</u>
% Change	6.6%*	2.1%

\*Note: The original adopted tax rate increase in fiscal 2004 was \$9.12 or 2.5% over fiscal 2003. A partial property valuation update resulted in a reduced assessed valuation for tax purposes of 4%. Allowing for the 4% assessment related decrease, the "real" tax rate increase was 2.5%.

**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, 2004

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and short-term equivalents	\$ 31,063,431	\$ 11,291,972	\$ 42,355,403
Investments	23,302,467	-	23,302,467
Receivables, net of allowance for uncollectibles:			
Property taxes	20,766,341	-	20,766,341
Accounts	1,359,475	-	1,359,475
User fees	-	920,935	920,935
Departmental and other	182,244	-	182,244
Intergovernmental	-	533,268	533,268
Loans	667,272	-	667,272
Interest	106,946	-	106,946
Other assets	295,061	26,102	321,163
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental	-	635,588	635,588
Capital assets:			
Land and construction in progress	17,190,903	1,202,533	18,393,436
Other capital assets, net of accumulated depreciation	<u>36,489,623</u>	<u>129,551,705</u>	<u>166,041,328</u>
<b>TOTAL ASSETS</b>	131,423,763	144,162,103	275,585,866
<b>LIABILITIES</b>			
Current:			
Accounts payable	1,864,347	1,300,776	3,165,123
Retainage payable	333,013	314,682	647,695
Accrued liabilities	536,793	360,021	896,814
Deferred revenues	21,549,087	37,529	21,586,616
Notes payable	-	4,634,975	4,634,975
Taxes collected in advance	13,147,645	-	13,147,645
Other current liabilities	920,820	71,941	992,761
Due to other governments	4,629	-	4,629
Current portion of long-term liabilities:			
Bonds payable	3,127,173	2,573,435	5,700,608
Other liabilities	1,355,596	143,224	1,498,820
Noncurrent:			
Bonds payable, net of current portion	22,959,963	20,312,845	43,272,808
Other liabilities, net of current portion	<u>829,858</u>	<u>-</u>	<u>829,858</u>
<b>TOTAL LIABILITIES</b>	66,628,924	29,749,428	96,378,352
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	32,237,423	104,744,370	136,981,793
Restricted for:			
Grants and other statutory restrictions	721,258	-	721,258
Permanent funds:			
Nonexpendable	6,956,476	-	6,956,476
Debt service	-	1,168,856	1,168,856
Unrestricted	<u>24,879,682</u>	<u>8,499,449</u>	<u>33,379,131</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 64,794,839</u>	<u>\$ 114,412,675</u>	<u>\$ 179,207,514</u>

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 5,082,881	\$ 2,657,221	\$ 142,296	\$ -
Public safety	15,065,307	1,351,556	102,421	-
General services	11,858,860	233,590	-	2,781,319
Community development	2,580,356	1,468,925	1,680	-
Leisure and information services	2,038,410	367,464	-	-
Human services	1,069,489	34,169	-	-
Employee benefits	273,821	-	-	-
Interest	1,098,847	-	-	-
Miscellaneous	<u>1,032,980</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	40,100,951	6,112,925	246,397	2,781,319
<b>Business-Type Activities:</b>				
Water	4,628,608	4,768,605	-	-
Sewer	5,094,614	4,710,144	67,487	-
Solid waste	3,131,745	1,675,944	-	-
Other	<u>1,127,928</u>	<u>1,273,595</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>13,982,895</u>	<u>12,428,288</u>	<u>67,487</u>	<u>-</u>
Total	<u>\$ 54,083,846</u>	<u>\$ 18,541,213</u>	<u>\$ 313,884</u>	<u>\$ 2,781,319</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, restated

End of year

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
\$ (2,283,364)	\$ -	\$ (2,283,364)
(13,611,330)	-	(13,611,330)
(8,843,951)	-	(8,843,951)
(1,109,751)	-	(1,109,751)
(1,670,946)	-	(1,670,946)
(1,035,320)	-	(1,035,320)
(273,821)	-	(273,821)
(1,098,847)	-	(1,098,847)
<u>(1,032,980)</u>	<u>-</u>	<u>(1,032,980)</u>
(30,960,310)	-	(30,960,310)
-	139,997	139,997
-	(316,983)	(316,983)
-	(1,455,801)	(1,455,801)
<u>-</u>	<u>145,667</u>	<u>145,667</u>
-	<u>(1,487,120)</u>	<u>(1,487,120)</u>
(30,960,310)	(1,487,120)	(32,447,430)
26,732,772	-	26,732,772
627,012	-	627,012
3,645,776	301,456	3,947,232
1,030,007	117,515	1,147,522
636,327	12,427	648,754
(866,090)	866,090	-
<u>368,034</u>	<u>-</u>	<u>368,034</u>
<u>32,173,838</u>	<u>1,297,488</u>	<u>33,471,326</u>
1,213,528	(189,632)	1,023,896
<u>63,581,311</u>	<u>114,602,307</u>	<u>178,183,618</u>
<u>\$ 64,794,839</u>	<u>\$ 114,412,675</u>	<u>\$ 179,207,514</u>

CITY OF CONCORD, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2004

<b>ASSETS</b>	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term equivalents	\$ 13,711,073	\$ 17,352,358	\$ 31,063,431
Investments	2,163,325	21,139,142	23,302,467
Receivables:			
Property taxes	20,867,409	-	20,867,409
Accounts	-	1,335,835	1,335,835
Departmental and other	207,075	-	207,075
Loans	-	667,272	667,272
Interest	106,946	-	106,946
Due from other funds	6,912,335	-	6,912,335
Inventory	161,794	-	161,794
Other assets	<u>115,242</u>	<u>18,025</u>	<u>133,267</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>44,245,199</u></b>	<b>\$ <u>40,512,632</u></b>	<b>\$ <u>84,757,831</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 781,168	\$ 1,084,372	\$ 1,865,540
Retainage payable	-	333,012	333,012
Other liabilities	920,820	-	920,820
Deferred revenues	21,613,767	667,272	22,281,039
Payments collected in advance	-	9,957	9,957
Taxes collected in advance	13,147,645	-	13,147,645
Due to other funds	-	6,912,335	6,912,335
Due to other governments	<u>4,629</u>	<u>-</u>	<u>4,629</u>
<b>TOTAL LIABILITIES</b>	<b>36,468,029</b>	<b>9,006,948</b>	<b>45,474,977</b>
Fund Balances:			
Reserved for:			
Encumbrances	783,027	3,618	786,645
Inventory	161,794	-	161,794
Perpetual (nonexpendable) permanent funds	-	6,956,476	6,956,476
Tax stabilization	2,000,000	-	2,000,000
Unreserved:			
Designated, reported in:			
General fund	832,349	-	832,349
Undesignated, reported in:			
General fund	4,000,000	-	4,000,000
Special revenue funds	-	11,439,627	11,439,627
Capital project funds	-	12,792,394	12,792,394
Debt service	<u>-</u>	<u>313,569</u>	<u>313,569</u>
<b>TOTAL FUND BALANCES</b>	<b><u>7,777,170</u></b>	<b><u>31,505,684</u></b>	<b><u>39,282,854</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>44,245,199</u></b>	<b>\$ <u>40,512,632</u></b>	<b>\$ <u>84,757,831</u></b>

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, 2004

<b>Total governmental fund balances (page 34)</b>	<b>\$ 39,282,854</b>
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	53,680,526
• Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	640,842
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 536,793)
• 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>(28,272,590)</u>
<b>Net assets of governmental activities (page 31)</b>	<b>\$ <u>64,794,839</u></b>

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, 2004

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 26,587,165	\$ 559,897	\$ 27,147,062
Licenses and permits	1,072,522	-	1,072,522
Intergovernmental	3,181,068	1,959,231	5,140,299
Charges for services	3,180,395	1,861,688	5,042,083
Investment income	317,525	712,482	1,030,007
Contributions	-	1,065,740	1,065,740
Miscellaneous	806,123	775,979	1,582,102
Total Revenues	<u>35,144,798</u>	<u>6,935,017</u>	<u>42,079,815</u>
<b>Expenditures:</b>			
Current:			
General government	3,607,699	1,468,435	5,076,134
Public safety	15,047,387	-	15,047,387
General services	6,014,020	-	6,014,020
Community development	2,561,361	-	2,561,361
Leisure and information services	2,039,864	-	2,039,864
Human services	1,071,539	-	1,071,539
Employee benefits	273,821	-	273,821
Miscellaneous	757,920	275,061	1,032,981
Debt service			
Principal	2,392,263	415,000	2,807,263
Interest	759,857	215,125	974,982
Capital outlay	-	9,660,162	9,660,162
Total Expenditures	<u>34,525,731</u>	<u>12,033,783</u>	<u>46,559,514</u>
Excess (deficiency) of revenues over expenditures	619,067	(5,098,766)	(4,479,699)
<b>Other Financing Sources (Uses):</b>			
Bond proceeds	-	4,829,750	4,829,750
Proceeds of refunding bonds	3,642,517	-	3,642,517
Payment to refunded bonds escrow agent	(3,642,517)	-	(3,642,517)
Transfers in	2,214,298	2,316,453	4,530,751
Transfers out	(3,693,543)	(1,599,987)	(5,293,530)
Total Other Financing Sources (Uses)	<u>(1,479,245)</u>	<u>5,546,216</u>	<u>4,066,971</u>
Net change in fund balance	(860,178)	447,450	(412,728)
Fund Balance, at Beginning of Year	<u>8,637,348</u>	<u>31,058,234</u>	<u>39,695,582</u>
Fund Balance, at End of Year	<u>\$ 7,777,170</u>	<u>\$ 31,505,684</u>	<u>\$ 39,282,854</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, 2004

<b>Net change in fund balances - total governmental funds (page 36)</b>	<b>\$( 412,728)</b>																		
<ul style="list-style-type: none"> <li>• 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 border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases and disposals</td> <td style="text-align: right;">5,442,606</td> </tr> <tr> <td>Depreciation, net</td> <td style="text-align: right;">(1,737,889)</td> </tr> </table> </li> <li>• 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.                     <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">140,815</td> </tr> </table> </li> <li>• 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 border="0" style="margin-left: 40px;"> <tr> <td>Bond repayments</td> <td style="text-align: right;">2,679,546</td> </tr> <tr> <td>Bond proceeds</td> <td style="text-align: right;">(4,829,750)</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.                     <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">3,852</td> </tr> </table> </li> <li>• 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 border="0" style="margin-left: 40px;"> <tr> <td>Compensated absences</td> <td style="text-align: right;">387</td> </tr> <tr> <td>Landfill liability</td> <td style="text-align: right;">30,000</td> </tr> </table> </li> <li>• Internal service fund was previously used by management to account for equipment activities. The net activity of an internal service fund is reported with Governmental Activities.                     <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">( <u>103,311</u> )</td> </tr> </table> </li> </ul>	Capital outlay purchases and disposals	5,442,606	Depreciation, net	(1,737,889)		140,815	Bond repayments	2,679,546	Bond proceeds	(4,829,750)		3,852	Compensated absences	387	Landfill liability	30,000		( <u>103,311</u> )	
Capital outlay purchases and disposals	5,442,606																		
Depreciation, net	(1,737,889)																		
	140,815																		
Bond repayments	2,679,546																		
Bond proceeds	(4,829,750)																		
	3,852																		
Compensated absences	387																		
Landfill liability	30,000																		
	( <u>103,311</u> )																		
<b>Change in net assets of governmental activities (page 33)</b>	<b>\$ <u>1,213,528</u></b>																		

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes	\$ 26,032,369	\$ 26,032,369	\$ 26,529,146	\$ 496,777
Licenses and permits	954,360	954,360	1,072,522	118,162
Intergovernmental	3,178,341	3,178,341	3,181,068	2,727
Charges for services	3,172,528	3,327,528	3,180,395	(147,133)
Investment income	341,340	341,340	317,525	(23,815)
Miscellaneous	662,199	662,199	806,124	143,925
<b>Total Revenues</b>	<b>34,341,137</b>	<b>34,496,137</b>	<b>35,086,780</b>	<b>590,643</b>
<b>Expenditures:</b>				
General government	3,689,077	3,736,344	3,601,132	135,212
Public safety	15,354,696	15,354,696	15,060,654	294,042
General services	6,303,240	6,308,240	6,162,136	146,104
Planning and development	2,634,161	2,784,161	2,574,610	209,551
Leisure and information services	2,118,014	2,118,014	2,035,465	82,549
Human services	1,116,625	1,116,625	1,070,213	46,412
Employee benefits	620,000	610,133	371,068	239,065
Debt service	3,380,655	3,380,655	3,175,860	204,795
Miscellaneous	833,470	836,070	739,151	96,919
<b>Total Expenditures</b>	<b>36,049,938</b>	<b>36,244,938</b>	<b>34,790,289</b>	<b>1,454,649</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,277,426	2,317,426	2,214,298	(103,128)
Transfers out	(2,505,625)	(3,569,488)	(3,669,803)	(100,315)
Budgetary use of fund balance	1,937,000	3,000,863	3,000,863	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,708,801</b>	<b>1,748,801</b>	<b>1,545,358</b>	<b>(203,443)</b>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 1,841,849	\$ 1,841,849

See notes to financial statements.

## CITY OF CONCORD, NEW HAMPSHIRE

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2004

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds		
<b>ASSETS</b>						
Current:						
Cash and short-term equivalents	\$ 5,718,939	\$ 4,004,858	\$ 1,046,230	\$ 521,945	\$ 11,291,972	\$ -
User fees, net of allowance for uncollectibles	377,314	392,854	134,609	16,158	920,935	-
Intergovernmental receivables	-	533,268	-	-	533,268	-
Inventory	7,934	-	-	-	7,934	-
Other assets	6,887	-	-	11,281	18,168	-
Total current assets	6,111,074	4,930,980	1,180,839	549,384	12,772,277	-
Noncurrent:						
Intergovernmental	-	635,588	-	-	635,588	-
Capital assets:						
Land and construction in progress	284,454	539,173	186,200	192,706	1,202,533	-
Other capital assets, net of accumulated depreciation	66,528,686	61,327,302	-	1,695,717	129,551,705	-
Total noncurrent assets	66,813,140	62,502,063	186,200	1,888,423	131,389,826	-
<b>TOTAL ASSETS</b>	<b>72,924,214</b>	<b>67,433,043</b>	<b>1,367,039</b>	<b>2,437,807</b>	<b>144,162,103</b>	<b>-</b>
<b>LIABILITIES</b>						
Current:						
Accounts payable	396,695	439,805	385,104	79,172	1,300,776	-
Retainage payable	192,364	119,241	-	3,077	314,682	-
Accrued liabilities	194,522	156,972	-	8,527	360,021	-
Deferred revenue	-	-	1,452	36,077	37,529	-
Notes payable	-	4,634,975	-	-	4,634,975	-
Other current liabilities	33,800	37,811	-	330	71,941	-
Current portion of long-term liabilities:						
Bonds payable	1,345,803	1,154,707	-	72,925	2,573,435	-
Compensated absences	63,803	52,017	3,657	23,747	143,224	-
Total current liabilities	2,226,987	6,595,528	390,213	223,855	9,436,583	-
Noncurrent:						
Bonds payable, net of current portion	12,566,712	7,011,133	-	735,000	20,312,845	-
Total noncurrent liabilities	12,566,712	7,011,133	-	735,000	20,312,845	-
<b>TOTAL LIABILITIES</b>	<b>14,793,699</b>	<b>13,606,661</b>	<b>390,213</b>	<b>958,855</b>	<b>29,749,428</b>	<b>-</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	54,078,675	49,372,454	186,200	1,107,041	104,744,370	-
Restricted for debt service	-	1,168,856	-	-	1,168,856	-
Unrestricted	4,051,840	3,285,072	790,626	371,911	8,499,449	-
<b>TOTAL NET ASSETS</b>	<b>\$ 58,130,515</b>	<b>\$ 53,826,382</b>	<b>\$ 976,826</b>	<b>\$ 1,478,952</b>	<b>\$ 114,412,675</b>	<b>\$ -</b>

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, 2004

	Business-Type Activities Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds	Total	Internal Service Fund
<b>Operating Revenues:</b>						
Charges for services	\$ 4,768,605	\$ 4,710,144	\$ 1,675,944	\$ 1,273,595	\$ 12,428,288	\$ -
Other	<u>215</u>	<u>5,987</u>	<u>-</u>	<u>6,225</u>	<u>12,427</u>	<u>-</u>
Total Operating Revenues	4,768,820	4,716,131	1,675,944	1,279,820	12,440,715	-
<b>Operating Expenses:</b>						
Operating expenses	2,313,694	2,947,266	3,131,745	957,065	9,349,770	-
Depreciation	1,697,805	1,709,003	-	138,947	3,545,755	-
Other	<u>54,794</u>	<u>43,075</u>	<u>-</u>	<u>67</u>	<u>97,936</u>	<u>-</u>
Total Operating Expenses	<u>4,066,293</u>	<u>4,699,344</u>	<u>3,131,745</u>	<u>1,096,079</u>	<u>12,993,461</u>	<u>-</u>
Operating Income (Loss)	702,527	16,787	(1,455,801)	183,741	(552,746)	-
<b>Nonoperating Revenues (Expenses):</b>						
Intergovernmental revenue	-	67,487	-	-	67,487	-
Investment income	60,488	52,953	-	4,074	117,515	-
Interest expense	(562,315)	(395,270)	-	(31,849)	(989,434)	-
Other non-operating income	<u>190,283</u>	<u>111,173</u>	<u>-</u>	<u>-</u>	<u>301,456</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>(311,544)</u>	<u>(163,657)</u>	<u>-</u>	<u>(27,775)</u>	<u>(502,976)</u>	<u>-</u>
Income (Loss) Before Transfers	390,983	(146,870)	(1,455,801)	155,966	(1,055,722)	-
<b>Transfers:</b>						
Transfers in	-	190,000	1,456,350	23,740	1,670,090	-
Transfers out	<u>(327,475)</u>	<u>(391,625)</u>	<u>-</u>	<u>(84,900)</u>	<u>(804,000)</u>	<u>(103,311)</u>
Change in Net Assets	63,508	(348,495)	549	94,806	(189,632)	(103,311)
Net Assets at Beginning of Year, as restated	<u>58,067,007</u>	<u>54,174,877</u>	<u>976,277</u>	<u>1,384,146</u>	<u>114,602,307</u>	<u>103,311</u>
Net Assets at End of Year	<u>\$ 58,130,515</u>	<u>\$ 53,826,382</u>	<u>\$ 976,826</u>	<u>\$ 1,478,952</u>	<u>\$ 114,412,675</u>	<u>\$ -</u>

See notes to financial statements.

## CITY OF CONCORD, NEW HAMPSHIRE

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds		Internal Service Fund
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers and users	\$ 4,762,747	\$ 4,727,007	\$ 1,690,493	\$ 1,149,801	\$ 12,330,048	\$ -
Payments to vendors and employees	(1,855,689)	(2,872,953)	(2,851,445)	(930,371)	(8,510,458)	-
Net Cash Provided By (Used For) Operating Activities	2,907,058	1,854,054	(1,160,952)	219,430	3,819,590	-
<b>Cash Flows From Noncapital Financing Activities:</b>						
Transfers in	-	190,000	1,456,350	23,740	1,670,090	-
Transfers out	(327,475)	(391,625)	-	(84,900)	(804,000)	(103,311)
Other non operating income	190,283	178,660	-	-	368,943	-
Net Cash Provided by (Used For) Noncapital Financing Activities	(137,192)	(22,965)	1,456,350	(61,160)	1,235,033	(103,311)
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Proceeds from issuance of bonds and notes	3,236,175	1,476,029	-	139,925	4,852,129	-
Proceeds from refunded bonds	125,604	482,259	-	-	607,863	-
Acquisition and construction of capital assets	(2,425,978)	(1,235,391)	-	(178,704)	(3,840,073)	-
Principal payments on bonds and notes	(1,119,785)	(1,061,084)	-	(59,000)	(2,239,869)	-
Payment to escrow agent for refunded bonds	(121,200)	(465,000)	-	-	(586,200)	-
Interest expense	(562,315)	(395,270)	-	(31,849)	(989,434)	-
Net Cash (Used For) Capital and Related Financing Activities	(867,499)	(1,198,457)	-	(129,628)	(2,195,584)	-
<b>Cash Flows From Investing Activities:</b>						
Investment income	60,488	52,953	-	4,074	117,515	-
Net Cash Provided by Investing Activities	60,488	52,953	-	4,074	117,515	-
Net Change in Cash and Short-Term Equivalents	1,962,855	685,585	295,398	32,716	2,976,554	(103,311)
Cash and Short-Term Equivalents, Beginning of Year	3,756,084	3,319,273	750,832	489,229	8,315,418	103,311
Cash and Short-Term Equivalents, End of Year	\$ 5,718,939	\$ 4,004,858	\$ 1,046,230	\$ 521,945	\$ 11,291,972	\$ -
<b>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</b>						
Operating income (loss)	\$ 702,527	\$ 16,787	\$ (1,455,801)	\$ 183,741	\$ (552,746)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,697,805	1,709,003	-	138,947	3,545,755	-
Changes in assets and liabilities:						
User fees	(6,073)	10,876	15,305	(5,383)	14,725	-
Inventory	3,059	-	-	-	3,059	-
Other assets	(6,886)	68,695	-	(2,432)	59,377	-
Accounts payable	335,283	263,633	279,701	26,165	904,782	-
Compensated absences	710	(1,247)	599	(1,392)	(1,330)	-
Other liabilities	180,633	(213,693)	(756)	(120,216)	(154,032)	-
Net Cash Provided By (Used For) Operating Activities	\$ 2,907,058	\$ 1,854,054	\$ (1,160,952)	\$ 219,430	\$ 3,819,590	\$ -

See notes to financial statements.

CITY OF CONCORD, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2004

	<u>Agency Fund</u>
<b><u>ASSETS</u></b>	
Cash and short-term equivalents	\$ 2,229,260
Other assets	<u>221</u>
Total Assets	2,229,481
 <b><u>LIABILITIES AND NET ASSETS</u></b>	
Due to other governments	1,080,386
Other liabilities	<u>1,149,095</u>
Total Liabilities	<u>2,229,481</u>
 <b><u>NET ASSETS</u></b>	
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 2004, 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 or 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 fund financial statements 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 Equipment Services Fund, an internal service fund, was closed during fiscal year 2004. The Agency Fund is custodial in nature and is used to account for funds held for others.

#### D. Cash and Short-Term Equivalents

The government's cash and cash equivalents are 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 City Treasurer is authorized by State statutes to invest excess funds “in obligations of the U.S. Government, in savings bank deposits of banks incorporated under laws of the State of New Hampshire, or in certificates of deposits of banks incorporated under laws of the State of New Hampshire or in national banks located within the State or the State of Massachusetts”.

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue funds and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. The City maintains a cash and investment pool that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and short-term investments”. The interest earnings attributable to each fund type is included under earnings on investments.

For the purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term equivalents.

*E. Investments*

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31.

Under New Hampshire law, the trustees of trust funds may invest: “Only by deposit in a savings bank or in the savings department of a national bank or trust company in this state, or in shares of any building and loan association or cooperative bank, incorporated and doing business under the laws of this state, or in the shares of any federal savings and loan association, located and doing business in this state, or in bonds, notes, or other obligations of the United States government, or in state, county, town, city, school district, water and sewer district bonds and the notes of towns or cities in this state; and such stocks and bonds as are legal for investment by New Hampshire savings banks and when so invested, the trustees shall not be liable for the loss thereof; and in any common trust fund established by the New Hampshire Charitable Fund in accordance with RSA 292.23”.

*F. 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.

*G. 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.

*H. 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

*I. 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.

*J. 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.

*K. 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.

*L. 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)	\$ 35,144,798	\$ 34,525,731
Other financing sources/uses (GAAP basis)	<u>5,856,815</u>	<u>7,336,060</u>
Subtotal (GAAP Basis)	41,001,613	41,861,791
Adjust tax revenue to accrual basis	( 58,018)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	( 542,209)
Add end of year appropriation carryforwards to expenditures	-	783,027
Recognize use of fund balance as funding source	3,000,863	-
To reverse bond refunding	( <u>3,642,517</u> )	( <u>3,642,517</u> )
Budgetary basis	\$ <u>40,301,941</u>	\$ <u>38,460,092</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:

Community development	\$( 19,228)
Transfers out	\$(100,315)

Nonmajor Governmental Funds:

Airport	\$( 22,149)
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Enterprise Funds:

Solid waste	\$( 21,351)
-------------	-------------

Motor Vehicle Registration Fee revenues in excess of estimated receipts funded the additional transfers. Revenues in excess of estimated receipts funded the departmental overexpenditures.

*E. Deficit Fund Equity*

The following fund had a deficit as of June 30, 2004:

Community development (nonmajor - special revenue fund)	\$ 10,089
--	-----------

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

**3. Cash and Short-Term Investments**

At year-end, the City's carrying amount of deposits was \$ 44,584,663 and the bank balance was \$ 44,705,661. Of the bank balance, \$ 39,669,414 was covered by federal depository insurance or by collateral held by the government's agent in the City's name, \$ 5,036,247 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

**4. Investments**

The City's investments are categorized into the following three categories of credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

- (3) Uninsured and unregistered, with securities held by the counterparty in the City's name, or held by the counterparty's trust department or agent but not in the City's name.

At year-end, the government's investment balances were as follows:

	Category			Fair Value
	1	2	3	
U.S. Government securities	\$ -	\$ 1,286,314	\$ -	\$ 1,286,314
Corporate equity	-	3,747,476	-	3,747,476
Corporate bonds	-	<u>959,204</u>	-	<u>959,204</u>
Subtotal	\$ <u>-</u>	\$ <u>5,992,994</u>	\$ <u>-</u>	5,992,994
Investments not subject to categorization:				
State investment pool				2,163,325 *
Mutual funds				<u>15,146,148</u>
Total Investments				\$ <u>23,302,467</u>

\* Fair value is the same as the value of the pool share. The Public Deposit Investment Pool was created under RSA 383:24 beginning on January 1, 1992. The Public Deposit Investment Pool is operated under contract with a private investment advisor, approved by the State Bank Commissioner and advisory committee. The commissioner and advisory committee shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under RSA 383.23.

## 5. 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, 2004 are comprised of (in thousands):

Property taxes:		
Levy of 2004	\$ 20,872	
Levy of 2003	622	
Levy of 2002	290	
Levy of 2001	25	
Unredeemed taxes:		
Levy of 2000	13	
Prior years	<u>5</u>	
Subtotal		21,827
Other taxes:		
Timber yield taxes	6	
Land use change taxes	32	
Elderly tax liens	<u>94</u>	
Subtotal		<u>132</u>
Gross Tax Receivable		21,959
Allowance for Uncollectible Taxes		( <u>1,092</u> )
Net Total Taxes Receivable		\$ <u>20,867</u>

## 6. Allowance for Doubtful Accounts

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

Property taxes	\$ <u>101</u>
Total	\$ <u>101</u>

## 7. Loans Receivable

Loans receivable of \$ 667,272 in non-major governmental funds represent the uncollected balance of community development loans.

## 8. Intergovernmental Receivable

The New Hampshire Department of Environmental Services annually reimburses the City for a portion of the principal and interest payments on Sanitary Sewer Fund bonds. The reimbursement is based upon the amount of

the State's participation in the original sewer project. The amount due from the State in future years is as follows:

Fiscal Year Ended <u>June 30</u>	Reimbursement For		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 533,268	\$ 48,838	\$ 582,106
2006	58,331	30,077	88,408
2007	60,299	27,499	87,798
2008	61,283	24,804	86,087
2009	63,251	22,016	85,267
2010 - 2020	<u>392,424</u>	<u>68,178</u>	<u>460,602</u>
Total	\$ <u>1,168,856</u>	\$ <u>221,412</u>	\$ <u>1,390,268</u>

### 9. 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, 2004 balances in interfund receivable and payable accounts.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 6,912,335	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Community Development	-	44,384
Miscellaneous SRF	-	724,682
Special Revenue Funds (Previously Reported as Trust Funds):		
Insured Retention	-	510,090
Landfill	-	45,000
Nelson	-	1,106,307
Library	-	167,988
Highway	-	2,022,572
Economic Development	-	1,201,756
Revaluation	-	375,600
Equipment	-	84,000
Mountain Green	-	420
Downtown Economic Development	-	60,000
Permanent Funds:		
Cemetery (Non-Expendable)	-	120,783
Library (Non-Expendable)	-	140,000
Dedicated Income	-	<u>308,753</u>
Total	\$ <u>6,912,335</u>	\$ <u>6,912,335</u>

The following is an analysis of interfund transfers made in fiscal year 2004:

<u>Governmental Fund:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$ 2,214,298	\$ 3,693,543
Nonmajor Funds:		
Special Revenue Funds:		
Parking	-	373,775
Airport	-	48,493
Impact Fee	20,802	376,942
Miscellaneous	110,093	50,000
Insured Retention	-	510,090
Durgin	10,500	-
Landfill	-	45,000
Nelson	-	1,106,307
Forest and Conservation	114,105	42,719
Library	-	167,988
Highway	1,006,428	2,029,000
Economic Development	513,245	1,715,000
Revaluation	-	395,100
53 <sup>rd</sup> Week	63,863	-
Equipment	-	84,000
Mountain Green	-	420
Downtown Economic Development	-	60,000
Capital Project Funds:		
North End Opportunity Corridor	-	278,402
Other Capital Project Funds Pre 2003	400,000	279,855
Sears Block	1,400,000	-
Other Capital Project Funds Post 2002	5,312,760	102,703
Permanent Funds:		
Cemetery	-	120,783
Library	-	140,000
Dedicated Income	-	308,753
<u>Business-Type Funds:</u>		
Major Funds:		
Water	-	327,475
Sewer	190,000	391,625
Solid Waste	1,456,350	-
Nonmajor Funds:		
Golf	-	56,875
Arena	23,740	28,025
Internal Service Fund	-	103,311
Total	\$ <u>12,836,184</u>	\$ <u>12,836,184</u>

## 10. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Land improvements	\$ 3,743	\$ 90	\$ -	\$ 3,833
Buildings and improvement	15,600	79	-	15,679
Machinery, equipment, and furnishing	3,410	243	-	3,653
Infrastructure	26,447	1,966	-	28,413
Licensed vehicles	<u>7,969</u>	<u>1,418</u>	<u>152</u>	<u>9,235</u>
Total capital assets, being depreciated	57,169	3,796	152	60,813
Less accumulated depreciation for:				
Land improvements	( 3,209)	( 60)	-	( 3,269)
Buildings and improvements	( 5,774)	( 300)	-	( 6,074)
Machinery, equipment, and furnishings	( 1,764)	( 230)	-	( 1,994)
Infrastructure	( 6,875)	( 515)	-	( 7,390)
Licensed vehicles	<u>( 4,964)</u>	<u>( 745)</u>	<u>112</u>	<u>( 5,597)</u>
Total accumulated depreciation	<u>(22,586)</u>	<u>(1,850)</u>	<u>112</u>	<u>(24,324)</u>
Total capital assets, being depreciated, net	34,583	1,946	40	36,489
Capital assets, not being depreciated:				
Land	7,604	-	-	7,604
Construction-in-progress	<u>7,789</u>	<u>3,789</u>	<u>1,991</u>	<u>9,587</u>
Total capital assets, not being depreciated	<u>15,393</u>	<u>3,789</u>	<u>1,991</u>	<u>17,191</u>
Governmental activities capital assets, net	<u>\$ 49,976</u>	<u>\$ 5,735</u>	<u>\$ 2,031</u>	<u>\$ 53,680</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 54,089	\$ 921	\$ -	\$ 55,010
Machinery, equipment, and furnishings	2,802	1,280	-	4,082
Infrastructure	125,704	1,365	-	127,069
Licensed vehicles	<u>770</u>	<u>136</u>	<u>-</u>	<u>906</u>
Total capital assets, being depreciated	183,365	3,702	-	187,067
Less accumulated depreciation for:				
Buildings and improvements	( 13,186)	(1,136)	-	( 14,322)
Machinery, equipment, and furnishings	( 1,169)	( 426)	-	( 1,595)
Infrastructure	( 38,924)	(1,937)	-	( 40,861)
Licensed vehicles	<u>( 690)</u>	<u>( 47)</u>	<u>-</u>	<u>( 737)</u>
Total accumulated depreciation	<u>( 53,969)</u>	<u>(3,546)</u>	<u>-</u>	<u>( 57,515)</u>
Total capital assets, being depreciated, net	129,396	156	-	129,552

(continued)

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	1,064	-	-	1,064
Construction-in-progress	<u>-</u>	<u>138</u>	<u>-</u>	<u>138</u>
Total capital assets, not being depreciated	<u>1,064</u>	<u>138</u>	<u>-</u>	<u>1,202</u>
Business-type activities capital assets, net	<u>\$ 130,460</u>	<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 130,754</u>

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

Governmental Activities:

General government	\$ 6
Public safety	472
General services	1,352
Community development	<u>20</u>

Total depreciation expense - governmental activities \$ 1,850

Business-Type Activities:

Water	\$ 1,698
Sewer	1,709
Other	<u>139</u>

Total depreciation expense - business-type activities \$ 3,546

## 11. Accounts Payable

Accounts payable represent additional 2004 expenditures paid after July 1, 2004.

## 12. 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, 2004 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, 2004, the City had billed the first two quarterly installments of the fiscal year 2005 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.

### 13. Notes Payable

The City had the following notes outstanding at June 30, 2004:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at June 30, 2004</u>
State Revolving Loan	1.0%	10/01/01	03/01/05	\$ 4,251,623
State Revolving Loan	1.0%	01/07/04	01/07/05	<u>383,352</u>
Total				<u>\$ 4,634,975</u>

The following is a summary of notes payable activity in fiscal year 2004:

<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
\$ 4,218,096	\$ 33,527	\$ -	\$ 4,251,623
-	383,352	-	383,352
<u>-</u>	<u>5,200,000</u>	<u>(5,200,000)</u>	<u>-</u>
<u>\$ 4,218,096</u>	<u>\$ 5,616,879</u>	<u>\$ (5,200,000)</u>	<u>\$ 4,634,975</u>

### 14. 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:

<u>Governmental Funds:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate (s)%</u>	<u>Amount Outstanding as of June 30, 2004</u>
General Obligation Bonds Payable:			
Public improvements	07/15/06	7.50	\$ 192,000
Public improvements	01/15/10	4.20 - 7.00	3,752,400
Public improvements	10/15/14	3.65 - 4.50	232,900
Public improvements	04/15/14	5.45 - 7.75	2,125,000
Public improvements	04/15/15	4.60 - 6.50	3,300,000
Public improvements	10/15/15	4.00 - 4.70	2,400,570
Public improvements	10/15/16	4.00 - 4.70	4,912,000
Public improvements	04/01/10	4.00 - 5.00	700,000
Public improvements	12/15/10	3.00	3,642,516
Public improvements	11/15/24	3.23	<u>4,829,750</u>
Total Governmental Funds			<u>\$ 26,087,136</u>

(continued)

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	Serial Maturities Through	Interest Rate (s)%	Amount Outstanding as of June 30, 2004
<u>Enterprise Funds:</u>			
<u>Water Fund:</u>			
Water construction & equip.	07/15/06	7.50	\$ 72,000
Water	10/15/09	5.45 - 7.75	90,900
Water	01/15/16	4.20 - 7.00	2,107,600
Water	07/15/13	3.30 - 6.25	935,000
Water	04/15/14	3.65 - 4.50	2,775,000
Water	04/01/10	4.60 - 6.50	1,210,000
Water meters	10/15/16	4.00 - 4.70	1,431,000
Water	10/15/10	4.00 - 4.70	439,236
Water	04/01/17	4.00 - 4.70	1,490,000
Water	12/15/10	3.00	125,604
Water	01/15/24	3.23	<u>3,236,175</u>
Total Water Fund			13,912,515
<u>Sewer Fund:</u>			
Sanitary sewer	07/15/13	2.90 - 5.65	575,000
Sanitary sewer	07/15/04	2.90 - 5.90	285,000
Sanitary sewer	07/15/06	7.50	136,000
Sanitary sewer	10/15/09	5.45 - 7.75	76,200
Sanitary sewer	07/15/16	3.30 - 6.25	800,000
Sanitary sewer	04/15/14	3.65 - 4.50	2,415,000
Sanitary sewer	04/01/17	4.60 - 6.50	1,425,000
Sanitary sewer	10/15/15	4.00 - 4.70	474,000
Sanitary sewer	10/15/14	4.00 - 4.70	303,231
Sanitary sewer	04/01/13	4.00 - 5.00	135,000
Sanitary sewer	12/15/10	3.00	482,259
Sanitary sewer	01/15/24	3.23	<u>1,059,150</u>
Total Sewer Fund			8,165,840
<u>Nonmajor Funds:</u>			
Clubhouse improvements	10/15/05	4.00 - 4.70	10,000
Clubhouse improvements	04/01/17	4.00 - 5.00	315,000
Golf course renovation	11/15/24	3.23	100,000
Arena expansion	10/15/15	4.00 - 4.70	343,000
Arena	01/15/24	3.23	<u>39,925</u>
Total Other Enterprise Funds			<u>807,925</u>
Total Enterprise Fund Bonds Payable			\$ <u>22,886,280</u>

**B. Future Debt Service**

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2004 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 3,127,173	\$ 1,049,284	\$ 4,176,457
2006	3,073,683	926,687	4,000,370
2007	2,970,351	808,470	3,778,821
2008	2,703,131	694,740	3,397,871
2009	2,189,788	599,756	2,789,544
2010-2014	8,537,579	1,772,065	10,309,644
2015-2019	2,685,431	366,171	3,051,602
2020-2024	<u>800,000</u>	<u>82,360</u>	<u>882,360</u>
Total	\$ <u>26,087,136</u>	\$ <u>6,299,533</u>	\$ <u>32,386,669</u>
<u>Enterprise</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,573,435	\$ 945,843	\$ 3,519,278
2006	2,239,314	845,540	3,084,854
2007	2,245,067	755,473	3,000,540
2008	2,176,419	666,850	2,843,269
2009	2,124,332	580,047	2,704,379
2010-2014	9,082,145	1,664,241	10,746,386
2015-2019	<u>2,445,568</u>	<u>211,165</u>	<u>2,656,733</u>
Total	\$ <u>22,886,280</u>	\$ <u>5,669,159</u>	\$ <u>28,555,439</u>

C. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2004 are as follows:

<u>Purpose</u>	<u>Amount</u>
Langley park	\$ 225,000
Playground equipment	60,000
Sludge stabilization	4,600,000
Sears garage	3,600,000
PENA plant modification	3,930,000
Playground equipment	45,000
Sewer lines	<u>250,000</u>
Total	\$ <u>12,710,000</u>

D. Overlapping Debt

The City's proportionate share of debt of other governmental units which provide services within the City's boundaries, and which must be borne by the resources of the City, is summarized below (unaudited amounts):

<u>Related Entity</u>	<u>Total Principal</u>	<u>City's Percent</u>	<u>City's Share</u>
Merrimack County (12/31/03)	\$ 13,650,000	26.12%	\$ 3,565,000
Concord School District (6/30/04)	21,586,000	100%	21,586,000
Merrimack Valley School District (6/30/04)	5,940,000	25.86%	1,536,000

This liability is appropriately not reported in the accompanying financial statements.

*E. Advance and Current Refundings*

Current Year

On December 15, 2003, the City issued general obligation bonds in the amount of \$ 4,250,380 with an interest rate of 3.0% to advance refund \$ 4,101,000 of term bonds with interest rates ranging from 4.6% to 5.0%. The term bonds mature on January 15, 2010 and are callable on January 15, 2004. The general obligation bonds were issued at 3.0% and, after paying issuance costs of \$ 66,100 and receiving a premium of \$ 114,968, the net proceeds were \$ 4,299,248. 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 an escrow agent to provide debt service payments until the term bonds are called on January 15, 2004. 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 \$ 175,979, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 168,558.

Defeased debt still outstanding as of June 30, 2004 is \$ 4,101,000.

*F. 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, 2004, the amount of defeased debt outstanding but removed from the Governmental Activities and Business-Type Activities was \$ 2,250,100 and \$ 799,900, respectively.

*G. Changes in General Long-Term Liabilities*

During the year ended June 30, 2004, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/03	Additions	Reductions	Refunding	Total Balance 6/30/04	Less Current Portion	Equals Long-Term Portion 6/30/04
<u>Governmental Activities</u>							
General obligation debt	\$ 23,937	\$ 8,472	\$ (2,807)	\$ (3,515)	\$ 26,087	\$ (3,127)	\$ 22,960
Other:							
Accrued employee benefits	1,556	24	( 24)	-	1,556	(1,326)	230
Landfill closure	<u>660</u>	<u>-</u>	<u>( 30)</u>	<u>-</u>	<u>630</u>	<u>( 30)</u>	<u>600</u>
Subtotal	<u>2,216</u>	<u>24</u>	<u>( 54)</u>	<u>-</u>	<u>2,186</u>	<u>(1,356)</u>	<u>830</u>
Totals	\$ <u>26,153</u>	\$ <u>8,496</u>	\$ <u>(2,861)</u>	\$ <u>(3,515)</u>	\$ <u>28,273</u>	\$ <u>(4,483)</u>	\$ <u>23,790</u>
	Total Balance 7/1/03	Additions	Reductions	Refunding	Total Balance 6/30/04	Less Current Portion	Equals Long-Term Portion 6/30/04
<u>Business-Type Activities</u>							
General obligation debt	\$ 20,669	\$ 5,043	\$ (2,240)	\$ ( 586)	\$ 22,886	\$ (2,573)	\$ 20,313
Other:							
Accrued employee benefits	<u>145</u>	<u>1</u>	<u>( 3)</u>	<u>-</u>	<u>143</u>	<u>( 143)</u>	<u>-</u>
Totals	\$ <u>20,814</u>	\$ <u>5,044</u>	\$ <u>(2,243)</u>	\$ <u>( 586)</u>	\$ <u>23,029</u>	\$ <u>(2,716)</u>	\$ <u>20,313</u>

## 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 \$ 630,000 as the estimate of the remaining postclosure care liability at June 30, 2004 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 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, 2004:

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

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, 2004, 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 \$ 237,089 fiscal year ended June 30, 2004.

## **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, 2004, 2003 and 2002 were \$ 1,771,199, \$ 1,025,326, and \$ 943,099, 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	\$ 2,420,021	
Investment interest	<u>19,626</u>	\$ 2,439,647

### Expenditures:

Principal	1,230,000	
Interest on debt	833,708	
Outside services	<u>62,370</u>	<u>2,126,078</u>

Excess (Deficiency) of revenue 313,569

Fund Equity Reserved for Debt Service \$ 313,569

### Long-Term Debt Payable:

Principal	\$ 3,950,000	
Interest	<u>1,152,963</u>	<u>5,102,963</u>

Deficit to be Raised by Tax Increment District \$ (4,789,393)

### Assessment Information:

Base Value \$ 2,791,300

Captured Value\* \$ 35,963,700

\* = As of April 1, 2004

## 23. Beginning Net Assets Restatement

The beginning (July 1, 2003) net assets of the City have been restated as follows (in thousands):

Government-Wide Financial Statements:

	Governmental Activities	Enterprise Funds			Total Business-Type Activities	
		Water Fund	Sewer Fund	Solid Waste Fund	Nonmajor Funds	
As previously reported	\$ 62,706	\$ 23,329	\$ 53,568	\$ 976	\$ 1,412	\$ 79,285
Prior period adjustments - to restate balance of capital assets, net of accumulated depreciation	<u>875</u>	<u>34,738</u>	<u>607</u>	<u>-</u>	<u>( 28)</u>	<u>35,317</u>
As restated	\$ <u>63,581</u>	\$ <u>58,067</u>	\$ <u>54,175</u>	\$ <u>976</u>	\$ <u>1,384</u>	\$ <u>114,602</u>

# 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:

- Bridge Repairs - to account for repairs to the Bridge Street bridge; the London Road bridge over the Merrimack River; and the replacement of the Manchester Street bridge over the Merrimack River and related Route 93 Manchester Street corridor improvements funded by \$ 4,610,000 of bond issue proceeds.
- North End Opportunity Corridor - to account for funds used to purchase the Concord Lumber property and construct public improvements to the property for redevelopment.
- 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.

- Sears Block - to account for the demolition of the former Sears building and the construction of a new parking garage.
- Other Capital Project Funds - Post 2002 - to account for various other smaller construction projects funded by various sources after 6/30/02.

### **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, 2004

	<u>Special Revenue Funds</u>			
	<u>Community Development Fund</u>	<u>Housing Revolving Loan Fund</u>	<u>Housing Revolving Loan Fund/Post 1992</u>	<u>Parking Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 474,079	\$ 84,010	\$ 845,199
Investments	-	-	-	-
Accounts receivable	35,861	-	-	8,277
Loans receivable	-	451,095	216,177	-
Other assets	-	12,000	-	-
	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 35,861</u>	<u>\$ 937,174</u>	<u>\$ 300,187</u>	<u>\$ 853,476</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 385	\$ 12,038	\$ 1,167	\$ 27,644
Retainage payable	1,181	-	-	-
Deferred revenue	-	451,095	216,177	-
Payments collected in advance	-	-	-	9,957
Due to other funds	44,384	-	-	-
	<u>44,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	45,950	463,133	217,344	37,601
Fund Equity:				
Reserved for encumbrances	-	-	-	3,618
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	(10,089)	474,041	82,843	812,257
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>(10,089)</u>	<u>474,041</u>	<u>82,843</u>	<u>815,875</u>
Total Liabilities and Fund Equity	<u>\$ 35,861</u>	<u>\$ 937,174</u>	<u>\$ 300,187</u>	<u>\$ 853,476</u>

Special Revenue Funds

Airport Fund	Impact Fee Fund	Miscellaneous Special Revenue Fund	Insured Retention Fund	Durgin Garage Fund	Landfill Fund
\$ 186,220	\$ 1,672,479	\$ -	\$ -	\$ 10,500	\$ -
-	-	-	1,677,961	294,749	180,148
1,749	-	1,188,729	-	-	-
-	-	-	-	-	-
6,025	-	-	-	-	-
<u>\$ 193,994</u>	<u>\$ 1,672,479</u>	<u>\$ 1,188,729</u>	<u>\$ 1,677,961</u>	<u>\$ 305,249</u>	<u>\$ 180,148</u>
\$ 31,199	\$ 1,625	\$ 237,634	\$ -	\$ -	\$ -
-	-	51,950	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	724,682	510,090	-	45,000
31,199	1,625	1,014,266	510,090	-	45,000
-	-	-	-	-	-
-	-	-	-	-	-
162,795	1,670,854	174,463	1,167,871	305,249	135,148
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 193,994</u>	<u>\$ 1,672,479</u>	<u>\$ 1,188,729</u>	<u>\$ 1,677,961</u>	<u>\$ 305,249</u>	<u>\$ 180,148</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>			
	<u>Reappraisal Fund</u>	<u>Nelson Fund</u>	<u>Forest &amp; Conservation Fund</u>	<u>Cemetery Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 22,566	\$ -
Investments	1,339	1,154,061	1,181,293	69,242
Accounts receivable	-	-	-	-
Loans receivable	-	-	-	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,339</u>	<u>\$ 1,154,061</u>	<u>\$ 1,203,859</u>	<u>\$ 69,242</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
Payments collected in advance	-	-	-	-
Due to other funds	-	1,106,307	-	-
	<u>-</u>	<u>1,106,307</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	1,106,307	-	-
Fund Equity:				
Reserved for encumbrances	-	-	-	-
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	1,339	47,754	1,203,859	69,242
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>1,339</u>	<u>47,754</u>	<u>1,203,859</u>	<u>69,242</u>
Total Liabilities and Fund Equity	<u>\$ 1,339</u>	<u>\$ 1,154,061</u>	<u>\$ 1,203,859</u>	<u>\$ 69,242</u>

Special Revenue Funds

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Library Fund	Highway Fund	Economic Development Fund	Revaluation Fund	53rd Week Fund	Equipment Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
189,340	4,646,478	2,607,962	439,784	349,466	363,073
-	-	-	-	-	-
-	-	-	-	-	-
<u>189,340</u>	<u>4,646,478</u>	<u>2,607,962</u>	<u>439,784</u>	<u>349,466</u>	<u>363,073</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>167,988</u>	<u>2,022,572</u>	<u>1,201,756</u>	<u>375,600</u>	-	<u>84,000</u>
167,988	2,022,572	1,201,756	375,600	-	84,000
-	-	-	-	-	-
-	-	-	-	-	-
21,352	2,623,906	1,406,206	64,184	349,466	279,073
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 189,340</u>	<u>\$ 4,646,478</u>	<u>\$ 2,607,962</u>	<u>\$ 439,784</u>	<u>\$ 349,466</u>	<u>\$ 363,073</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	\$ -	\$ -	\$ -	\$ 3,295,053
Investments	240,858	42,434	174,942	13,613,130
Accounts receivable	-	-	-	1,234,616
Loans receivable	-	-	-	667,272
Other assets	-	-	-	18,025
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,025</u>
Total Assets	<u>\$ 240,858</u>	<u>\$ 42,434</u>	<u>\$ 174,942</u>	<u>\$ 18,828,096</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 311,692
Retainage payable	-	-	-	53,131
Deferred revenue	-	-	-	667,272
Payments collected in advance	-	-	-	9,957
Due to other funds	420	-	60,000	6,342,799
	<u>420</u>	<u>-</u>	<u>60,000</u>	<u>6,342,799</u>
Total Liabilities	420	-	60,000	7,384,851
Fund Equity:				
Reserved for encumbrances	-	-	-	3,618
Reserved for perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated				
Special revenue funds	240,438	42,434	114,942	11,439,627
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
	<u>240,438</u>	<u>42,434</u>	<u>114,942</u>	<u>11,443,245</u>
Total Fund Equity	<u>240,438</u>	<u>42,434</u>	<u>114,942</u>	<u>11,443,245</u>
Total Liabilities and Fund Equity	<u>\$ 240,858</u>	<u>\$ 42,434</u>	<u>\$ 174,942</u>	<u>\$ 18,828,096</u>

Capital Project Funds

Bridge Repairs Fund	North End Opportunity Corridor Fund	Other Capital Project Funds Pre 2003	Sears Block Fund	Other Capital Project Funds Post 2002	Subtotal
\$ 55,517	\$ 383,563	\$ 3,436,633	\$ 1,465,502	\$ 8,402,521	\$ 13,743,736
-	-	-	-	-	-
-	-	40,712	-	60,507	101,219
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 55,517</u>	<u>\$ 383,563</u>	<u>\$ 3,477,345</u>	<u>\$ 1,465,502</u>	<u>\$ 8,463,028</u>	<u>\$ 13,844,955</u>
\$ -	\$ -	\$ 99,812	\$ 20	\$ 672,848	\$ 772,680
-	7,007	48,699	-	224,175	279,881
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,007	148,511	20	897,023	1,052,561
-	-	-	-	-	-
-	-	-	-	-	-
55,517	376,556	3,328,834	1,465,482	7,566,005	12,792,394
-	-	-	-	-	-
<u>55,517</u>	<u>376,556</u>	<u>3,328,834</u>	<u>1,465,482</u>	<u>7,566,005</u>	<u>12,792,394</u>
<u>\$ 55,517</u>	<u>\$ 383,563</u>	<u>\$ 3,477,345</u>	<u>\$ 1,465,502</u>	<u>\$ 8,463,028</u>	<u>\$ 13,844,955</u>

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Permanent Funds

	<u>Cemetery Fund</u>	<u>Library Fund</u>	<u>Dedicated Income Fund</u>	<u>Other Fund</u>	<u>Subtotal</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	5,791,733	798,324	863,647	72,308	7,526,012
Accounts receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Other assets	-	-	-	-	-
Total Assets	<u>\$ 5,791,733</u>	<u>\$ 798,324</u>	<u>\$ 863,647</u>	<u>\$ 72,308</u>	<u>\$ 7,526,012</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Payments collected in advance	-	-	-	-	-
Due to other funds	<u>120,783</u>	<u>140,000</u>	<u>308,753</u>	<u>-</u>	<u>569,536</u>
Total Liabilities	120,783	140,000	308,753	-	569,536
Fund Equity:					
Reserved for encumbrances	-	-	-	-	-
Reserved for perpetual permanent funds	5,670,950	658,324	554,894	72,308	6,956,476
Unreserved:					
Undesignated					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service fund	-	-	-	-	-
Total Fund Equity	<u>5,670,950</u>	<u>658,324</u>	<u>554,894</u>	<u>72,308</u>	<u>6,956,476</u>
Total Liabilities and Fund Equity	<u>\$ 5,791,733</u>	<u>\$ 798,324</u>	<u>\$ 863,647</u>	<u>\$ 72,308</u>	<u>\$ 7,526,012</u>

Debt Service Fund

<u>NEOC Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 313,569	\$ 17,352,358
-	21,139,142
-	1,335,835
-	667,272
-	18,025
<u>313,569</u>	<u>40,512,632</u>
\$ -	\$ 1,084,372
-	333,012
-	667,272
-	9,957
-	6,912,335
-	9,006,948
-	3,618
-	6,956,476
-	11,439,627
-	12,792,394
<u>313,569</u>	<u>313,569</u>
<u>313,569</u>	<u>31,505,684</u>
<u>\$ 313,569</u>	<u>\$ 40,512,632</u>

**CITY OF CONCORD, NEW HAMPSHIRE**

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

**Nonmajor Governmental Funds**

**For Fiscal Year Ended June 30, 2004**

	Special Revenue Funds			
	Community Development Fund	Housing Revolving Loan Fund	Housing Revolving Loan Fund/Post 1992	Parking Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	129,136	-	-	-
Charges for services	-	185,012	15,596	398,978
Investment income	-	4,990	1,105	10,980
Contributions	-	-	-	-
Miscellaneous:				
Departmental	-	-	-	191,121
Interest and penalties	-	-	-	306,155
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	129,136	190,002	16,701	907,234
Expenditures:				
Current:				
General government	18,969	8,132	-	729,531
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	120,256	150,038	50,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	139,225	158,170	50,000	729,531
Excess (deficiency) of revenues over expenditures	(10,089)	31,832	(33,299)	177,703
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(373,775)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	(373,775)
Net change in fund balance	(10,089)	31,832	(33,299)	(196,072)
Fund Equity, beginning	-	442,209	116,142	1,011,947
Fund Equity, ending	<u>\$ (10,089)</u>	<u>\$ 474,041</u>	<u>\$ 82,843</u>	<u>\$ 815,875</u>

**Special Revenue Funds**

<u>Airport Fund</u>	<u>Impact Fee Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Insured Retention Fund</u>	<u>Durgin Garage Fund</u>	<u>Landfill Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,947	-	1,819,448	-	-	-
305,060	788,478	168,564	-	-	-
-	21,285	-	14,746	2,656	1,720
-	-	60,359	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>308,007</u>	<u>809,763</u>	<u>2,048,371</u>	<u>14,746</u>	<u>2,656</u>	<u>1,720</u>
157,874	190,969	343,390	-	-	-
-	-	-	-	-	-
70,000	-	-	-	-	-
14,765	-	-	-	-	-
-	-	<u>2,196,867</u>	-	-	-
<u>242,639</u>	<u>190,969</u>	<u>2,540,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
65,368	618,794	(491,886)	14,746	2,656	1,720
-	-	-	-	-	-
-	20,802	110,093	-	10,500	-
<u>(48,493)</u>	<u>(376,942)</u>	<u>(50,000)</u>	<u>(510,090)</u>	<u>-</u>	<u>(45,000)</u>
<u>(48,493)</u>	<u>(356,140)</u>	<u>60,093</u>	<u>(510,090)</u>	<u>10,500</u>	<u>(45,000)</u>
16,875	262,654	(431,793)	(495,344)	13,156	(43,280)
<u>145,920</u>	<u>1,408,200</u>	<u>606,256</u>	<u>1,663,215</u>	<u>292,093</u>	<u>178,428</u>
<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>

(continued)

(continued)

	Special Revenue Funds			
	Reappraisal Fund	Nelson Fund	Forest & Conservation Fund	Cemetery Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	12	9,235	93,419	2,926
Contributions	-	95,958	347,377	-
Miscellaneous:				
Departmental	-	-	-	-
Interest and penalties	-	-	-	-
Total Revenues	12	105,193	440,796	2,926
Expenditures:				
Current:				
General government	-	-	-	-
Miscellaneous	-	97,679	2,176	69
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	97,679	2,176	69
Excess (deficiency) of revenues over expenditures	12	7,514	438,620	2,857
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	114,105	-
Transfers out	-	(1,106,307)	(42,719)	-
Total Other Financing Sources (Uses)	-	(1,106,307)	71,386	-
Net change in fund balance	12	(1,098,793)	510,006	2,857
Fund Equity, beginning	1,327	1,146,547	693,853	66,385
Fund Equity, ending	\$ 1,339	\$ 47,754	\$ 1,203,859	\$ 69,242

Special Revenue Funds

Library Fund	Highway Fund	Economic Development Fund	Revaluation Fund	53rd Week Fund	Equipment Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
12,277	38,039	24,155	4,069	2,961	3,157
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,277</u>	<u>38,039</u>	<u>24,155</u>	<u>4,069</u>	<u>2,961</u>	<u>3,157</u>
12,277	38,039	24,155	4,069	2,961	3,157
-	-	-	-	-	-
883	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,394	38,039	24,155	4,069	2,961	3,157
-	-	-	-	-	-
-	1,006,428	513,245	-	63,863	-
<u>(167,988)</u>	<u>(2,029,000)</u>	<u>(1,715,000)</u>	<u>(395,100)</u>	<u>-</u>	<u>(84,000)</u>
<u>(167,988)</u>	<u>(1,022,572)</u>	<u>(1,201,755)</u>	<u>(395,100)</u>	<u>63,863</u>	<u>(84,000)</u>
(156,594)	(984,533)	(1,177,600)	(391,031)	66,824	(80,843)
<u>177,946</u>	<u>3,608,439</u>	<u>2,583,806</u>	<u>455,215</u>	<u>282,642</u>	<u>359,916</u>
<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>

(continued)

(continued)

	Special Revenue Funds			Subtotal
	Mountain Green Fund	Fire Apparatus Replacement Fund	Downtown Economic Development Fund	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,951,531
Charges for services	-	-	-	1,861,688
Investment income	1,373	(110)	1,508	250,503
Contributions	30,098	-	-	533,792
Miscellaneous:				
Departmental	-	-	-	191,121
Interest and penalties	-	-	-	306,155
Total Revenues	31,471	(110)	1,508	5,094,790
Expenditures:				
Current:				
General government	-	-	-	1,448,865
Miscellaneous	-	-	-	100,807
Debt service:				
Principal	-	-	-	70,000
Interest	-	-	-	14,765
Capital outlay	-	-	-	2,517,161
Total Expenditures	-	-	-	4,151,598
Excess (deficiency) of revenues over expenditures	31,471	(110)	1,508	943,192
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	1,839,036
Transfers out	(420)	-	(60,000)	(7,004,834)
Total Other Financing Sources (Uses)	(420)	-	(60,000)	(5,165,798)
Net change in fund balance	31,051	(110)	(58,492)	(4,222,606)
Fund Equity, beginning	209,387	42,544	173,434	15,665,851
Fund Equity, ending	\$ 240,438	\$ 42,434	\$ 114,942	\$ 11,443,245

**Capital Project Funds**

<u>Bridge Repairs Fund</u>	<u>North End Opportunity Corridor Fund</u>	<u>Other Capital Project Funds Pre 2003</u>	<u>Sears Block Fund</u>	<u>Other Capital Project Funds Post 2002</u>	<u>Subtotal</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	7,700	7,700
-	-	-	-	-	-
-	-	-	-	7,250	7,250
-	-	-	-	-	-
-	27,124	81,297	-	170,282	278,703
-	-	-	-	-	-
-	27,124	81,297	-	185,232	293,653
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,133</u>	<u>114,938</u>	<u>1,054,411</u>	<u>9,611</u>	<u>5,931,908</u>	<u>7,143,001</u>
<u>32,133</u>	<u>114,938</u>	<u>1,054,411</u>	<u>9,611</u>	<u>5,931,908</u>	<u>7,143,001</u>
(32,133)	(87,814)	(973,114)	(9,611)	(5,746,676)	(6,849,348)
-	-	-	-	4,829,750	4,829,750
-	-	400,000	1,400,000	5,312,760	7,112,760
-	(278,402)	(279,855)	-	(102,703)	(660,960)
-	(278,402)	120,145	1,400,000	10,039,807	11,281,550
(32,133)	(366,216)	(852,969)	1,390,389	4,293,131	4,432,202
<u>87,650</u>	<u>742,772</u>	<u>4,181,803</u>	<u>75,093</u>	<u>3,272,874</u>	<u>8,360,192</u>
<u>\$ 55,517</u>	<u>\$ 376,556</u>	<u>\$ 3,328,834</u>	<u>\$ 1,465,482</u>	<u>\$ 7,566,005</u>	<u>\$ 12,792,394</u>

(continued)

(continued)

	Permanent Funds				
	Cemetery Fund	Library Fund	Dedicated Income Fund	Other Fund	Subtotal
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	384,793	53,012	8,876	4,995	451,676
Contributions	83,535	284,499	163,914	-	531,948
Miscellaneous:					
Departmental	-	-	-	-	-
Interest and penalties	-	-	-	-	-
Total Revenues	<u>468,328</u>	<u>337,511</u>	<u>172,790</u>	<u>4,995</u>	<u>983,624</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Miscellaneous	30,035	10,271	133,729	219	174,254
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>30,035</u>	<u>10,271</u>	<u>133,729</u>	<u>219</u>	<u>174,254</u>
Excess (deficiency) of revenues over expenditures	438,293	327,240	39,061	4,776	809,370
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(120,783)	(140,000)	(308,753)	-	(569,536)
Total Other Financing Sources (Uses)	<u>(120,783)</u>	<u>(140,000)</u>	<u>(308,753)</u>	<u>-</u>	<u>(569,536)</u>
Net change in fund balance	317,510	187,240	(269,692)	4,776	239,834
Fund Equity, beginning	<u>5,353,440</u>	<u>471,084</u>	<u>824,586</u>	<u>67,532</u>	<u>6,716,642</u>
Fund Equity, ending	<u>\$ 5,670,950</u>	<u>\$ 658,324</u>	<u>\$ 554,894</u>	<u>\$ 72,308</u>	<u>\$ 6,956,476</u>

Debt Service Fund

<u>NEOC Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 559,897	\$ 559,897
-	1,959,231
-	1,861,688
3,053	712,482
-	1,065,740
-	469,824
<u>-</u>	<u>306,155</u>
562,950	6,935,017
19,570	1,468,435
-	275,061
345,000	415,000
200,360	215,125
<u>-</u>	<u>9,660,162</u>
<u>564,930</u>	<u>12,033,783</u>
(1,980)	(5,098,766)
-	4,829,750
-	8,951,796
<u>-</u>	<u>(8,235,330)</u>
<u>-</u>	<u>5,546,216</u>
(1,980)	447,450
<u>315,549</u>	<u>31,058,234</u>
<u>\$ 313,569</u>	<u>\$ 31,505,684</u>

**CITY OF CONCORD, NEW HAMPSHIRE**

**Combining Statement of Net Assets**

**Nonmajor Proprietary Funds**

**June 30, 2004**

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Arena Fund</u>	<u>Total Other Funds</u>
<b><u>ASSETS</u></b>			
Current:			
Cash and short-term equivalents	\$ 287,900	\$ 234,045	\$ 521,945
User fees, net of allowance for uncollectibles	-	16,158	16,158
Other assets	<u>11,281</u>	<u>-</u>	<u>11,281</u>
Total current assets	299,181	250,203	549,384
Noncurrent:			
Capital assets:			
Land and construction in progress	121,992	70,714	192,706
Other capital assets, net of accumulated depreciation	<u>923,228</u>	<u>772,489</u>	<u>1,695,717</u>
Total noncurrent assets	<u>1,045,220</u>	<u>843,203</u>	<u>1,888,423</u>
<b>TOTAL ASSETS</b>	1,344,401	1,093,406	2,437,807
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	30,426	48,746	79,172
Retainage payable	3,077	-	3,077
Accrued liabilities	4,868	3,659	8,527
Deferred revenue	6,860	29,217	36,077
Other current liabilities	330	-	330
Current portion of long-term liabilities:			
Bonds payable	40,000	32,925	72,925
Compensated absences	<u>16,402</u>	<u>7,345</u>	<u>23,747</u>
Total current liabilities	101,963	121,892	223,855
Noncurrent:			
Bonds payable, net of current portion	<u>385,000</u>	<u>350,000</u>	<u>735,000</u>
Total noncurrent liabilities	<u>385,000</u>	<u>350,000</u>	<u>735,000</u>
<b>TOTAL LIABILITIES</b>	486,963	471,892	958,855
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	625,128	481,913	1,107,041
Unrestricted	<u>232,310</u>	<u>139,601</u>	<u>371,911</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 857,438</u>	<u>\$ 621,514</u>	<u>\$ 1,478,952</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, 2004**

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Arena Fund</u>	<u>Total Other Funds</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 853,545	\$ 420,050	\$ 1,273,595
Other	<u>5,427</u>	<u>798</u>	<u>6,225</u>
Total Operating Revenues	858,972	420,848	1,279,820
<b>Operating Expenses:</b>			
Operating expenses	659,999	297,066	957,065
Depreciation	87,629	51,318	138,947
Other	<u>-</u>	<u>67</u>	<u>67</u>
Total Operating Expenses	<u>747,628</u>	<u>348,451</u>	<u>1,096,079</u>
Operating Income	111,344	72,397	183,741
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	2,813	1,261	4,074
Interest expense	<u>(16,211)</u>	<u>(15,638)</u>	<u>(31,849)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(13,398)</u>	<u>(14,377)</u>	<u>(27,775)</u>
Income Before Transfers	97,946	58,020	155,966
<b>Transfers:</b>			
Transfers in	-	23,740	23,740
Transfers out	<u>(56,875)</u>	<u>(28,025)</u>	<u>(84,900)</u>
Change in Net Assets	41,071	53,735	94,806
Net Assets at Beginning of Year, as restated	<u>816,367</u>	<u>567,779</u>	<u>1,384,146</u>
Net Assets at End of Year	<u>\$ 857,438</u>	<u>\$ 621,514</u>	<u>\$ 1,478,952</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, 2004**

	Business-Type Activities		
	Enterprise Funds		Total
	<u>Golf</u>	<u>Arena</u>	<u>Other</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 711,119	\$ 438,682	\$ 1,149,801
Payments to vendors and employees	<u>(679,018)</u>	<u>(251,353)</u>	<u>(930,371)</u>
Net Cash Provided By Operating Activities	32,101	187,329	219,430
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Transfers in	-	23,740	23,740
Transfers out	<u>(56,875)</u>	<u>(28,025)</u>	<u>(84,900)</u>
Net Cash (Used For) Noncapital Financing Activities	(56,875)	(4,285)	(61,160)
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Proceeds from issuance of bonds and notes	100,000	39,925	139,925
Acquisition and construction of capital assets	(118,091)	(60,613)	(178,704)
Principal payments on bonds and notes	(30,000)	(29,000)	(59,000)
Interest expense	<u>(16,211)</u>	<u>(15,638)</u>	<u>(31,849)</u>
Net Cash (Used For) Capital and Related Financing Activities	(64,302)	(65,326)	(129,628)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	<u>2,813</u>	<u>1,261</u>	<u>4,074</u>
Net Cash Provided by Investing Activities	<u>2,813</u>	<u>1,261</u>	<u>4,074</u>
Net Change in Cash and Short-Term Equivalents	(86,263)	118,979	32,716
Cash and Short-Term Equivalents, Beginning of Year	<u>374,163</u>	<u>115,066</u>	<u>489,229</u>
Cash and Short-Term Equivalents, End of Year	<u>\$ 287,900</u>	<u>\$ 234,045</u>	<u>\$ 521,945</u>
<b><u>Reconciliation of Operating Income to Net Cash</u></b>			
<b><u>Provided by (Used For) Operating Activities</u></b>			
Operating income	\$ 111,344	\$ 72,397	\$ 183,741
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	87,629	51,318	138,947
Changes in assets and liabilities:			
User fees	-	(5,383)	(5,383)
Other assets	(2,432)	-	(2,432)
Accounts payable	(20,243)	46,408	26,165
Compensated absences	(482)	(910)	(1,392)
Other liabilities	<u>(143,715)</u>	<u>23,499</u>	<u>(120,216)</u>
Net Cash Provided By Operating Activities	<u>\$ 32,101</u>	<u>\$ 187,329</u>	<u>\$ 219,430</u>

See notes to financial statements.

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**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, 2004**

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Taxes</u>			
Property taxes - current	\$ 20,708,980	\$ 20,708,980	\$ -
Timber tax yield	15,000	22,791	7,791
Motor vehicle registrations	4,926,879	5,364,606	437,727
Boat registrations	3,010	2,904	(106)
Payment in lieu of taxes	<u>378,500</u>	<u>429,865</u>	<u>51,365</u>
Total Taxes	26,032,369	26,529,146	496,777
<u>Licenses and Permits</u>			
Engineering	20,860	28,155	7,295
City clerk records	24,500	29,727	5,227
Health services	111,450	99,857	(11,593)
Police/protection/amusement	2,800	2,630	(170)
Code enforcement/building permits	<u>794,750</u>	<u>912,153</u>	<u>117,403</u>
Total Licenses and Permits	954,360	1,072,522	118,162
<u>Intergovernmental</u>			
State sharing	2,389,121	2,387,026	(2,095)
Railroad tax	5,000	4,792	(208)
Forest loss reimbursement	1,000	1,147	147
Fire service aid	81,380	81,380	-
Emergency mgmt. administration - grant	20,500	21,042	542
State election reimbursement	4,600	2,513	(2,087)
Highway block grant	<u>676,740</u>	<u>683,168</u>	<u>6,428</u>
Total Intergovernmental	3,178,341	3,181,068	2,727
<u>Charges For Services</u>			
Finance	70,215	48,410	(21,805)
Legal - prosecutor	39,000	37,039	(1,961)
City clerk	53,790	54,666	876
Public safety	1,175,128	1,157,522	(17,606)
Code enforcement	18,000	30,702	12,702
General services	171,450	190,958	19,508
Planning	527,760	408,692	(119,068)
Human services	35,000	34,169	(831)

(continued)

(continued)

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Library	24,980	20,368	(4,612)
Recreation	299,670	241,386	(58,284)
Cable franchise fee	440,000	471,806	31,806
Auditorium rental	38,000	42,633	4,633
School district lease	78,000	74,804	(3,196)
Storage rental	5,000	6,749	1,749
Community Center rental	32,895	35,458	2,563
Memorial field rental	17,540	20,124	2,584
Code prosecution	32,000	55,413	23,413
Restitution	8,500	12,722	4,222
Parking fines - non meters	145,000	150,698	5,698
False alarm penalties	47,000	31,750	(15,250)
Overdue book fines	58,000	50,129	(7,871)
Concessions/sponsors	10,600	4,197	(6,403)
<b>Total Charges For Services</b>	<b>3,327,528</b>	<b>3,180,395</b>	<b>(147,133)</b>
<u>Investment Income</u>			
Earnings on investments	341,340	317,525	(23,815)
<b>Total Investment Income</b>	<b>341,340</b>	<b>317,525</b>	<b>(23,815)</b>
<u>Miscellaneous</u>			
Miscellaneous revenue not anticipated	62,459	105,787	43,328
Insurance refunds/dividends	60,000	33,300	(26,700)
Other share of capital debt	58,740	58,732	(8)
Sale of city property	10,000	62,559	52,559
Timber sales	-	53,065	53,065
MV transportation surcharge	170,000	171,824	1,824
Interest, costs, and penalties	301,000	320,857	19,857
<b>Total Miscellaneous</b>	<b>662,199</b>	<b>806,124</b>	<b>143,925</b>
<u>Other Financing Sources</u>			
Transfers in	2,317,426	2,214,298	(103,128)
Budgetary use of fund balance	3,000,863	3,000,863	-
<b>Total Other Financing Sources</b>	<b>5,318,289</b>	<b>5,215,161</b>	<b>(103,128)</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 39,814,426</b>	<b>\$ 40,301,941</b>	<b>\$ 487,515</b>

**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, 2004**

	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<u>General Government</u>			
City Manager	\$ 342,367	\$ 341,507	\$ 860
Legal services	629,490	619,434	10,056
Personnel	267,900	245,998	21,902
Finance:			
Finance department	545,570	533,030	12,540
Purchasing	134,370	140,745	(6,375)
Treasury division	557,340	548,511	8,829
Audit services	44,440	44,425	15
Data processing	429,920	376,775	53,145
City Council	32,790	28,570	4,220
City Clerk	228,750	214,517	14,233
Assessor	<u>523,407</u>	<u>507,620</u>	<u>15,787</u>
Total General Government	3,736,344	3,601,132	135,212
<u>Public Safety</u>			
Police	6,642,906	6,603,756	39,150
Fire	8,689,510	8,437,071	252,439
Civil Defense	<u>22,280</u>	<u>19,827</u>	<u>2,453</u>
Total Public Safety	15,354,696	15,060,654	294,042
<u>General Services</u>			
Total General Services	6,308,240	6,162,136	146,104
<u>Planning and Development</u>			
Community development	776,157	795,385	(19,228)
Building & codes	838,369	824,039	14,330
Engineering	1,084,985	916,335	168,650
Conservation	25,850	21,133	4,717
Forestry	<u>58,800</u>	<u>17,718</u>	<u>41,082</u>
Total Planning and Development	2,784,161	2,574,610	209,551
<u>Leisure and Information Services</u>			
Library	1,574,160	1,522,142	52,018
Recreation and parks	<u>543,854</u>	<u>513,323</u>	<u>30,531</u>
Total Leisure and Information Services	2,118,014	2,035,465	82,549
<u>Human Services</u>			
Welfare	709,165	662,753	46,412
Social services	<u>407,460</u>	<u>407,460</u>	<u>-</u>
Total Human Services	1,116,625	1,070,213	46,412

(continued)

(continued)

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Employee Benefits</u>			
Employee benefits	<u>610,133</u>	<u>371,068</u>	<u>239,065</u>
Total Employee Benefits	610,133	371,068	239,065
<u>Debt Service</u>			
Principal	2,380,975	2,380,973	2
Interest	<u>999,680</u>	<u>794,887</u>	<u>204,793</u>
Total Debt Service	3,380,655	3,175,860	204,795
<u>Miscellaneous</u>	<u>836,070</u>	<u>739,151</u>	<u>96,919</u>
Total Miscellaneous	836,070	739,151	96,919
<u>Other Financing Uses</u>			
Transfers out	<u>3,569,488</u>	<u>3,669,803</u>	<u>(100,315)</u>
Total Other Financing Uses	<u>3,569,488</u>	<u>3,669,803</u>	<u>(100,315)</u>
Total Expenditures and Other Financing Uses	<u>\$ 39,814,426</u>	<u>\$ 38,460,092</u>	<u>\$ 1,354,334</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, 2004**

	Parking		
	Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services:			
Street parking - meters	250,000	274,036	24,036
Firehouse block garage - meters	36,000	34,749	(1,251)
Durgin block garage - meters	76,000	75,208	(792)
Prepaid parking	-	14,985	14,985
Fuel flow fees	-	-	-
Rentals	-	-	-
Total Charges for Services	362,000	398,978	36,978
Investment income	9,300	10,980	1,680
Miscellaneous:			
Capital reserve	10,500	10,500	-
Meter parking penalties	375,000	305,955	(69,045)
Rentals	167,726	166,572	(1,154)
Court fines	500	200	(300)
Miscellaneous	-	14,049	14,049
Total Miscellaneous	553,726	497,276	(56,450)
Total Revenues	925,026	907,234	(17,792)
Expenditures:			
General Government:			
Compensation	346,025	322,014	24,011
Outside services	93,250	63,717	29,533
Fringe benefits	104,580	104,126	454
Firehouse block garage	47,953	48,412	(459)
Durgin block garage	71,674	76,077	(4,403)
Supplies	31,890	28,631	3,259
Utilities	-	-	-
Insurance	8,370	7,623	747
Debt service	-	-	-
Other	19,285	17,851	1,434
Total General Government and Total Expenditures	723,027	668,451	54,576
Other Financing Sources (Uses):			
Transfer out	(374,975)	(373,775)	1,200
Budgetary use of fund balance	307,223	307,223	-
Total Other Financing Sources (Uses)	(67,752)	(66,552)	1,200
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 134,247	\$ 172,231	\$ 37,984

Airport		
<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 1,500	\$ 2,947	\$ 1,447
-	-	-
-	-	-
-	-	-
21,500	19,404	(2,096)
<u>248,515</u>	<u>285,656</u>	<u>37,141</u>
270,015	305,060	35,045
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
271,515	308,007	36,492
33,500	60,854	(27,354)
35,390	32,787	2,603
17,760	17,058	702
-	-	-
-	-	-
21,600	13,251	8,349
17,040	21,003	(3,963)
10,660	12,921	(2,261)
84,540	84,765	(225)
<u>-</u>	<u>-</u>	<u>-</u>
220,490	242,639	(22,149)
(50,500)	(48,493)	2,007
<u>-</u>	<u>-</u>	<u>-</u>
<u>(50,500)</u>	<u>(48,493)</u>	<u>2,007</u>
<u>\$ 525</u>	<u>\$ 16,875</u>	<u>\$ 16,350</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, 2004**

		<u>Water Fund</u>	
	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
Operating Revenues:			
Operating revenue	\$ 4,394,000	\$ 4,768,605	\$ 374,605
Miscellaneous	<u>          -</u>	<u>          215</u>	<u>          215</u>
Total Operating Revenues	4,394,000	4,768,820	374,820
Operating Expenses:			
Administration	725,480	716,343	9,137
Collection	-	-	-
Treatment facility/plant operations	959,500	908,789	50,711
Water supply	245,590	170,446	75,144
Distribution	446,250	480,771	(34,521)
Pump station	-	-	-
Disposal	-	-	-
Miscellaneous	26,020	50,390	(24,370)
Capital outlay	596,270	531,752	64,518
Debt service	<u>1,119,790</u>	<u>1,119,786</u>	<u>          4</u>
Total Operating Expenses	<u>4,118,900</u>	<u>3,978,277</u>	<u>140,623</u>
Operating Income (Loss)	275,100	790,543	515,443
Non-Operating Income (Expenses):			
Interest expense	(576,650)	(562,315)	14,335
Investment income	45,260	50,960	5,700
Intergovernmental	-	-	-
Other non-operating income	<u>95,000</u>	<u>195,407</u>	<u>100,407</u>
Total Non-Operating Income (Expenses)	<u>(436,390)</u>	<u>(315,948)</u>	<u>120,442</u>
Net Income (Loss) Before Transfers	(161,290)	474,595	635,885
Other Financing Sources:			
Transfers in	-	-	-
Transfers out	(334,675)	(327,475)	7,200
Budgetary use of fund balance	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total Other Financing Sources	<u>(334,675)</u>	<u>(327,475)</u>	<u>7,200</u>
Net Income (Loss)	<u>\$ (495,965)</u>	<u>\$ 147,120</u>	<u>\$ 643,085</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>
\$ 4,482,250	\$ 4,710,144	\$ 227,894	\$ 1,581,050	\$ 1,675,944	\$ 94,894
-	5,987	5,987	-	-	-
4,482,250	4,716,131	233,881	1,581,050	1,675,944	94,894
752,200	733,107	19,093	-	-	-
275,180	239,111	36,069	1,000,020	999,572	448
1,799,411	1,871,906	(72,495)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,030	86,724	(19,694)	-	-	-
2,570	-	2,570	2,150,390	2,172,189	(21,799)
22,650	25,816	(3,166)	-	-	-
892,830	896,484	(3,654)	-	-	-
1,372,750	1,061,084	311,666	-	-	-
5,184,621	4,914,232	270,389	3,150,410	3,171,761	(21,351)
(702,371)	(198,101)	504,270	(1,569,360)	(1,495,817)	73,543
(540,730)	(352,754)	187,976	-	-	-
50,000	49,833	(167)	-	-	-
413,060	328,330	(84,730)	-	-	-
22,500	97,034	74,534	-	-	-
(55,170)	122,443	177,613	-	-	-
(757,541)	(75,658)	681,883	(1,569,360)	(1,495,817)	73,543
190,000	190,000	-	1,456,350	1,456,350	-
(400,250)	(391,625)	8,625	-	-	-
250,000	250,000	-	10,000	10,000	-
39,750	48,375	8,625	1,466,350	1,466,350	-
\$ (717,791)	\$ (27,283)	\$ 690,508	\$ (103,010)	\$ (29,467)	\$ 73,543

(continued)

**CITY OF CONCORD, NEW HAMPSHIRE**

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

**Enterprise Funds**

**For the Fiscal Year Ended June 30, 2004**

(continued)

	<u>Golf Fund</u>		
	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Operating revenue	\$ 817,750	\$ 853,545	\$ 35,795
Miscellaneous	<u>-</u>	<u>5,427</u>	<u>5,427</u>
Total Operating Revenues	817,750	858,972	41,222
Operating Expenses:			
Administration	718,770	680,602	38,168
Collection	-	-	-
Treatment facility/plant operations	-	-	-
Water supply	-	-	-
Distribution	-	-	-
Pump station	-	-	-
Disposal	-	-	-
Storm sewer maintenance	-	-	-
Capital outlay	-	-	-
Debt service	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Operating Expenses	<u>748,770</u>	<u>710,602</u>	<u>38,168</u>
Operating Income (Loss)	68,980	148,370	79,390
Non-Operating Income (Expenses):			
Interest expense	(19,200)	(16,211)	2,989
Investment income	2,120	2,519	399
Intergovernmental	-	-	-
Other non-operating income	<u>-</u>	<u>294</u>	<u>294</u>
Total Non-Operating Income (Expenses)	<u>(17,080)</u>	<u>(13,398)</u>	<u>3,682</u>
Net Income (Loss) Before Transfers	51,900	134,972	83,072
Other Financing Sources			
Transfers in	-	-	-
Transfers out	(58,075)	(56,875)	1,200
Budgetary use of fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>(58,075)</u>	<u>(56,875)</u>	<u>1,200</u>
Net Income (Loss)	<u>\$ (6,175)</u>	<u>\$ 78,097</u>	<u>\$ 84,272</u>

	Arena Fund	
<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 378,730	\$ 420,050	\$ 41,320
-	798	798
378,730	420,848	42,118
329,650	297,976	31,674
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
60,000	60,000	-
29,000	29,000	-
418,650	386,976	31,674
(39,920)	33,872	73,792
(15,380)	(15,638)	(258)
1,370	1,144	(226)
-	-	-
-	117	117
(14,010)	(14,377)	(367)
(53,930)	19,495	73,425
23,740	23,740	-
(28,550)	(28,025)	525
60,000	60,000	-
55,190	55,715	525
\$ 1,260	\$ 75,210	\$ 73,950

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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	Leisure and Information 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

Note: Only fiscal year 2003 and 2004 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

Note: Only fiscal year 2003 and 2004 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
December 31, 1995	3,446	9,720	4,546	1,037	1,543	1,000	162	3,140	1,247	310 (2)	26,151
June 30, 1996	(3) 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 (4)	34,207
June 30, 2003	4,729	13,774	6,260	2,120	1,993	1,007	224	4,034	2,508	796 (4)	37,445
June 30, 2004	5,076	15,047	6,014	2,561	2,040	1,072	274	3,782	2,517	758 (4)	39,141

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

(2) Includes miscellaneous and capital leases.

(3) Six month transitional fiscal period.

(4) 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
December 31, 1995	\$ 20,394	\$ 653	\$ 2,896	\$ 2,383	\$ 880	\$ 909	\$ 28,115
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

(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
December 31, 1995	\$ 17,113	\$ 54,270	\$ 49,626	91.4 %	\$ 171	\$ 1,011	\$ 53,430	\$ 3,877	\$ 53,503	100.1 %	\$ 7,687	14.4 %
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

- (1) Includes taxes levied for the City of Concord, per N.H. Department of Revenue Administration Tax Rate Calculat
- (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
December 31, 1995	(1)	\$ 1,497,771	\$ 19,983	\$ 1,477,788	\$ 1,507,947	98 %
June 30, 1996	(2)	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	(3)	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		2,343,293	18,415	2,324,878	3,184,764	73

- (1) Across-the-board 20% adjustment
- (2) Six month transitional fiscal period
- (3) Initiated annual assessment update

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
December 31, 1995	(1)	\$ 11.58	\$ 22.83	\$ -	\$ 2.16	36.57	\$ 11.58	\$ 19.96	\$ -	\$ 2.16	\$ 33.70
June 30, 1996	(2) (3)	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	(4)	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	(5)	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		9.49	10.65	5.41	2.52	28.07	9.49	14.33	5.19	2.52	31.53

- (1) Across-the-board 25% adjustment to offset property revaluation adjustment.
- (2) Six month transitional fiscal period.
- (3) 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.
- (4) RSA 76:3 enacted on November 3, 1999 under Chapter 338, Laws of 1999, established a State Education Property Tax.
- (5) Initiated annual assessment update.

CITY OF CONCORD, NEW HAMPSHIRE  
Principal Taxpayers  
June 30, 2004  
(amounts expressed in thousands)

Taxpayer	Type of Business	Assessed Value	Percentage of net Assessed Value (1)
GGP Steeplegate Inc	Mall	\$ 50,658	2.18 %
Concord Electric Company	Utility	33,220	1.39
Hodges Properties Inc	Rentals	32,338	1.43
SES Concord Company LP	Trash to Energy	23,436	0.97
David Glass-Walmart/Sam's Club	Retail	23,415	1.01
Capital Region Health Care	Health Care	22,444	1.01
St Paul's School	Private School	20,529	0.88
EnergyNorth Natural Gas Inc	Utility	16,153	0.52
Eddy Plaza Associates LLC	Retail	12,079	0.69
Rane Healthsouth Rehab Corp	Health Care	<u>10,955</u>	<u>0.47</u>
Total		<u>\$ 245,227</u>	<u>10.55 %</u>

(1) From page 110.

CITY OF CONCORD, NEW HAMPSHIRE  
 Computation of Legal Debt Margin  
 June 30, 2004  
 (amounts expressed in thousands)

Modified local assessed valuation (2)		\$ 2,367,419
Department of Revenue Administration inventory adjustment (2)		<u>842,897</u>
Equalized assessed valuation (2)		3,210,316
Adjustment: RSA 31-A (2)		<u>60,645</u>
Base valuation for debt limits (1) (2)		<u>\$ 3,270,961</u>
Bonded debt limit - 3.00% of base (3)		\$ 98,129
Gross bonded debt June 30, 2004	48,973	
Less: Water bonds (4) (5)	(13,912)	
Sewer bonds (4) (6)	(8,166)	
Tax Increment District (7)	(3,950)	
Landfill closure bonds (8)	<u>(2,187)</u>	20,758
Authorized but unissued	12,710	
Less: Sewer bonds (4) (6)	<u>(8,780)</u>	<u>3,930</u>
Total debt applicable to limitation		<u>24,688</u>
Legal debt margin		<u>\$ 73,441</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 2003 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
December 31, 1995	37 (1)	\$ 1,477,788	\$ 35,411	\$ 1,062	\$ 17,330	\$ 17,019	1.15%	460
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

\* Amounts expressed in thousands.

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

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

(3) From page 110.

(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
December 31, 1995	\$ 2,177	\$ 963	\$ 3,140	\$ 26,151	12.0 %
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

(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, 2004  
 (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	\$ 26,087 (1)	100.00 %	\$ 26,087
Overlapping:			
Merrimack County (12/31/03)	13,650	26.12	3,565
Concord School District (6/30/04)	21,586	100.00	21,586
Merrimack Valley School District (6/30/04)	<u>5,940</u>	25.86	<u>1,536</u>
Total	<u>\$ 67,263</u>		<u>\$ 52,774</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)
December 31, 1995	37,290 (1)	\$ 25,151 (8)	5,393	668	2.7 %	\$ 810,121	250
June 30, 1996	(9) 37,850 (1)	23,084 (3)	5,393	668	3.0	808,586	312
June 30, 1997	37,925 (1)	24,734 (10)	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 (11)	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

\* 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) "Survey of Current Business", U.S. Dept. of Commerce/Bureau of Economic Analysis, April 1995 issue for 1989, May 1996 issue for 1990-1995.

(9) Six month transitional fiscal period.

(10) "American Demographics", January 1998 issue.

(11) 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 *		
December 31, 1995	\$ 1,507,947	5	\$ 4,204	60	\$ 6,773	418	\$ 45,207	\$ 56,184	\$ 3,223,870
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

\* Amounts expressed in thousands.

(1) From page 110.

(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, 2004

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:	
2002 State Primary (40%)	8,114
2002 General (70%)	14,610
2003 Municipal (12%)	2,697
2004 Federal (1st in the nation) Primary (52%)	10,107
Number of registered voters	20,734 *
* 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	2,178

**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	5
Life Safety Officer and Asst Life Safety Officer	2
Paramedic Lieutenants	4
Fire Lieutenants	15
Fire Alarm/Traffic Supervisor	1
Communications Supervisor	1
Public Safety Educator	1
Paramedics	24
Fire Alarm/Traffic Technician	2
Firefighters/EMTs	44
Dispatchers	6
Administrative Specialists	2.25
Call Firefighters	4

(continued)

(continued)

**Fire Protection/Emergency Medical Service (Cont.):**

Number of calls for service:	
Unit operations	6,803
EMS calls:	4,237

**Police Protection:**

Number of stations	1
Number of sub-stations	5
Number of vehicles:	
Patrol units	16
Unmarked	12
Jeeps - parking	2
Vans	1
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	1,533
Part II offenses	4,416
Non-criminal	38,950
Number of arrests (per 3,276 offenses)	2,770
Number of parking garages	2
Number of parking lots	2
Number of traffic violations:	
Summonses	6,041
Accidents	2,268
DWI arrests	259

**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	149

**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)	9,931
Number of service connections - steam condensate	206
Daily average treatment in gallons:	
Concord plant (in service 1981)	4,600,000
Penacook plant (in service 1973)	578,000
Maximum daily capacity gallons:	
Concord plant	10,100,000
Penacook plant	4,200,000
Number of pump stations	8

(continued)

(continued)

**Water System:**

Miles of water mains	215
Number of treatment plants:	1
Surface water treatment facility with design capacity	10,000,000
Number of service connections	11,419
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:	21
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	112
Number of secondary schools	2
Number of secondary school instructors	237
Number of secondary school aides	86
Merrimack Valley School District:	
Number of elementary schools * (Penacook)	1
Number of elementary school instructors	26
Number of elementary schools aides	13
Number of secondary schools	2
Number of secondary school instructors	106
Number of secondary school aides	36
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	24,240
Average residential bill (based on 500kw hours per month) in dollars	56.67
Capacity of primary distribution sub-system (kVa)	116,427
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	3

**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.