

***TOWN OF
LONDONDERRY, NEW HAMPSHIRE***



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

For the Year Ended
June 30, 2006

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2006



**Prepared by:
The Finance and Administration Department**

**Susan A. Hickey
Assistant Town Manager
for Finance and Administration**

**Patrick M. Delaney, Sr.
Town Accountant**

Town of Londonderry, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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INTRODUCTORY SECTION



Town of Londonderry
268 B Mammoth Road
Londonderry, NH 03053
(603) 432-1100

August 1, 2006

To the Citizens and Members of the Town Council:

The Comprehensive Annual Financial Report (CAFR) of the Town of Londonderry for the fiscal year ended June 30, 2006, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. We also believe that the Town's existing internal control systems are adequate. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2006, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other sections of the CAFR.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as, the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the Town. The Town provides a full range of services including police and fire protection, public works operations, planning, zoning and code enforcement, health and welfare, library and recreation. The Town has sewer utilities and accounts for it as a special revenue fund. This report does not report on the funds of the Londonderry School District or Rockingham County. These governmental units are independent of the Town and do not meet the criteria for inclusion in this CAFR.

Independent Audit

State Statutes require an annual audit by independent public accountants. The Town's accounting firm is Melanson, Heath and Company. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet any requirements of the Federal Single Audit Act amendments of 1996 and the US Office of Management Budget Circular A-133. The financial statements, combining and individual fund statements and schedules are included in the financial section of this report.

PROFILE OF THE GOVERNMENT

Geography. The Town of Londonderry is located in Rockingham County in southern New Hampshire, approximately 40 minutes northwest of Boston via Route 93, and is situated between Salem and Derry, New Hampshire's two largest towns. The Town has a population of 24,777 and occupies 42.12 square miles of land.

Londonderry was incorporated in 1722 and since 1996 has operated under a charter with a Council-Manager form of local government.

Londonderry has a diverse character, combining residential, commercial, industrial and recreational activities. The Town has experienced significant tax base growth with an increasing amount of the growth occurring in commercial and industrial property. This is due to Londonderry's proximity to one of New Hampshire's major north/south highways, as well as the presence of Manchester Airport (MHT) within the community. MHT offers direct flights to many major cities around the nation.

Governing Boards. The Town Council consists of five members elected to staggered three-year terms. The Council acts as the legislative body of the Town (except for the adoption of the annual budget) and appoints a Town Manager to serve an indefinite term as the Town's chief executive. A Budgetary Town Meeting approves long-term debt, in addition to the annual budget. The funds approved at the Budgetary Town Meeting include General Fund Operations, Special Revenue Funds and Capital Projects Funds.

Services. The Town provides a full-range of services to residents including waste water treatment, refuse collection and disposal, highway construction and maintenance, including snow plowing, storm sewer system and related infrastructure maintenance and construction; police and fire protective services; library and recreational facilities and services; human services; and planning, economic and community development, and code enforcement services.

Administration. Administrative functions of the Town are carried out by the Town Manager. The Town Manager is responsible for the administrative and financial affairs of the Town and overseeing the day-to-day operations, and implements policies established by the Town Council. The Town Manager is responsible for appointing the heads of the various departments, for negotiating with the various bargaining units of the Town and making recommendation to the Town Council on various issues.

Fiscal Year and Budget. The Town's fiscal year begins on July 1st of each year and ends the following June 30th. The Town's budget process commences in the fall of each year with the Capital Improvements Program budget. All capital spending of \$300,000 or more with useful lives of 3 years or longer are included in this budget. The Capital Improvement Committee reviews all projects and determines the priority based on defined parameters. The plan is submitted to the Planning Board for approval. The approved plan is then presented to the Town Council. Based on the Town administrative financing policy, items are identified for length of bonding or other type of financing by the Town Council.

Items identified for the annual operating budget are included in the Town Manager's recommended annual budget. Departments are responsible for submitting their annual budget request to the Town Manager. After reviews with the departments, the Town Manager makes any final adjustments to his recommended budget. The Department Heads and Town Manager's recommended budget is presented to the Town Council in October of each year.

The Town Council may add to, or cut from, the Manager's recommended annual budget by majority vote. The Council is required to have two public hearings on the budget, and all budget adjustments and petition warrant articles are presented to the public at a hearing in February. The budget is then presented for voting by the taxpayers at the annual town meeting in March.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

Local Economy

The economy has continued to be strong with a 2005 unemployment rate for Londonderry of 3.3%, which is under the overall 2005 U.S. unemployment rate of 4.9%.

Londonderry is one of the fastest growing communities in the state and southern NH. With I-93 running along the eastern segment, Rt. 128 through the middle, Rt. 28 the northern segment and Rt. 102 the southern segment, Londonderry has ample access to the major highway systems. With then pending construction of the Airport Access Road, Londonderry will enjoy direct access to the Everett Turnpike/Route 3 by 2010. The total workforce of the Londonderry/Manchester area was greater than previous years with overall earnings increasing over the prior year. From May 2004 to May 2005, over 1,644 jobs have been created in the Londonderry/Manchester area according to the New Hampshire Employment Security Bureau.

The development that occurred within the Town over the past year has been moderate compared to the previous year, with approximately 594,000 square feet of new or expanded commercial value. This has led to a number of new jobs and further commercial expansion of the local tax base.

Throughout the year Londonderry has increased its commercial and industrial growth significantly. Many businesses have been approved to build new facilities or expand existing facilities in Town. Londonderry welcomes the following new or expanded businesses:

Enterprise Rent-A-Car (New)
Stonyfield Farm Yogurt (3rd Expansion), yogurt manufacturer
Harvey Industries (New), window manufacturer
Vibrometer (Expanded), Aeronautical
Delta Business Center (New), Multi-Tenant Office/Distribution
Elliot Medical Offices (New), medical offices

The Town's Planning and Economic Development Department, along with the dedicated service of the individuals from the various land use and development boards, continue to promote economic development to make Londonderry an even better place to live and do business.

Long-Term Financial Planning

The Town continues to revise its budget review process to insure the efficient use of government resources, the application of non-recurring revenues for one-time capital items, and the presentation of revenue estimates consistent with anticipated performance levels in light of current economic conditions and operational policies.

These and other financial policies are summarized in a comprehensive Financial Management Policy adopted by the Town Council.

The Town is completing a Revenue Study to determine appropriate levels for its fee-for-service programs, including Emergency Medical Services; Building Inspection Programs; wastewater facilities; and other revenue programs. It is anticipated that the revised program will reflect actual costs and market rates for its services, thereby further solidifying the Town's financial position.

In FY 03, the adequacy of its Fire, Ambulance and Highway Equipment Capital Reserve Programs were reviewed and adjusted to insure that sufficient funds will be available in the future to purchase equipment at appropriate intervals, without reliance upon long-term bonding mechanisms. In FY2007, Town voters appropriated an additional \$250,000 in non-recurring revenues to enhance funding to the various funds.

In FY 04, the Town Council and Town Meeting established an Expendable Maintenance Trust Fund for Buildings and Grounds. This program is designed to systematically plan for the repair and improvements of town facilities over a multi-year period, resulting in safe, efficient town facilities funded by a constant level of taxpayer investment. Town meeting continues to support this initiative with an annual appropriation of \$205,000.

The Town's Planning and Economic Development Department is leading efforts to plan for the development of an industrial area south of Manchester Airport, and a multi-use area located between NH Rte. 28 and I-93 (Jack's Bridge Development). The Department is planning infrastructure improvements to the area adjacent to the Airport, and is actively working with a private developer to master plan the Jack's Bridge Development. This development will benefit from a 330,000 square foot anchor tenant, Harvey Industries, which is currently under construction.

Tax Increment Financing Districts are being considered for both locations. Both areas were included as part of a 2003 Design Charette (the largest ever sponsored in the State), to help the Town create a vision of its non-residential development opportunities. Both areas at full build out have the potential of creating approximately six million square feet of new commercial and industrial development. A third area was also included in the study, comprising a grand total of over 1,100 acres for all three areas. The Town's goal is to position itself to accommodate appropriate development, which will follow the completion of the Airport Access Road, and the impending widening of I-93.

Relevant Financial Policies

The Town of Londonderry developed and adopted into the Town's Administrative Code a comprehensive Financial Policy in June 2003. During the fiscal year, in accordance with the policy, excess funds over the prescribed level established for budgeting purposes were used as a one-time revenue source towards various

capital projects. The total amount allocated was \$511,698 for General Fund projects and \$235,479 for Special Revenue Fund projects per original budgets.

Major Initiatives

Throughout FY2006, many notable projects and initiatives took place in the Town including the following:

Londonderry has taken a strong position managing its growth with the adoption of a growth management ordinance and impact fee system. In 1988, Londonderry was one of the first communities to adopt a growth management ordinance. In 2002, the Town Council revised its growth ordinances in response to continuing growth pressures. In 1994, it was one of the first communities to adopt an impact fee ordinance, which is reviewed annually and updated every two to four years. In 2002, the Town Council was able to appropriate approximately \$1 million received in impact fees for debt service payments associated with a \$12 million addition to Londonderry High School. Currently, impact fees are assessed to defray costs of growth which impacts our school, police, fire, library and recreational facilities as well as a number of major thoroughfares.

The Manchester Airport Authority completed a major expansion, which included the lengthening of MHT's main runway to over 9,000 feet, and construction of a new terminal building located in Londonderry. The terminal and expansion costs were between \$65-70 million. This airport expansion includes a new state-of-the art terminal facility, increased cargo and commercial flights and the designation of the airport and surrounding 939 acres as a U. S. Customs foreign trade zone. Value added within the zone is not taxed upon entry into the U. S. market, and no duty is paid on foreign products entering the zone. The majority of this area is in Londonderry. Manchester Airport had another successful year in fiscal year 2006, enjoying its best financial performance to date despite the devastating impact of September 11 on the aviation industry in general. MHT also continued its efforts to improve airline services and modernize airport facilities and infrastructure. Year-end passenger activity totals surpassed the three million mark, with nearly 3.5 million passengers using Manchester Airport. Air travelers from throughout Northern New England and Massachusetts continue to discover Manchester's easy access, competitive airfares, convenient jet service and inexpensive parking.

The Town and the City of Manchester renegotiated the Intermunicipal Agreement governing the operation of the airport, changes include a Payment-in-Lieu of Taxes to the Town in the amount of \$500,000 annually, adjusted each year by 2%. The Town received \$530,600 in FY2006.

The industrial area south of the airport holds significant opportunities for job creation and commercial and industrial development. The area consists of approximately 800 acres of industrial land. It is one of the largest contiguous pieces of industrial land in the state. The Department of Transportation proposes to construct an airport access road from Everett Turnpike/Route 3 in Bedford across the Merrimack River and into the Manchester Airport. A portion of the access road will encompass the northwest section

of Londonderry. Supported by a \$260,000 appropriation at the 2002 Town Meeting, the Planning & Economic Development and Public Works and Engineering Departments are actively working on the planning issues involved with constructing a roadway designed to connect to the state access road and facilitate the ultimate development of this area.

In the late 90's, the Londonderry Economic Development Committee set up one of the most comprehensive town sites on the web. The site consists of 200-plus pages including dozens of photographs, extensive text information, hundreds of links to online resources and numerous interaction features. It is divided into six major sections; Living in Londonderry; Economic Development; Government and Services; Sustainable Londonderry and the Eco-Park; Education; News; and the Londonderry Chamber of Commerce. Londonderry's website is presently undergoing an update. Much of the information contained in the original site has been retained. The new web site is <http://www.londonderrynh.org/>.

In addition to the above, the Town of Londonderry was chosen, along with 9 municipalities in the United States, to participate in a new pilot project sponsored by the U. S. Environmental Protection Agency for small and medium sized government organizations to implement ISO 14001 Environmental Management Systems at a facility/organization of its choice. The Public Works Department, which includes the divisions of Sewer, Solid Waste, Highway and Engineering, was chosen for the project. Londonderry will also be able to encourage businesses located or hoping to locate in Town to become ISO 14000 certified and will be in the position to help them accomplish that goal.

In 2003, the Town engaged the services of Behan Planning Associates, Saratoga Springs, NY, to assist Londonderry in the update of its Master Plan. The Master Plan, which was last updated in 1997, is now subject to a comprehensive update. The update established new goals and objectives that work towards the new vision Londonderry has set for itself. The Planning Board adopted the new Master Plan on November 10, 2004. This process was managed by the Planning and Economic Development Department, with the assistance of a citizen committee. Additional citizen input was encouraged through the Best Towns Process, a comprehensive community engagement process designed to insure that the Town's development and preservation proceeds in accordance with the direction established by its citizenry.

Another tool being implemented to assist with the orderly development of the community and preservation of its natural and aesthetic resources is continued voter support of Open Space Preservation Bonds. Another bond in the amount of \$1,000,000 was approved by the voters in 2006 for the purpose of purchasing open space or development rights with the intent of preservation. The Town has now raised over \$12,035,000 for Open Space Preservation and managed growth strategies over the past six years. In addition to open space preservation, the Town raised funds to continue the development of the West Road Athletic Complex. The complex has six regulation sized soccer fields and comprises 41 acres. In addition to raising funds locally, the Town received \$200,000 in Land and Water Conservation Fund grants

towards the development of the complex. Finally, in response to demands by all segments of the community seeking passive and active recreation opportunities, the Town has formed a Recreation Facilities Planning Committee. The Committee is conducting an inventory of current recreation facilities, and identifying additional facilities necessary to meet residents' demands. The Committee's Findings and Recommendations are included in the town-wide Master Plan.

A significant initiative which gained universal community support in FY 03 was the passage of a \$2.9 million Limited Development Rights Bond. Proceeds of the bond were used to purchase partial development rights on a significant parcel of property in South Londonderry. The proposed development has now been transformed from its planned 361 units of multi-family housing to 125 single-family units. Occupancy of these units will be limited to one occupant of at least 55 years of age, with no occupants under the age of 21. This program guarantees affordable housing opportunities for the Town's elder population; limits impact upon town services resulting from the construction of several other multi-family projects in the community, and further addresses current and anticipated traffic impacts on NH Rte. 102.

In fiscal year 2004 the Town issued a \$10 million bond for the construction of a new Police Facility and Town Hall Facility, with \$4 million being directed towards the Town's expanding Open Space Preservation Program. This bond made a great advancement towards updating our infrastructure. In FY06, voters approved \$200,000 to design replacement fire substations in North and South Londonderry and approved a \$2,375,000 bond to construct a new substation in south Londonderry.

The Town continued its efforts to enhance its Geographical Information System (GIS). This software system will enable all departments and committees to better plan for the future needs of the Town and will assist in making more informed land use and infrastructure improvement decisions. The GIS system was used to complete the 2006 update to the open space preservation program.

ACKNOWLEDGEMENTS

This report continues to refine the financial reporting of the Town. It is the fourth year the Town has produced a comprehensive annual financial report (CAFR). The Town received the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Years ended 2003, 2004 and 2005. This recognized the Town's Finance Department's efforts for full disclosure of the financial information of the Town. A CAFR is a much more detailed reporting of the Town's finances, as well as providing historical information in the statistical section of this report.

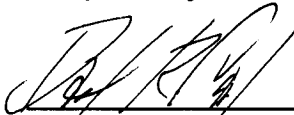
The Certificate of Achievement is valid for a period of one year only. The Town believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the Government Finance Officer's Association to determine its eligibility for another certificate.

The Town invites you to visit our web site at www.Londonderrynh.org where summary financial information is prominently displayed.

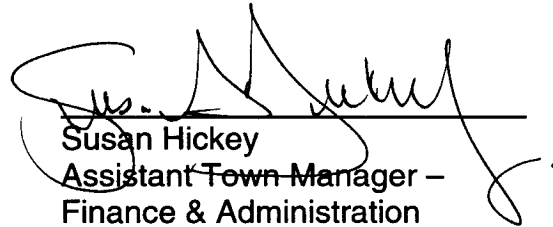
The publication of the CAFR requires many staff hours to accomplish and would not have been possible without the dedication of the entire staff of the Finance Department.

The strong financial position of the Town would not have been possible without the guidance and direction of the Town Council through its fiscal policies; the professional and diligent efforts of the entire staff of the Town; and the funding support provided by the Londonderry community through actions at the Annual Budgetary Town Meeting, all to whom we owe our sincere appreciation.

Respectfully submitted,



David Caron
Town Manager

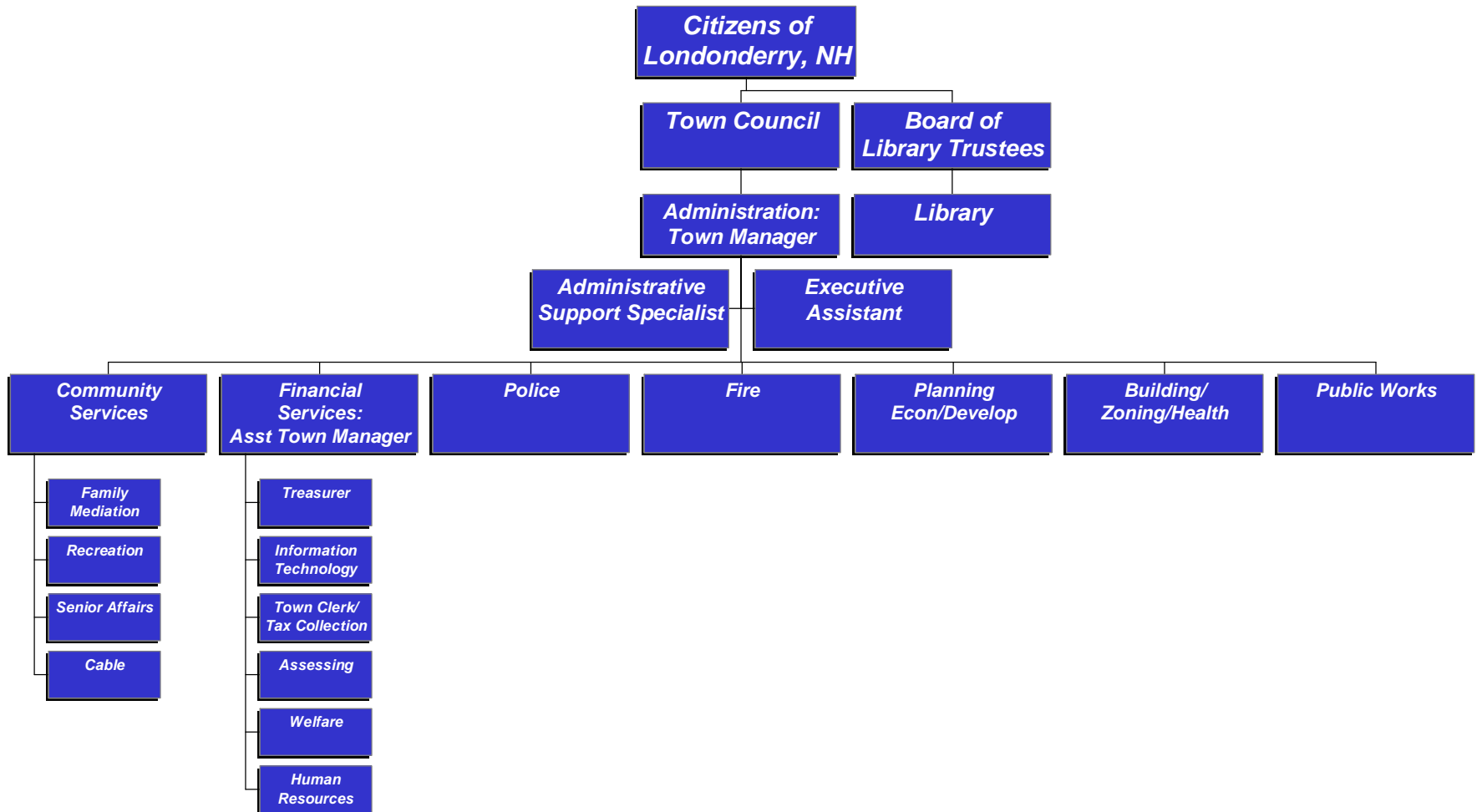


Susan Hickey
Assistant Town Manager –
Finance & Administration

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Town of Londonderry

Organizational Chart



TOWN OF LONDONDERRY
DIRECTORY OF OFFICIALS
June 30, 2006

TOWN COUNCIL

Brian Farmer
Joe Paradis
Tom Dolan
Mark Oswald
Martin Bove

OTHER ELECTED OFFICIALS

Cindi Rice-Conley, Moderator
Marguerite Seymour, Town Clerk/Tax Collector
Robert Lincoln, Treasurer

OTHER OFFICIALS

David Caron, Town Manager
Susan Hickey, Assistant Town Manager - Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Londonderry,
New Hampshire

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

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.



President

Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Londonderry, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Londonderry, New Hampshire, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Londonderry'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, each major fund, and the aggregate remaining fund information of the Town of Londonderry, as of June 30, 2006, and the respective changes in financial position 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 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 Town of Londonderry, 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 a report dated June 30, 2006 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of 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
August 1, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Town of Londonderry, we offer readers this narrative overview and analysis of the financial activities of the Town of Londonderry for the fiscal year ended June 30, 2006. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Londonderry's 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 of the Town 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).

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 two categories: governmental 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 nonmajor special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with the budget.

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 Town's own programs.

Notes to the financial statements. The notes provide additional information that are 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 which is required to be disclosed by the *Governmental Accounting Standards Board*. Additional combining statements and schedules are presented immediately following the notes to the financial statements.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 76,387,771 (i.e., net assets), an increase of \$ 2,454,036 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 12,878,832, a decrease of \$ (361,652) in comparison with the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 20,570,000, a decrease of \$ (1,875,000) 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 (in thousands).

	<u>2006</u>	<u>2005</u>	<u>Amount Change</u>	<u>% Change</u>
Current and other assets	\$ 36,789	\$ 35,911	\$ 878	2 %
Capital assets	<u>85,122</u>	<u>84,454</u> *	<u>668</u>	1 %
Total assets	121,911	120,365	1,546	1 %
Long-term liabilities outstanding	22,187	24,142 *	(1,955)	(8)%
Other liabilities	<u>23,336</u>	<u>22,290</u>	<u>1,046</u>	5 %
Total liabilities	45,523	46,432	(909)	(2)%
Net assets:				
Invested in capital assets, net	64,953	63,373 *	1,580	2 %
Restricted	598	590	8	1 %
Unrestricted	<u>10,837</u>	<u>9,970</u>	<u>867</u>	9 %
Total net assets	\$ <u>76,388</u>	\$ <u>73,933</u>	\$ <u>2,455</u>	3 %

*as restated

The largest portion of net assets \$ 64,953,187 (85 percent) reflects our investment in capital assets (e.g., land, buildings, machinery and equipment), 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.

Net assets of \$ 598,187 are restricted by constraints imposed from outside the Town.

The balance of unrestricted net assets \$ 10,836,397 may be used to meet the government's ongoing obligations to citizens and creditors.

The Town's overall financial position has improved during fiscal year 2006.

The following is a summary of changes in government-wide net assets for the current and prior fiscal years (in thousands).

CHANGES IN NET ASSETS

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 10,017	\$ 8,848	\$ 1,169	13 %
Operating grants and contributions	416	316	100	32 %
Capital grants and contributions	1,687	678	1,009	149 %
General revenues:				
Taxes	13,665	12,321	1,344	11 %
Interest, penalties and other taxes	769	863	(94)	(11)%
Grants and contributions not restricted to specific programs	1,176	1,094	82	7 %
Investment income	676	428	248	58 %
Other	<u>281</u>	<u>425</u>	<u>(144)</u>	<u>(34)%</u>
Total revenues	<u>28,687</u>	<u>24,973</u>	<u>3,714</u>	<u>15 %</u>
Expenses:				
General government	2,769	3,022	(253)	(8)%
Public safety	11,577	10,965	612	6 %
Highway and streets	5,312	4,055	1,257	31 %
Sanitation	3,335	2,776	559	20 %
Health and welfare	278	282	(4)	(1)%
Culture and recreation	1,817	1,734	83	5 %
Economic development	383	383	-	0 %
Interest	<u>769</u>	<u>1,051</u>	<u>(282)</u>	<u>(27)%</u>
Total expenses	<u>26,240</u>	<u>24,268</u>	<u>1,972</u>	<u>8 %</u>
Increase in net assets before permanent fund contributions	2,447	705	1,742	247%
Permanent fund contributions	<u>7</u>	<u>21</u>	<u>(14)</u>	
Change in net assets	2,454	726	1,728	
Net assets - beginning of year	<u>73,934</u> *	<u>73,208</u>	<u>726</u>	
Net assets - end of year	\$ <u>76,388</u>	\$ <u>73,934</u>	\$ <u>2,454</u>	

* Beginning net assets were restated due to retroactively restating infrastructure per GASB 34 and timing error in a payment of a bond (see footnote 23).

Governmental activities. Governmental activities for the year resulted in an increase in net assets of \$ 2,454,036. Key elements of this increase are as follows:

- Although the overall tax rate decreased (\$ 19.85 in comparison to \$ 21.56 in the previous year), most taxpayers saw an increase in their actual tax bills. In a continuing effort to comply with the assessing standards enforced by the State of New Hampshire, the Assessing Department is adjusting values to more closely approximate fair market value.

Accordingly, more property assessments were increased to reflect market activity.

- The Town continues to raise taxes for the open space conservation program. In fiscal year 2006, an additional \$ 1,000,000 was raised for the purchase of open space, and the purchase of \$ 1,200,000 open space was capitalized.
- The Sewer fund collected more fees due to an increase in volume of users while the change in expenses remained constant.
- The Town has experienced additional costs due to May 2006 floods, and is receiving a federal grant from FEMA in the amount of \$ 487,103.
- The Town has also been given a grant from the State of New Hampshire for the West Fields project, and raised other funds in amount of \$ 254,664.

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. The governmental fund balances have decreased by \$ (361,652) in fiscal year 2006.

The general fund is the chief operating fund. 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 16 percent of total general fund expenditures, while total fund balance represents 29 percent of that same amount.

The fund balance of the general fund increased by \$ 1,238,019 during the current fiscal year. Key factors in this change are as follows:

Excess of revenues over budget estimates	\$ 690,714
Excess appropriations not spent or encumbered by departments	53,520
Use of fund balance as a funding source	(659,198)
Timing differences related to expenses made in the current year from appropriations, but raised in prior years	(470,525)
Timing differences related to appropriations raised in current year, but not yet spent	1,655,091
Other	(31,583)
Total	\$ <u>1,238,019</u>

The Town does not have any other major funds in fiscal year 2006. The non-major governmental fund balances decreased by \$ (1,599,671), causing an overall decrease in governmental fund balances. Most of the decrease is attributable to the Conservation Commission special revenue fund with a change in fund balance of \$ (1,270,835) due to a timing difference related to expenditures occurring in advance of permanent bonding.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Final budget changed from original budget relating to a Town Council order using fund balance of \$ 147,500 to transfer out the Fire Facility capital project fund to resume construction of a new Fire Facility.

Significant budget to actual variances for general fund revenues and expenditures included the following:

- Rate of return on short-term investments has improved in the fiscal year, therefore investment income significantly exceeded budget.
- Highways and streets expenditures significantly exceeded budget due to unexpected floods of May 2006. Intergovernmental income exceeded budget due to the 75 percent federal grant reimbursement from the FEMA department for the floods.
- The debt service appropriation has a significant surplus because a debt payment was budgeted, but not needed, since the Town made an advance payment in the past, also see footnote 23 for prior year restatement for that payment.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets at year end amounted to \$ 85,122,166, net of accumulated depreciation, an increase of \$ 669,311 from the prior year. This investment in capital assets includes land and improvements, buildings, machinery, vehicles, and equipment, intangibles, construction in progress, and improvements other than buildings.

A major capital asset event for the Town of Londonderry is the retroactive capitalization of infrastructure, creating a restatement to capital assets for infrastructure acquisitions between 1980 and 2002, in amount of \$ 50,861,803. The Town of Londonderry, which is a Tier 2 community, was required to retroactively capitalize infrastructure by GASB 34 by June 30, 2007. The Town used the historical cost method for all sewer pipes and for all roads built by developers and accepted by the Town. The Town indexed back the current price of road construction per linear foot to each year of acquisition, and multiplied by linear

feet of every road accepted by the Town. Capital asset additions during the current fiscal year included the following:

Land and improvements additions (conservation easements):

- Conservation Commission fund's expenditures included acquisition of agricultural and conservation land of \$ 1,200,000. The Conservation Commission continues to implement the recommendations of the Open Space Task Force Report in an effort to preserve the community's rural character.

Construction in progress additions:

- Additional \$ 51,408 was incurred for the police facility construction, which was completed.
- West Road Athletic complex capitalized costs were \$ 227,276.
- Additional construction in progress of \$ 609,051 was incurred for the Town hall facility project, for which \$ 596,251 was expended from the capital project fund and \$ 12,800 from general fund. The project is complete and from October 2005, citizens were able to conduct most municipal business at this general area by visiting Town Hall, Police Facility, Leach Library, Central Fire Station, and Londonderry Access Center.
- Sanborn Rd capitalized costs were \$ 5,241.
- Exit 4A capitalized costs were \$ 247,662.
- Fire facility, which is a new project, has initial architectural and engineering capitalized costs of \$ 273,134, \$ 237,966 spent out of fire facility capital project and \$ 31,168 out of general fund. This project will be bonded in fiscal year 2007.
- Other capital additions of \$ 667,552 consisted primarily of vehicle purchases.

For additional information on capital assets, please refer to footnote 10 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 20,570,000, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in footnote 16 to the financial statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general outlook for the Town of Londonderry is positive. The 3.3% unemployment rate for the Manchester/Londonderry area, according to the New Hampshire Employment Security Bureau, is under the overall U.S. unemployment rate of 4.9%. The development that occurred within the Town over the past year has been moderate compared to the previous year, with approximately 594,000 square feet of new or expanded commercial value. This has led to a number of new jobs and further commercial expansion of the local tax base.

For the upcoming fiscal year, the taxpayers approved at the Annual Budgetary Town Meeting a \$ 30,953,956 operating and capital improvement budget. During the year the Town will be issuing a \$ 1,000,000 bond for the Town's expanding Open Space Preservation Program and a \$ 2,375,000 for a new Fire Station located in the south section of town. In FY 07, the Town will be completing a Revenue Study to determine appropriate levels for its fee-for-service programs, including emergency medical services; building inspection programs; wastewater facilities; and other revenue programs. It is anticipated that the revised program will reflect actual costs and market rates for its services, thereby further solidifying its financial position.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Londonderry'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 Assistant Town Manager
for Finance and Administration
Town of Londonderry
268 B Mammoth Rd
Londonderry, New Hampshire 03053

Basic Financial Statements

TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Governmental <u>Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 34,395,371
Investments	517,299
Receivables, net of allowance for uncollectibles:	
Property taxes	578,814
User fees	423,181
Intergovernmental	638,587
Other	189,123
Noncurrent:	
Deferred debt expense	46,250
Capital assets:	
Land and construction in progress	14,722,051
Other capital assets, net of accumulated depreciation	<u>70,400,115</u>
TOTAL ASSETS	121,910,791
LIABILITIES	
Current:	
Accounts payable	776,534
Accrued liabilities	476,675
Taxes collected in advance	21,359,971
Tax refunds payable	515,968
Due to other governments	2,791
Retainage payable	48,738
Other liabilities	154,873
Current portion of long-term liabilities:	
Bonds payable	1,865,000
Compensated absences	552,044
Landfill liability	10,000
Noncurrent:	
Bonds payable, net of current portion	18,705,000
Compensated absences, net of current portion	865,426
Landfill liability, net of current portion	<u>190,000</u>
TOTAL LIABILITIES	45,523,020
NET ASSETS	
Invested in capital assets, net of related debt	64,953,187
Restricted externally or constitutionally for:	
Permanent funds:	
Expendable	589,622
Nonexpendable	8,565
Unrestricted	<u>10,836,397</u>
TOTAL NET ASSETS	<u><u>\$ 76,387,771</u></u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	<u>Expenses</u>				
Governmental Activities:					
General government	\$ 2,768,844	\$ 6,414,769	\$ 224,988	\$ -	\$ 3,870,913
Public safety	11,577,220	996,547	73,705	90,000	(10,416,968)
Highways and streets	5,311,941	314,170	-	1,597,078	(3,400,693)
Sanitation	3,334,611	1,894,540	-	-	(1,440,071)
Health and welfare	278,625	-	-	-	(278,625)
Culture and recreation	1,817,294	397,426	117,333	-	(1,302,535)
Economic development	382,881	-	-	-	(382,881)
Interest	769,362	-	-	-	(769,362)
Total Governmental Activities	<u>\$ 26,240,778</u>	<u>\$ 10,017,452</u>	<u>\$ 416,026</u>	<u>\$ 1,687,078</u>	(14,120,222)
General Revenues:					
					13,665,446
Property taxes					
Interest, penalties and payments in lieu of taxes					769,467
Grants and contributions not restricted to specific programs					1,175,993
Investment income					675,545
Other					281,206
Total general revenues					<u>16,567,657</u>
Excess before permanent fund contributions					2,447,435
Permanent fund contributions					<u>6,601</u>
Change in Net Assets					2,454,036
Net Assets:					
Beginning of year, as restated					<u>73,933,735</u>
End of year					<u>\$ 76,387,771</u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2006

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and short-term investments	\$ 31,808,166	\$ 2,587,205	\$ 34,395,371
Investments	-	517,299	517,299
Receivables, net of allowance for uncollectibles:			
Property taxes	578,814	-	578,814
User fees	110,421	312,760	423,181
Intergovernmental	638,587	-	638,587
Other	61,102	128,021	189,123
Due from other funds	-	3,089,802	3,089,802
TOTAL ASSETS	\$ 33,197,090	\$ 6,635,087	\$ 39,832,177
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 686,193	\$ 90,344	\$ 776,537
Retainage payable	-	48,738	48,738
Accrued liabilities	175,371	-	175,371
Deferred revenues	516,534	312,760	829,294
Taxes collected in advance	21,359,971	-	21,359,971
Tax refunds payable	515,968	-	515,968
Due to other funds	2,740,757	349,045	3,089,802
Due to other governments	2,791	-	2,791
Other liabilities	154,873	-	154,873
TOTAL LIABILITIES	26,152,458	800,887	26,953,345
Fund Balances:			
Reserved for:			
Encumbrances and continuing appropriations	3,157,776	52,049	3,209,825
Perpetual permanent funds	-	589,622	589,622
Unreserved:			
Undesignated, reported in:			
General fund	3,886,856	-	3,886,856
Special revenue funds	-	5,003,500	5,003,500
Capital project funds	-	180,464	180,464
Permanent funds	-	8,565	8,565
TOTAL FUND BALANCES	7,044,632	5,834,200	12,878,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,197,090	\$ 6,635,087	\$ 39,832,177

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET ASSETS

June 30, 2006

Total governmental fund balances	\$ 12,878,832
<ul style="list-style-type: none">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	85,122,166
<ul style="list-style-type: none">Deferred debt expense for refunding is net of amortization on the statement of net assets, whereas all debt expense is reported when paid in the governmental funds.	46,250
<ul style="list-style-type: none">Revenues are reported on the accrual basis of accounting and are not deferred until collection.	829,294
<ul style="list-style-type: none">In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(301,301)
<ul style="list-style-type: none">Long-term liabilities, including bonds payable, compensated absences, and landfill liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(22,187,470)
Net assets of governmental activities	\$ <u>76,387,771</u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 13,737,247	\$ -	\$ 13,737,247
Interest, penalties, and payments in lieu of taxes	769,452	3,895	773,347
Licenses and permits	6,613,897	-	6,613,897
Intergovernmental	2,586,076	259,905	2,845,981
Charges for services	554,473	2,543,822	3,098,295
Investment income	619,149	56,397	675,546
Contributions	-	213,934	213,934
Other revenues	<u>203,725</u>	<u>306,040</u>	<u>509,765</u>
Total Revenues	25,084,019	3,383,993	28,468,012
Expenditures:			
Current:			
General government	2,940,412	1,974,044	4,914,456
Public safety	10,430,161	892,856	11,323,017
Highways and streets	3,581,685	480,179	4,061,864
Sanitation	1,864,448	943,536	2,807,984
Health and welfare	292,607	-	292,607
Culture and recreation	1,261,314	627,554	1,888,868
Economic development	373,737	-	373,737
Capital outlay	512,657	-	512,657
Debt service	<u>2,654,474</u>	<u>-</u>	<u>2,654,474</u>
Total Expenditures	23,911,495	4,918,169	28,829,664
Excess (deficiency) of revenues over (under) expenditures	1,172,524	(1,534,176)	(361,652)
Other Financing Sources (Uses):			
Transfers in	401,110	537,113	938,223
Transfers out	<u>(335,615)</u>	<u>(602,608)</u>	<u>(938,223)</u>
Total Other Financing Sources (Uses)	<u>65,495</u>	<u>(65,495)</u>	<u>-</u>
Net changes in fund balances	1,238,019	(1,599,671)	(361,652)
Fund Balances, beginning of year	<u>5,806,613</u>	<u>7,433,871</u>	<u>13,240,484</u>
Fund Balances, end of year	<u>\$ 7,044,632</u>	<u>\$ 5,834,200</u>	<u>\$ 12,878,832</u>

See notes to financial statements.

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

FOR THE YEAR ENDED June 30, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (361,652)

<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: 	
Capital outlay purchases	3,281,323
Loss on disposal of fixed assets	(1,196)
Depreciation	(2,612,013)
<ul style="list-style-type: none"> Governmental funds report debt expense for refunding when paid. On the Statement of Activities, it is amortized over the life of refunded debt. 	
	(46,250)
<ul style="list-style-type: none"> 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 (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. 	
	229,579
<ul style="list-style-type: none"> The issuance of long-term debt (e.g., bonds) 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: 	
Repayments of debt	1,875,000
<ul style="list-style-type: none"> In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	
	10,112
<ul style="list-style-type: none"> Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. 	
Compensated absences	(232,216)
Leases payable	301,349
Landfill liability	<u>10,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>2,454,036</u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues and other sources:				
Property taxes	\$ 13,768,833	\$ 13,768,833	\$ 13,768,833	\$ -
Interest, penalties, and other taxes	787,400	787,400	769,452	(17,948)
Licenses and permits	6,510,135	6,510,135	6,612,257	102,122
Intergovernmental	2,289,253	2,289,253	2,586,075	296,822
Charges for services	622,730	622,730	556,498	(66,232)
Investment income	300,000	300,000	619,149	319,149
Other revenues	146,150	146,150	203,338	57,188
Other financing sources:				
Transfers in	401,497	401,497	401,110	(387)
Use of fund balance	<u>511,698</u>	<u>659,198</u>	<u>659,198</u>	<u>-</u>
Total Revenues	25,337,696	25,485,196	26,175,910	690,714
Expenditures and other uses:				
Current:				
General government	2,983,211	2,983,211	2,971,873	11,338
Public safety	10,420,742	10,420,742	10,429,255	(8,513)
Highways and streets	3,494,508	3,494,508	4,010,368	(515,860)
Sanitation	2,057,003	2,057,003	1,864,448	192,555
Health and welfare	322,858	322,858	292,608	30,250
Culture and recreation	1,305,850	1,305,850	1,271,315	34,535
Economic development	404,112	404,112	392,368	11,744
Capital outlay	1,303,490	1,303,490	1,300,074	3,416
Debt service	2,948,529	2,948,529	2,654,474	294,055
Other financing uses:				
Transfers out	<u>97,393</u>	<u>244,893</u>	<u>244,893</u>	<u>-</u>
Total Expenditures	<u>25,337,696</u>	<u>25,485,196</u>	<u>25,431,676</u>	<u>53,520</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>744,234</u>	\$ <u>744,234</u>

See notes to financial statements.

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

FOR THE YEAR ENDED June 30, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (361,652)

<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: 	
Capital outlay purchases	3,281,323
Loss on disposal of fixed assets	(1,196)
Depreciation	(2,612,013)
<ul style="list-style-type: none"> Governmental funds report debt expense for refunding when paid. On the Statement of Activities, it is amortized over the life of refunded debt. 	
	(46,250)
<ul style="list-style-type: none"> 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 (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. 	
	229,579
<ul style="list-style-type: none"> The issuance of long-term debt (e.g., bonds) 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: 	
Repayments of debt	1,875,000
<ul style="list-style-type: none"> In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	
	10,112
<ul style="list-style-type: none"> Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. 	
Compensated absences	(232,216)
Leases payable	301,349
Landfill liability	<u>10,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>2,454,036</u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues and other sources:				
Property taxes	\$ 13,768,833	\$ 13,768,833	\$ 13,768,833	\$ -
Interest, penalties, and other taxes	787,400	787,400	769,452	(17,948)
Licenses and permits	6,510,135	6,510,135	6,612,257	102,122
Intergovernmental	2,289,253	2,289,253	2,586,075	296,822
Charges for services	622,730	622,730	556,498	(66,232)
Investment income	300,000	300,000	619,149	319,149
Other revenues	146,150	146,150	203,338	57,188
Other financing sources:				
Transfers in	401,497	401,497	401,110	(387)
Use of fund balance	<u>511,698</u>	<u>659,198</u>	<u>659,198</u>	<u>-</u>
Total Revenues	25,337,696	25,485,196	26,175,910	690,714
Expenditures and other uses:				
Current:				
General government	2,983,211	2,983,211	2,971,873	11,338
Public safety	10,420,742	10,420,742	10,429,255	(8,513)
Highways and streets	3,494,508	3,494,508	4,010,368	(515,860)
Sanitation	2,057,003	2,057,003	1,864,448	192,555
Health and welfare	322,858	322,858	292,608	30,250
Culture and recreation	1,305,850	1,305,850	1,271,315	34,535
Economic development	404,112	404,112	392,368	11,744
Capital outlay	1,303,490	1,303,490	1,300,074	3,416
Debt service	2,948,529	2,948,529	2,654,474	294,055
Other financing uses:				
Transfers out	<u>97,393</u>	<u>244,893</u>	<u>244,893</u>	<u>-</u>
Total Expenditures	<u>25,337,696</u>	<u>25,485,196</u>	<u>25,431,676</u>	<u>53,520</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>744,234</u>	\$ <u>744,234</u>

See notes to financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	Agency Funds
<u>ASSETS</u>	
Cash and short term investments	\$ <u>4,509,284</u>
Total Assets	\$ <u><u>4,509,284</u></u>
<u>LIABILITIES</u>	
Escrow deposits held	\$ 4,272,307
School funds held	<u>236,977</u>
Total Liabilities	\$ <u><u>4,509,284</u></u>

See notes to financial statements.

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Town of Londonderry, New Hampshire

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Londonderry (the Town) 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 Town Council. 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 2006, 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* are supported primarily by taxes and intergovernmental revenues.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in 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 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

Additionally, the Town reports the following fund type:

- The *Agency Funds* account for construction escrows and school capital reserves. Agency funds, unlike other funds, have no measurement focus, reporting only assets and liabilities.

D. Cash and Short-Term Investments

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 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. A cash and investment pool is maintained 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 in other income.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase. Investments are carried at fair value.

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).

G. Inventories

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 and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 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.

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
Machinery, vehicles, and equipment	3-10
Intangibles	3
Infrastructure	50
Improvements other than buildings	20-40

I. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide 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, Deferred Debt Expense, and Bond Premium

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Bond issuance costs, bond premium, and the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt, which is shorter than the new debt.

The governmental fund financial statements recognize the proceeds of debt as other financing sources in the current period. Issuance costs are reported as expenditures.

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.

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

At the annual town meeting, the Town Council presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions.

The legal spending limit is at the department level, as voted by town meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds (Sewer Fund and Cable Fund).

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The General and Special Revenue Funds final appropriations appearing on the "Budget and Actual" pages of the fund financial statements and supplementary information represents the final budget after all transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general and special revenue funds are 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 and 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)	\$ 25,084,019	\$ 23,911,495
Other financing sources/uses (GAAP basis)	<u>401,110</u>	<u>335,615</u>
Subtotal (GAAP Basis)	25,485,129	24,247,110
Adjust tax revenue to accrual basis	31,583	-
Reverse expenditures related to beginning of year appropriation carryforwards	-	(470,525)
Add end of year appropriation carryforwards to expenditures	-	1,655,091
Recognize use of fund balance as funding source	<u>659,198</u>	<u>-</u>
Budgetary basis	\$ <u>26,175,910</u>	\$ <u>25,431,676</u>
<u>Nonmajor Governmental Funds:</u>		
Revenues/Expenditures (GAAP basis)	\$ 3,383,993	\$ 4,918,169
Other financing sources/uses (GAAP basis)	<u>537,113</u>	<u>602,608</u>
Subtotal (GAAP Basis)	3,921,106	5,520,777
Less non-budgeted nonmajor funds	(1,993,617)	(3,781,706)
Reverse expenditures related to beginning of year appropriation carryforwards	-	(10,806)
Add end of year appropriation carryforwards to expenditures	-	48,549
Recognize use of fund balance as funding source	<u>336,977</u>	<u>-</u>
Budgetary basis	\$ <u>2,264,466</u>	\$ <u>1,776,814</u>

D. Excess of Expenditures Over Appropriations

Expenditures exceeding appropriations during the current fiscal year were as follows:

General Fund:	
Town clerk/tax collector	\$ 9,650
Finance	3,081
Assessing	5,621
General services	28,957
Cemeteries	18,447
Conservation	317
Fire	36,986
Highway department	525,244
Nonmajor Governmental Funds:	
Cable Fund	134,758

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 states that "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a city with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The Town's deposit policy for custodial credit risk requires a comprehensive review of the credit worthiness of the institutions along with the capital ratios of the institutions. Assets of the funds of the Town may be invested in U.S Treasury Securities maturing in less than one year, fully insured or collateralized certificates of deposits at commercial banks of the State of New Hampshire, New England Region and the State of New York, repurchase agreements fully collateralized by the U.S. Treasury Securities or agencies, and any state approved pool or instrument. The assets of the Town shall be secured through third-party custody and safekeeping procedures.

As of June 30, 2006, out of the Town's bank balance of \$ 38,169,360, \$ 12,140,636 was held in repurchase agreements, which are securities held by the investment's counterparty, not in the name of the Town.

4. **Investments**

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year end for each investment type of the Town.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>			<u>Weighted Average Duration</u>
		<u>AA-</u>	<u>BBB+</u>	<u>Not Rated</u>	
Debt related securities:					
U.S. Treasury notes	\$ 44,178	\$ -	\$ -	\$ 44,178	2.44
Corporate bonds	73,406	18,664	24,977	29,765	3.35
Federal agency securities	<u>77,420</u>	<u>-</u>	<u>-</u>	<u>77,420</u>	4.52
Subtotal	\$ 195,004	\$ <u>18,664</u>	\$ <u>24,977</u>	\$ <u>151,363</u>	
Certificates of deposits	11,367				
Corporate equities	<u>310,928</u>				
Total	\$ <u>517,299</u>				

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's Trust Department does not have a policy for custodial credit risk.

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Excelsior Intermediate Term Bond	\$ 29,765
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D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. For weighted average duration, please see the table in Section A of this footnote.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

5. Property Taxes

The Town bills property taxes on a semi-annual basis, which are due in July and December. Property tax revenues are recognized in the fiscal year for which taxes have been levied (budgeted) 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 taxes collected in advance liability, as they are intended to finance the subsequent year's operations.

Delinquent taxes are typically liened at the Registrar of Deeds on February 28 of the next year. If the property taxes (redemptions) are not paid within two years of the tax lien date, the property is conveyed to the Town by deed and could subsequently be sold at public sale.

The Town annually budgets an amount for residential and business property tax abatements and refunds. All abatements and refunds are charged to the account and are classified as a contra-tax revenue in the General Fund. The account also includes the probable abatements accrued to be paid.

Taxes receivable, at June 30, 2006, consists of the following:

Property taxes	\$ 3,770
Tax liens:	
2005	360,667
2004	181,776
2003	15,958
2002	11,747
Yield tax	916
Gravel pit tax	<u>3,980</u>
Total	\$ <u>578,814</u>

6. User Fees and Allowance for Doubtful Accounts

User fees receivable include amounts due from customers primarily for sewer and ambulance services. Ambulance accounts receivable are reported net of an allowance for doubtful accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 120 days. Sewer delinquent receivables are liened in a similar manner as property taxes described in Note 5.

User fees receivable and related allowance for doubtful accounts at June 30, 2006 consist of the following:

	<u>Ambulance</u>	<u>Sewer</u>	<u>Total</u>
Gross	\$ 289,122	\$ 312,760	\$ 601,882
Less: Allowance for doubtful accounts	(178,701)	-	(178,701)
Total	\$ <u>110,421</u>	\$ <u>312,760</u>	\$ <u>423,181</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2006.

8. Other Receivables

Other receivables consist of:

Police special outside detail	\$ 18,261
Police airport division	108,694
Other	<u>62,168</u>
Total	\$ <u>189,123</u>

9. Interfund Fund Receivables/Payables and Transfers

Although self-balancing funds are maintained, 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, 2006 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 2,740,757
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Conservation commission	-	52,068
Sewer fund	2,376,456	-
Cable TV	260,188	-
Police airport division	-	88,747
Other	66,554	-

(continued)

(continued)

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Capital Project Funds:		
Police facility	1,929	-
West road fields	27,388	-
Town hall	2,516	-
South Londonderry Phase II	354,771	-
Exit 4A	-	207,764
Fire facility	-	466
Subtotal nonmajor funds	<u>3,089,802</u>	<u>349,045</u>
Total	<u>\$ 3,089,802</u>	<u>\$ 3,089,802</u>

The following is an analysis of transfers in and out during fiscal year 2006. The primary purpose of these transfers is to ensure budget compliance. Most of these transfers are budgeted in general fund, and transferred to appropriate funds. Sewer and cable fund transfers to general fund cover their share of general fund costs. Annual transfers are made between general and capital reserve fund per annual town meeting appropriations.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 401,110	\$ 335,615
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Sewer fund	-	344,646
Cable fund	-	849
Capital reserve trust	97,393	221,578
Other	10,000	-
Capital Project Fund:		
Police facility	-	10,000
Town hall	192,220	-
Fire facility	237,500	-
Permanent Fund	-	25,535
Subtotal nonmajor funds	<u>537,113</u>	<u>602,608</u>
Total	<u>\$ 938,223</u>	<u>\$ 938,223</u>

10. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings	\$ 8,574	\$ -	\$ -	\$ 8,574
Machinery, vehicles, and equipment	6,154	571	(112)	6,613
Intangibles	1,346	8	-	1,354
Infrastructure	84,233	-	-	84,233
Improvements other than buildings	<u>197</u>	<u>89</u>	<u>-</u>	<u>286</u>
Total capital assets, being depreciated	100,504	668	(112)	101,060
Less accumulated depreciation for:				
Buildings	(963)	(211)	-	(1,174)
Machinery, vehicles, and equipment	(3,318)	(633)	111	(3,840)
Intangibles	(1,307)	(20)	-	(1,327)
Infrastructure	(22,553)	(1,729)	-	(24,282)
Improvements other than buildings	<u>(18)</u>	<u>(19)</u>	<u>-</u>	<u>(37)</u>
Total accumulated depreciation	(28,159)	(2,612)	111	(30,660)
Total capital assets, being depreciated, net	72,345	(1,944)	(1)	70,400
Capital assets, not being depreciated:				
Land and improvements	7,431	1,200	-	8,631
Construction in progress	<u>4,678</u>	<u>1,413</u>	<u>-</u>	<u>6,091</u>
Total capital assets, not being depreciated	<u>12,109</u>	<u>2,613</u>	<u>-</u>	<u>14,722</u>
Governmental activities capital assets, net	\$ <u>84,454</u>	\$ <u>669</u>	\$ <u>(1)</u>	\$ <u>85,122</u>

Active construction in progress is comprised of the following (in thousands):

<u>Project:</u>	<u>Spent to June 30, 2006</u>	<u>Remaining Commitment</u>
Exit 4A	\$ 473	\$ 4,293
West Road Fields	1,893	-
Sanborn Road	45	-
South Londonderry Phase II	-	355
Town Hall Facility	3,356	-
Police Facility	51	-
Fire Facility	<u>273</u>	<u>-</u>
Total Projects:	\$ <u>6,091</u>	\$ <u>4,648</u>

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

Governmental Activities:	
General government	\$ 118
Public safety	484
Public works	1,376
Culture and recreation	107
Sanitation	<u>527</u>
Total depreciation expense - governmental activities	\$ <u>2,612</u>

11. Accounts Payable

Accounts payable represent additional 2006 expenditures paid after June 30, 2006.

12. Accrued Liabilities

Accrued liabilities on the statement of net assets primarily consist of accrued payroll and accrued interest at June 30, 2006.

13. 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, 2006 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

14. Taxes Collected in Advance

Taxes collected in advance represent taxes collected before June 30, 2006 for levy year 2007.

15. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements.

16. Long-Term Debt

A. Long-Term Debt Supporting Governmental Activities

General obligation bonds, issued by the Town of Londonderry for various municipal projects, are approved by voters and repaid with property taxes recorded in the General Fund. Other debt issued to support governmental activities such as compensated absences and lease obligations are primarily paid from the General Fund as well.

B. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Original Amount</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s)%</u>	<u>Amount Outstanding as of June 30, 2006</u>
Water, sewer and public improvements	\$ 4,575,000	05/15/11	6.30-6.40	\$ 835,000
Mammoth Rd. sewer	2,400,000	11/01/21	3.50-5.0	1,920,000
Multi-purpose bond	1,650,000	10/15/12	3.71	1,155,000
Multi-purpose bond	13,652,674	10/01/23	3.45-4.25	12,280,000
Refunding	4,545,000	10/15/15	2.25-3.75	3,480,000
Open space conservation	1,000,000	12/01/14	3.31	<u>900,000</u>
Total Governmental Activities:				\$ <u>20,570,000</u>

C. Future Debt Service

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2006 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,865,000	\$ 702,491	\$ 2,567,491
2008	1,850,000	645,857	2,495,857
2009	1,710,000	589,112	2,299,112
2010	1,570,000	532,211	2,102,211
2011	1,470,000	480,162	1,950,162
2012 - 2016	5,945,000	1,733,808	7,678,808
2017 - 2021	4,000,000	861,430	4,861,430
2022 - 2026	<u>2,160,000</u>	<u>129,820</u>	<u>2,289,820</u>
Total	\$ <u>20,570,000</u>	\$ <u>5,674,891</u>	\$ <u>26,244,891</u>

D. Changes in General Long-Term Liabilities

During the year ended June 30, 2006, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/06</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 22,445	\$ -	\$ (1,875)	\$ 20,570	\$ (1,865)	\$ 18,705
Accrued emp. benefits	1,185	243	(11)	1,417	(552)	865
Other:						
Capital leases	301	-	(301)	-	-	-
Landfill postclosure	<u>210</u>	<u>-</u>	<u>(10)</u>	<u>200</u>	<u>(10)</u>	<u>190</u>
Totals	\$ <u>24,141</u>	\$ <u>243</u>	\$ <u>(2,197)</u>	\$ <u>22,187</u>	\$ <u>(2,427)</u>	\$ <u>19,760</u>

The general fund has been designated as the primary source to repay all governmental-type general long-term liabilities.

E. Prior Year Defeasance of Debt

In prior years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. At fiscal year-end, the following bonds are considered defeased (in thousands):

<u>Purpose</u>	<u>Bond Series</u>	<u>Defeased Balance</u>
Auburn road landfill	1993	\$ 200
Landfill cap, Boston North, fire truck	1994	2,030
Library	1996	1,265

17. Landfill Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain postclosure maintenance and monitoring functions at its closed and capped landfill site. The \$ 200,000 reported as landfill postclosure care liability at June 30, 2006 represents the estimated costs to maintain and monitor the site for thirty years. These amounts are based on what it would cost to perform all postclosure care in 2006. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

18. 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.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

19. Reserves of Fund Equity

“Reserves” of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use.

The following types of reserves are reported at June 30, 2006:

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

Reserved for Perpetual Permanent 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.

20. Commitments and Contingencies

Outstanding Lawsuits - There are several pending lawsuits in which the Town is involved. The Town'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 Town expects such amounts, if any, to be immaterial.

21. Pension Plan

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

A. Plan Description

The Town contributes to the New Hampshire Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A:41-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 that can be obtained through the New Hampshire Retirement System at 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 Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 6.81% - 14.36% of covered compensation. The Town's contributions to the System

for the years ended June 30, 2006, 2005, and 2004 were \$ 1,066,156, \$ 840,245 and \$ 791,179 , respectively, which were equal to its annual required contributions for each of these years.

22. 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. 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.

23. Beginning Net Asset Restatement

Beginning net assets of the governmental activities have been restated, as follows:

July 1, 2005 balance, as previously reported	\$ 22,843,453
Adjustment to correct beginning capital assets due to retroactively reporting of infrastructure per GASB 34	50,861,803
Adjustment to bonds payable due to timing of principal payment	<u>228,479</u>
July 1, 2005 balance, as restated	\$ <u><u>73,933,735</u></u>

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Combining Financial Statements

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

- Conservation Commission: To account for monies received through donations and bonds and expended for the conservation of local land and resources.
- Leach Library Fund: To account for fines and fees collected by the library for the purchase of books and periodicals.
- Sewer Fund: To account for the operation of sewer pumping stations and sewer lines.
- Cable TV Fund: To account for the activities of the local cable television studio.
- Police Airport Division: To account for charges to City of Manchester Department of Aviation for security at the Manchester Boston Regional Airport provided by the Londonderry Police Department and the related expenditures by the law enforcement personnel.
- Capital Reserve Trust: To account for amounts set aside by the Town to fund future capital additions.
- Other Funds: To account for other miscellaneous monies received through donations and related expenditures.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment.

The current funds were established for the following purposes:

- Police Facility: - To account for the architectural, engineering and construction of a new police facility.

- West Road Fields: To account for the development of a Town-owned and maintained athletic field complex.
- Town Hall: To account for the architectural, engineering and construction costs of a new town hall facility.
- Sanborn Road: To account for the study of a potential athletic field to be constructed at a Sanborn Road location.
- South Londonderry Phase II: To account for the extension of the interceptor system that expands service in South Londonderry along Route 102.
- Exit 4A: To account for the architectural and engineering costs associated with the development of a new on/off ramp from Route 93.
- Fire Facility: To account for the architectural, engineering and construction costs of a new fire facility.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as a trustee for cemetery, library, welfare and other purposes.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2006

	Special Revenue Funds		
	Conservation <u>Commission</u>	Leach Library <u>Fund</u>	Sewer <u>Fund</u>
<u>ASSETS</u>			
Cash and short-term investments	\$ 1,746,553	\$ 33,203	\$ -
Investments	-	-	-
User fees receivable	-	-	312,760
Other receivable	1,066	-	-
Due from other funds	-	-	2,376,456
	<u>-</u>	<u>-</u>	<u>2,376,456</u>
Total Assets	\$ <u>1,747,619</u>	\$ <u>33,203</u>	\$ <u>2,689,216</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 39,969
Retainage payable	-	-	-
Deferred revenues	-	-	312,760
Due to other funds	52,068	-	-
	<u>52,068</u>	<u>-</u>	<u>-</u>
Total Liabilities	52,068	-	352,729
Fund Balances:			
Reserved for:			
Encumbrances and continuing appropriations	-	-	31,998
Perpetual permanent funds	-	-	-
Unreserved:			
Undesignated, reported in:			
Special revenue funds	1,695,551	33,203	2,304,489
Capital project funds	-	-	-
Permanent funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>1,695,551</u>	<u>33,203</u>	<u>2,336,487</u>
Total Liabilities and Fund Equity	\$ <u>1,747,619</u>	\$ <u>33,203</u>	\$ <u>2,689,216</u>

Special Revenue Funds				
<u>Cable TV Fund</u>	<u>Police Airport Division</u>	<u>Capital Reserve Trust</u>	<u>Other Funds</u>	<u>Subtotals</u>
\$ -	\$ -	\$ 468,155	\$ 207,578	\$ 2,455,489
-	-	-	-	-
-	-	-	-	312,760
-	108,694	-	18,261	128,021
<u>260,188</u>	<u>-</u>	<u>-</u>	<u>66,554</u>	<u>2,703,198</u>
<u>\$ 260,188</u>	<u>\$ 108,694</u>	<u>\$ 468,155</u>	<u>\$ 292,393</u>	<u>\$ 5,599,468</u>
\$ 30,194	\$ 19,947	\$ -	\$ 234	\$ 90,344
-	-	-	-	-
-	-	-	-	312,760
<u>-</u>	<u>88,747</u>	<u>-</u>	<u>-</u>	<u>140,815</u>
30,194	108,694	-	234	543,919
16,551	-	-	3,500	52,049
-	-	-	-	-
213,443	-	468,155	288,659	5,003,500
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>229,994</u>	<u>-</u>	<u>468,155</u>	<u>292,159</u>	<u>5,055,549</u>
<u>\$ 260,188</u>	<u>\$ 108,694</u>	<u>\$ 468,155</u>	<u>\$ 292,393</u>	<u>\$ 5,599,468</u>

(continued)

(continued)

	Capital Project Funds			
	<u>Police Facility</u>	<u>West Road Fields</u>	<u>Town Hall</u>	<u>Sanborn Road</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 48,738	\$ -	\$ -	\$ -
Investments	-	-	-	-
User fees receivable	-	-	-	-
Other receivable	-	-	-	-
Due from other funds	<u>1,929</u>	<u>27,388</u>	<u>2,516</u>	<u>-</u>
Total Assets	<u>\$ 50,667</u>	<u>\$ 27,388</u>	<u>\$ 2,516</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	48,738	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	48,738	-	-	-
Fund Balances:				
Reserved for:				
Encumbrances and continuing appropriations	-	-	-	-
Perpetual permanent funds	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	1,929	27,388	2,516	-
Permanent funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>1,929</u>	<u>27,388</u>	<u>2,516</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 50,667</u>	<u>\$ 27,388</u>	<u>\$ 2,516</u>	<u>\$ -</u>

Capital Project Funds			
South Londonderry Phase II	Exit 4A	Fire Facility	Subtotals
\$ -	\$ 2,090	\$ -	\$ 50,828
-	-	-	-
-	-	-	-
-	-	-	-
<u>354,771</u>	<u>-</u>	<u>-</u>	<u>386,604</u>
\$ <u><u>354,771</u></u>	\$ <u><u>2,090</u></u>	\$ <u><u>-</u></u>	\$ <u><u>437,432</u></u>
\$ -	\$ -	\$ -	\$ -
-	-	-	48,738
-	-	-	-
-	<u>207,764</u>	<u>466</u>	<u>208,230</u>
-	207,764	466	256,968
-	-	-	-
-	-	-	-
-	-	-	-
354,771	(205,674)	(466)	180,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>354,771</u>	<u>(205,674)</u>	<u>(466)</u>	<u>180,464</u>
\$ <u><u>354,771</u></u>	\$ <u><u>2,090</u></u>	\$ <u><u>-</u></u>	\$ <u><u>437,432</u></u>

(continued)

(continued)

	Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 80,888	\$ 2,587,205
Investments	517,299	517,299
User fees receivable	-	312,760
Other receivable	-	128,021
Due from other funds	-	3,089,802
	<hr/>	<hr/>
Total Assets	\$ <u>598,187</u>	\$ <u>6,635,087</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ -	\$ 90,344
Retainage payable	-	48,738
Deferred revenues	-	312,760
Due to other funds	-	349,045
	<hr/>	<hr/>
Total Liabilities	-	800,887
Fund Balances:		
Reserved for:		
Encumbrances and continuing appropriations	-	52,049
Perpetual permanent funds	589,622	589,622
Unreserved:		
Undesignated, reported in:		
Special revenue funds	-	5,003,500
Capital project funds	-	180,464
Permanent funds	8,565	8,565
	<hr/>	<hr/>
Total Fund Equity	<u>598,187</u>	<u>5,834,200</u>
	<hr/>	<hr/>
Total Liabilities and Fund Equity	\$ <u>598,187</u>	\$ <u>6,635,087</u>

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TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2006

	Special Revenue Funds		
	Conservation <u>Commission</u>	Leach Library <u>Fund</u>	Sewer <u>Fund</u>
Revenues:			
Interest and penalties	\$ 15	\$ -	\$ 3,880
Intergovernmental	-	-	-
Charges for services	-	25,513	1,589,279
Investment income	17,051	811	-
Contributions	-	117,313	-
Other	<u>77,866</u>	<u>-</u>	<u>-</u>
Total Revenues	94,932	143,637	1,593,159
Expenditures:			
Current:			
General government	1,365,767	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Sanitation	-	-	943,536
Culture and recreation	<u>-</u>	<u>130,870</u>	<u>-</u>
Total Expenditures	<u>1,365,767</u>	<u>130,870</u>	<u>943,536</u>
Excess (deficiency) of revenues over (under) expenditures	(1,270,835)	12,767	649,623
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(344,646)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(344,646)</u>
Net changes in fund balances	(1,270,835)	12,767	304,977
Fund Balances, beginning of year	<u>2,966,386</u>	<u>20,436</u>	<u>2,031,510</u>
Fund Balances, end of year	<u>\$ 1,695,551</u>	<u>\$ 33,203</u>	<u>\$ 2,336,487</u>

Special Revenue Funds				
<u>Cable TV Fund</u>	<u>Police Airport Division</u>	<u>Capital Reserve Trust</u>	<u>Other Funds</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,895
-	-	-	-	-
334,330	108,694	-	486,006	2,543,822
-	-	4,625	1,629	24,116
-	-	90,000	20	207,333
-	-	-	227,378	305,244
<u>334,330</u>	<u>108,694</u>	<u>94,625</u>	<u>715,033</u>	<u>3,084,410</u>
-	-	-	12,026	1,377,793
-	108,694	-	494,788	603,482
-	-	-	-	-
-	-	-	-	943,536
<u>450,040</u>	<u>-</u>	<u>-</u>	<u>42,043</u>	<u>622,953</u>
<u>450,040</u>	<u>108,694</u>	<u>-</u>	<u>548,857</u>	<u>3,547,764</u>
(115,710)	-	94,625	166,176	(463,354)
-	-	97,393	10,000	107,393
<u>(849)</u>	<u>-</u>	<u>(221,578)</u>	<u>-</u>	<u>(567,073)</u>
<u>(849)</u>	<u>-</u>	<u>(124,185)</u>	<u>10,000</u>	<u>(459,680)</u>
(116,559)	-	(29,560)	176,176	(923,034)
<u>346,553</u>	<u>-</u>	<u>497,715</u>	<u>115,983</u>	<u>5,978,583</u>
\$ <u><u>229,994</u></u>	\$ <u><u>-</u></u>	\$ <u><u>468,155</u></u>	\$ <u><u>292,159</u></u>	\$ <u><u>5,055,549</u></u>

(continued)

(continued)

	Capital Project Funds			
	<u>Police Facility</u>	<u>West Road Fields</u>	<u>Town Hall</u>	<u>Sanborn Road</u>
Revenues:				
Interest and penalties	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	254,664	-	5,241
Charges for services	-	-	-	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Other	-	-	796	-
Total Revenues	-	254,664	796	5,241
Expenditures:				
Current:				
General government	-	-	596,251	-
Public safety	51,408	-	-	-
Highways and streets	-	227,276	-	5,241
Sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Total Expenditures	51,408	227,276	596,251	5,241
Excess (deficiency) of revenues over (under) expenditures	(51,408)	27,388	(595,455)	-
Other Financing Sources (Uses):				
Transfers in	-	-	192,220	-
Transfers out	(10,000)	-	-	-
Total Other Financing Sources (Uses)	(10,000)	-	192,220	-
Net changes in fund balances	(61,408)	27,388	(403,235)	-
Fund Balances, beginning of year	63,337	-	405,751	-
Fund Balances, end of year	\$ 1,929	\$ 27,388	\$ 2,516	\$ -

Capital Project Funds			
South Londonderry Phase II	Exit 4A	Fire Facility	Subtotals
\$ -	\$ -	\$ -	\$ -
-	-	-	259,905
-	-	-	-
-	181	-	181
-	-	-	-
-	-	-	796
-	181	-	260,882
-	-	-	596,251
-	-	237,966	289,374
-	247,662	-	480,179
-	-	-	-
-	-	-	-
-	247,662	237,966	1,365,804
-	(247,481)	(237,966)	(1,104,922)
-	-	237,500	429,720
-	-	-	(10,000)
-	-	237,500	419,720
-	(247,481)	(466)	(685,202)
354,771	41,807	-	865,666
\$ 354,771	\$ (205,674)	\$ (466)	\$ 180,464

(continued)

(continued)

	Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:		
Interest and penalties	\$ -	\$ 3,895
Intergovernmental	-	259,905
Charges for services	-	2,543,822
Investment income	32,100	56,397
Contributions	6,601	213,934
Other	<u>-</u>	<u>306,040</u>
Total Revenues	38,701	3,383,993
Expenditures:		
Current:		
General government	-	1,974,044
Public safety	-	892,856
Highways and streets	-	480,179
Sanitation	-	943,536
Culture and recreation	<u>4,601</u>	<u>627,554</u>
Total Expenditures	<u>4,601</u>	<u>4,918,169</u>
Excess (deficiency) of revenues over (under) expenditures	34,100	(1,534,176)
Other Financing Sources (Uses):		
Transfers in	-	537,113
Transfers out	<u>(25,535)</u>	<u>(602,608)</u>
Total Other Financing Sources (Uses)	<u>(25,535)</u>	<u>(65,495)</u>
Net changes in fund balances	8,565	(1,599,671)
Fund Balances, beginning of year	<u>589,622</u>	<u>7,433,871</u>
Fund Balances, end of year	<u>\$ 598,187</u>	<u>\$ 5,834,200</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE
Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2006

	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2006</u>
<u>Construction Escrows:</u>				
Assets - cash and short-term investments	\$ <u>3,446,776</u>	\$ <u>3,300,108</u>	\$ <u>(2,474,577)</u>	\$ <u>4,272,307</u>
Liabilities - other liabilities	\$ <u>3,446,776</u>	\$ <u>3,300,108</u>	\$ <u>(2,474,577)</u>	\$ <u>4,272,307</u>
 <u>School Capital Reserve:</u>				
Assets - cash and short-term investments	\$ <u>522,302</u>	\$ <u>406,605</u>	\$ <u>(691,930)</u>	\$ <u>236,977</u>
Liabilities - other liabilities	\$ <u>522,302</u>	\$ <u>406,605</u>	\$ <u>(691,930)</u>	\$ <u>236,977</u>
 <u>Totals:</u>				
Assets - cash and short-term investments	\$ <u>3,969,078</u>	\$ <u>3,706,713</u>	\$ <u>(3,166,507)</u>	\$ <u>4,509,284</u>
Liabilities - other liabilities	\$ <u>3,969,078</u>	\$ <u>3,706,713</u>	\$ <u>(3,166,507)</u>	\$ <u>4,509,284</u>

**Detail and Combining Budget
and Actual Statements**

GENERAL FUND

The General Fund is established to account for all resources obtained and used for those services commonly provided by the Town which are not accounted for in any other fund. These services include among other items: General Government, Public Safety, Highways and Streets, Sanitation, Health and Welfare, Culture and Recreation, and Economic Development. 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.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
<u>Taxes</u>				
Property taxes	\$ 13,768,833	\$ 13,768,833	\$ 13,768,833	\$ -
Total Taxes	13,768,833	13,768,833	13,768,833	-
<u>Interest, penalties, and other taxes</u>				
Payment in lieu of taxes	530,400	530,400	530,604	204
Yield taxes	2,000	2,000	18,888	16,888
Excavation taxes	30,000	30,000	10,090	(19,910)
Interest and penalties on taxes	225,000	225,000	209,870	(15,130)
Total interest, penalties, and other taxes	787,400	787,400	769,452	(17,948)
<u>Licenses and Permits</u>				
Motor vehicle permits	6,250,000	6,250,000	6,309,859	59,859
Business licenses and permits	17,800	17,800	8,624	(9,176)
Building permits	200,000	200,000	257,035	57,035
Other licenses, permits and fees	42,335	42,335	36,739	(5,596)
Total Licenses and Permits	6,510,135	6,510,135	6,612,257	102,122
<u>Intergovernmental</u>				
State shared revenues	295,785	295,785	295,785	-
Meals and room distribution	880,208	880,208	880,208	-
Highway block grant	470,000	470,000	483,035	13,035
Water pollution grants	22,468	22,468	22,468	-
Landfill closure grant	90,000	90,000	79,046	(10,954)
COPS grant	50,000	50,000	44,644	(5,356)
Police grant	10,000	10,000	29,061	19,061
Other grants	470,792	470,792	751,828	281,036
Total Intergovernmental Revenues	2,289,253	2,289,253	2,586,075	296,822
<u>Charges for Services</u>				
Income from departments	622,730	622,730	556,498	(66,232)
Total Charges for Services	622,730	622,730	556,498	(66,232)
<u>Investment income</u>				
Interest on deposits	300,000	300,000	619,149	319,149
Total Investment Income	300,000	300,000	619,149	319,149
<u>Other Revenues</u>				
Insurance dividends and reimbursements	25,000	25,000	90,200	65,200
Contributions and donations	-	-	8,415	8,415
Other miscellaneous revenue	121,150	121,150	104,723	(16,427)
Total Miscellaneous Revenues	146,150	146,150	203,338	57,188
Total Revenues	24,424,501	24,424,501	25,115,602	691,101

(continued)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2006

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources</u>				
Operating Transfers In:				
Sewer fund	243,148	243,148	243,148	-
Cable fund	849	849	849	-
Capital reserve trust	140,000	140,000	131,578	(8,422)
Permanent fund	<u>17,500</u>	<u>17,500</u>	<u>25,535</u>	<u>8,035</u>
Total Transfers In	401,497	401,497	401,110	(387)
Use of Fund Balance	<u>511,698</u>	<u>659,198</u>	<u>659,198</u>	<u>-</u>
Total Other Financing Sources	<u>913,195</u>	<u>1,060,695</u>	<u>1,060,308</u>	<u>(387)</u>
Total Revenues and Other Financing Sources	<u>\$ 25,337,696</u>	<u>\$ 25,485,196</u>	<u>\$ 26,175,910</u>	<u>\$ 690,714</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Expenditures</u>				
<u>General Government</u>				
Town council	\$ 15,313	\$ 15,313	\$ 14,654	\$ 659
Town manager	377,480	377,480	359,376	18,104
Town clerk/tax collector	410,385	410,385	420,035	(9,650)
Suprv. checklist/voter administration	20,175	20,175	18,423	1,752
Finance	478,331	478,331	481,412	(3,081)
Assessing	465,935	465,935	471,556	(5,621)
Information technology	371,333	371,333	369,956	1,377
Legal	160,000	160,000	114,992	45,008
Health insurance holding account	78,297	78,297	78,297	-
Zoning board	37,191	37,191	34,816	2,375
General services	381,771	381,771	410,728	(28,957)
Cemeteries	22,000	22,000	40,447	(18,447)
Municipal insurances	162,000	162,000	153,864	8,136
Conservation	3,000	3,000	3,317	(317)
Total General Government	2,983,211	2,983,211	2,971,873	11,338
<u>Public Safety</u>				
Police department	5,636,288	5,636,288	5,607,815	28,473
Fire department	4,784,454	4,784,454	4,821,440	(36,986)
Total Public Safety	10,420,742	10,420,742	10,429,255	(8,513)
<u>Highways and Streets</u>				
Building department	333,927	333,927	326,525	7,402
Emergency management	2,500	2,500	518	1,982
Highway department	3,158,081	3,158,081	3,683,325	(525,244)
Total Highways and Streets	3,494,508	3,494,508	4,010,368	(515,860)
<u>Sanitation</u>				
Solid waste	2,057,003	2,057,003	1,864,448	192,555
Total Sanitation	2,057,003	2,057,003	1,864,448	192,555
<u>Health and Welfare</u>				
Welfare department	227,023	227,023	205,671	21,352
Family mediation	25,705	25,705	22,392	3,313
Animal control	70,130	70,130	64,545	5,585
Total Health and Welfare	322,858	322,858	292,608	30,250
<u>Culture and Recreation</u>				
Recreation department	195,227	195,227	192,794	2,433
Library	1,110,623	1,110,623	1,078,521	32,102
Total Culture and Recreation	1,305,850	1,305,850	1,271,315	34,535

(continued)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2006

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Economic Development</u>				
Planning/economic development	<u>404,112</u>	<u>404,112</u>	<u>392,368</u>	<u>11,744</u>
	404,112	404,112	392,368	11,744
<u>Capital Outlay</u>				
Capital outlay	<u>1,303,490</u>	<u>1,303,490</u>	<u>1,300,074</u>	<u>3,416</u>
Total Capital Outlay	<u>1,303,490</u>	<u>1,303,490</u>	<u>1,300,074</u>	<u>3,416</u>
<u>Debt Service</u>				
Debt service	<u>2,948,529</u>	<u>2,948,529</u>	<u>2,654,474</u>	<u>294,055</u>
Total Debt Service	<u>2,948,529</u>	<u>2,948,529</u>	<u>2,654,474</u>	<u>294,055</u>
Total Expenditures	<u>25,240,303</u>	<u>25,240,303</u>	<u>25,186,783</u>	<u>53,520</u>
<u>Other Financing Uses</u>				
Operating Transfers Out:				
Capital reserve trust	<u>97,393</u>	<u>97,393</u>	<u>97,393</u>	<u>-</u>
Fire facility	<u>-</u>	<u>147,500</u>	<u>147,500</u>	<u>-</u>
Total Other Financing Uses	<u>97,393</u>	<u>244,893</u>	<u>244,893</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 25,337,696</u>	<u>\$ 25,485,196</u>	<u>\$ 25,431,676</u>	<u>\$ 53,520</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Schedule of Revenues and Expenditures
Budget and Actual

Annually Budgeted Special Revenue Funds

For the Year Ended June 30, 2006

	Sewer Fund			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Charges for services	\$ 1,122,436	\$ 1,122,436	\$ 1,589,279	\$ 466,843
Interest and penalties	<u>-</u>	<u>-</u>	<u>3,880</u>	<u>3,880</u>
Total Revenues	1,122,436	1,122,436	1,593,159	470,723
Other Financing Sources:				
Use of surplus	<u>235,479</u>	<u>336,977</u>	<u>336,977</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>1,357,915</u>	<u>1,459,413</u>	<u>1,930,136</u>	<u>470,723</u>
Expenditures:				
Sanitation	1,114,767	1,114,767	965,888	148,879
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	1,114,767	1,114,767	965,888	148,879
Other Financing Uses:				
Transfers out	<u>243,148</u>	<u>344,646</u>	<u>344,646</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>1,357,915</u>	<u>1,459,413</u>	<u>1,310,534</u>	<u>148,879</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>619,602</u>	\$ <u>619,602</u>

Cable Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 331,522	\$ 331,522	\$ 334,330	\$ 2,808
-	-	-	-
331,522	331,522	334,330	2,808
-	-	-	-
331,522	331,522	334,330	2,808
-	-	-	-
330,673	330,673	465,431	(134,758)
330,673	330,673	465,431	(134,758)
849	849	849	-
331,522	331,522	466,280	(134,758)
\$ -	\$ -	\$ (131,950)	\$ (131,950)

(continued)

(continued)

	Totals			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 1,453,958	\$ 1,453,958	\$ 1,923,609	\$ 469,651
Interest and penalties	<u>-</u>	<u>-</u>	<u>3,880</u>	<u>3,880</u>
Total Revenues	1,453,958	1,453,958	1,927,489	473,531
Other Financing Sources:				
Use of surplus	<u>235,479</u>	<u>336,977</u>	<u>336,977</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>1,689,437</u>	<u>1,790,935</u>	<u>2,264,466</u>	<u>473,531</u>
Expenditures:				
Sanitation	1,114,767	1,114,767	965,888	148,879
Culture and recreation	<u>330,673</u>	<u>330,673</u>	<u>465,431</u>	<u>(134,758)</u>
Total Expenditures	1,445,440	1,445,440	1,431,319	14,121
Other Financing Uses:				
Transfers out	<u>243,997</u>	<u>345,495</u>	<u>345,495</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>1,689,437</u>	<u>1,790,935</u>	<u>1,776,814</u>	<u>14,121</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>487,652</u>	\$ <u>487,652</u>

**Capital Assets Used in the Operation
of Governmental Funds**

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Capital Assets By Source

June 30, 2006

CAPITAL ASSETS

Land and improvements	\$ 8,630,676
Buildings	7,399,523
Machinery, vehicles, and equipment	2,771,860
Intangibles	27,469
Construction in progress	6,091,376
Improvements other than buildings	249,947
Infrastructure	<u>59,951,315</u>
Total General Capital Assets	\$ <u>85,122,166</u>

INVESTMENTS IN CAPITAL ASSETS

General fund revenues	\$ 55,929,942
Special revenue fund revenues	23,100,848
Capital project funds	<u>6,091,376</u>
Total Investments in General Capital Assets	\$ <u>85,122,166</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Changes in Capital Assets
By Function and Activity

For the Year Ended June 30, 2006

	Capital Assets <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Capital Assets <u>June 30, 2006</u>
General Government:				
Town manager	\$ 1,351	\$ -	\$ 405	\$ 946
Finance	4,168	-	1,284	2,884
Information technology	150,011	40,461	87,573	102,899
Planning and zoning	21,936	10,232	7,730	24,438
General services	<u>10,363,319</u>	<u>2,389,564</u>	<u>21,502</u>	<u>12,731,381</u>
Total General Government	10,540,785	2,440,257	118,494	12,862,548
Public Safety:				
Police department	6,071,503	7,200	269,539	5,809,164
Fire department	<u>1,575,175</u>	<u>496,013</u>	<u>214,606</u>	<u>1,856,582</u>
Total Public Safety	7,646,678	503,213	484,145	7,665,746
Highways and Streets:				
Public works	<u>40,154,969</u>	<u>128,000</u>	<u>1,377,067</u>	<u>38,905,902</u>
Total highways and streets	40,154,969	128,000	1,377,067	38,905,902
Culture and Recreation:				
Parks and recreation	1,761,647	22,529	7,864	1,776,312
Library	1,557,832	8,914	54,228	1,512,518
Cable	<u>293,089</u>	<u>178,410</u>	<u>44,374</u>	<u>427,125</u>
Total Culture and Recreation	3,612,568	209,853	106,466	3,715,955
Sanitation:	<u>22,499,051</u>	<u>-</u>	<u>527,036</u>	<u>21,972,015</u>
Total Sanitation	22,499,051	-	527,036	21,972,015
Total General Capital Assets	\$ <u>84,454,051</u>	\$ <u>3,281,323</u>	\$ <u>2,613,208</u>	\$ <u>85,122,166</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Capital Assets
By Function and Category

June 30, 2006

	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Machinery, Vehicles, and Equipment</u>
General Government:			
Town manager	\$ -	\$ -	\$ 946
Finance	-	-	2,884
Information technology	-	-	85,075
Planning and zoning	-	-	17,403
General services	<u>8,378,715</u>	<u>75,575</u>	<u>26,167</u>
Total General Government	<u>8,378,715</u>	<u>75,575</u>	<u>132,475</u>
Public Safety:			
Police department	-	5,447,188	360,466
Fire department	<u>-</u>	<u>151,434</u>	<u>1,343,237</u>
Total Public Safety	<u>-</u>	<u>5,598,622</u>	<u>1,703,703</u>
Highways and Streets:	<u>251,960</u>	<u>8,765</u>	<u>667,061</u>
Culture and Recreation:			
Recreation department	-	-	32,831
Library	-	1,481,666	20,156
Cable	<u>-</u>	<u>234,895</u>	<u>192,231</u>
Total Culture and Recreation	<u>-</u>	<u>1,716,561</u>	<u>245,218</u>
Sanitation:	<u>-</u>	<u>-</u>	<u>23,404</u>
Total General Capital Assets	<u>\$ 8,630,675</u>	<u>\$ 7,399,523</u>	<u>\$ 2,771,861</u>

<u>Intangibles</u>	<u>Construction in Progress</u>	<u>Improvements other than Buildings</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 946
-	-	-	-	2,884
10,902	-	6,921	-	102,898
7,035	-	-	-	24,438
6,613	4,112,245	40,662	91,404	12,731,381
<u>24,550</u>	<u>4,112,245</u>	<u>47,583</u>	<u>91,404</u>	<u>12,862,547</u>
1,510	-	-	-	5,809,164
1,409	273,134	87,368	-	1,856,582
<u>2,919</u>	<u>273,134</u>	<u>87,368</u>	<u>-</u>	<u>7,665,746</u>
-	-	66,816	37,911,300	38,905,902
-	1,705,997	37,484	-	1,776,312
-	-	10,696	-	1,512,518
-	-	-	-	427,126
<u>-</u>	<u>1,705,997</u>	<u>48,180</u>	<u>-</u>	<u>3,715,956</u>
-	-	-	21,948,611	21,972,015
<u>\$ 27,469</u>	<u>\$ 6,091,376</u>	<u>\$ 249,947</u>	<u>\$ 59,951,315</u>	<u>\$ 85,122,166</u>

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STATISTICAL SECTION

TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATISTICAL SECTION

The town of Londonderry's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	84-90
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	91-95
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	96-99
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	100-101
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.</i>	102-104

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Net Assets by Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 64,030,712	\$ 63,306,962	\$ 63,373,228	\$ 64,953,187
Restricted	524,087	568,649	589,622	598,187
Unrestricted	<u>5,995,236</u>	<u>8,478,840</u>	<u>9,970,885</u>	<u>10,836,397</u>
Total net assets	<u>\$ 70,550,035</u>	<u>\$ 72,354,451</u>	<u>\$ 73,933,735</u>	<u>\$ 76,387,771</u>

Notes:

(1) The Town will continue to annually report information until this schedule includes 10 fiscal years.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Net Assets
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year Ending			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Expenses				
General government	\$ 4,242,392	\$ 6,314,035	\$ 3,021,855	\$ 2,776,708
Public safety	9,151,225	9,476,231	10,965,243	11,577,220
Highways and streets	2,911,730	2,869,982	4,055,649	5,311,941
Sanitation	2,211,939	2,235,465	2,775,629	3,334,611
Health and welfare	210,390	278,411	281,960	278,625
Culture and recreation	1,316,126	1,564,275	1,733,731	1,809,430
Economic development	260,360	409,449	383,894	382,881
Interest	594,862	723,029	1,050,508	769,362
Total expenses	20,899,024	23,870,877	24,268,469	26,240,778
Program Revenues				
Charges for services				
General government	5,840,211	6,425,238	6,509,630	6,414,769
Public Safety	742,457	691,028	665,031	996,547
Highways and streets	257,790	340,528	273,573	314,170
Sanitation	862,987	1,460,833	1,045,003	1,894,540
Culture and recreation	207,231	299,008	355,492	397,426
Total charges for services	7,910,676	9,216,635	8,848,729	10,017,452
Operating grants and contributions	237,798	638,593	315,764	416,026
Capital grants and contributions	745,525	646,392	677,759	1,687,078
Total program revenues	8,893,999	10,501,620	9,842,252	12,120,556
Net (Expenses) Revenues	(12,005,025)	(13,369,257)	(14,426,217)	(14,120,222)
General Revenues and Other Changes in Net Assets				
Property taxes	10,428,606	11,576,174	12,321,459	13,665,446
Interest, penalties and payments in lieu of taxes	824,305	860,732	862,921	769,467
Grants and contributions not restricted to specific programs	1,000,011	1,011,663	1,094,177	1,175,993
Investment income	363,602	321,210	427,774	675,545
Other	288,386	1,380,794	425,370	281,206
Total general revenues				
before permanent fund contributions	12,904,910	15,150,573	15,131,701	16,567,657
Permanent fund contributions	328,012	23,100	21,200	6,601
Change in Net Assets	<u>\$ 1,227,897</u>	<u>\$ 1,804,416</u>	<u>\$ 726,684</u>	<u>\$ 2,454,036</u>

Notes:

(1) The Town will continue to annually report information until this schedule includes 10 fiscal years.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
All governmental funds										
Reserved for encumbrances	\$ 341,414	\$ 466,879	\$ 176,846	\$ 282,321	\$ 352,070	\$ 491,100	\$ 2,102,373	\$ 3,546,161	\$ 2,025,837	\$ 3,209,825
Reserved for perpetual permanent funds	1,523,712	1,336,216	268,950	1,440,870	1,444,786	1,396,355	524,087	459,099	480,931	589,622
Unreserved	3,055,024	3,624,282	5,874,639	5,364,673	7,254,583	8,067,079	7,772,567	13,648,380	10,733,716	9,079,385
Total all governmental funds	<u>\$ 4,920,150</u>	<u>\$ 5,427,377</u>	<u>\$ 6,320,435</u>	<u>\$ 7,087,864</u>	<u>\$ 9,051,439</u>	<u>\$ 9,954,534</u>	<u>\$ 10,399,027</u>	<u>\$ 17,653,640</u>	<u>\$ 13,240,484</u>	<u>\$ 12,878,832</u>
General Fund										
Reserved for encumbrances	\$ 329,057	\$ 456,486	\$ 91,976	\$ 277,326	\$ 318,762	\$ 459,538	\$ 2,028,605	\$ 3,348,698	\$ 1,980,498	\$ 3,157,776
Unreserved	2,424,313	2,733,444	3,764,933	3,040,936	2,622,771	2,622,771	3,636,998	3,833,991	3,826,115	3,886,856
Total General Fund	<u>\$ 2,753,370</u>	<u>\$ 3,189,930</u>	<u>\$ 3,856,909</u>	<u>\$ 3,318,262</u>	<u>\$ 2,941,533</u>	<u>\$ 3,082,309</u>	<u>\$ 5,665,603</u>	<u>\$ 7,182,689</u>	<u>\$ 5,806,613</u>	<u>\$ 7,044,632</u>
Special Revenue Funds										
Reserved for encumbrances	\$ 12,357	\$ 10,393	\$ -	\$ 4,995	\$ 33,308	\$ 31,562	\$ 73,768	\$ 197,463	\$ 45,339	\$ 52,049
Unreserved	595,819	780,802	1,180,879	1,724,953	2,223,790	3,083,711	4,096,868	2,886,848	5,933,244	5,003,500
Total Special Revenue Funds	<u>\$ 608,176</u>	<u>\$ 791,195</u>	<u>\$ 1,180,879</u>	<u>\$ 1,729,948</u>	<u>\$ 2,257,098</u>	<u>\$ 3,115,273</u>	<u>\$ 4,170,636</u>	<u>\$ 3,084,311</u>	<u>\$ 5,978,583</u>	<u>\$ 5,055,549</u>
Capital Project Funds										
Reserved for encumbrances	\$ -	\$ -	\$ 84,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	814,450	485,302	1,997,175	2,246,567	38,711	2,887,339	865,666	180,464
Total Capital Project Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 899,320</u>	<u>\$ 485,302</u>	<u>\$ 1,997,175</u>	<u>\$ 2,246,567</u>	<u>\$ 38,711</u>	<u>\$ 2,887,339</u>	<u>\$ 865,666</u>	<u>\$ 180,464</u>
Permanent Funds										
Reserved for perpetual permanent funds	\$ 397,100	\$ 566,216	\$ -	\$ 1,171,920	\$ 1,415,836	\$ 1,396,355	\$ 524,087	\$ 459,099	\$ 480,931	\$ 589,622
Unreserved	109,892	110,036	114,377	113,482	115,492	113,970	-	109,650	108,691	8,565
Total Permanent Funds	<u>\$ 506,992</u>	<u>\$ 676,252</u>	<u>\$ 114,377</u>	<u>\$ 1,285,402</u>	<u>\$ 1,531,328</u>	<u>\$ 1,510,325</u>	<u>\$ 524,087</u>	<u>\$ 568,749</u>	<u>\$ 589,622</u>	<u>\$ 598,187</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE
Changes in Fund Balances, Total Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 8,178,027	\$ 7,346,618	\$ 7,509,984	\$ 6,843,550	\$ 8,335,820	\$ 9,609,844	\$10,374,680	\$11,910,212	\$12,491,926	\$13,737,247
Interest, penalties and payments in lieu of taxes	-	-	-	-	-	-	762,227	860,732	862,921	773,347
Licenses and permits	3,102,367	3,644,591	4,701,055	5,476,004	5,627,584	5,873,392	6,041,086	6,648,688	6,682,683	6,613,897
Intergovernmental	1,397,586	1,228,709	1,654,202	1,522,850	1,582,376	1,528,525	1,858,801	2,177,884	1,968,126	2,845,981
Charges for services	1,083,020	1,290,645	1,336,964	1,506,207	1,509,044	2,024,584	1,783,783	2,553,861	2,421,151	3,098,295
Investment income	-	-	-	-	-	-	359,460	321,159	427,776	675,546
Contributions	-	-	-	-	-	-	126,999	149,456	421,454	213,934
Other revenues	1,099,026	1,979,177	1,847,450	3,218,290	1,386,208	611,861	680,152	1,478,230	378,644	509,765
Total revenues	14,860,026	15,489,740	17,049,655	18,566,901	18,441,032	19,648,206	21,987,188	26,100,222	25,654,681	28,468,012
Expenditures										
General government	1,459,503	1,674,520	1,873,523	2,104,635	2,542,798	2,321,345	3,857,551	6,371,261	6,605,675	4,914,456
Public safety	5,150,608	5,508,948	5,680,947	6,581,222	7,054,049	8,163,737	9,645,099	13,229,370	11,062,970	11,323,017
Highways and streets	2,047,497	2,049,416	2,381,041	2,538,737	2,736,829	2,368,862	3,595,722	3,021,933	4,197,445	4,061,864
Sanitation	1,347,769	1,290,196	1,395,848	1,582,243	1,727,025	1,622,631	2,582,099	1,996,555	2,570,067	2,807,984
Health and welfare	112,373	98,087	168,618	94,234	152,589	181,719	199,789	264,470	277,614	292,607
Culture and recreation	583,033	754,965	1,865,653	819,989	1,067,012	1,149,831	1,227,397	1,485,667	1,599,418	1,888,868
Economic Development	176,941	208,262	133,818	172,473	216,108	203,953	259,381	300,719	371,907	373,737
Capital Outlay	2,757,872	2,232,338	1,025,768	808,248	1,517,395	3,658,743	736,810	3,675,161	1,531,153	512,657
Debt Service	2,288,367	2,156,583	1,969,098	2,033,696	1,951,653	1,679,664	1,818,884	2,152,898	2,851,588	2,654,474
Total expenditures	15,923,963	15,973,315	16,494,314	16,735,477	18,965,458	21,350,485	23,922,732	32,498,034	31,067,837	28,829,664
Excess (deficiency) of revenues over (under) expenditures	(1,063,937)	(483,575)	555,341	1,831,424	(524,426)	(1,702,279)	(1,935,544)	(6,397,812)	(5,413,156)	(361,652)
Other Financing Sources (Uses)										
Proceeds of refunding bonds	-	-	-	-	-	-	-	4,545,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(4,545,259)	-	-
Proceeds of bonds	-	268,685	976,362	179,724	344,962	2,400,000	1,650,000	13,652,674	1,000,000	-
Transfers in	586,385	514,247	1,602,765	368,446	2,432,056	1,690,889	1,770,570	1,799,503	1,130,168	938,223
Transfers out	(574,496)	(498,154)	(1,588,581)	(350,946)	(2,414,556)	(1,673,389)	(1,770,570)	(1,799,503)	(1,130,168)	(938,223)
Total other financing sources (uses)	11,889	284,778	990,546	197,224	362,462	2,417,500	1,650,000	13,652,415	1,000,000	-
Net changes in fund balances	\$ (1,052,048)	\$ (198,797)	\$ 1,545,887	\$ 2,028,648	\$ (161,964)	\$ 715,221	\$ (285,544)	\$ 7,254,603	\$ (4,413,156)	\$ (361,652)
Debt Service as a percentage of non-capital outlay expenditures	17.38%	15.69%	12.73%	12.77%	11.19%	9.49%	7.84%	7.47%	9.65%	9.37%

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Property taxes	\$ 8,071,607	\$ 7,175,171	\$ 7,192,826	\$ 6,582,601	\$ 8,208,276	\$ 9,114,827	\$ 10,374,680	\$ 11,910,212	\$ 12,491,926	\$ 13,737,247
Interest, penalties and payments in lieu of taxes(1)	-	-	-	-	-	-	762,227	845,099	862,921	769,452
Licenses and permits	3,050,825	3,575,080	4,601,632	5,366,022	5,460,099	5,689,761	6,041,086	6,648,688	6,682,683	6,613,897
Intergovernmental	1,327,385	1,149,635	1,184,527	1,390,106	1,539,324	1,528,525	1,758,801	1,826,676	1,830,461	2,586,076
Charges for services	405,169	619,984	582,998	668,214	786,299	1,100,718	409,350	553,210	433,508	554,473
Investment income	-	-	-	-	-	-	308,862	244,972	384,339	619,149
Other revenues	<u>1,057,637</u>	<u>1,829,383</u>	<u>1,642,849</u>	<u>3,093,209</u>	<u>1,051,202</u>	<u>493,687</u>	<u>292,971</u>	<u>1,100,592</u>	<u>378,644</u>	<u>203,725</u>
Total revenues	13,912,623	14,349,253	15,204,832	17,100,152	17,045,200	17,927,518	19,947,977	23,129,449	23,064,482	25,084,019
Expenditures										
Current:										
General government	1,459,503	1,674,520	1,873,523	2,075,331	2,328,527	2,194,135	2,542,594	2,666,080	2,842,400	2,940,412
Public Safety	5,112,638	5,448,496	5,568,880	6,462,022	6,971,809	8,162,694	8,549,081	9,113,259	9,785,664	10,430,161
Highways and streets	2,047,497	2,049,416	2,381,041	2,538,737	2,736,829	2,368,862	3,042,377	2,765,923	3,942,857	3,581,685
Sanitation	848,650	875,031	924,082	1,147,031	1,157,331	1,122,037	1,319,356	1,223,130	1,471,600	1,864,448
Health and welfare	112,123	98,087	88,036	91,332	150,211	178,040	199,789	264,470	277,614	292,607
Culture and recreation	426,448	554,714	610,117	635,281	694,009	807,836	966,809	1,063,461	1,176,759	1,261,314
Economic development	120,075	160,223	130,572	114,151	216,108	203,953	259,381	300,719	371,907	373,737
Capital outlay	772,120	1,306,996	559,370	392,529	931,532	197,249	736,810	3,675,161	1,531,153	512,657
Debt service	<u>2,265,349</u>	<u>2,156,583</u>	<u>1,969,098</u>	<u>2,033,696</u>	<u>1,951,653</u>	<u>1,679,664</u>	<u>1,818,884</u>	<u>2,152,898</u>	<u>2,851,588</u>	<u>2,654,474</u>
Total expenditures	13,164,403	14,324,066	14,104,719	15,490,110	17,138,009	16,914,470	19,435,081	23,225,101	24,251,542	23,911,495
Excess (deficiency) of revenues over (under) expenditures	748,220	25,187	1,100,113	1,610,042	(92,809)	1,013,048	512,896	(95,652)	(1,187,060)	1,172,524
Other Financing Sources (Uses)										
Issuance of refunding bonds	-	-	-	-	-	-	-	4,545,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(4,545,259)	-	-
Issuance of bonds	-	268,685	476,362	179,724	344,962	73,905	300,000	2,900,000	-	-
Transfers in	188,113	92,150	65,081	62,692	17,500	164,496	1,599,177	256,250	470,576	401,110
Transfers out	<u>(397,897)</u>	<u>(246,723)</u>	<u>(1,480,684)</u>	<u>(305,754)</u>	<u>(2,414,556)</u>	<u>(1,526,393)</u>	<u>(171,393)</u>	<u>(1,543,253)</u>	<u>(659,592)</u>	<u>(335,615)</u>
Total other financing sources (uses)	(209,784)	114,112	(939,241)	(63,338)	(2,052,094)	(1,287,992)	1,727,784	1,612,738	(189,016)	65,495
Net change in fund balances	<u>\$ 538,436</u>	<u>\$ 139,299</u>	<u>\$ 160,872</u>	<u>\$ 1,546,704</u>	<u>\$ (2,144,903)</u>	<u>\$ (274,944)</u>	<u>\$ 2,240,680</u>	<u>\$ 1,517,086</u>	<u>\$ (1,376,076)</u>	<u>\$ 1,238,019</u>
Debt service as a percentage of non-capital outlay expenditures	18.28%	16.57%	14.54%	13.47%	12.04%	10.05%	9.73%	11.01%	12.55%	11.34%

(1) Prior to 2003, interest, penalties and payments in lieu of taxes were included in property

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, Special Revenue Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Property taxes	\$ 106,420	\$ 171,447	\$ 317,158	\$ 260,949	\$ 127,554	\$ 495,017	\$ -	\$ -	\$ -	\$ -
Interest, penalties and payments in lieu of taxes	-	-	-	-	-	-	-	-	-	3,895
Licenses and permits	51,542	69,511	99,423	109,982	167,485	183,631	-	-	-	-
Intergovernmental	70,201	79,074	469,675	132,744	43,052	1,528,525	1,363,183	335,808	109,476	-
Charges for services	677,851	670,661	753,966	837,993	722,745	700,876	15,303	2,000,651	1,961,550	2,543,822
Investment income	-	-	-	-	-	-	119,949	11,151	23,826	24,116
Contributions	-	-	-	-	-	-	387,181	126,356	400,254	207,333
Other revenues	20,685	47,725	51,340	56,912	258,261	85,228	-	-	-	305,244
Total revenues	926,699	1,038,418	1,691,562	1,398,580	1,319,097	2,993,277	1,885,616	2,473,966	2,495,106	3,084,410
Expenditures										
General government	-	-	-	13,336	207,785	127,210	1,314,957	356,353	1,409,504	1,377,793
Public safety	37,970	60,452	112,067	119,200	82,240	1,043	330,744	247,164	301,383	603,482
Sanitation	499,119	415,165	471,766	435,212	569,694	500,594	640,966	765,549	1,090,696	943,536
Health and welfare	250	-	80,582	2,902	2,378	3,679	-	-	-	-
Culture and recreation	118,501	185,362	1,253,957	184,708	373,003	341,995	259,170	418,876	420,953	622,953
Economic development	56,866	48,039	3,246	58,322	-	-	-	-	-	-
Capital outlay	-	-	-	90,000	-	-	-	-	-	-
Debt service	23,018	-	-	-	-	-	-	-	-	-
Total expenditures	735,724	709,018	1,921,618	903,680	1,235,100	974,521	2,545,837	1,787,942	3,222,536	3,547,764
Excess (deficiency) of revenues over (under) expenditures	190,975	329,400	(230,056)	494,900	83,997	2,018,756	(660,221)	686,024	(727,430)	(463,354)
Other Financing Sources (Uses)										
Issuance of bonds	-	-	-	-	-	-	1,000,000	-	1,000,000	-
Transfers in	58,225	85,050	645,637	124,361	443,163	395,000	171,393	124,377	157,393	107,393
Transfers out	(64,360)	(231,431)	(50,897)	(45,192)	-	(26,996)	(852,224)	(238,750)	(453,076)	(567,073)
Total other financing sources (uses)	(6,135)	(146,381)	594,740	79,169	443,163	368,004	319,169	(114,373)	704,317	(459,680)
Net change in fund balances	\$ 184,840	\$ 183,019	\$ 364,684	\$ 574,069	\$ 527,160	\$ 2,386,760	\$ (341,052)	\$ 571,651	\$ (23,113)	\$ (923,034)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, Capital Projects Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 15,400	\$ 28,189	\$ 259,905
Charges for services	-	-	-	-	-	222,990	11,250	-	26,093	-
Investment income	-	-	-	-	-	-	742	333	732	181
Other revenues	-	75,000	112,103	10,063	4,222	1,753	-	-	-	796
Total revenues	-	75,000	112,103	10,063	4,222	224,743	111,992	15,733	55,014	260,882
Expenditures										
General government	-	-	-	15,968	6,486	-	-	192,655	2,353,771	596,251
Public safety	-	-	-	-	-	-	765,274	-	975,923	289,374
Highways and streets	-	-	-	-	-	-	553,345	256,010	254,588	480,179
Sanitation	-	-	-	-	-	-	621,777	7,876	7,771	-
Culture and recreation	38,084	14,889	1,579	-	-	-	-	-	-	-
Capital outlay	1,985,752	925,342	466,398	325,719	585,863	3,359,427	-	-	-	-
Total expenditures	2,023,836	940,231	467,977	341,687	592,349	3,359,427	1,940,396	456,541	3,592,053	1,365,804
Excess (deficiency) of revenues over (under) expenditures	(2,023,836)	(865,231)	(355,874)	(331,624)	(588,127)	(3,134,684)	(1,828,404)	(440,808)	(3,537,039)	(1,104,922)
Other Financing Sources (Uses)										
Issuance of bonds	-	-	500,000	-	-	2,400,000	350,000	1,851,274	-	-
Transfers in	-	175,000	500,000	10,000	1,800,000	960,000	-	1,057,876	502,199	429,720
Transfers out	-	-	-	-	-	-	(729,453)	-	-	(10,000)
Total other financing sources (uses)	-	175,000	1,000,000	10,000	1,800,000	3,360,000	(379,453)	2,909,150	502,199	419,720
Net change in fund balances	<u>\$ (2,023,836)</u>	<u>\$ (690,231)</u>	<u>\$ 644,126</u>	<u>\$ (321,624)</u>	<u>\$ 1,211,873</u>	<u>\$ 225,316</u>	<u>\$ (2,207,857)</u>	<u>\$ 2,468,342</u>	<u>\$ (3,034,840)</u>	<u>\$ (685,202)</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

General Government Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Payment in Lieu of Taxes (1)	Yield Taxes	Excavation Taxes	Tax Interest & Penalties (1)	Total
1997	\$ 13,777,818	\$ -	\$ -	\$ -	\$ -	\$ 13,777,818
1998	13,544,715	-	-	-	-	13,544,715
1999	15,627,091	-	-	68,780	-	15,695,871
2000	12,141,035	-	3,603	53,874	371	12,198,881
2001	14,512,131	-	652	49,140	-	14,561,923
2002	15,674,144	-	1,814	-	-	15,675,957
2003	10,948,316	500,000	2,018	34,614	225,595	11,710,543
2004	11,666,113	510,000	21,504	13,117	300,478	12,511,212
2005	12,580,255	520,200	5,283	14,908	322,530	13,443,176
2006	13,737,247	530,604	18,888	10,090	209,870	14,506,699

(1) Payments in lieu of taxes and tax interest and penalties were included in property taxes prior to 2003.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Property Tax Levied for Fiscal Year(1)	Collected within the Fiscal Year of the Levy		Balance at Fiscal Year End of Levy Year	Subsequent Tax Collections	Balance at end of Current Fiscal Year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	In Levy	Liened	% Liened
1997	\$ 36,708,591	\$ 35,915,699	97.8%	\$ 792,892	\$ 792,892	-	\$ 36,708,591	100.0%	8,505	293	3.45%
1998	38,256,609	37,626,462	98.4%	630,147	610,147	20,000	38,236,609	99.9%	8,750	256	2.93%
1999	31,299,644	30,890,637	98.7%	409,007	409,007	-	31,299,644	100.0%	8,860	193	2.18%
2000	36,073,724	35,662,102	98.9%	411,622	411,622	-	36,073,724	100.0%	8,973	163	1.82%
2001	39,145,435	37,620,073	96.1%	1,525,362	1,317,681	207,681	38,937,754	99.5%	8,970	183	2.04%
2002	44,182,718	42,748,357	96.8%	1,434,361	688,106	746,255	43,436,463	98.3%	9,083	223	2.46%
2003	44,069,941	42,855,222	97.2%	1,214,719	580,359	634,360	43,435,581	98.6%	9,095	187	2.06%
2004	47,056,462	46,717,917	99.3%	338,545	116,219	222,326	46,834,136	99.5%	9,382	220	2.34%
2005	55,130,236	53,168,196	96.4%	1,962,040	1,327,748	634,292	54,495,944	98.8%	9,506	223	2.35%
2006	57,067,122	56,326,597	98.7%	740,525	161,711	578,814	56,488,308	99.0%	9,610	227	2.36%

Source:

Town of Londonderry Annual Town Report
Town of Londonderry Tax Collector

Notes:

(1) Includes taxes collected for the Londonderry School District and Rockingham County

Tax liens are placed within 60 days after the end of the fiscal year. Taxpayers have two years to redeem liens prior to property being tax dedeed.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Assessed and Estimated Full Value of Real Property
Last Ten Fiscal Years

Fiscal Year	Local Assessed Value				Less Exemptions to Assessed Value	Total Net Taxable Assessed Value	Total Direct Tax Rate per \$1,000 of Value	Estimated Full Value	Ratio of Total Net Taxable Assessed Value to Total Estimated Value
	Residential	Commercial/Industrial	Utilities	Total Assessed Value					
1997	\$ 916,122,935	\$ 141,118,645	\$ 38,460,600	\$ 1,095,702,180	\$ 92,078,800	\$ 1,003,623,380	\$ 37.65	\$ 1,042,419,580	96.3%
1998	991,889,654	154,639,694	38,460,600	1,184,989,948	96,498,000	1,088,491,948	38.18	1,173,831,345	92.7%
1999	1,099,678,540	163,009,766	38,460,600	1,301,148,906	95,386,306	1,205,762,600	36.38	1,335,605,746	90.3%
2000	1,252,234,720	193,681,666	39,093,400	1,485,009,786	103,277,000	1,381,732,786	26.27	1,601,727,798	86.3%
2001	1,443,216,288	225,097,976	41,202,400	1,709,516,664	113,417,900	1,596,098,764	26.27	1,919,520,134	83.2%
2002	1,768,304,053	489,617,721	51,941,600	2,309,863,374	182,837,509	2,127,025,865	24.67	2,486,036,535	85.6%
2003	1,878,365,836	263,313,473	331,532,000	2,473,211,309	253,052,809	2,220,158,500	20.88	2,738,112,442	81.1%
2004	2,165,070,811	288,983,575	305,363,300	2,759,417,686	273,204,550	2,486,213,136	21.98	3,050,888,586	81.5%
2005	2,479,609,162	336,023,677	344,743,200	3,160,376,039	296,295,600	2,864,080,439	21.56	3,291,493,812	87.0%
2006	2,896,242,641	349,576,134	344,743,200	3,590,561,975	339,916,000	3,250,645,975	19.85	3,274,163,075	99.3%

Source:

Town of Londonderry Annual Town Report
Town of Londonderry Tax Collector

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2006 Assessed Value	2006 Rank	Percentage of net Assessed Value	1997 Assessed Value	1997 Rank	Percentage of net Assessed Value
GRANITE RIDGE	Utility	\$ 232,892,456	1	7.16%	\$ -	-	0.00%
PUBLIC SERVICE CO. NH TAX ACCOUNTING	Electric Utility	67,913,300	2	2.09%	25,394,300	1	2.53%
TENNECO INCORPORATED	Gas Utility	23,800,000	3	0.73%	-	-	0.00%
COCA-COLA OF NORTHERN NE	Bottling Plant	19,834,000	4	0.61%	9,476,900	2	0.94%
HOME DEPOT.	Retail	16,139,500	5	0.50%	-	-	0.00%
APPLETREE MALL ASSOCIATES	Retail Mall Plaza	14,781,900	6	0.45%	8,157,100	4	0.81%
ELICO PROPERTIES II, LLC	Research & Development	14,748,500	7	0.45%	-	-	0.00%
LIEVENS ROBERT	Orchard	12,915,722	8	0.40%	8,866,646	3	0.88%
KEYSPAN ENERGY DELIVERY	Gas Utility	10,300,000	9	0.32%	-	-	0.00%
ENERGY NORTH NATURAL GAS	Gas Utility	10,100,000	10	0.31%	-	-	0.00%
CONSUMERS OF NH	Residential Property	-	-	-	6,276,100	5	0.63%
JEAN GAGNON	Residential Property	-	-	-	5,641,125	6	0.56%
GLENBERVIE INC.	Manufacturing	-	-	-	4,660,900	7	0.46%
DEMOULAS, INC	Grocery Store	-	-	-	4,608,700	8	0.46%
NE HYDRO TRANS.	Electric Utility	-	-	-	3,900,000	9	0.39%
DEXTER CORP.	Industrial Property	-	-	-	3,692,700	10	0.37%
Total Principal Taxpayers		<u>\$ 423,425,378</u>		13.03%	<u>\$ 80,674,471</u>		8.04%
Total Net Assessed Taxable Value		<u>\$ 3,250,645,975</u>			<u>\$ 1,003,623,380</u>		

Source:
Town of Londonderry Assessors Office

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Property Tax Rates per \$1,000 of Assessed Value
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Town Direct Rates							Overlapping Rates	
	Town	Budgetary Use of Fund Balance	Total Town	Local School	State School	Total School	Total Direct	County	Total
1997	\$ 7.90	\$ (0.23)	\$ 7.67	\$ 28.60	\$ -	\$ 28.60	\$ 36.27	\$ 1.38	\$ 37.65
1998	7.15	(0.17)	6.98	29.90	-	29.90	36.88	1.30	38.18
1999	6.80	(0.20)	6.60	28.63	-	28.63	35.23	1.15	36.38
2000	6.06	(0.94)	5.12	13.51	6.60	20.11	25.23	1.04	26.27
2001	6.07	(0.24)	5.83	13.60	5.74	19.34	25.17	1.10	26.27
2002	6.19	(0.43)	5.76	11.95	5.59	17.54	23.30	1.37	24.67
2003	6.36	(1.11)	5.25	10.13	4.42	14.55	19.80	1.08	20.88
2004	5.95	(0.57)	5.38	10.48	4.91	15.39	20.77	1.21	21.98
2005	5.96	(0.69)	5.27	11.88	3.31	15.19	20.46	1.10	21.56
2006	5.58	(0.55)	5.03	11.06	2.78	13.84	18.87	0.98	19.85

Source:

Town of Londonderry Tax Collector

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
1997	\$ 19,854,109	\$ -	\$ 188,728	\$ 20,042,837	0.34%	0.12%
1998	17,705,930	-	441,069	18,146,999	0.39%	0.14%
1999	16,614,196	-	807,294	17,421,490	0.41%	0.15%
2000	14,208,161	-	762,742	14,970,903	0.49%	0.18%
2001	12,298,834	-	919,683	13,218,517	0.57%	0.21%
2002	14,141,155	-	660,184	14,801,339	0.52%	0.19%
2003	11,190,097	-	303,560	11,493,657	0.69%	0.25%
2004	23,662,784	-	596,441	24,259,225	0.33%	0.12%
2005	22,445,000	-	301,349	22,746,349	0.36%	0.13%
2006	20,570,000	-	-	20,570,000	0.41%	0.15%

Notes:

See the Schedule of Demographic Statistics on page 101 for personal income and population data.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
1997	\$ 19,854,109	\$ -	\$ 19,854,109	1.90%	0.12%
1998	17,705,930	-	17,705,930	1.51%	0.14%
1999	16,614,196	-	16,614,196	1.24%	0.15%
2000	14,208,161	-	14,208,161	0.89%	0.19%
2001	12,298,834	-	12,298,834	0.64%	0.22%
2002	14,141,155	-	14,141,155	0.57%	0.20%
2003	11,190,097	-	11,190,097	0.41%	0.26%
2004	23,662,784	-	23,662,784	0.78%	0.12%
2005	22,445,000	-	22,445,000	0.68%	0.13%
2006	20,570,000	-	20,570,000	0.63%	0.15%

Notes:

- (1) See the Schedule of Assessed and Estimated Full Value of Real Property on page 93 for property value data.
- (2) See the Schedule of Demographic Statistics on page 101 for population data.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Computation of Direct and Overlapping Debt
Last Ten Fiscal Years

Jurisdiction		Net General Obligation Bonded Debt Outstanding	Percentage Applicable To Town of Londonderry	Amount Applicable To Town of Londonderry
Direct:	Town of Londonderry	\$ 20,570,000	100.00%	\$ 20,570,000
Overlapping:	Rockingham County (6/15/2006)	5,995,000	6.86%	411,389
	Londonderry School District (6/30/2006)	<u>22,635,000</u>	100.00%	<u>22,635,000</u>
Total		<u>\$ 49,200,000</u>		<u>\$ 43,616,389</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 31,823,280	\$ 35,815,700	\$ 40,528,936	\$ 48,523,998	\$ 58,018,965	\$ 75,079,312	\$ 58,018,965	\$ 58,018,965	\$ 92,048,298	\$ 99,700,251
Total net debt applicable to limit	<u>14,536,261</u>	<u>13,142,153</u>	<u>12,902,511</u>	<u>11,142,163</u>	<u>9,715,934</u>	<u>10,938,641</u>	<u>13,119,600</u>	<u>26,502,274</u>	<u>24,754,600</u>	<u>23,264,600</u>
Legal debt margin	<u>\$ 17,287,019</u>	<u>\$ 22,673,547</u>	<u>\$ 27,626,425</u>	<u>\$ 37,381,835</u>	<u>\$ 48,303,031</u>	<u>\$ 64,140,671</u>	<u>\$ 44,899,365</u>	<u>\$ 31,516,691</u>	<u>\$ 67,293,698</u>	<u>\$ 76,435,651</u>
Total net debt applicable to the limit as a percentage of debt limit	45.68%	36.69%	31.84%	22.96%	16.75%	14.57%	22.61%	45.68%	26.89%	23.33%

Source:
Town Finance Department

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2006			1997		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Londonderry School District	Education	450	1	3.18%	450	1	3.53%
Summit Packaging	Manufacturer	320	2	2.26%	320	2	2.51%
Insight Technologies	Manufacturing	300	3	2.12%	-	-	-
United Parcel Service Inc.	Parcel Delivery	288	4	2.03%	288	3	2.26%
Shaw's Supermarket	Supermarket	200	5	1.41%	200	4	1.57%
Town of Londonderry	Municipality	177	6	1.25%	144	6	1.13%
K Mart	Department Store	150	7	1.06%	150	5	1.18%
Wire Belt	Manufacturer	128	8	0.90%	128	7	1.00%
Stonyfield Farms	Yogurt	120	9	0.85%	120	8	0.94%
Federal Express	Parcel Delivery	100	10	0.71%	100	9	0.78%

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Median Family Income	Per Capita Income	Town		Unemployment Rates		
				Unemployed	Labor Force	Town	State of NH	United States
1997	23,500	\$ 68,137	\$ 24,210	596	12,744	4.7%	3.1%	4.9%
1998	24,480	69,929	24,970	595	12,948	4.6%	2.9%	4.5%
1999	24,969	71,721	25,731	594	13,152	4.6%	2.7%	4.2%
2000	24,036	73,513	26,491	593	13,355	4.5%	2.8%	4.0%
2001	23,236	75,305	27,251	592	13,559	4.4%	3.5%	4.8%
2002	23,544	77,097	28,012	591	13,763	4.3%	4.7%	5.8%
2003	23,853	78,889	28,772	590	13,966	4.3%	5.7%	6.7%
2004	24,161	80,681	29,532	589	14,170	4.2%	6.7%	7.6%
2005	24,469	82,473	30,293	588	14,374	4.1%	7.7%	8.5%
2006	24,777	84,264	31,053	587	14,577	3.3%	3.7%	4.9%

Source:

Bond Official Statements

NH Employment Security Division

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Executive	3	3	3	3	4	3	3	3	3	3
Assessing	3	4	3	4	4	5	5	5	5	5
Building	3	4	3	3	4	4	4	4	4	4
Cable	1	1	1	1	1	1	2	2	3	3
Family Mediation	1	1	1	1	1	1	1	1	1	1
Finance	4	4	3	5	4	4	4	5	5	5
Information Technologies	-	-	-	1	1	1	1	-	-	-
Planning	2	2	2	3	3	3	3	3	4	4
Zoning	2	1	1	1	1	1	1	1	1	1
Town Clerk/Tax Collector	5	5	5	7	6	5	5	6	6	5
Total General Government	24	25	22	29	29	28	29	30	32	31
Human Services										
Welfare	2	2	2	2	2	2	2	2	1	1
Total Human Services	2	2	2	2	2	2	2	2	1	1
Public Safety										
Fire										
Administration	2	2	2	2	2	2	2	2	2	2
Captains	4	5	3	2	4	3	4	4	5	4
Lieutenants	4	4	7	7	7	7	7	7	9	9
Firefighters	23	23	23	27	28	29	28	28	27	27
Communication	5	5	5	6	4	5	5	4	4	4
Prevention	-	-	1	1	2	2	2	2	2	2
Total Fire	38	39	41	45	47	48	48	47	49	48
Police										
Administration	5	4	4	4	4	4	4	4	4	4
Captains	1	1	2	2	2	2	2	2	2	2
Lieutenants	-	-	3	3	5	5	5	5	5	5
Sergeants	6	6	6	6	6	8	6	6	8	8
Officers	22	21	20	19	21	20	19	21	22	23
Support Services	2	2	3	4	6	7	7	6	5	5
Detectives	2	3	3	2	4	3	4	4	4	4
Communications	6	5	5	5	7	7	8	7	7	7
Records	2	3	3	3	3	3	3	3	3	3
Animal Control Officer	1	1	1	1	1	1	1	1	1	1
Building Maintenance	1	1	1	1	1	1	1	1	1	1
Total Police	48	47	51	50	60	61	60	60	62	63
Total Public Safety	86	86	92	95	107	109	108	107	111	111
Public Works										
Administration	2	2	2	2	4	4	4	4	4	4
Highway	2	2	2	2	2	2	2	2	2	2
Equipment Operators	3	2	2	2	2	2	2	2	3	3
Truck Drivers/Laborers	3	4	4	4	7	5	6	7	5	5
Mechanic	1	2	2	2	1	2	2	1	1	1
Environmental Services	1	1	1	1	1	1	1	1	1	1
Total Public Works	12	13	13	13	17	16	17	17	16	16
Cultural and Recreation										
Library	19	20	18	18	18	21	21	18	17	17
Recreation	1	1	1	1	1	1	1	1	1	1
Total Culture and Recreation	20	21	19	19	19	22	22	19	18	18
Total All Functions	144	147	148	158	174	177	178	175	178	177
Percent of Total										
General Government	16.7%	17.0%	14.9%	18.4%	16.7%	15.8%	16.3%	17.1%	18.0%	17.5%
Human Services	1.4%	1.4%	1.4%	1.3%	1.1%	1.1%	1.1%	1.1%	0.6%	0.6%
Public Safety	59.7%	58.5%	62.2%	60.1%	61.5%	61.6%	60.7%	61.1%	62.4%	62.7%
Public Works	8.3%	8.8%	8.8%	8.2%	9.8%	9.0%	9.6%	9.7%	9.0%	9.0%
Cultural and Recreation	13.9%	14.3%	12.8%	12.0%	10.9%	12.4%	12.4%	10.9%	10.1%	10.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
Annual Town Reports

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	21	21	21	21	24	24	24	24	27	27
Fire										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of pumpers	4	4	4	4	4	4	4	4	4	4
Number of ladder trucks	1	1	1	1	1	1	1	1	1	1
Number of ambulances	2	2	2	2	2	2	2	2	2	2
Number of command vehicles	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	166	167	170	172	174	174	176	176	180	180
Number of street lights	134	134	134	134	134	134	134	134	134	143
Number of traffic lights	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	20	21	23	23	26	32	32	32	34	40
Number of service connections	503	503	555	600	700	742	856	856	1,119	1,280
Daily average treatment in gallons	N/A	500,000	550,000	540,000	550,000	530,000	900,000	900,000	1,486,000	1,500,000
Number of pump stations	3	3	3	3	3	4	4	4	5	5
Maximum daily capacity in gallons	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Culture and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of parks										
Tennis	2	2	2	2	2	2	4	4	4	4
Ball fields	2	2	2	2	2	5	6	6	6	8
Basketball courts	2	2	2	2	2	2	2	2	2	2
Skateboard	-	-	-	-	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	3	3	3	7*
Schools (not included in this reporting entity)										
High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Kindergartens	-	-	-	-	-	1	1	1	1	1

*Includes multipurpose fields

Source:

Annual Town Reports

Various Town Departments

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Taxable property parcels assessed	8,505	8,750	8,860	8,973	8,970	9,083	9,095	9,382	9,506	9,610
Motor vehicles registered	24,856	25,849	29,487	33,340	33,498	34,053	34,679	36,276	38,861	36,287
Building permits issued	649	755	708	782	753	778	796	768	592	605
Human service contacts	234	140	145	176	164	364	321	458	419	318
Human service applications granted	76	54	73	86	87	141	125	173	161	168
Registered voters	13,185	13,519	14,274	16,146	11,562	12,423	12,385	15,092	14,863	14,867
Fire										
Fires extinguished	148	141	147	122	145	89	70	119	92	95
Non fire responses	678	951	1,024	1,086	835	762	969	766	1,160	1,062
Rescue EMS responses	937	1,001	1,219	1,251	1,463	1,577	1,491	1,444	1,500	1,598
Police										
Total incidents dispatched	7,719	9,735	7,594	13,774	13,765	18,868	22,677	20,779	19,654	19,919
Total traffic accidents and violations	5,126	7,341	6,901	6,077	8,215	8,311	8,108	8,349	6,863	8,168
Total physical arrests	476	536	521	470	465	655	864	975	618	593
Total crimes investigated	1,754	1,192	1,093	2,045	1,898	2,199	2,458	2,107	1,861	1,919
Total animal control contacts	10,249	10,292	6,809	6,989	-	1,864	1,609	1,742	1,922	1,350
Public Works										
Streets resurfaced (LF)	43,000	41,000	46,000	32,000	31,000	26,000	57,000	39,000	47,000	46,132
Refuse collected (tons)	N/A	9,034	9,058	8,707	9,770	10,253	10,412	10,535	10,290	10,404
Recycling (tons)	N/A	1,575	1,613	1,592	1,621	1,686	1,718	1,717	1,676	1,950
Library										
Total circulation	164,473	191,254	184,454	193,694	197,716	198,501	199,335	215,659	237,559	249,408
Total volumes in collection	44,227	47,890	52,775	63,165	68,518	71,732	77,587	81,203	85,277	82,921
Total registered borrowers	N/A	N/A	N/A	15,604	15,412	16,638	17,555	18,139	17,988	18,180
Total program attendance	5,162	6,460	4,370	5,274	7,441	8,840	4,629	4,587	4,934	5,188

Source:

Annual Town Reports
Various Town Departments