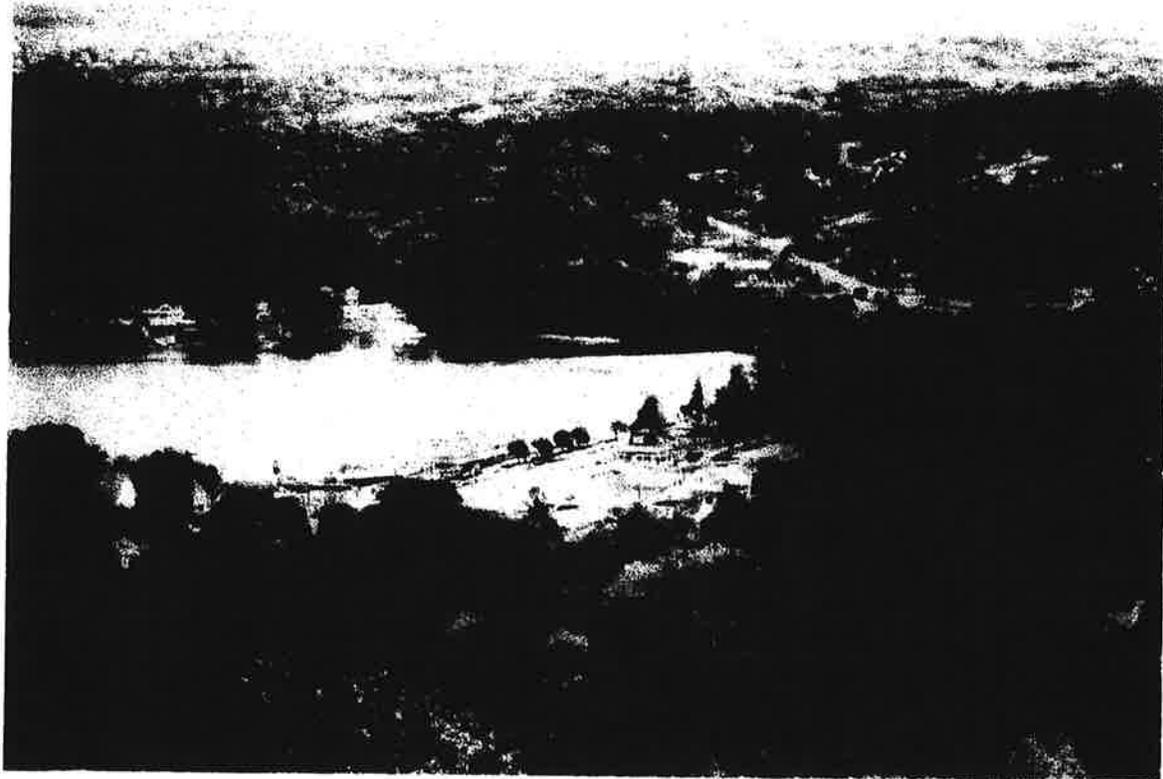


**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF LACONIA, NEW HAMPSHIRE**

Fiscal Year Ended June 30, 2007



Prepared by: Pamela Reynolds, Finance Director



**CITY OF LACONIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<u>Page</u>
Letter of Transmittal	i
Organization Chart	ix
Listing of Elected City Officials	x
Listing of Appointed City Officials	xi

**FINANCIAL SECTION**

<b>Independent Auditor's Report</b>	1
City Managements Discussion & Analysis	3
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	16
Governmental Fund Financial Statements	
Balance Sheet	17
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22



CITY OF LACONIA  
Table of Contents

(Continued)

Proprietary Fund Financial Statements	
Statement of Net Assets	23
Statement of Revenues, Expenses and Changes in Net Assets	25
Statement of Cash Flows	26

Fiduciary Financial Statements	
Statement of Net Assets	29
Statement of Changes in Fiduciary Net Assets	30

Notes to the Basic Financial Statements	31
---	----

**Required Supplementary Information**

Budgetary Comparison Schedule	57
-------------------------------	----

**SINGLE AUDIT SECTION**

Report on Compliance and on Internal Control	59
Schedule of Expenditures of Federal Awards	64
Notes to Schedule of Expenditures of Federal Awards	67

**STATISTICAL SECTION**

Net Assets by Component Unit	68
Changes in Net Assets	69
Fund Balances of Governmental Funds	70
Changes in Fund Balances of Governmental Funds	71
General Governmental Expenditures by Function	72
General Governmental Revenues by Source	73
Property Tax Levies and Collections	74
Assessed Value and Estimated Full Value of Real Property	75



CITY OF LACONIA

Table of Contents

(Continued)

Property Tax Rates	76
Ratios of Outstanding Debt by Type	77
Computation of Legal Debt Margin	78
Legal Debt Margin Information	79
Computation of Overlapping Debt-Belknap County	80
Ratio of Annual Debt Service Expenditures for General Demographic and Economic Statistics	81 82
Principal Property Taxpayers	83
Principal Employers	84
Full-time Equivalent City Government Employees by Function	85
Full-time Equivalent School Employees by Position	86
Operating Indicators by Function	87
Capital Asset Statistics by Function	88



# **INTRODUCTORY SECTION**



May 19, 2008

Honorable Mayor and City Council  
City of Laconia  
Laconia NH 03246

Dear Council Members:

A comprehensive annual financial report of the City of Laconia for the fiscal year ended June 30, 2007 is hereby submitted. Responsibility for the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of various funds, account groups, and component units of the City of Laconia. All disclosures necessary to enable the reader to gain an understanding of the City of Laconia's activities have been included.

This report is part of management's responsibility to keep the Council and the citizens informed. It is divided into four major sections.

1. An unaudited introductory section, including the transmittal letter, organization chart and list of principal elected officials acquaints the reader with the operations of the City.
2. A financial section, including the auditor's report on the financial statements and schedules, City management's discussion and analysis, and the financial statements as required under GASB 34. This includes 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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

3. The Single Audit section, in conformity with the provisions of the Single Audit Act amendment of 1996 and the provisions of OMB Circular A-144, Audits of States, Local Governments and Non-Profit Organizations includes the schedule of expenditures and federal awards, findings and questioned costs and auditors' reports on the internal control structure and reports on compliance with applicable laws and regulations.
4. An unaudited statistical section including financial and demographic data, provides users with a broader understanding of the City and the trends in its financial affairs in that it presents some non-accounting data and covers more than one fiscal year.

The City of Laconia has operated under the Council-Manager form of government since 1971. The City Council is comprised of six members and an elected Mayor. The City Council is responsible for enacting ordinances, resolutions and regulations concerning the City, as well as for appointing the members of various statutory and advisory boards. As chief administrative officer, the City Manager is responsible for budget preparation, enforcement of ordinances and appointing and supervising the heads of departments of the City organization.

The City provides a full range of services, including police and fire protection, emergency medical services, public works operations, planning and zoning, code enforcement, health and welfare services, parks operation and maintenance, recreation and library services, solid waste collection and disposal, schools and general administrative services.

Water and sewer services are provided under an Enterprise Fund concept with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt.

#### Economic Condition and Outlook

The City of Laconia, located in central New Hampshire, is a choice four season resort destination which serves as County seat for Belknap County. The City, situated on the shores of Lake Winnepesaukee, Lake Winnisquam and Lake Opechee, serves as a major tourist destination. Not only is it a major resort, but it also enjoys the benefits of fall tourists who visit for the foliage season and winter tourists who visit the Gunstock Ski Area and take advantage of the numerous snowmobile trails just minutes away from downtown.

The economy in the Lakes Region remains fairly stable with building permits remain strong. Vacancy rates of affordable rental properties remain low making it difficult for those working in service positions to find affordable housing.

As of June 2007, the unemployment rate in this area was well below the National and Northeast averages and slightly below the State average. At February 2008, unemployment was at 5.1%, up slightly from the prior year, same period (4.5%).

### Major Initiatives

**Memorial Middle School:** Beginning in early 2006, a committee was formed to evaluate the needs and cost of renovations or construction at the Memorial Middle School. On September 11, 2006, the City Council voted to approve a \$23 million bond for this project. This project included not only the building of a brand new facility but also the renovation of two parks, Leavitt and Opechee.

**Road & Bridge Improvements:** Again this year the City made over a \$1 million commitment to the resurfacing and reconstruction of roads in the City. A complete reconstruction of Academy Street was completed this year. We anticipate a similar commitment in FY09 budget for this purpose.

The Fair Street Bridge deck was replaced in the Spring of 2007. This bridge project required 20% funding from the City in order to get 80% of the funding from the State. The long awaited Elm Street Culvert and Sidewalk project was also completed. The Capital Improvement Plan for the FY09 budget will ask for an appropriation to begin the planning process for the Main Street bridge.

**Business Park:** Continued efforts to promote and sell the lots in Lakes Business Park II have resulted in another sale in July 2007. This park provides both communities (Gilford and Laconia) with commercial space in the hopes of bring business and jobs to the local area.

**Airport:** The Airport Authority has successfully completed their runway improvements in the fall of 2007 totaling over \$8 million. This project was 95% funded by the Federal and State governments. Another \$2 million grant was awarded just prior to fiscal year end June 2007 for the design and construction of the itinerant parking apron and hazardous beacon upgrade.

### **Transfer Station upgrade:**

In September 2006, an amendment was signed with Waste Management to construct a new transfer station. This \$1.9 million project will be managed by the vendor. In exchange for an extension in the term of the contract (from 12 years to 13 years), the vendor agreed to pay 55% of the cost of this upgrade. The remaining 45% will be shared by Laconia (70%) and Gilford (30%).

In January 2008, the actual pricing of the upgrade (\$2.6 million) resulted in another amendment with the vendor again extending the contract to 18 years. In turn, the vendor continues to pay 55% of the cost of the project with balance paid by Laconia and Gilford. Debt incurred by the City for this project has been approved by the Council in FY08, in the total amount of \$1,045,000. Settlement of the bond should take place in the later part of FY08 or early in FY09. Additional revenues from the repricing of fees for one category of trash will pay for the City's principal and interest payments.

## FINANCIAL INFORMATION-GENERAL GOVERNMENTAL FUNCTIONS

### Internal Control

Management is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but no absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits require estimates. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

### Budget Controls

Formal budgets are adopted for each department and are an integral part of the accounting system, providing management control over expenditures. Commitments which would result in an over-expenditure for the City are not released until additional appropriations are made available. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his department to another fund or agency within his department; the manager, with the approval of the Council, may transfer unencumbered appropriation balances or any portion thereof from one department to another. Council approval is required before total actual expenditures may exceed the total appropriation for the year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### Revenues

Revenues for general governmental functions totaled \$46.9 million in fiscal year 2006-2007, an increase of 2.8% over 2005-2006. The following schedule presents a summary

of General Fund revenues for the fiscal year ended June 30, 2007 and the amount and percentage increases or decreases in relation to prior year revenues.

<u>Revenue Sources</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From 2005-2006</u>
Taxes	\$32,907,927	70.1%	\$1,032,983
Licenses and Permits	\$2,246,661	4.8%	(\$74,788)
Intergovernmental	\$1,968,595	4.2%	\$396,824
Intergovernmental-Schools	\$6,538,377	13.9%	(\$22,301)
Charges for Services	\$601,638	1.3%	\$143,254
Rents and Royalties	\$75,011	0.2%	(\$29,502)
Interest on Investments	\$849,175	1.8%	\$255,594
Other Revenues	\$1,766,027	3.8%	(\$426,092)
<b>TOTALS</b>	<b>\$46,953,411</b>	<b>100.0%</b>	<b>\$1,275,972</b>

The most significant change in the distribution of revenues occurred again this year in the Taxes category. For the first time in many years the licenses and permits were down due to a decrease in Motor Vehicle registrations. We expect this trend to continue, as people keep their older cars longer or reduce the number of vehicles they have that require registration. Rents and Royalties showed a sizeable percentage reduction since the sale of the Court House building to the State eliminates the rents collected for that facility. Interest on Investments increased as rates continued to climb during FY07.

#### Expenditures

Expenditures for the General Fund functions totaled \$44.7 million in fiscal year 2006-2007 (excluding capital outlay), an increase of \$1.8 million or 4.4% over last year. The school expenditures represent 64% of this increase.

The composition of most expenditures stayed consistent with prior year's expenses. Health & Welfare continue to trend downward while Education continued to increase from 50.2% in fiscal year 2006 to 52.4% in fiscal year 2007.

<u>Expenditure Sources</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From 2005-2006</u>
General Government	\$5,846,287	13.1%	\$385,596
Public Safety	\$7,017,287	15.7%	\$297,359
Education	\$23,443,048	52.4%	\$1,208,948
Highway and Streets	\$3,789,366	8.5%	\$133,126
Health and Welfare	\$126,030	0.3%	(\$87,251)
Parks and Recreation	\$562,789	1.3%	\$11,781
Library	\$680,943	1.5%	\$44,348
Debt Service	\$3,282,282	7.3%	(\$103,708)
TOTALS	\$44,748,032	100.0%	\$1,890,199

### Fund Balance

Unreserved General Fund Balance increased from \$6,383,491 to \$6,766,170, a net increase of \$383 thousand over the prior year. This unreserved fund balance is within the guidelines established by the GFOA and the DRA.

### Proprietary Funds

The City's proprietary funds include two separate activities: Sanitary Sewer and Water Works.

Sanitary Sewer Fund: Existing cash reserves will be used for a portion of the \$10.4 million Capital Improvements Plan for the Sanitary Sewer System. The next major project to be addressed will be the design and planning of a sewer system in the Woodvale/Pendleton area. To date we have spent \$99,700 on this project.

Water Works: The Water Works continues replacing various water mains in conjunction with the City's road capital improvement projects.

### Fiduciary Operations

Fiduciary Fund's net assets increased this year by \$367,967 due to an increase in market value of \$257,232 and the remaining \$110,735 from revenues coming in higher than expenses.

### Assessed Valuation

Total assessment valuations were at the same levels (\$2.1 billion) as reported in 2006. There were no significant changes in the categories of the property within the City.

### Debt Administration

The position of the general obligation bonds and notes, illustrating the payment of principal and interest and the amounts outstanding are as follows:

	<b>Balance Due June 30, 2007</b>	<b>Interest Paid</b>	<b>Principal Paid</b>
1986 Downtown Bonds	\$ -	\$2,031	\$50,000
1988 Landfill Bonds	200,000	19,575	100,000
1988 Miscellaneous	32,000	3,132	16,000
1989 City Bonds	13,860	1,099	4,620
1990 Public Works/Parks Bonds	460,000	38,812	115,000
1993 Public Improvement Bonds	327,600	23,292	163,800
1996 Capital Project Bonds	488,434	29,234	56,050
1997 Capital Project Bonds	54,525	4,962	54,525
1999 Capital Project Bonds	140,000	8,645	70,000
2000 Capital Improvement	180,000	13,200	60,000
2000 Capital Improvement #2	650,000	37,598	162,500
2001 Capital Improvement	2,665,000	127,945	180,000
2002 Capital Improvement	2,060,000	90,801	180,000
2004 City Library Bonds	1,900,000	95,525	115,000
2006 Capital Improvement	369,774	16,434	41,086
1988 School Bonds	68,000	6,656	34,000
1989 School Bonds	28,980	2,299	9,660
1993 School Bonds	32,400	2,304	16,200
1996 School Bonds	121,566	7,276	13,950
1997 School Bonds	80,475	7,486	85,475
1999 School Bonds	120,000	8,800	40,000
2001 School Bonds	870,000	50,324	217,500
2001 School Bonds	4,670,000	224,289	310,000
2001 School Bonds	3,280,000	155,090	210,000
School BAN	\$1,500,000	-	-
<b>Total General Bonds &amp; Notes</b>	<b>\$20,312,614</b>	<b>\$976,809</b>	<b>\$2,305,366</b>
1988 Water Works Bonds	200,000	19,575	100,000
1989 Water Works Bonds	167,160	13,261	55,720
<b>Total Enterprise Funds</b>	<b>\$367,160</b>	<b>\$32,836</b>	<b>\$155,720</b>

The Water Works' general obligation bonds bear the full faith and credit of the City, but it is the intention of the Water Works to pay principal and interest on these bonds.

**With the New Hampshire Bond Bank in place, the City finances the majority of its debt through the NH Municipal Bank. It sells under their Moody's rating of Aa3, Standard & Poors rating of AA and Fitch rating of AAA, except for state guarantee sewer bonds which have a state bond rating.**

### Cash Management

The City of Laconia has incorporated financial policies for conducting the financial management of the City. The long-range policies regarding financial management are to exercise a discipline which allows the City to retain a sound financial condition, strive to retain the best possible rating on bonds, provide future generations with the ability to borrow capital without severe financial burden for construction of facilities and give recognition to the community's needs and ability to pay.

The City strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the City's cash resources. The City Council approves depositories and reviews and adopts an investment policy annually. Cash temporarily idle during the year is invested in commercial bank and saving bank certificates of deposits, and in U. S. Treasuries. During fiscal year 2006-2007, the majority of the deposits were either insured by federal depository insurance or collateralized. The City also participates in the New Hampshire Public Deposit Investment Pool established in accordance with NH RSA 383:22-24.

### OTHER INFORMATION

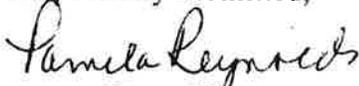
#### Independent Audit

The financial records and transactions of the City of Laconia have been audited by the independent public accounting firm of Mason + Rich Professional Association as required by New Hampshire State Statute. In addition to meeting the requirements set forth in state statutes, the audit was also conducted in accordance with generally accepted auditing standards; the standards issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations and was used by the auditors in conducting the engagement. The auditor's report on the government-wide, governmental, proprietary and fiduciary fund statements and schedules are included in the financial section of this report.

#### Acknowledgements

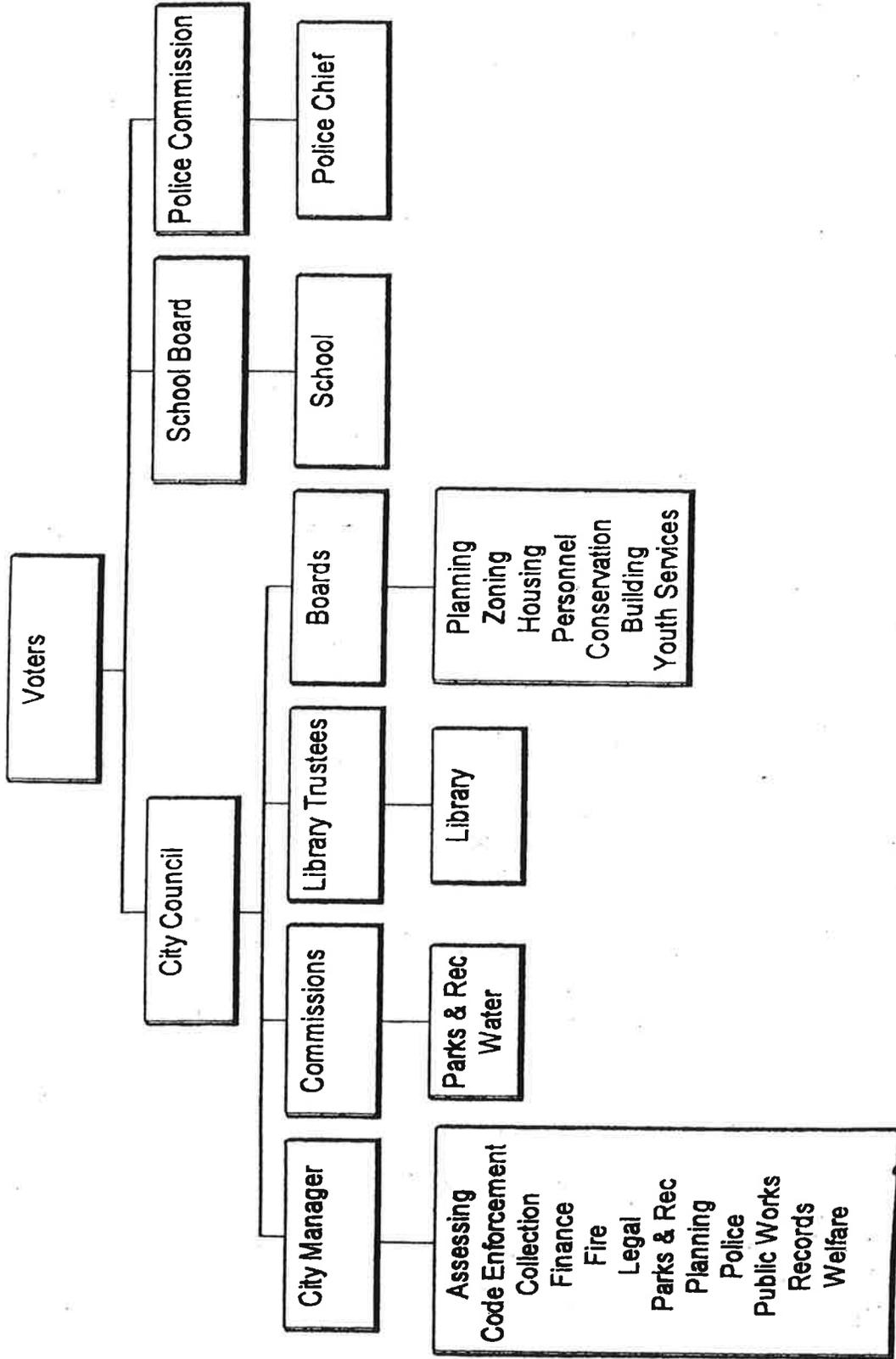
Our appreciation is extended to the various elected officials, department heads and employees responsible for the sound financial position of the City of Laconia and for their help in the preparation of this report. The City of Laconia, encompasses a group of individuals who appreciate and respect the principles of fiscal restraint, and support planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Pamela Reynolds  
Finance Director

# City of Laconia



**CITY OF LACONIA, NEW HAMPSHIRE  
COUNCIL-MANAGER FORM OF GOVERNMENT  
LISTING OF ELECTED CITY OFFICIALS**

**City Council**

Elected: November 8, 2005

Term: January 9, 2006- December 31, 2007

Mayor: Matthew Lahey

**Council Members:**

Ward 1 - Bradley Fitzgerald

Ward 2 - Robert Luther

Ward 3 - Henry Lipman

Ward 4 - Brenda Baer

Ward 5 - Robert Hamel

Ward 6 - Armand Bolduc

**School Board**

Joseph Cormier, Chair-Term 2003-2006

Chris Guilmett, Vice Chair-Term 2005-2008

Mike Seymour-Term 2005-2008

Charles Tucker –Term 2003-2006

Marge Kerns (AT LARGE) – Term 2003-2006

Scott Vachon –Term 2004-2007

Beth Arsenault –Term 2004-2007

**CITY OF LACONIA, NEW HAMPSHIRE  
COUNCIL - MANAGER FORM OF GOVERNMENT  
CITY MANAGER AND APPOINTED DEPARTMENT HEADS**

<b>CITY MANAGER</b>	<b>Eileen Cabanel</b>
<b>ASSESSOR:</b>	<b>Vacant</b>
<b>CITY CLERK:</b>	<b>Ann G. Kaligian</b>
<b>CODE ENFORCEMENT OFFICER:</b>	<b>Carroll Seigers</b>
<b>FIRE CHIEF:</b>	<b>Kenneth Erickson</b>
<b>FINANCE DIRECTOR:</b>	<b>Pamela Reynolds</b>
<b>LIBRARY DIRECTOR:</b>	<b>Randy Brough</b>
<b>PUBLIC WORKS DIRECTOR:</b>	<b>Paul Moynihan</b>
<b>PLANNER/CD DIRECTOR:</b>	<b>Shanna Saunders</b>
<b>POLICE CHIEF:</b>	<b>Thomas Oetinger</b>
<b>REC. &amp; FAC. DIRECTOR:</b>	<b>Philip Rowley</b>
<b>TAX COLLECTOR:</b>	<b>Cynthia Beede</b>
<b>WELFARE DIRECTOR:</b>	<b>Pamela Reynolds</b>
<b>WATER WORKS:</b>	<b>Rodger Mathewman</b>
<b>YOUTH SERVICES DIRECTOR:</b>	<b>Patricia Burton</b>



**FINANCIAL SECTION**





MASON + RICH

PROFESSIONAL ASSOCIATION  
Certified Public Accountants

## REPORT OF INDEPENDENT AUDITORS

To The Honorable Mayor and City Council  
City of Laconia  
Laconia, New Hampshire 03246

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, New Hampshire, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the index. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, New Hampshire as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2008 on our consideration of the City'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 that 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 read in conjunction with this report in considering the results of our audit.

SIX  
BICENTENNIAL  
SQUARE  
CONCORD NH

T 603.224.2000

F 603.224.2613

VISIT US AT [WWW.MASONRICH.COM](http://WWW.MASONRICH.COM)



The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 56 through 57 are not a required part of the basic financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Respectfully submitted,

*Mason + Rich, P.A.*

MASON + RICH PROFESSIONAL ASSOCIATION  
Certified Public Accountants

April 21, 2008



# **CITY MANAGEMENT'S DISCUSSION AND ANALYSIS**



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The following is a discussion and analysis of the financial activities of the City of Laconia, NH (the City) for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report and with the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS-PRIMARY GOVERNMENT**

**Government-Wide Highlights:**

**Net Assets:** The total assets of the City exceeded total liabilities at fiscal year ending June 30, 2007 by \$73.9 million. This amount is presented as "net assets" on Statement of Net Assets for the Total Primary Government (a condensed Statement can be seen in this MD&A section of this report). Of this amount, \$12.5 million was reported as unrestricted net assets, \$1.3 million was restricted net assets, and \$60.0 million was invested in capital assets. Capital assets increased \$9.5 million over the prior year as major projects at the airport (\$6 million) and the school system (\$2 million) get underway. Unrestricted net assets represent the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

**Changes in Net Assets:** The City's total net assets increased by \$9.8 million, or 15% in fiscal year 2007. Almost all of this increase was generated by governmental activities (up \$8.9 million).

**Fund Highlights:**

**Governmental Funds-Fund Balances:** As of the close of fiscal year 2007, the City's governmental funds reported a combined ending fund balance of \$10.3 million, a slight decrease of \$700,000 from the prior year. Included in the combined governmental fund balance is the activity of the City's General Fund. The General Fund ended the fiscal year with an unreserved, undesignated fund balance of \$6.7 million, an increase of \$382 thousand over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components:

1. Government-Wide financial statements
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the City's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and

---

*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

long-term information about the City's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

**The Statement of Net Assets**, presents all of the state's non-fiduciary assets and liabilities. The difference between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**The Statement of Activities**, presents information showing how the City'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 not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements have separate sections for two different types of City activities. These two types of activities are:

**Governmental Activities**, the activities in this section represent most of the City's basic services and are generally supported by taxes, grants, and intergovernmental revenues. The governmental activities of the City include general government, safety, health and welfare, highway, sanitation and education.

**Business-Type Activities**, the activities, in this section, are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of the goods and services. These business-type activities of the City include the operations of the Sewer Department and the Water Commission.

### **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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the City government, and report the City's operations in more detail than the government wide statements. The City's funds are divided into three categories-governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements. Fiduciary Funds are reported by fiduciary type (agency and private purpose) with combining schedules in the supplementary section.

**Governmental Funds:** Most of the basic services provided by the City are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information

---

*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements.

The City's major governmental funds include the general fund and the aeronautical fund, since by definition these two funds meet the definition of major fund.

**Proprietary Funds:** The City's proprietary funds provide goods and services to the general public and charge a user fee. These activities are reported in two enterprise funds, both considered major funds including the Water Commission and Sewer Department. Another column includes Government Activities-Internal Service.

Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore, there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

**Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

The City's fiduciary funds include the:

- Agency Fund (which account for the resources held in a pure custodial capacity)
- Private-Purpose Trust Funds (which account for the activity of trust arrangements under which principal and income benefit individuals or private organization)

**Notes to the Financial Statements**

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

**Required Supplementary Information**

The basic financial statements and accompanying notes are followed by section of required supplementary information. This section includes a budgetary comparison schedule for each of the City's major governmental funds, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements.

---

*(Continued on next page)*



**CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

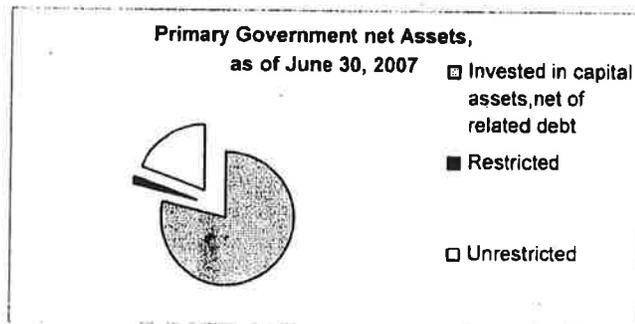
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$73.9 million at the end of 2007, which increased \$9.6 million (15%) over the previous year.

**City of Laconia's Net Assets as of June 30, 2007 and June 30, 2006  
(expressed in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current Assets	\$ 34,128	\$ 31,226	\$ 5,508	\$ 5,133	\$ 39,636	\$ 36,359
Capital Assets	62,558	53,950	17,661	17,497	80,219	71,447
Other Assets	<u>1,048</u>	<u>179</u>	<u>1,448</u>	<u>1,125</u>	<u>2,496</u>	<u>1,304</u>
Total Assets	<u>\$ 97,734</u>	<u>\$ 85,355</u>	<u>\$ 24,617</u>	<u>\$ 23,755</u>	<u>\$122,351</u>	<u>\$ 109,110</u>
Long-term Liabilities	\$ 19,217	\$ 21,164	\$ 828	\$ 1,016	\$ 20,045	\$ 22,180
Other Liabilities	<u>27,589</u>	<u>22,347</u>	<u>741</u>	<u>418</u>	<u>28,330</u>	<u>22,765</u>
Total Liabilities	<u>\$ 46,806</u>	<u>\$ 43,511</u>	<u>\$ 1,569</u>	<u>\$ 1,434</u>	<u>\$ 48,375</u>	<u>\$ 44,945</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Related Debt	\$ 42,731	\$ 33,470	\$ 17,294	\$ 16,975	\$ 60,025	\$ 50,445
Restricted	981	996	392	67	1,373	1,063
Unrestricted	<u>7,216</u>	<u>7,378</u>	<u>5,362</u>	<u>5,279</u>	<u>12,578</u>	<u>12,657</u>
Total Net Assets	<u>\$ 50,928</u>	<u>\$ 41,844</u>	<u>\$ 23,048</u>	<u>\$ 22,321</u>	<u>\$ 73,976</u>	<u>\$ 64,165</u>



Again this year, the largest portion of the City's net assets (81.3%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. Although the City's investments in its capital assets is

*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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 generally cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors

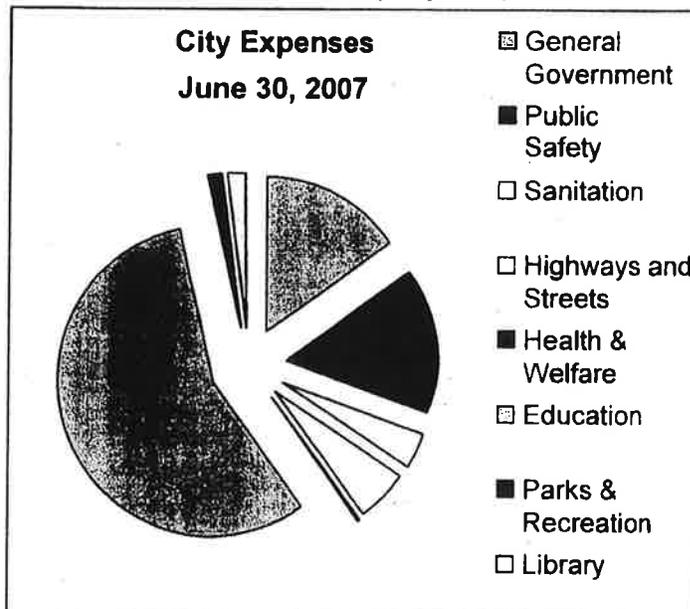
At the end of the current fiscal year, the City reported positive balances in both categories of net assets, the government as a whole, as well as for its business-type activities.

**Changes in Net Assets**

The City's net assets (including Business Activities) increased by \$9.8 million, or 18.8% during the current fiscal year. As stated earlier, this is primarily due to the increase in fixed assets as a result of over \$8 million in renovations at the airport (primarily paid for by the a Federal grant and \$2 million in school project costs. Total revenue of \$63.8 million (from \$57.6 million in the prior year) exceeded expenditures of \$54.5 million (\$53.7 million a year ago).

More than half of the City's revenues (51.4%, down from 54.4% from the prior year) is from property taxes, with the remainder coming from program revenue, consisting of charges for goods and services, and federal and local grants and contributions. The 3% decrease in the percentage of revenues from property taxes is a result of the significant increase in program revenues (capital grants) that increase \$5 million over the prior year. The general government category is responsible for the entire increase due to the federal fund grant received for the airport renovations.

The City's expenses cover a range of services. The largest expenses were for education, which accounted for \$28 million (56.6% of the total City expenses).



*(Continued on next page)*



**CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Laconia Changes in Net Assets  
For Fiscal Year Ending June 30, 2007 and June 30, 2006  
(expressed in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 6,173	\$ 5,873	\$ 4,307	\$ 3,974	\$ 10,480	\$ 9,847
Operating Grants and Contributions	9,862	10,894	-	-	9,862	10,894
Capital Grants and Contributions	7,021	1,292	755	250	7,776	1,542
<b>General Revenues:</b>						
Property Taxes	32,811	31,327	-	-	32,811	31,327
Franchise Fees	232	220	-	-	232	220
Other Taxes	811	922	-	-	811	922
Interest	1,128	677	213	160	1,341	837
Miscellaneous	1,400	1,715	49	17	1,449	1,732
<b>Total Revenues</b>	<u>59,438</u>	<u>52,920</u>	<u>5,324</u>	<u>4,401</u>	<u>64,762</u>	<u>57,321</u>
<b>Expenses</b>						
General Government	6,691	7,195	-	-	6,691	7,195
Fire	3,588	3,470	-	-	3,588	3,470
Police	4,168	4,151	-	-	4,168	4,151
Education	28,211	26,965	-	-	28,211	26,965
Highway and Streets	3,175	2,896	-	-	3,175	2,896
Sanitation	1,738	1,663	-	-	1,738	1,663
Health and Welfare	129	214	-	-	129	214
Parks and Recreation	716	649	-	-	716	649
Library	871	916	-	-	871	916
Interest on Long -Term Debt	935	1,028	-	-	935	1,028
Sanitary Sewer Fund	-	-	2,751	2,294	2,751	2,294
Water Commission	-	-	1,977	1,931	1,977	1,931
<b>Total Expenses</b>	<u>50,222</u>	<u>49,147</u>	<u>4,728</u>	<u>4,225</u>	<u>54,950</u>	<u>53,372</u>
<b>Increase in Net Assets Before</b>						
Transfers	9,216	3,773	596	176	9,812	3,949
Transfers	(132)	124	132	(124)	-	-
<b>Increase in Net Assets</b>	<u>9,084</u>	<u>3,897</u>	<u>728</u>	<u>52</u>	<u>9,812</u>	<u>3,949</u>
<b>Net Assets, Beginning of Year</b>	<u>41,844</u>	<u>37,947</u>	<u>22,320</u>	<u>22,268</u>	<u>64,164</u>	<u>60,215</u>
<b>Net Assets, End of Year</b>	<u>\$ 50,928</u>	<u>\$ 41,844</u>	<u>\$ 23,048</u>	<u>\$ 22,320</u>	<u>\$ 73,976</u>	<u>\$ 64,164</u>

(Continued on next page)



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

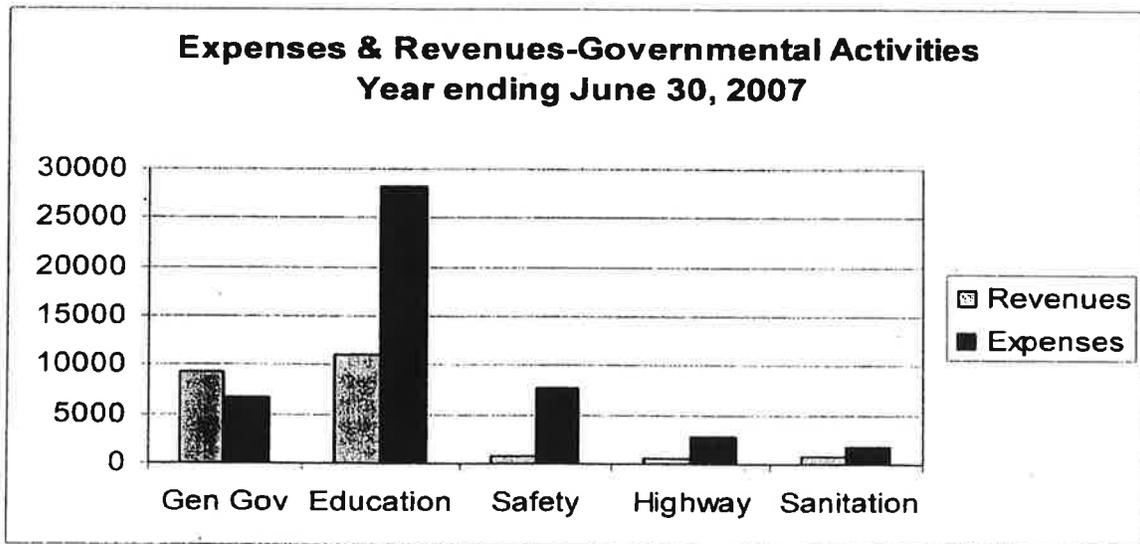
---

**Governmental Activities**

Governmental activity revenues exceeded expenses in fiscal 2007, thereby increasing the City's net assets by \$9.8 million.

A comparison of the cost of services by function for the City's governmental activities with the related program revenues is shown in Statement 2. Note that the largest expenses for the City are education and public safety (police and fire) also represent those activities that have the largest gap between expense and program revenues. Net expenses for general government decreased from \$31.1 million to \$25.4 million (\$5.7 million, 12.5%). This change in net expenses was a result of a \$5 million change in net expense/revenues for the general government due primarily to the grant for the airport received during the fiscal year. Net expenses for safety remained constant; another \$1 million increase in net school expenses and the highway and street net expenses remaining about the same. The shortfall of net expense from program revenues is covered by the general revenues primarily by property taxes which increased again this year by \$1.5 million.

Below you will find a comparison of revenues and expenses by major department as reflected in Statement 2.



**Business Type Activities**

The charges for goods and services for the City's Sewer Fund fell short of covering operating expenses again this year in the amount of \$391,877 while the Water Fund had an outstanding profit of \$14,564. Although the rates for the Sewer Department increased during fiscal year 2007 (effective January, 2007) this increase in revenues out paced the increase in expenses by only \$158,000 making this the fifth year running that the Sewer fund was not able to cover operating expenses. Additional fee increases will be necessary to bring this enterprise fund into balance.

---

*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. Current unreserved fund balance for the General Fund is \$6.7 million which measures positively to Government Finance Officers Association recommendations.

**General Fund**

The General Fund is the chief operating fund of the City. This year the airport fund (aeronautical) is also classified as a major fund due to the level of grant funding provided during the fiscal year. At the end of the current fiscal year, the General Fund had an unreserved, undesignated fund balance of \$6.7 million which represents 93% of the total fund balance of \$7.2 million.

**Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore, there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the original budget was amended for various transfers between departments. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section of this report. Actual revenues, adjusted for fund balance use and encumbrances, exceeded budget projections by \$743 thousand before adjustments. The major contributors to this variance was interest income up (\$669 thousand); and other revenues (up \$132 thousand) while taxes were down \$307 thousand. Expenditures came in at \$890 thousand below budget with the general government and capital outlay contributing.

**General Fund Revenues**-The following schedule presents a summary of General Fund revenues for the years ended June 30, 2007 and 2006.

---

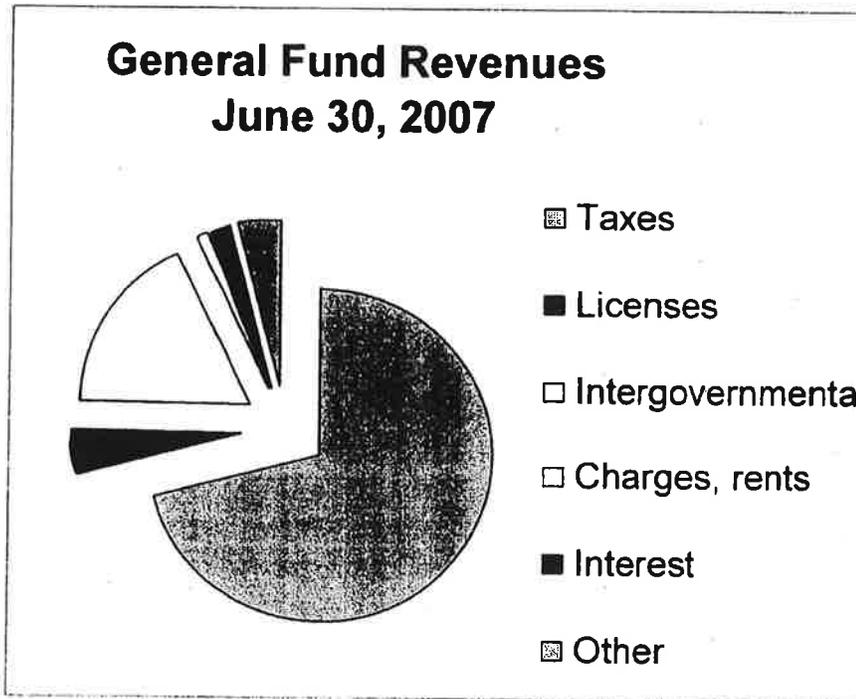
*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**General Fund Revenues**  
(expressed in thousands)

Revenues	2007		2006		Amount of Increase (Decrease)	Percentage of Change
	2007	2006	2007	2006		
Taxes	\$ 32,809	\$ 31,958	\$ 851			2.66%
Licenses	2,247	2,321	(74)			-3.19%
Intergovernmental	8,152	8,132	20			0.25%
Charges, Rents	602	563	39			6.93%
Interest	849	594	255			42.93%
Other	<u>1,841</u>	<u>2,192</u>	<u>(351)</u>			-16.01%
<b>Total</b>	<b><u>\$ 46,500</u></b>	<b><u>\$ 45,760</u></b>	<b><u>\$ 740</u></b>			<b>1.62%</b>



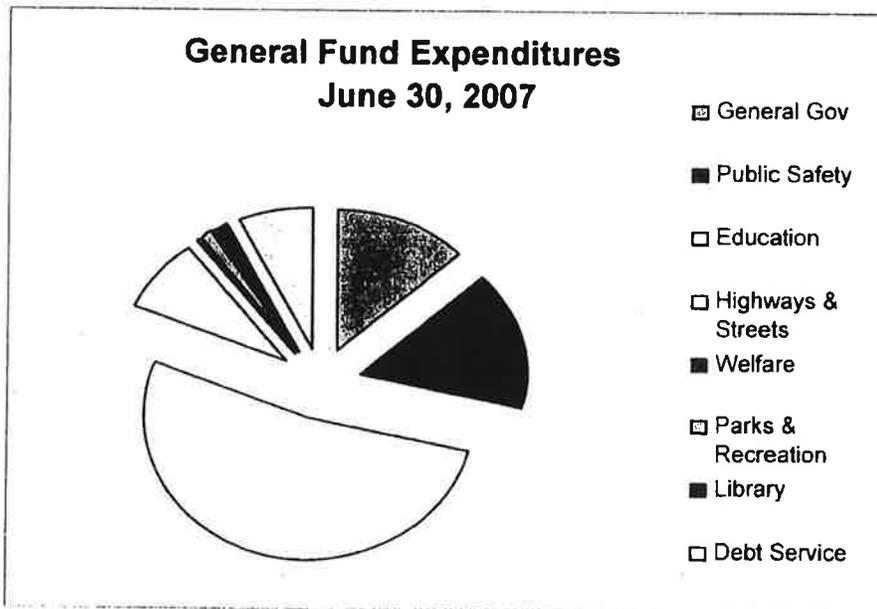
**General Fund Expenditures**-The following schedule presents a summary of General Fund Expenditures for the years ended June 30, 2007 and 2006.

(Continued on next page)



**CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

<b>Expenditures</b>	<b>General Fund Expenditures (expressed in thousands)</b>		<b>Amount of Increase (Decrease)</b>	<b>Percent of Change</b>
	<b>2007</b>	<b>2006</b>		
General Gov	\$ 5,846	\$ 5,461	\$ 385	7.05%
Public Safety	7,017	6,720	297	4.42%
Education	23,443	22,234	1,209	5.44%
Highways & Streets	3,789	3,656	133	3.64%
Welfare	126	213	(87)	-40.85%
Parks & Recreation	563	551	12	2.18%
Library	681	637	44	6.91%
Debt Service	<u>3,282</u>	<u>3,386</u>	<u>(104)</u>	-3.07%
<b>Total</b>	<b><u>\$ 44,747</u></b>	<b><u>\$ 42,858</u></b>	<b><u>\$ 1,889</u></b>	<b>4.41%</b>



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities before accumulated depreciation as of June 30, 2007 amounts to \$128.7 million (up \$10.5 million over the last year). As stated earlier, this change is primarily due to the start up of two major projects in the City including a \$8 million renovation at the airport and a \$23 million construction of a school. Both of these projects were underway in fiscal year 07 and are included in construction in process.

*(Continued on next page)*



CITY OF LACONIA, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Accumulated depreciation rose to \$48.5 million (up \$1.9 million over the last year), leaving a net book value of \$80.1 million. This investment in capital assets includes equipment, real property, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the City and include only roads and bridges. GASB 34 requires assets, including infrastructure, for the City's governmental activities.

**Debt Administration**

The City may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the City Council. At the end of the current fiscal year, the City had total bonded debt outstanding of \$20.3 million. These general obligation bonds are backed by the full faith and credit of the City.

The City has placed the majority of its bonding through the NH Bond Bank and sells under their three ratings of Moody's (Aa3), Standard & Poors (AA) and Fitch (AAA).

As of June 30, 2007 the City had only 13.9% of it legal debit limits used while the school had 5.8%. This is before the approved debt of \$23 million for the Memorial Middle School. This school project will increase our debit limit used for the school from 5.8% to 20.2%.

**ECONOMIC CONDITIONS**

The economy in the Lakes Region remains fairly stable with a 28% increase in the number of building permits (439) issued during the fiscal year with total estimated construction value of \$34.7 million. At March 2008, building permits are down from the prior year with the majority of the decline coming in the November 2007 to March 2008 period. However, the value of those permits drawn (when excluding the school project) appear to be equal to the prior year to date.

The vacancy rates of affordable rental properties remain low making it difficult for those working in service positions to find rents they can afford.

As of June, 2007, unemployment rate in this area was well below National (4.6%), Northeast (4.5%) averages and slightly below the State (3.6%) average. Unemployment in this area was up from 2.9% last year to 3.5% at the end of the fiscal year as the area experienced additional losses in manufacturing jobs. Since that time we have seen an increase in unemployment, some of which is typical for the winter months. At February 2007, unemployment had increased to 4.5% for this region while February 2008, moved to 5.1%.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all Laconia citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Laconia NH, Finance Department, 45 Beacon Street East, Laconia NH 03246.



## **BASIC FINANCIAL STATEMENTS**



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and Equivalents	\$ 11,143,496	\$ 76,963	\$ 11,220,459
Temporary Investments	7,162,297	1,822,243	8,984,540
Investments	1,022,959	2,092,394	3,115,353
Taxes Receivable	11,031,647	-	11,031,647
Accounts Receivable	585,598	1,024,697	1,610,295
Special Assessments Receivable	-	73,644	73,644
Due from Other Governments	3,137,727	14,032	3,151,759
Internal Balances	(58,437)	58,437	-
Inventories and Prepaids	99,409	345,677	445,086
Restricted Assets	1,007,464	934,206	1,941,670
Investment in Winnepesaukee River Basin (Net of Accumulated Amortization of \$1,217,643)	-	513,683	513,683
Property by Tax Deed and Title	43,318	-	43,318
Capital Assets:			
Land and Improvements	14,681,045	-	14,681,045
Buildings and Improvements	39,628,303	3,541,577	43,169,880
Sewer System	-	17,299,474	17,299,474
Water System	-	13,418,621	13,418,621
Infrastructure	19,482,036	-	19,482,036
Furniture, Equipment and Vehicles	7,491,141	1,831,285	9,322,426
Construction in Progress	11,323,643	99,700	11,423,343
Less Accumulated Depreciation	(30,048,325)	(18,529,599)	(48,577,924)
Total Capital Assets, Net of Depreciation	62,557,843	17,661,058	80,218,901
<b>TOTAL ASSETS</b>	<b>\$ 97,733,321</b>	<b>\$ 24,617,034</b>	<b>\$ 122,350,355</b>

(Continued)

*The Accompanying Notes are an Integral Part of This Financial Statement*



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 5,054,207	\$ 31,850	\$ 5,086,057
Contracts Payable	-	-	-
Retainage Payable	716,533	-	716,533
Due to Other Governments	-	46,670	46,670
Accrued Liabilities	1,448,401	15,287	1,463,688
Deferred Revenues	16,573,613	-	16,573,613
Liabilities Payable from Restricted Assets	-	491,412	491,412
Long-Term Obligations:			
Portion Due or Payable Within One Year			
Obligations Under Capital Leases	50,479	-	50,479
Bonds and Notes	3,745,366	155,720	3,901,086
Deferred Revenues	-	-	-
Portion Due or Payable After One Year			
Obligations Under Capital Leases	191,396	-	191,396
Bonds and Notes	16,567,248	211,440	16,778,688
Compensated Absences	2,458,856	196,673	2,655,529
Due to Other Governments	-	419,868	419,868
<b>Total Liabilities</b>	<u>46,806,099</u>	<u>1,568,920</u>	<u>48,375,019</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	42,730,904	17,293,898	60,024,802
Restricted for:			
Capital Reserves	52,696	391,689	444,385
Other Purposes:			
Endowments	928,071	-	928,071
Unrestricted	7,215,551	5,362,527	12,578,078
<b>Total Net Assets</b>	<u>\$ 50,927,222</u>	<u>\$ 23,048,114</u>	<u>\$ 73,975,336</u>

*The Accompanying Notes are an Integral Part of This Financial Statement*



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 6,691,909	\$ 3,152,643	\$ 99,610	\$ 5,985,982	\$ 2,546,326	\$ -	\$ 2,546,326
Fire Department and Ambulance	3,588,568	445,253	13,083	2,788	(3,127,444)	-	(3,127,444)
Police	4,168,266	276,795	53,355	111,922	(3,726,194)	-	(3,726,194)
Education	28,210,797	1,525,959	9,312,758	247,480	(17,124,600)	-	(17,124,600)
Highways and Streets	3,174,890	4,138	336,814	556,388	(2,277,550)	-	(2,277,550)
Sanitation	1,737,941	686,701	-	46,201	(1,005,039)	-	(1,005,039)
Health and Welfare	128,946	2,135	-	-	(126,811)	-	(126,811)
Parks and Recreation	715,700	79,685	-	65,954	(570,061)	-	(570,061)
Library	870,768	-	45,995	4,917	(819,856)	-	(819,856)
Interest on Long-term Debt	935,252	-	-	-	(935,252)	-	(935,252)
<b>Total Governmental Activities</b>	<b>50,223,037</b>	<b>6,173,309</b>	<b>9,861,615</b>	<b>7,021,632</b>	<b>(27,166,481)</b>	<b>-</b>	<b>(27,166,481)</b>
<b>Business-type Activities</b>							
Sewer	2,751,943	2,342,653	-	7,627	-	(401,663)	(401,663)
Water	1,977,207	1,964,745	-	746,989	-	734,527	734,527
<b>Total Business-type Activities</b>	<b>4,729,150</b>	<b>4,307,398</b>	<b>-</b>	<b>754,616</b>	<b>-</b>	<b>332,864</b>	<b>332,864</b>
<b>Total</b>	<b>\$54,952,187</b>	<b>\$10,480,707</b>	<b>\$ 9,861,615</b>	<b>\$ 7,776,248</b>	<b>(27,166,481)</b>	<b>332,864</b>	<b>(26,833,617)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					32,811,121		32,811,121
Franchise Fees					231,688		231,688
Payment in Lieu of Taxes					262,555		262,555
Other Taxes					548,712		548,712
Grants and Contributions Not Restricted to Specific Programs					1,309,479		1,309,479
Interest and Investment Earnings					1,128,096	213,118	1,341,214
Gain (Loss) on Sale of Capital Assets					(43,814)		(43,814)
Miscellaneous					133,965	49,291	183,256
Transfers					(132,501)	132,501	-
<b>Total General Revenues, Special Items and Transfers</b>					<b>36,249,301</b>	<b>394,910</b>	<b>36,644,211</b>
Change in Net Assets					9,082,820	727,774	9,810,594
Net Assets, Beginning of Year					41,844,402	22,320,340	64,164,742
Net Assets, End of Year					<b>\$ 50,927,222</b>	<b>\$23,048,114</b>	<b>\$ 73,975,336</b>

The Accompanying Notes are an Integral Part of This Financial Statement



## **FUND FINANCIAL STATEMENTS**



Statement 3

CITY OF LACONIA, NEW HAMPSHIRE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	Major Funds			Total Governmental Funds
	General Fund	Aeronautical Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,978,695	\$ 103,260	\$ 61,541	\$ 11,143,496
Temporary Investments	6,669,014	435,321	57,962	7,162,297
Investments	-	-	1,022,959	1,022,959
Taxes Receivable	11,031,647	-	-	11,031,647
Accounts Receivable	281,916	709	169,660	452,285
Due from Other Governments	224,643	2,376,683	491,975	3,093,301
Due from Other Funds	2,505,902	-	1,523,265	4,029,167
Inventories: Food/Supplies	3,462	-	16,407	19,869
Donated Commodities	-	-	10,556	10,556
Prepays	45,915	140	4,494	50,549
Restricted Assets	992,846	-	14,618	1,007,464
Property by Tax Lien and Title	66,973	-	-	66,973
<b>TOTAL ASSETS</b>	<b>\$ 32,801,013</b>	<b>\$ 2,916,113</b>	<b>\$ 3,373,437</b>	<b>\$ 39,090,563</b>

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement  
- Page 17 -



Statement 3  
(Continued)

CITY OF LACONIA, NEW HAMPSHIRE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	Major Funds			Total Governmental Funds
	General Fund	Aeronautical Fund	Other Governmental Funds	
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,990,089	\$ 50	\$ 63,947	\$ 5,054,086
Contracts Payable	-	-	-	-
Retainage Payable	85,087	582,273	49,173	716,533
Due to Other Governments	-	-	-	-
Accrued Liabilities	1,052,213	-	3,091	1,055,304
Deferred Revenues	17,228,909	-	29,123	17,258,032
Due to Other Funds	2,171,422	1,996,386	509,516	4,677,324
Matured Compensated Absences	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>25,527,720</b>	<b>2,578,709</b>	<b>654,850</b>	<b>28,761,279</b>
<b>FUND BALANCES</b>				
Reserved for Encumbrances	457,746	-	-	457,746
Reserved for Inventories	3,462	-	16,407	19,869
Reserved for Prepaids	45,915	-	-	45,915
Reserved for Permanent Funds Principal	-	-	145,453	145,453
Unreserved Reported in:				
General Fund	6,766,170	-	-	6,766,170
Special Revenue Funds	-	337,404	909,451	1,246,855
Capital Projects Funds	-	-	864,658	864,658
Undistributed Net Revenues of Permanent Funds	-	-	782,618	782,618
<b>TOTAL FUND BALANCES</b>	<b>7,273,293</b>	<b>337,404</b>	<b>2,718,587</b>	<b>10,329,284</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,801,013</b>	<b>\$ 2,916,113</b>	<b>\$ 3,373,437</b>	<b>\$ 39,090,563</b>

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

<b>Total Governmental Fund Balances</b>	<b>\$ 10,329,284</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because of the Following Items:</b>	
Capital Assets Used in Governmental Activities Are NOT Financial Resources and Therefore Are NOT reported in the Funds.	62,557,843
Other Long-term Assets, such as Property Taxes Not Collected Within Sixty Days of Fiscal Year End, Are NOT Available to Pay for Current-period Expenditures and Therefore Are Deferred in the Funds.	838,502
Internal Service Funds Are Used by the City to Charge the Costs of Equipment Maintenance and Replacement; the Assets and Liabilities of the Internal Service Fund Are Included in Governmental Activities and in the Statement of Net Assets	606,017
Long-term Liabilities, Including Bonds Payable and Unmatured Compensated Absences, Are NOT Due and Payable in the Current Period and Therefore Are NOT Reported in the Funds.	(23,404,424)
<b>Net Assets of Governmental Activities - Statement 1</b>	<b>\$ 50,927,222</b>

The Accompanying Notes are an Integral Part of This Financial Statement  
- Page 19 -



CITY OF LACONIA, NEW HAMPSHIRE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Major Funds			Totals
	General Fund	Aeronautical Fund	Other Governmental Funds	
<b>Revenues</b>				
Taxes and Special Assessments	\$ 32,907,927	\$ -	\$ 61,000	\$ 32,968,927
Licenses and Permits	2,246,661	-	-	2,246,661
Intergovernmental	1,968,595	6,008,107	479,252	8,455,954
Intergovernmental - School	6,538,377	-	3,337,793	9,876,170
Charges for Services	601,638	-	1,381,435	1,983,073
Rents and Royalties	75,011	276,034	-	351,045
Interest and Dividends	849,175	26,809	118,798	994,782
Other Revenue	1,766,027	10,644	198,486	1,975,157
<b>Total Revenues</b>	<b>46,953,411</b>	<b>6,321,594</b>	<b>5,576,764</b>	<b>58,851,769</b>
<b>Expenditures</b>				
Current:				
General Government	5,846,287	283,200	77,779	6,207,266
Fire Department and Ambulance	3,081,068	-	398,978	3,480,046
Police	3,936,219	-	222,131	4,158,350
Education	23,443,048	-	4,147,543	27,590,591
Highways and Streets	3,789,366	-	79,352	3,868,718
Health and Welfare	126,030	-	-	126,030
Parks and Recreation	562,789	-	87,153	649,942
Library	680,943	-	66,718	747,661
Capital Outlay	2,751,872	6,311,797	1,944,543	11,008,212
Debt Service	-	-	-	-
Principal	2,305,366	-	-	2,305,366
Interest	976,916	-	-	976,916
<b>Total Expenditures</b>	<b>47,499,904</b>	<b>6,594,997</b>	<b>7,024,197</b>	<b>61,119,098</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (546,493)	\$ (273,403)	\$ (1,447,433)	\$ (2,267,329)

(Continued)



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Major Funds			Totals
	General Fund	Aeronautical Fund	Other Governmental Funds	
<b>Other Financing Sources (Uses)</b>				
Proceeds of Long-Term Bonds	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000
Proceeds of Capital Lease	241,875	-	-	241,875
Operating Transfers In	35,870	10,000	58,950	104,820
Operating Transfers (Out)	(60,000)	-	(177,321)	(237,321)
<b>Total Other Financing Sources (Uses)</b>	<b>217,745</b>	<b>10,000</b>	<b>1,381,629</b>	<b>1,609,374</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(328,748)	(263,403)	(65,804)	(657,955)
Fund Balances, Beginning of Year	7,602,041	600,807	2,784,391	10,987,239
Fund Balances, End of Year	\$ 7,273,293	\$ 337,404	\$ 2,718,587	\$ 10,329,284

(Continued)



CITY OF LACONIA, NEW HAMPSHIRE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (STATEMENT 2)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

*Net Change in Fund Balances - Total Governmental Funds* \$ (657,955)

*Amounts Reported for Government Activities in the Statement of Activities Are Different Because of the Following Items:*

Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities the Cost of Those Capital Outlay Items is Capitalized and the Cost of Those Capitalized Assets is Then Charged Over Their Estimated Useful Lives as Depreciation Expense. This is the Amount by Which Depreciation Expense Exceeded Capital Outlay Expenditures in the Current Period.	8,341,865
The Statement of Activities Reports a Gain or (Loss) on the Sale or Disposal of Capitalized Assets Based on the Proceeds Received and the Net Book Value of the Assets at the Time of Sale.	(66,150)
Donations or Contributions of Capitalized Assets on the Statement of Activities Are Recognized as a Capital Contribution Revenue Whereas the Donation or Contribution is NOT Recorded on the Fund Statements.	108,569
Revenues Reported in the Statement of Activities That do NOT Provide Current Financial Resources, Such as Tax Revenues Not Collected Within Sixty Days of Fiscal Year End, Are NOT Reported as Current Year's Revenues in the Funds Statement.	535,204
Proceeds From Debt Issues Are Reported as an Other Financing Source (Proceeds of Long-Term Bonds) in the Funds Statement. However, Debt Issue Proceeds Increase Long-term Liabilities (Bonds Payable) in the Statement of Net Assets. The Repayment of Bond and Capital Lease Principal is an Expenditure (Debt Service) in the Governmental Funds. The Repayment of Principal Reduces Long-term Liabilities in the Statement of Net Assets. Also, Governmental Funds Report the Effect of Bond Premiums When Debt is First Issued, Whereas These Amounts Are Deferred and Amortized In the Statement of Activities.	568,666
Refund of Bond Interest From the Bond Bank is Recognized as Revenue on the Fund Statements. The Refunds Are Recognized as Deferred Revenues on the Governmental Funds and Amortized Over the Remaining Life of the Bonds.	2,412
Internal Service Fund is Used by The City to Charge the Costs of Certain Vehicles to Individual Funds. The Net Cost of the Internal Service Fund (Except for Depreciation Expense on the Vehicles Which is Reported in Capital Outlay Above) is Reported in Governmental Activities	323,521
Payment of Interest is Reported as an Expenditure When Due in the Governmental Funds. Interest is Accrued at Year End in the Statement of Activities. In Addition, Some Expenses Reported in the Statement of Activities, Such as Compensated Absences, do NOT Require the Use of Current Financial Resources. Accordingly, They Have NOT Been Reported as Expenditures in the Governmental Funds.	(73,312)

*Change in Net Assets of Governmental Funds - Statement 2*

\$ 9,082,820

*The Accompanying Notes are an Integral Part of This Financial Statement*



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007

	Business-Type Activities			Governmental
	Sanitary Sewer	Water Works	Totals	Activities Internal Service
<b>ASSETS</b>				
Current Assets:				
Cash and Equivalents	\$ -	\$ 76,963	\$ 76,963	\$ -
Temporary Investments	706,513	1,115,730	1,822,243	-
Investments	2,092,394	-	2,092,394	-
Accounts Receivable	622,755	401,942	1,024,697	-
Special Assessments Receivable	16,012	-	16,012	-
Due From Other Governments	14,032	-	14,032	-
Due From Other Funds	26,156	-	26,156	627,077
Inventories	-	142,074	142,074	18,438
Prepays	-	203,603	203,603	-
Total Current Assets	<u>3,477,862</u>	<u>1,940,312</u>	<u>5,418,174</u>	<u>645,515</u>
Restricted Assets:				
Cash and Cash Equivalents	-	473,671	473,671	-
Temporary Investments	321,175	139,360	460,535	-
Total Restricted Assets	<u>321,175</u>	<u>613,031</u>	<u>934,206</u>	<u>-</u>
Capital Assets:				
Sewer System	17,299,474	-	17,299,474	-
Water System	-	13,418,621	13,418,621	-
Treatment Plant	-	3,541,577	3,541,577	-
Equipment and Vehicles	1,394,390	436,895	1,831,285	3,411,214
Construction in Progress	99,700	-	99,700	-
Less: Accumulated Depreciation	(11,792,370)	(6,737,229)	(18,529,599)	(1,596,897)
Total Capital Assets, Net of Depreciation	<u>7,001,194</u>	<u>10,659,864</u>	<u>17,661,058</u>	<u>1,814,317</u>
Other Assets:				
Special Assessments Receivable (Net of Current Portion)	57,632	-	57,632	-
Investment in Winnepesaukee River Basin	513,683	-	513,683	-
Total Other Assets	<u>571,315</u>	<u>-</u>	<u>571,315</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,371,546</u>	<u>\$ 13,213,207</u>	<u>\$ 24,584,753</u>	<u>\$ 2,459,832</u>

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007

	Business-Type Activities			Governmental
	Sanitary Sewer	Water Works	Total	Activities Internal Service
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ -	\$ 31,850	\$ 31,850	\$ 100
Retainage Payable	-	-	-	-
Due to Other Governments	46,670	-	46,670	-
Accrued Liabilities	4,960	10,327	15,287	2,025
Deferred Revenue	-	-	-	-
Due to Other Funds	2,075	3,001	5,076	-
Accrued Vacation/Sick Pay	84,414	112,259	196,673	-
General Obligation Bonds Payable	-	155,720	155,720	-
<b>Total Current Liabilities</b>	<b>138,119</b>	<b>313,157</b>	<b>451,276</b>	<b>2,125</b>
Current Liabilities Payable from Restricted Assets:				
Accrued Liabilities	-	491,412	491,412	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>-</b>	<b>491,412</b>	<b>491,412</b>	<b>-</b>
Long-Term Liabilities:				
Due to Other Governments	419,868	-	419,868	-
Deferred Revenue (Net of Current Portion)	-	-	-	-
General Obligation Bonds (Net of Current Portion)	-	211,440	211,440	-
<b>Total Long-Term Liabilities</b>	<b>419,868</b>	<b>211,440</b>	<b>631,308</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>557,987</b>	<b>1,016,009</b>	<b>1,573,996</b>	<b>2,125</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt Restricted for	7,001,194	10,292,704	17,293,898	1,814,317
Capital Projects	-	391,689	391,689	-
Unrestricted	3,812,365	1,512,805	5,325,170	643,390
<b>TOTAL NET ASSETS</b>	<b>10,813,559</b>	<b>12,197,198</b>	<b>23,010,757</b>	<b>2,457,707</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,371,546</b>	<b>\$ 13,213,207</b>	<b>\$ 24,584,753</b>	<b>2,459,832</b>

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities		Totals	Governmental
	Sanitary Sewer Fund	Water Works Fund		Internal Service
<b>Operating Revenues</b>				
Charges for Services	\$ 2,328,829	\$ 1,760,970	\$ 4,089,799	\$ 854,302
Investment Revenue	-	-	-	-
Contributions	-	-	-	-
Other Revenue	13,824	203,775	217,599	-
<b>Total Operating Revenues</b>	<b>2,342,653</b>	<b>1,964,745</b>	<b>4,307,398</b>	<b>854,302</b>
<b>Operating Expenses</b>				
Administration and Overhead	239,400	592,327	831,727	515,538
Plant, Operations and Maintenance	1,582,924	-	1,582,924	-
Sewer Maintenance	421,588	-	421,588	-
Water Supply and Distribution	-	795,968	795,968	-
Depreciation	448,346	561,886	1,010,232	267,022
Amortization	42,272	-	42,272	-
Other Operation Expenses	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,734,530</b>	<b>1,950,181</b>	<b>4,684,711</b>	<b>782,560</b>
Operating Income (Loss)	(391,877)	14,564	(377,313)	71,742
<b>Non-Operating Revenue (Expense)</b>				
Interest - Income	150,150	62,968	213,118	-
- (Expense)	(26,020)	(27,026)	(53,046)	-
Other	-	49,291	49,291	-
<b>Net Non-Operating Revenues and (Expenses)</b>	<b>124,130</b>	<b>85,233</b>	<b>209,363</b>	<b>-</b>
Income Before Contributions and Transfers	(267,747)	99,797	(167,950)	71,742
<b>Contributions and Transfers In (Out)</b>				
Capital Contributions - System Development Charge	-	60,117	60,117	-
Capital Contributions - State of New Hampshire	7,627	37,888	45,515	-
Capital Contributions - Other Sources	-	648,984	648,984	14,940
Transfers In	-	132,501	132,501	-
Transfers (Out)	-	-	-	-
<b>Total Contributions and Transfers In (Out)</b>	<b>7,627</b>	<b>879,490</b>	<b>887,117</b>	<b>14,940</b>
Change in Net Assets	(260,120)	979,287	719,167	86,682
Total Net Assets, Beginning of Year	11,073,679	11,217,911		2,371,025
Total Net Assets, End of Year	\$ 10,813,559	\$ 12,197,198		\$ 2,457,707
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			8,607	
Changes in Net Assets of Business-type Activities - Statement 2			\$ 727,774	

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities		Totals	Governmental
	Sanitary Sewer Fund	Water Works Fund		Activities Internal Service
<b><i>Cash Flows From Operating Activities</i></b>				
Cash Received From Customers	\$ 2,444,964	\$ 1,425,728	\$ 3,870,692	\$ (65,347)
Cash Received From City for Services	15,934	228,891	244,825	821,688
Cash Paid to Suppliers	(2,631,103)	(689,116)	(3,320,219)	(381,467)
Cash Paid to Employees	(239,052)	(706,941)	(945,993)	(144,926)
Developers' Deposits Received	-	559,000	559,000	-
Developers' Deposits Returned	-	(190,991)	(190,991)	-
Other Operating Revenues	-	225,589	225,589	-
Other Revenues	-	-	-	-
Rental Income	-	17,820	17,820	-
<b><i>Net Cash Provided (Used) by Operating Activities</i></b>	<b><u>(409,257)</u></b>	<b><u>869,980</u></b>	<b><u>460,723</u></b>	<b><u>229,948</u></b>
<b><i>Cash Flows from Noncapital Financing Activities</i></b>				
Operating Transfers In (Out) from/to Other Funds	-	132,501	132,501	-
<b><i>Net Cash Provided (Used) by Noncapital Financing Activities</i></b>	<b><u>-</u></b>	<b><u>132,501</u></b>	<b><u>132,501</u></b>	<b><u>-</u></b>
<b><i>Cash Flows From Capital and Related Financing Activities</i></b>				
Additions to Property, Plant and Equipment	(70,274)	(454,621)	(524,895)	(229,948)
Principal Paid on Bonds	-	(155,720)	(155,720)	-
Interest Paid on Bonds	-	(27,026)	(27,026)	-
Proceeds from Sale of Equipment	-	-	-	-
Payments to State of New Hampshire- Winnepesaukee River Basin	(76,011)	-	(76,011)	-
Principal Received on Special Assessment Receivable	13,641	-	13,641	-
Interest Received on Special Assessment Receivable	-	-	-	-
Construction Fees in Excess of Related Costs	-	60,117	60,117	-
Contribution From General Fund	-	-	-	-
Contributions from Other Sources	-	-	-	-
Contributions from State Grant	-	37,888	37,888	-
<b><i>Net Cash Provided (Used) for Capital and Related Financing Activities</i></b>	<b><u>(132,644)</u></b>	<b><u>(539,362)</u></b>	<b><u>(672,006)</u></b>	<b><u>(229,948)</u></b>
<b><i>Cash Flows From Investing Activities</i></b>				
Interest on Investments	151,519	66,603	218,122	-
Proceeds from Sale of Investments	-	-	-	-
Maturities of Temporary Investments	-	100,000	100,000	-
Purchase of Investments	(87,471)	-	(87,471)	-
<b><i>Net Cash Provided (Used) by Investing Activities</i></b>	<b><u>64,048</u></b>	<b><u>166,603</u></b>	<b><u>230,651</u></b>	<b><u>-</u></b>
Increase (Decrease) in Cash and Cash Equivalents	(477,853)	629,722	151,869	-
Cash and Cash Equivalents, Beginning of Year	1,505,541	1,076,002	2,581,543	-
Cash and Cash Equivalents, End of Year	<b><u>\$ 1,027,688</u></b>	<b><u>\$ 1,705,724</u></b>	<b><u>\$ 2,733,412</u></b>	<b><u>\$ -</u></b>

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities		Totals	Governmental
	Sanitary Sewer Fund	Water Works Fund		Activities Internal Service
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Net Operating Income (Loss)	\$ (391,877)	\$ 14,564	\$ (377,313)	\$ 71,742
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	448,346	561,886	1,010,232	267,022
Amortization	42,272	-	42,272	-
Other Revenue	-	49,291	49,291	-
Change in Assets and Liabilities:				
(Increase) Decrease in Operating Assets:				
Accounts Receivable	(207,671)	(116,016)	(323,687)	-
Due From Other Governments	325,916	-	325,916	-
Due from Other Funds	(23,895)	-	(23,895)	(97,961)
Inventories	-	24,842	24,842	(9,806)
Prepays	-	(27,707)	(27,707)	-
Other Operating Assets	-	-	-	-
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	(663)	(11,841)	(12,504)	22
Accrued Liabilities	(1,578)	6,682	5,104	(1,071)
Due to Other Funds	(576,016)	-	(576,016)	-
Other Operating Liabilities	(24,091)	368,279	344,188	-
Total Adjustments	(17,380)	855,416	838,036	158,206
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (409,257)</b>	<b>\$ 869,980</b>	<b>\$ 460,723</b>	<b>\$ 229,948</b>
<b>Noncash Transactions</b>				
Additions to Property, Plant and Equipment:				
Donated by Private Individual or Businesses	\$ -	\$ 648,984	\$ 648,984	\$ -
Additions to Property, Plant and Equipment:				
Donated by Other Sources	\$ -	\$ -	\$ -	\$ 14,940
Fully Depreciated Property, Plant and Equipment				
Written Off During the Year	\$ 14,947	\$ 1,324,826	\$ 1,339,773	\$ -

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement



CITY OF LACONIA, NEW HAMPSHIRE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**Reconciliation of Cash and Cash Equivalents Per  
Statement of Cash Flows to Balance Sheet**

	Non- restricted Assets	Restricted Assets	Totals
<b>Sanitary Sewer Fund:</b>			
Cash and Cash Equivalents, Beginning of Year	\$ 1,192,829	\$ 312,712	\$ 1,505,541
Net Increase (Decrease) in Cash and Cash Equivalents	(486,316)	8,463	(477,853)
Cash and Cash Equivalents, End of Year, Cash Flows	<u>\$ 706,513</u>	<u>\$ 321,175</u>	<u>\$ 1,027,688</u>
<b>Water Works Fund:</b>			
Cash and Cash Equivalents, Beginning of Year	\$ 820,453	\$ 255,549	\$ 1,076,002
Less: Temporary Investments With Maturities of More Than Three Months	(100,000)	-	(100,000)
Net Increase (Decrease) in Cash and Cash Equivalents	372,240	357,482	729,722
Cash and Cash Equivalents, End of Year, Cash Flows	<u>\$ 1,092,693</u>	<u>\$ 613,031</u>	<u>\$ 1,705,724</u>
<b>Internal Service Fund:</b>			
Cash and Cash Equivalents, Beginning of Year	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents, End of Year, Cash Flows	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF LACONIA  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007

	Agency Funds	Private Purpose Trusts
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,082,074	\$ -
Temporary Investments	-	-
Investments, at Fair Value	-	3,456,359
Accounts Receivable	6,132	-
Prepaid Expense	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,088,206</b>	<b>\$ 3,456,359</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 6,132	\$ 10,985
Accrued Liabilities	-	-
Due to Specific Individuals and/or Groups	1,082,074	-
<b>TOTAL LIABILITIES</b>	<b>1,088,206</b>	<b>10,985</b>
<b>NET ASSETS</b>		
Held in Trust for Cemetery Maintenance and Various Other Purposes	-	3,445,374
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>	<b>3,445,374</b>

*The Accompanying Notes are an Integral Part of This Financial Statement*



CITY OF LACONIA, NEW HAMPSHIRE  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Private- Purpose Trusts
<b>ADDITIONS</b>	
Contributions	\$ -
Investment Earnings:	
Net Increase (Decrease) in Fair Value of Investments	257,232
Interest and Dividends	101,436
Gain (Loss) on Sale	106,511
Total Investment Earnings	465,179
Miscellaneous	-
<b>Total Additions</b>	465,179
<b>DEDUCTIONS</b>	
Benefits	55,040
Maintenance of Cemeteries	42,172
<b>Total Deductions</b>	97,212
Change in Net Assets	367,967
Net Assets, Beginning of Year	3,077,407
Net Assets, End of Year	\$ 3,445,374

*The Accompanying Notes are an Integral Part of This Financial Statement*



CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

**I | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The City of Laconia, New Hampshire (the City) is a municipal corporation governed by an elected mayor and six-member council. The City, located in the heart of the New Hampshire Lakes Region, was incorporated in 1893 and has been governed under the Council - City Manager form of government since 1971. The City engages in a comprehensive range of municipal services, including general government administration, public safety, education, health, welfare, human service programs, planning, community development and recreation, cultural, library and historic activities.

The accompanying financial statements include the transactions of all funds of the City and other governmental organizations included in the City's reporting entity because of the significance of their operations or financial relationships with the City in accordance with the criteria set forth by the Governmental Accounting Standards Board. The funds are established under the authority of the City Charter and their operations as reflected in the financial statements are those under the control of the City Council. There are no agencies or entities which should be presented with the City reporting standards for governmental units.

***B. Government-Wide and Fund 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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

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

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

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

The City reports the following major governmental funds:

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

The Aeronautical Fund is used to account for revenues and expenditures (including grant funds) incurred with the operation of the Laconia Airport.

Non-Major Governmental Fund Types:

Special Revenue Funds – accounts for specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes. Non-major special revenue funds include the Community Development Grants, School Lunch and Breakfast Programs, School Enterprises, School Federal Projects, Fire, Police and Public Works Grants, Ambulance Fund, Park Houses, Endicott Park, School – Other Special Revenue Funds, Special Education Trust and Laconia Water Works Capital Reserves.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

Capital Projects Funds – account for financial resources segregated for the acquisition or construction of major capital facilities. Non-major capital projects funds include the 1993-1994 Public Improvements Fund, 1997-1998 Public Improvements to 2005-2006 Public Improvements Funds, Woodland Heights School Capital Projects, Library Bond Fund, Lakes Business Park Fund and the Repair and Maintenance of Public Facilities Fund.

Permanent Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the programs—that is, for the benefit of the City or its citizenry. Permanent funds report trust arrangements in which the City is the beneficiary, including public-purpose funds previously classified as nonexpendable trust funds. Permanent funds are used for resources legally restricted to cemeteries, libraries, parks, public land maintenance and social services. Non-major permanent funds include Library – General and Other and Library – Gale Building Fund.

The City reports the following major proprietary funds:

The Sanitary Sewer Fund accounts for the operation and maintenance of the City's sewer lines and pumping stations.

The Water Works Fund accounts for the operation and maintenance of the City's water lines, pumping stations and treatment plant.

Additionally, the government reports the following fund types:

Internal service fund accounts for vehicle management services provided to other departments of the City on a cost reimbursement basis.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The fiduciary funds of the City are the private purpose trusts (Consolidated Trusts) and agency funds (School District Student Activity funds, performance bonds and other). For accounting measurement purposes, the private purpose trust funds are accounted for in essentially the same manner as proprietary funds. Private purpose trust funds account for assets of which the principal may not be spent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are NOT included in the government-wide financial statements.

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

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service fund are charges to customers for sales and services. The City also recognizes as revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

*D. Assets, Liabilities, and Net Assets or Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City Treasurer is authorized by State statutes to invest excess funds "in obligations of the U.S. Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under laws of the State of New Hampshire or in certificates of deposit of banks incorporated under the laws of the State of New Hampshire or in national banks located within the States of New Hampshire or Massachusetts."

The City participates in the New Hampshire Public Deposit Investment Pool established in accordance with RSA 383:22-24. Total City funds on deposit with the Pool at year end were \$1,802,992 and are reported as temporary investments on the General Fund (\$169,014), Aeronautical Fund (\$435,321), Non-Major Governmental (\$52,696) and Business-type Activities (\$1,145,961). At this time, the Pool's investments are limited to "short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire and New Hampshire municipal obligations, certificates of deposit from A1/P1-rated banks, money market mutual funds (maximum 20% portfolio), overnight to 30-day repurchase agreements (no limit, but collateral level at 102% in U.S. Treasury and Government Agency instruments delivered to the Custodian of the Pool) and reverse overnight repurchase agreements with primary dealers or dealer banks."

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

All trust fund investments are mutual fund marketable securities consisting of uninsured and unregistered investments for which the securities were held by an agent of one of the City's banks but not in the City's name. These securities cannot be sold or disposed of without the approval of the City.

Under New Hampshire law, the trustees of trust funds may invest:

"Only by deposit in savings bank or in the savings department of a national bank or trust company in this State or in shares of any building and loan association or co-operative bank, incorporated and doing business under the laws of this State or in the shares of any federal savings and loan association, located and doing business in this State or in bonds, notes or other obligations of the United States government or in State, County, Town, City, School District, water and sewer district bonds and the notes of Towns or Cities in this State; and such stocks and bonds as are legal for investment by New Hampshire savings banks and when so invested, the trustees shall not be liable for the loss thereof; and in any common trust fund established by the New Hampshire Charitable Fund in accordance with RSA 292.23".

Investments are carried at fair value. The fair value of investments is determined annually and is based on current market prices.

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. City management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose.

## 2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from 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). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City semiannually, in May and November, bills and collects its own property taxes for its fiscal year which begins July 1, as well as property taxes for Belknap County. (In accordance with an opinion from the former NCGA Technical Guidance Committee, Belknap County taxes are not reported as Agency Funds). Property tax revenue is recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable within that fiscal year and are collected either within that fiscal year or within 60 days of year end.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

Property taxes billed or collected in advance of the fiscal year for which they are levied are recorded as deferred revenue.

Property taxes are due in July and December. If the taxes are not paid by the following March, a lien is recorded on the property at the Register of Deeds. If the delinquent taxes ("redemptions") are not paid within two years of the tax lien date, the property is conveyed to the City by deed and subsequently sold at public sale.

In November 2005, the voters approved a Charter Amendment (Tax Cap) to limit the increases in proposed budgets going forward. This Tax Cap limits increases in net spending for the City, School and County budgets as follows:

1. Increases limited to changes in the Federal National Consumer Price Index (urban) and
2. New building permits (between April 1<sup>st</sup> and March 31<sup>st</sup>) times the prior year's tax rate.

This Charter Amendment can be overridden by a 2/3 vote of the City Council.

The City budgets, following New Hampshire budget procedures, an amount (\$153,609 in the current year) for property tax abatements and refunds. All abatements and refunds are charged to the account and they are reported net of property tax revenues. The actual total for the current year was \$188,010.

The tax rate for the year was \$15.51; \$6.06 City, \$1.12 County, \$6.22 Local School District and \$2.11 State Education Tax.

### 3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. Restricted Assets

Sanitary Sewer Fund - Winnepesaukee River Basin Program - In 1972, the City issued general obligation bonds in the amount of \$1,300,000 to complete Phase V of the City's sewer projects. Subsequent to the issuance of the bonds, the State of New Hampshire enacted into law the Winnepesaukee River Basin Control Act (RSA:149G) which authorized the State of New Hampshire Water Supply and Pollution Control Commission to acquire by eminent domain all sewage disposal facilities within the Winnepesaukee River Basin area. The Commission, through the Winnepesaukee River Basin Program, has acquired various pumping stations, sewer mains, interceptors and other sewer structures from the City. In addition, the various sewer projects earmarked in the City's 1972 bond issue were financed by the State, leaving the City with unused bond proceeds.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

The City Council has voted that the unused bond proceeds and any interest earned thereon are restricted to the construction of any future sewer projects required by the City. Consequently, the unused bond proceeds are accounted for in the Enterprise Fund (Sanitary Sewer) as restricted assets because the bonds are retired from Enterprise Fund operating revenue.

The Winnepesaukee River Basin Program is not a joint agreement pursuant to GASB. New Hampshire Revised Statutes Annotated (RSA 49G) assigns this specific pollution abatement function to the State of New Hampshire and authorizes the State of New Hampshire to recover the State's costs through proportional assessments against the eight towns and cities served by this facility. The Winnepesaukee River Basin Control is an operating arm of state government.

The Winnepesaukee River Basin Program also annually charges each community served by the system a portion of the principal and interest costs associated with construction projects ineligible for State and/or Federal funding. The total principal amount due has been capitalized in the Enterprise Fund (Sanitary Sewer) as an investment in the Winnepesaukee River Basin and the amount due to the program is reported under due to other governments. The investment in the Winnepesaukee River Basin is being amortized over 20 years.

Laconia Water Works - Developer Deposits and System Development Charge - Restricted assets (cash and cash equivalents) consist of refundable deposits from developers. Under the policy adopted by the Board of Water Commissioners, these funds were reserved for future capital improvements to the water system.

#### 5. Property by Tax Lien and Title

Elderly Tax Liens – Under New Hampshire Revised Statutes Annotated (RSA) 72:38A, elderly property owners in the City may request that the City file a tax lien against their property for the amount of their annual property taxes. Interest accrues annually at 5% and is payable along with the property taxes from the individual's estate.

Other Tax Liens – Under City Ordinance, if property taxes have not been paid within two years of the tax lien date, the property may be conveyed to the City by deed.

#### 6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) 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.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	10-20
Building and Improvements	15-40
Sewer System	50
Water System	5-40
Infrastructure - Roads	15-30
Infrastructure - Bridges	50
Furniture, Equipment and Vehicles	4-25

7. Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, as follows. Depending on union affiliation, full time city employees may accrue sick leave to a maximum of 90 to 120 days. When varying conditions are met, employees are paid for their accrued sick leave upon termination. Full time employees accrue vacation leave according to their longevity date and/or union contract provisions. Upon termination of employment or death of an employee, all accrued vacation leave is paid.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

**II | RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS**

*A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable and unmatured compensated absences, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ (20,312,614)
Add: Accrued Interest Payable on Bonds and Capital Leases at Fiscal Year End	(391,079)
Capital Leases Payable	(241,875)
Compensated Absences	<u>(2,458,856)</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$ (23,404,424)</u>

Another element of that reconciliation states that “other long-term assets, such as property taxes Not Collected within sixty days of fiscal year end, are NOT available to pay for current-period expenditures and therefore are deferred in the funds” The details of this difference are as follows:

Long-term Receivable – State of New Hampshire Landfill Grant	\$ 44,426
Allowance for Uncollectible Welfare Liens	(23,655)
Allowance for Uncollectible Tax Liens Receivable	-
Revenues NOT Deferred on the Governmental Funds:	
Welfare Liens	21,912
Deferred Tax Liens and CLU Taxes	770,985
Interest on Investments	133,313
Long-term Debt Deferrals:	
Refund of Interest on Bonds from Bond Bank	(20,504)
Bond Premium on Library Construction Bond	<u>(87,975)</u>
Net Adjustments to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets-Governmental Activities.	<u>\$ 838,502</u>

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

***B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those ASSETS is then charged over their estimated useful lives as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$ 10,931,133
Depreciation Expense	<u>(2,589,268)</u>
Net Adjustment to Increase Net Changes in Fund Balances- Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 8,341,865</u>

Another element of that reconciliation states that "proceeds from debt issues are reported as an other financing source (proceeds of long-term bonds) in the funds statement. However, debt issue proceeds increase long-term liabilities (bonds payable) in the statement of net assets. The repayment of bond and capital lease principal is an expenditure (debt service) in the governmental funds. The repayment of principal reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt Issued or Incurred:	
Capital Lease Financing	\$ (241,875)
Issuance of General Obligation Bonds	(1,500,000)
Principal Repayments:	
General Obligation Debt	2,305,366
Payments of Capital Lease	-
Premium on Bond Issue:	
Deferred to be Amortized in Future Years	-
Current Year Amortization of Bond Premium	<u>5,175</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 568,666</u>

In addition, the reconciliation also states that "payment of interest is reported as an expenditure when due in the governmental funds. Interest is accrued at year end in the statement of activities. In addition, some expenses reported in the statement of activities, such as compensated absences, do NOT require the use of current financial resources. Accordingly, they have NOT been reported as expenditures in the governmental funds." The details of this difference are as follows:

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

Compensated Absences	\$ (107,389)
Accrued Interest	<u>34,077</u>
Net Adjustment to Decrease Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ (73,312)</u>

That reconciliation also states that “revenues reported in the Statement of Activities that do NOT provide current financial resources, such as tax revenues not collected within sixty days of fiscal year end, are NOT reported as current year’s revenues in the Funds Statement.”

Intergovernmental Revenues NOT Considered Available	\$ 19,794
Welfare Liens NOT Considered Available for Fund Statements	(8,809)
Interest Receivable NOT Considered Available for Fund Statements	133,313
Deferred Taxes, Net Change, and Allowance for Uncollectible	<u>390,906</u>
Net Adjustment to Decrease Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 535,204</u>

**III | STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***A. Budgetary Information***

The City observes the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) At such time as may be requested by the City Manager or specified by the administrative code, each director of a department submits an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control. The Manager submits the proposed budget to the Council at least one month before the start of the fiscal year, which begins July 1.
- 2) A public hearing on the budget is held before its final adoption by the Council. Notice of the public hearing, together with a summary of the budget as submitted, is published at least one week in advance by the City Clerk.
- 3) The budget must be legally adopted no later than July 27. Should the Council take no final action on or prior to that date, the budget as submitted, is deemed to have been finally adopted by the Council.
- 4) No appropriation is made for any purpose not included in the annual budget as adopted unless voted by a two-thirds majority of the Council after a public hearing held to discuss the appropriation. The Council may by resolution, designate the source of any money so appropriated.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

- 5) At the beginning of each quarterly period during the fiscal year and more often if required by the Council, the City Manager submits data to the Council showing a comparison of the estimated and actual revenues and expenditures to date. If it appears that the revenues are less than anticipated, the Council or City Manager may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the City's revenues. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds or agencies under such rules as he may prescribe.
- 6) After the budget has been adopted, no expenditure may be incurred, except pursuant to a budget appropriation, unless there is a specific additional appropriation therefore. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within the department to another fund or agency within the department; the manager, with the approval of the Council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another. Council approval is required before total actual expenditures may exceed the total appropriation for the year.
- 7) Formal budgetary integration is employed as a management control device during the year only for the General Fund and the following Special Revenue Funds: School Lunch and Breakfast Programs and School Federal Projects.
- 8) The City legally adopts one inclusive budget for the General and two of the Special Revenue Funds (as defined above). The budget is adopted on a basis consistent with generally accepted accounting principles.
- 9) Budget appropriations lapse at the end of the fiscal year except for any appropriations approved by City Council to be carried forward.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

#### IV | DETAILED NOTES ON ALL FUNDS

##### *A. Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end the carrying amount of the City deposits was \$20,418,827. At year end \$19,662,243 of the City's bank balance of \$20,238,670 was exposed to custodial credit risk as follows:

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Uninsured – Collateral Held by the Federal Reserve Bank	\$ 7,180,375
Uninsured – Collateral Held by the Pledging Bank	2,300,000
Uninsured – Collateralized by Securities with a Total Market Value of \$11,879,070	<u>10,181,868</u>
Total	<u>\$ 19,662,243</u>

**B. Receivables**

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Aeronautical Fund	Other Funds	Total
Receivables:				
Taxes	\$ 10,251,599	\$ -	\$ -	\$ 10,251,599
Tax Liens	780,048	-	-	780,048
Accounts	281,916	709	169,660	452,285
Intergovernmental – City	224,643	-	-	224,643
Intergovernmental – School District	-	-	-	-
Intergovernmental – FAA Grants	-	2,376,683	-	2,376,683
Intergovernmental – Food Services	-	-	30,981	30,981
Intergovernmental – School Grants	-	-	422,464	422,464
Intergovernmental – Various City Grants	-	-	38,530	38,530
Gross Receivables	11,538,206	2,377,392	661,635	14,577,233
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 11,538,206</u>	<u>\$ 2,377,392</u>	<u>\$ 661,635</u>	<u>\$ 14,577,233</u>

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
2006 Property Taxes:		
Advance Collections	\$ -	\$ 6,238,222
Uncollected at Year End	10,141,875	-
Current and Prior Years' Taxes Due Previously but Uncollected by 60 Days After Current Year End	682,299	-
Other	26,445	169,191
Total	<u>\$ 10,850,619</u>	<u>\$ 6,407,413</u>

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

**C. Capital Assets**

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 7,478,925	\$ -	\$ (1,800)	\$ 7,477,125
Construction in Progress	<u>2,856,529</u>	<u>10,189,916</u>	<u>(1,722,802)</u>	<u>11,323,643</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>10,335,454</u>	<u>10,189,916</u>	<u>(1,724,602)</u>	<u>18,800,768</u>
<b>Capital Assets, Being Depreciated:</b>				
Land Improvements	7,009,630	194,290	-	7,203,920
Buildings and Improvements	39,368,007	535,526	(275,230)	39,628,303
Infrastructure	18,081,496	1,403,929	(3,389)	19,482,036
Furniture, Equipment and Vehicles	<u>7,094,181</u>	<u>668,789</u>	<u>(271,829)</u>	<u>7,491,141</u>
<b>Total Capital Assets Being Depreciated</b>	<u>71,553,314</u>	<u>2,802,534</u>	<u>(550,448)</u>	<u>73,732,130</u>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	(3,362,292)	(359,061)	-	(3,721,353)
Buildings and Improvements	(14,827,521)	(993,064)	230,730	(15,589,855)
Infrastructure	(6,017,532)	(715,465)	3,389	(6,729,608)
Furniture, Equipment and Vehicles	<u>(3,731,189)</u>	<u>(528,298)</u>	<u>251,978</u>	<u>(4,007,509)</u>
<b>Total Accumulated Depreciation</b>	<u>(27,938,534)</u>	<u>(2,595,888)</u>	<u>486,097</u>	<u>(30,048,325)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>43,614,780</u>	<u>206,646</u>	<u>(64,351)</u>	<u>43,757,075</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 53,950,234</u>	<u>\$ 10,396,562</u>	<u>\$(1,788,953)</u>	<u>\$ 62,557,843</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 38,503	\$ -	\$ -	\$ 38,503
Construction in Progress	<u>99,700</u>	<u>-</u>	<u>-</u>	<u>99,700</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>138,203</u>	<u>-</u>	<u>-</u>	<u>138,203</u>

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets, Being Depreciated:</b>				
Sewer System	\$17,289,189	\$ 10,285	\$ -	\$ 17,299,474
Water System	13,666,169	1,003,067	(1,289,118)	13,380,118
Water Treatment Plant	3,504,731	37,671	(825)	3,541,577
Equipment and Vehicles	<u>1,758,289</u>	<u>122,855</u>	<u>(49,859)</u>	<u>1,831,285</u>
Total Capital Assets, Being Depreciated	<u>36,218,378</u>	<u>1,173,878</u>	<u>(1,339,802)</u>	<u>36,052,454</u>
<b>Less Accumulated Depreciation for:</b>				
Sewer System	(10,485,666)	(324,387)	-	(10,810,053)
Water System	(5,924,462)	(402,063)	1,289,118	(5,037,407)
Water Treatment Plant	(1,416,636)	(106,106)	825	(1,521,917)
Equipment and Vehicles	<u>(1,032,405)</u>	<u>(177,676)</u>	<u>49,859</u>	<u>(1,160,222)</u>
Total Accumulated Depreciation	<u>(18,859,169)</u>	<u>(1,010,232)</u>	<u>1,339,802</u>	<u>(18,529,599)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,359,209</u>	<u>163,646</u>	<u>-</u>	<u>17,522,855</u>
Business-Type Activities Capital Assets, Net	<u>\$17,497,412</u>	<u>\$ 163,646</u>	<u>\$ -</u>	<u>\$ 17,661,058</u>

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental Activities:**

General Government	\$ 317,907
Fire Department and Ambulance	177,284
Police	196,292
Education	660,451
Highways and Streets, Including Depreciation of Infrastructure Assets	942,817
Sanitation	-
Health and Welfare	-
Parks and Recreation	149,702
Library	<u>144,815</u>
Total Depreciation Expense – Governmental Activities	2,589,268
Internal Service Fund Depreciation Expense Allocated to Sewer Fund	<u>6,620</u>
Increase in Accumulated Depreciation – Governmental Activities	<u>\$ 2,595,888</u>

**Business-Type Activities:**

Sanitary Sewer	\$ 448,346
Water Works	<u>561,886</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 1,010,232</u>

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

The City has active construction projects as of year end. At year end the City's commitments with contractors are as follows:

Project	Spent- To-Date	Remaining Commitment
2007 Road Projects	\$ 291,719	\$ 1,058,890
Fair Street Bridge Project	711,647	161,252
Landfill Capping Repair-Engineering	10,154	19,346
Memorial Middle School Project	1,894,578	19,516,323
Community Center Windows	31,115	57,785
City Hall Flooring Project	45,489	19,481
<b>Total</b>	<b>\$ 2,984,702</b>	<b>\$ 20,833,077</b>

The City also had contractual commitments for its bus transportation contract for the School District for fiscal year 2007/2008 for approximately \$400,910.

***D. Interfund Receivables, Payables, and Transfers***

The composition of interfund balances as of year end is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 509,516
General	Aeronautical Fund	1,996,386
General	Sanitary Sewer Fund	2,075
Sewer	General Fund	21,080
Sanitary Sewer Fund	Water Works	3,001
Internal Service Fund	General Fund	625,002
Internal Service Fund	Sanitary Sewer Fund	2,075
Nonmajor Governmental Funds	General	1,523,265
<b>Total</b>		<b>\$ 4,682,400</b>

Interfund Transfers:

	Transfer In:				Total
	General Fund	Aeronautical Fund	Nonmajor Governmental	Water Works	
Transfer Out:					
General	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Nonmajor Governmental Funds	35,870	-	58,950	132,501	227,321
Water Works	-	-	-	-	-
<b>Total</b>	<b>\$ 35,870</b>	<b>\$ 10,000</b>	<b>\$ 58,950</b>	<b>\$ 132,501</b>	<b>\$ 237,321</b>

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

***E. Leases***

**Capital Leases**

The School District has entered into an agreement for the lease of various copiers. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>
<i>Asset:</i>	
Equipment	\$ 241,875
Less: Accumulated Depreciation	<u>          -</u>
Total	<u>\$ 241,875</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of year end were as follows:

<b>Year Ended June 30,</b>		
2008	\$	53,101
2009		53,101
2010		53,101
2011		53,101
2012		<u>53,101</u>
Total Minimum Lease Payment		265,505
Less: Amount Representing Interest Present Value of Minimum Lease Payments		<u>(23,630)</u>
	\$	<u>241,875</u>

***F. Long-Term Debt***

**General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Governmental Activities – General Obligation Bonds and Notes	Amount
<u>\$2,000,000</u> - 1988 Landfill Bonds due in Annual Installments of \$100,000 Through July 15, 2008; Interest at 7.83% Through July 15, 2008.	\$ 200,000
<u>\$320,000</u> - 1988 Miscellaneous Bonds due in Annual Installments of \$16,000 Through July 15, 2008; Interest at 7.83% Through July 15, 2008.	32,000
<u>\$96,000</u> - 1989 City Bonds due in Annual Installments of \$4,620 Through July 15, 2009; Interest at 6.80% Through July 15, 2009.	13,860
<u>\$2,309,301</u> - 1990 Public Works and Parks and Recreation Bonds due in Annual Installments of \$115,000 Through January 15, 2011; Interest at 6.75% Through January 15, 2011.	460,000
<u>\$2,460,000</u> - 1993 Public Improvements Bonds due in Annual Installments of \$163,800 Through November 2008; Interest at 4.74% Through November 2008.	327,600
<u>\$1,125,0000</u> - 1996 Public Improvement Bond due in Annual Installments of \$56,050 Through January 2012; Installments of \$52,046 Through January 2016; Interest at 5.00% Through July 2007; Interest at 5.10% Through July 2008; Interest at 5.20% Through July 2009; Interest at 5.30% Through July 2010; Interest at 5.40% Through July 2011; Interest at 5.45% Through July 2012; Interest at 5.50% Through July 2013; Interest at 5.55% Through July 2014; Interest at 5.60% Through July 2015; Interest at 5.65% Through July 2016.	488,434
<u>\$569,000</u> - 1997 Public Improvement Bonds due in Annual Installments of \$54,525 Through January 15, 2008; Interest at 4.50% Through January 15, 2007; Interest at 4.60% Through January 15, 2008.	\$ 54,525

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Governmental Activities – General Obligation Bonds and Notes	Amount
<u>\$700,000</u> - 1999 Public Improvement Bonds due in Annual Installments of \$70,000 Through January 15, 2009; Interest at 4.00% Through January 15, 2006; Interest at 4.10% Through January 15, 2007; Interest at 4.125% Through January 15, 2008.	\$ 140,000
<u>\$620,000</u> - 2000 Public Improvement Bonds due in Annual Installments of \$60,000 Through January 15, 2010; Interest at 5.5% Through January 15, 2010.	180,000
<u>\$1,626,000</u> - 2001 Public Improvement Bonds due in Annual Installments of \$162,500 Through August 15, 2010; Interest at 5.125% Through August 15, 2009; Interest at 5.20% Through August 15, 2010.	650,000
<u>\$3,565,000</u> - 2001 Capital Improvement Bond due in Annual Installments of \$180,000 Through August 15, 2014; Installments of \$175,000 Through August 15, 2021; Interest at 4.125% Through August 15, 2007; Interest at 4.30% Through August 15, 2008; Interest at 4.375% Through August 15, 2009; Interest at 4.50% Through August 15, 2012; Interest at 4.60% Through August 15, 2013; Interest at 4.625% Through August 15, 2014; Interest at 4.75% Through August 15, 2015; Interest at 4.80% Through August 15, 2016; Interest at 4.90% Through August 15, 2017; Interest at 5.00% Through August 15, 2021.	2,665,000
<u>\$680,000</u> - 1988 School Bonds due in Annual Installments of \$34,000 Through July 15, 2008; Interest at 7.63% Through July 15, 2004; Interest at 7.73% Through July 15, 2005; Interest at 7.83% Through July 15, 2008.	68,000
<u>\$200,000</u> - 1989 School Bonds due in Annual Installments of \$9,660 Through July 15, 2009; Interest at 6.80% Through July 15, 2009.	28,980
<u>\$240,000</u> - 1993 School Improvement Bonds due in Annual Installments of \$16,200 Through November 2008; Interest at 4.74% Through November 2008.	\$ 32,400

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Governmental Activities – General Obligation Bonds and Notes	Amount
<u>\$280,000</u> - 1996 School Bonds due in Annual Installments of \$13,950 Through January 2012; Installments of \$12,954 Through January 2016; Interest at 5.00% Through July 2007; Interest at 5.10% Through July 2008; Interest at 5.20% Through July 2009; Interest at 5.30% Through July 2010; Interest at 5.40% Through July 2011; Interest at 5.45% Through July 2012; Interest at 5.50% Through July 2013; Interest at 5.55% Through July 2014; Interest at 5.60% Through July 2015; Interest at 5.65% Through July 2016.	\$ 121,566
<u>\$641,250</u> - 1997 School Bonds Due in Annual Installments of \$60,000 Through January 15, 2008; Interest at 4.45% Through January 15, 2007; Interest at 4.55% Through January 15, 2008.	60,000
<u>\$213,750</u> - 1997 School Bonds Due in Annual Installments of \$20,475 Through January 15, 2008; Interest at 4.60% Through January 15, 2008.	20,475
<u>\$2,175,000</u> - 2001 School Bonds Due in Annual Installments of \$217,500 Through August 15, 2010; Interest at 5.125% Through August 15, 2009; Interest at 5.20% Through August 2010.	870,000
<u>\$400,000</u> - 2000 School Bonds Due in Annual Installments of \$40,000 Through January 15, 2010; Interest at 5.50% Through January 15, 2010.	120,000
<u>\$6,223,000</u> - 2001 School Bonds Due in Annual Installments of \$310,000 Through August 15, 2014; Installments of \$315,000 Through August 15, 2018; Installments of \$310,000 Through August 15, 2021; Interest at 4.125% Through August 15, 2007; Interest at 4.30% Through August 15, 2008; Interest at 4.375% Through August 15, 2009; Interest at 4.50% Through August 15, 2012; Interest at 4.60% Through August 15, 2013; Interest at 4.625% Through August 15, 2014; Interest at 4.75% Through August 15, 2015; Interest at 4.80% Through August 15, 2016; Interest at 4.90% Through August 15, 2017; Interest at 5.00% Through August 15, 2021.	\$ 4,670,000

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Governmental Activities – General Obligation Bonds and Notes	Amount
<u>\$4,123,300</u> - 2002 School Improvement Bonds Due in Annual	
Installments of \$210,000 Through January 15, 2007;	
Installments of \$205,000 Through January 15, 2023;	
Interest at 4.25% Through July 15, 2014;	
Interest at 4.30% Through July 15, 2015;	
Interest at 4.40% Through July 15, 2016;	
Interest at 4.50% Through July 15, 2018;	
Interest at 4.60% Through July 15, 2019;	
Interest at 4.70% Through July 15, 2020;	
Interest at 4.80% Through July 15, 2021;	
Interest at 4.85% Through July 15, 2022;	
Interest at 4.90% Through January 15, 2023.	\$ 3,280,000
<u>\$2,783,375</u> - 2002 City Improvement Bonds Due in Annual	
Installments of \$180,000 Through August 15, 2008	
Installments of \$175,000 Through August 15, 2012	
Installments of \$100,000 Through August 15, 2022	
Interest at 3.00% Through February 15, 2006;	
Interest at 3.50% Through February 15, 2008;	
Interest at 4.00% Through February 15, 2013;	
Interest at 4.10% Through February 15, 2014;	
Interest at 4.25% Through February 15, 2015;	
Interest at 4.30% Through February 15, 2016;	
Interest at 4.40% Through February 15, 2017;	
Interest at 4.50% Through February 15, 2018;	
Interest at 4.60% Through February 15, 2019;	
Interest at 5.00% Through February 15, 2022;	2,060,000
<u>\$2,244,000</u> – 2004 City Library Bonds Due in Annual	
Installments of \$115,000 Through January 15, 2013	
Installments of \$110,000 Through January 15, 2024	
Interest at 4% Through January 15, 2006	
Interest at 5% Through January 15, 2015	
Interest at 4% Through January 15, 2017	
Interest at 4.75% Through January 15, 2019	
Interest at 4.375% Through January 15, 2021	
Interest at 4.5% Through January 15, 2022	
Interest at 4.75% Through January 15, 2024	\$ 1,900,000

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

Governmental Activities – General Obligation Bonds and Notes	Amount
<u>\$410,861</u> – City Capital Improvement Due in Annual installments of \$41,086 Through September 2015; Interest at 4%.	\$ 369,774
<u>\$9,998,000</u> – BAN Line of Credit at 3.5% Due January 31, 2008	<u>1,500,000</u>
Total Governmental Activities	<u>\$ 20,312,614</u>

***Business-Type Activities -***

<u>\$2,000,000</u> - 1988 Water Works Bonds Due in Annual Installments of \$100,000 Through July 15, 2008; Interest at 7.73% Through July 15, 2005; Interest at 7.83% Through July 15, 2008.	\$ 200,000
<u>\$1,154,000</u> – 1989 Water Works Bonds Due in Annual Installments of \$55,720 Through July 15, 2009; Interest at 6.80% Through July 15, 2009.	<u>167,160</u>
Total Business-Type Activities	<u>\$ 367,160</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 2,245,366	\$ 865,323	\$ 155,720	\$ 21,217
2009	2,110,366	755,203	155,720	9,599
2010	1,705,366	656,103	55,720	1,895
2011	1,591,086	574,178	-	-
2012	1,096,086	507,600	-	-
2013-2017	5,029,344	1,824,158	-	-
2018-2022	4,510,000	712,680	-	-
2023-2027	<u>525,000</u>	<u>28,215</u>	-	-
Total	<u>\$ 18,812,614</u>	<u>\$ 5,923,460</u>	<u>\$ 367,160</u>	<u>\$ 32,711</u>

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

**Changes in Long-Term Liabilities**

Long-term liability activity for the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 21,117,980	\$ 1,500,000	\$ (2,305,366)	\$ 20,312,614	\$ 3,745,366
Capital Leases	-	241,875	-	241,875	50,479
Compensated Absences	2,351,467	107,389	-	2,458,856	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 23,469,447</b>	<b>\$ 1,849,264</b>	<b>\$ (2,305,366)</b>	<b>\$ 23,013,345</b>	<b>\$ 3,795,845</b>
<b>Business-Type Activities:</b>					
General Obligation Bonds:	\$ 522,880	\$ -	\$ (155,720)	\$ 367,160	\$ 155,720
Capital Leases	-	-	-	-	-
Compensated Absences	182,504	14,169	-	196,673	-
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 705,384</b>	<b>\$ 14,169</b>	<b>\$ (155,720)</b>	<b>\$ 563,833</b>	<b>\$ 155,720</b>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

**V | OTHER INFORMATION**

**A. Risk Management**

The City's General Fund (School District) is self insured for a portion of employees health insurance benefit. The School District will reimburse employees for any expenses which were not paid by the insurance provider. The total maximum out-of-pocket annual medical expense for an employee under the family plan is \$1,000 with the School District paying for any amounts not covered by the health insurance plan above the \$1,000. Changes in the liability for claims for the last fiscal year were as follows:

Year Ended June 30,	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2006	\$ -	\$ 557,792	\$ 398,424	\$ 159,368
2007	\$ 159,368	\$ 324,950	\$ 377,659	\$ 106,659

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks except workers' compensation and property/liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(Continued on next page)

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

The City, along with numerous other municipalities in the State, is a member of a public entity risk pool in the State currently operating as a common risk management and insurance program for which all political subdivisions in the State are eligible to participate. The pool provides coverage for workers' compensation and also property/liability insurance. The total premiums paid to the pool for the fiscal year amounted to \$555,190. The member participation agreement permits the pool to make additional assessments to members, should there be a deficiency in contributions for any member year. At this time, the pool foresees no likelihood of an assessment for the current or any prior fiscal year.

***B. Contingent Liabilities***

Amounts received or receivable from grant 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, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

***C. Employee Retirement Systems and Pension Plans***

Plan Description - Substantially all City employees participate in the State of New Hampshire's Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All City full-time employees are eligible to participate in the System. The System is divided into two employee groups: Group I which includes all employees (including teachers) except fire fighters and police officers and Group II which is for fire fighters and police officers (including County Sheriff's Departments). The New Hampshire Retirement System issues annually a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New Hampshire Retirement System, Four Chenell Drive, Concord, NH.

Group I employees who retire at or after age 60 but before age 65 are entitled to retirement benefits equal to 1.667% of the average of their three highest paid years of compensation, multiplied by their years of service. At age 65 the benefit is recalculated at 1.50% of AFC multiplied by their years of service credit. Earlier retirement allowances at reduced rates are available after age 50 with 10 years of service. Benefits fully vest upon reaching 10 years of service or attaining age 60.

Group II employees who attain age 45 with 20 years or more of service are entitled to retirement benefits equal to 2.5% of the average of their three highest paid years of service, multiplied by their years of service, not to exceed 40. Benefits vest ratably beginning after 10 years of service.

---

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

The System also provides death and disability benefits. Cost-of-living increases have been periodically granted to retirees by the State Legislature.

**Funding Policy** - The System is funded by contributions from both the employees and employers. Group I employees are required by State statute to contribute 5.0 percent of gross earnings. Group II employees are required to contribute 9.3 percent of their gross earnings. The employer must, under the same statute, contribute monthly at an actuarially determined rate. The current rates are 8.74% for City employees, 5.80% for teachers, 11.84% for police officers and 15.92% for firefighters of covered payroll. The contribution requirement for the year was \$2,909,535, which consisted of \$1,496,234, from the City and \$1,413,301 from employees. The City's contributions to the System for the years ended June 30, 2006 and 2005 were \$1,430,055 and \$1,100,734, respectively. The City's annual contributions for the three years were equal to the amount required under State statute to be contributed for each year.

***D. Postretirement Benefits***

The City (thru the School District), in accordance with an agreement with the teachers' union, provides postretirement health care insurance (single person) for certain retired teachers. Teachers with fifteen years of services with the Laconia School District are eligible for the benefit if they are 55 years of age or older by September of the year in which they retire and if they also have filed a written notice of their pending retirement with the School District's administration two years prior to their actual retirement date. The School District restricts the number of new retirees eligible for the benefit to five annually.

The School District coordinates with the New Hampshire Retirement System (retirees with twenty years in the retirement system are eligible for a health insurance subsidy when they retire after thirty years) as the primary payer for eligible retirees. The School pays for the medical insurance coverage for eligible retirees on a pay-as-you-go basis. Total actual costs for the medical insurance coverage for retirees for the fiscal year was \$154,560 with the Retirement System subsidy amounting to \$85,407 and the School's actual expenditure amounting to \$69,153. There were 27 retirees participating in the program at fiscal year end.

***E. Transfer Station Agreement***

The City and the Town of Gilford entered into an agreement with a solid waste company in November 2005, for the operation of the Solid Waste Transfer Station in the City for a term of 12 years. This agreement includes Operation of the site, disposal of the solid waste and transportation to the Concord Coop. Provisions in the agreement cover fee changes subject to CPI-U; construction of a new transfer station on the site (to be detailed in an Amendment to the original contract); payment of real estate taxes; maintenance and repairs to the transfer station building and all areas used by the transfer station operations as well as annual fuel adjustments.

In September 2006, Amendment 1 was signed by all parties for the construction of a new transfer station at the current site in an amount not to exceed \$1.9 million. The cost of the new transfer station would be shared with the solid waste company paying 55% of the cost (\$1,045,000) and the remainder 45% (\$855,000) to be paid by the Town of Gilford (30%) and the City (70%). All initial funding for the project was to be paid by the Contractor; the contract was extended to 13 years.

*(Continued on next page)*

CITY OF LACONIA  
NOTES TO THE FINANCIAL STATEMENT

---

***F. Subsequent Events***

The City was awarded grants of \$2,076,036 for the design and construction of the itinerant parking apron and hazardous beacon upgrade at the Airport.

The City also was awarded a grant of \$225,000 from FEMA for Fire Department emergency preparedness.

In July the City issued long term bonds totaling \$22,644,000 for the Memorial Middle School project.

The City Council has approved a resolution authorizing long term debt in the amount of \$950,000 for the purchase of an aerial ladder truck.

In January 2008, Amendment 2 to the transfer station agreement was signed increasing the cost of the new transfer station to \$2.6 million with 55% of the project to be paid by the Contractor and the balance to be shared by the City (70%) and the Town of Gilford (30%). Costs related to remediation and removal of asbestos and/or unsuitable materials covered under this contract are limited to \$50,000. Any costs over and above \$50,000 will need to be addressed separately. The term of the contract was increased to 18 years. Should the City terminate the agreement prior to the expiration of the contract, the City will need to reimburse the Contractor for the unamortized portion of the Contractor's actual costs (assumes an 18 year life).

The City Council has also approved an additional \$190,000 in long term debt in addition to the \$855,000 previously approved for the transfer station contract mentioned in the previous paragraph.

---

*(Continued on next page)*

**REQUIRED SUPPLEMENTAL INFORMATION**



CITY OF LACONIA, NEW HAMPSHIRE  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Adopted Budget	Prior Year's Encumbrances	Supplemental Appropriation	Approved Transfers	Revised Budget	Actual	Variance With Final Budget
<b>Revenues</b>							
Taxes and Special Assessments	\$ 33,116,036	\$ -	\$ -	\$ -	\$ 33,116,036	\$ 32,808,843	\$ (307,193)
Licenses and Permits	2,200,000	-	-	-	2,200,000	2,246,661	46,661
Intergovernmental	1,622,703	-	-	-	1,622,703	1,968,595	345,892
Intergovernmental - School	6,505,326	-	-	-	6,505,326	6,538,377	33,051
Charges for Services	455,600	-	-	-	455,600	601,638	146,038
Rents and Royalties	43,000	-	-	-	43,000	75,011	32,011
Interest and Dividends	180,589	-	-	-	180,589	849,175	668,586
Other Revenues	1,634,474	-	-	-	1,634,474	1,766,027	131,553
Fund Balance Used for Prior Year's Encumbrances	-	1,179,970	-	-	1,179,970	-	(1,179,970)
Fund Balance Used for Appropriations	891,318	-	-	-	891,318	-	(891,318)
Fund Balance Used to Reduce the Tax Rate	-	-	-	-	-	-	-
<b>Total Revenues (Budgetary Basis)</b>	<b>46,649,046</b>	<b>1,179,970</b>	<b>-</b>	<b>-</b>	<b>47,829,016</b>	<b>46,854,327</b>	<b>(974,689)</b>
<b>Expenditures</b>							
Current:							
General Government	6,053,944	3,481	-	164,318	6,221,743	5,846,287	375,456
Fire Department and Ambulance	3,038,509	-	-	44,201	3,082,710	3,081,068	1,642
Police	3,908,795	-	-	-	3,908,795	3,936,219	(27,424)
Education	23,429,605	58,222	-	-	23,487,827	23,443,048	44,779
Highways and Streets	3,874,343	-	-	25,000	3,899,343	3,789,366	109,977
Health and Welfare	304,222	-	-	(127,500)	176,722	126,030	50,692
Parks and Recreation	593,282	-	-	4,500	597,782	562,789	34,993
Library	680,943	-	-	-	680,943	680,943	-
Capital Outlay	1,445,000	1,118,267	-	(110,519)	2,452,748	2,509,997	(57,249)
Debt Service - Principal	2,308,366	-	-	-	2,308,366	2,305,366	3,000
- Interest	977,037	-	-	-	977,037	976,916	121
<b>Total Expenditures (Budgetary Basis)</b>	<b>46,614,046</b>	<b>1,179,970</b>	<b>-</b>	<b>-</b>	<b>47,794,016</b>	<b>47,258,029</b>	<b>535,987</b>
Excess (Deficiency) of Revenues	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	\$ (403,702)	\$ (438,702)
Over Expenditures (Budgetary Basis)							

(Continued)



CITY OF LACONIA, NEW HAMPSHIRE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Adopted Budget	Prior Year's Encumbrances	Supplemental Appropriation	Approved Transfers	Revised Budget	Actual	Variance With Final Budget
<i>Other Financing Sources (Uses)</i>							
Operating Transfers In	\$ 25,000	-	\$ -	-	\$ 25,000	\$ 35,870	\$ 10,870
Operating Transfers (Out)	(60,000)	-	-	-	(60,000)	(60,000)	-
<i>Total Other Financing Sources (Uses) (Budgetary Basis)</i>	<u>(35,000)</u>	-	-	-	<u>(35,000)</u>	<u>(24,130)</u>	<u>10,870</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (Budgetary Basis) (Note 13)						(427,832)	(427,832)
Adjustments:							
To Adjust Revenues for Deferred Property Taxes						99,084	99,084
Capital Lease Proceeds						241,875	241,875
Capital Outlay - Capital Lease						(241,875)	(241,875)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (GAAP Basis)						(328,748)	(328,748)
Fund Balance, Beginning of Year	7,602,041	-	-	-	7,602,041	7,602,041	-
Fund Balance, End of Year	<u>\$ 7,602,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,602,041</u>	<u>\$ 7,273,293</u>	<u>\$ (328,748)</u>



**SINGLE AUDIT SECTION**



**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**





MASON + RICH

**PROFESSIONAL ASSOCIATION**  
**Certified Public Accountants**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To The Honorable Mayor and City Council  
City of Laconia  
Laconia, New Hampshire 03246

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia as of and for the year ended June 30, 2007, which collectively comprise the City of Laconia's basic financial statements and have issued our report thereon dated April 21, 2008. 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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the City of Laconia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Laconia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the City of Laconia's financial statements that is more than inconsequential will not be prevented or detected by the City of Laconia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Laconia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

SIX  
BICENTENNIAL  
SQUARE

CONCORD NH

03301

T 603.224.2000

F 603.224.2613

VISIT US AT [WWW.MASONRICH.COM](http://WWW.MASONRICH.COM)



## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Laconia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, City management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Mason + Rich, P.A.*

MASON + RICH PROFESSIONAL ASSOCIATION  
Certified Public Accountants

April 21, 2008



**REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**





MASON + RICH

**PROFESSIONAL ASSOCIATION**  
**Certified Public Accountants**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To The Honorable Mayor and City Council  
City of Laconia  
Laconia, New Hampshire 03246

**COMPLIANCE**

We have audited the compliance of the City of Laconia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Laconia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Laconia's management. Our responsibility is to express an opinion on the City of Laconia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Laconia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Laconia's compliance with those requirements.

In our opinion, the City of Laconia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

SIX  
BICENTENNIAL  
SQUARE  
CONCORD NH  
301  
T 603.224.2000  
F 603.224.2613

VISIT US AT [WWW.MASONRICH.COM](http://WWW.MASONRICH.COM)



## INTERNAL CONTROL OVER COMPLIANCE

The management of the City of Laconia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Laconia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

*A control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia as of and for the year ended June 30, 2007, and have issued our report thereon dated April 21, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Laconia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, City management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Mason + Rich, P.A.*

MASON + RICH PROFESSIONAL ASSOCIATION  
Certified Public Accountants

April 21, 2008



CITY OF LACONIA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2007**

---

**A | SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Laconia.
2. No significant deficiencies relating to the audit of the financial statements were reported in Part B of this Schedule.
3. No instances of noncompliance material to the financial statements of the City of Laconia, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in Part C of this Schedule.
5. The auditor's report on compliance for the major federal award programs for the City of Laconia expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs include:
  - Airport Improvement Program – CFDA #20.106
  - School Breakfast Program – CFDA #10.553
  - National School Lunch Program – CFDA #10.555
  - Food Distribution Program – CFDA #10.530
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Laconia was determined to be a low-risk auditee.

**B | FINDINGS - FINANCIAL STATEMENTS AUDIT**

REPORTABLE CONDITIONS – None Noted

**C | FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

REPORTABLE CONDITIONS – None Noted



CITY OF LACONIA, NEW HAMPSHIRE  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Funds Expended
<b>U.S. Department of Education</b>			
<i>Pass-through State of N.H. - Department of Education:</i>			
<i>Title I Grants to Local Educational Agencies:</i>			
Title I	84.010	60067	\$ 20,370
Title I	84.010	70071	602,609
Title I	84.010	70230	3,637
Total Title I			<u>626,616</u>
<i>Vocational Education - Basic Grants to States:</i>			
Vocational Education	84.048A	65026	13,634
Vocational Education	84.048A	75022	206,717
Total Vocational Education			<u>220,351</u>
<i>Adult Education - State Grant Program:</i>			
Adult Basic Education Program	84.002	77011	68,200
Diploma Program	84.002	77309	16,081
Tutorial Program	84.002	77401	24,345
Total Adult Education			<u>108,626</u>
<i>Safe and Drug-Free Schools and Communities - State Grants:</i>			
Title IV - Drug Free	84.186	76570	<u>2,250</u>
<i>Education Technology State Grants:</i>			
Title IID - Technology	84.318X	64495	1,495
Title IID - Technology	84.318X	74495	19,133
Total Education Technology State Grants			<u>20,628</u>
<i>Innovative Education Program Strategies:</i>			
Title VI - Innovative Initiatives	84.298A	66075	521
Title VI - Innovative Initiatives	84.298A	76075	3,969
Total Innovative Education Program Strategies			<u>4,490</u>
<i>Adult Basic Education</i>			
JOBS/HHS/Basic Skills	93.558	67053	<u>29,605</u>
<i>Special Education Grants to States:</i>			
IDEA	84.027	72572	<u>602,570</u>
<i>Improving Teacher Quality State Grants:</i>			
Title IIA - HQ Teachers	84.367A	64861	<u>236,258</u>
<i>Rural Education:</i>			
Rural Low Income	84.358	66260	<u>59,793</u>
<i>Teacher Quality Enhancement Grants</i>			
Competency Teacher Quality	84.336A	74608	<u>6,410</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Continued on next page)



CITY OF LACONIA, NEW HAMPSHIRE  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Funds Expended
<b>U.S. Department of Education (Continued)</b>			
Pass-through State of N.H. - Department of Education:			
<i>Twenty-First Century Community Learning Centers:</i>			
21st Century Grant	84.287C	66276	\$ 415,236
<i>Special Education:</i>			
Pre-School Grants	84.173	72767	36,293
<i>English Language Acquisition Grants</i>			
Title III - ESOL	84.365A	70811	11,723
<i>Learn and Serve America School and Community Based Programs:</i>			
PE - Literacy	94.004	76404	2,893
PE - Friendship	94.004	76405	1,732
PE - Homeland Security	94.004	76406	3,640
PE - Water Quality	94.004	76407	3,578
PE - Extra Veggies	94.004	76408	2,873
Total Learn and Serve America			14,716
<b>Total Department of Education</b>			<b>2,395,565</b>
<b>U.S. Department of Agriculture</b>			
Pass-through State of N.H. Department of Food Nutrition:			
<i>School Breakfast Program</i>	10.553	N/A	88,891
<i>National School Lunch Program</i>	10.555	N/A	332,396
<i>Food Distribution Program</i>	10.550	N/A	39,907
<b>Total Department of Agriculture</b>			<b>461,194</b>
<b>U.S. Department of Transportation</b>			
Pass-through State of N.H. Highway Safety Agency:			
<i>State and Community Highway Safety:</i>			
NH Sobriety Checkpoint	20.601	308-07B-130	224
DWI Patrol	20.601	308-06B-050	359
Laconia Laser Radar	20.600	315-07B-026	1,400
Join the Clique	20.600	N/A	1,336
Total Pass-through State of N.H. Highway Safety Agency			3,319
Federal Aviation Administration:			
Pass-through State of N.H. - Department of Aeronautics:			
<i>Airport Improvement Program:</i>			
Construct New Parking Apron, Phase I - Design/Permitting Runway and Parallel Taxiway	20.106	3-33-0009-15-2004	38,815
Reconstruct/Rehab. Taxiway	20.106	3-33-0009-16-2006	5,793,683
Total Federal Aviation Administration			5,832,498
<b>Total Department of Transportation</b>			<b>5,835,817</b>

(Continued on next page)

See Accompanying Notes to Schedule of Expenditures of Federal Awards



CITY OF LACONIA, NEW HAMPSHIRE  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Funds Expended
<b>U.S. Department of Housing and Urban Development</b>			
Pass-through State of N.H. - CDFA <i>Community Development Block Grant - State's Program:</i> Lakes Region Day Care Facility	14.228	04-007-CDPF	<u>62,528</u>
<b>U.S. Department of Justice</b>			
Pass-through State of N.H. - Attorney General Office: <i>Byrne Formula Grant Program:</i> Drug Task Force	16.579	N/A	\$ <u>30,739</u>
Total Pass-through State of N.H. - Attorney General Office			<u>30,739</u>
Pass-through State of N.H. - Department of Justice: <i>Enforcing Underage Drinking Laws Program</i>	16.727	2005CD30	8,716
<i>National Institute for Juvenile Justice and Delinquency Prevention:</i> Project Safe Neighborhood	16.609	2003PS14	<u>1,856</u>
Total Pass-through State of N.H. - Department of Justice			<u>10,572</u>
Direct Program: Bulletproof Vest Partnership Program	16.607	N/A	<u>1,178</u>
<b>Total Department of Justice</b>			<u>42,489</u>
<b>Department of Homeland Security</b>			
Federal Emergency Management Agency - Hazard Mitigation	97.039	N/A	9,857
Federal Emergency Management Agency - Disaster Assistance	97.036	N/A	35,623
Pass-through State of N.H. - Department of Safety: <i>Emergency Management Performance Grants</i> All Hazard Planning	83.552	N/A	2,023
Fire -Emergency Management	83.552	N/A	5,445
Hazmat	97.042	N/A	753
<i>State Domestic Preparedness Equipment Support Program</i> 2004 Homeland Security Collapse Rescue	97.004	N/A	1,542
<i>Homeland Security Grant Program</i> 2003 HS Emergency & Evaluation Program - Disaster Drill	97.067	N/A	<u>791</u>
			<u>56,034</u>
<b>Total Department of Homeland Security</b>			<u>56,034</u>
<b>TOTALS</b>			<u>\$ 8,853,627</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Continued on next page)



CITY OF LACONIA, NEW HAMPSHIRE  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

**A | BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Laconia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States and Local Government and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**B | FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2007 the organization had food commodities totaling \$10,556 in inventory.



# **STATISTICAL SECTION**



**CITY OF LACONIA**  
**NET ASSETS BY COMPONENT UNIT**  
**LAST TEN FISCAL YEARS (1)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$42,731	\$33,470	\$30,756	\$24,245	\$16,337
Restricted	980	996	1,332	1,662	7,396
Unrestricted	<u>7,215</u>	<u>7,379</u>	<u>5,859</u>	<u>5,942</u>	<u>4,581</u>
<b>Total governmental activities net assets</b>	<u>\$50,926</u>	<u>\$41,845</u>	<u>\$37,947</u>	<u>\$31,849</u>	<u>\$28,314</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$17,294	\$16,974	\$16,824	\$14,802	\$14,865
Restricted	392	67	178	187	250
Unrestricted	<u>5,363</u>	<u>5,279</u>	<u>5,266</u>	<u>7,484</u>	<u>7,516</u>
<b>Total business-type activities net assets</b>	<u>\$23,049</u>	<u>\$22,320</u>	<u>\$22,268</u>	<u>\$22,453</u>	<u>\$22,631</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$60,025	\$50,444	\$47,580	\$39,047	\$31,202
Restricted	1,372	1,063	1,510	1,849	7,846
Unrestricted	<u>12,578</u>	<u>12,658</u>	<u>11,125</u>	<u>13,406</u>	<u>12,097</u>
<b>Total primary governmental net assets</b>	<u>\$73,975</u>	<u>\$64,165</u>	<u>\$60,215</u>	<u>\$54,302</u>	<u>\$50,945</u>

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

\*2005 restated

**CITY OF LACONIA**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS (1)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$6,821	\$7,409	\$6,701	\$6,440	\$6,136
Public safety	7,757	7,821	6,894	8,051	6,288
Highways and streets	3,175	2,896	3,799	2,906	1,475
Sanitation	1,738	1,663	1,461	1,410	1,408
Education	28,211	26,965	25,438	25,039	22,166
Culture and recreation	1,588	1,585	1,217	1,222	1,141
Interest on long-term debt	935	1,028	1,128	1,220	1,128
<b>Total governmental activities expenses</b>	<b>50,223</b>	<b>49,147</b>	<b>46,638</b>	<b>44,288</b>	<b>39,722</b>
<b>Business-type activities:</b>					
Water	1,977	1,931	1,828	1,754	1,651
Sewer	2,752	2,834	2,489	2,353	2,184
<b>Total business-type activities expenses</b>	<b>4,729</b>	<b>4,565</b>	<b>4,315</b>	<b>4,107</b>	<b>3,815</b>
<b>Total primary government expenses</b>	<b>\$54,952</b>	<b>\$53,712</b>	<b>\$50,953</b>	<b>\$48,395</b>	<b>\$43,537</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$3,153	\$3,202	\$3,209	\$3,039	\$2,834
Culture and recreation	80	64	100	86	54
Other activities	2,940	2,808	2,617	2,696	2,466
Operating grants and contributions	9,862	10,894	9,829	11,352	9,361
Capital grants and contributions	7,022	7,292	5,723	2,208	419
<b>Total governmental activities program revenues</b>	<b>23,057</b>	<b>18,060</b>	<b>21,478</b>	<b>19,381</b>	<b>15,134</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water	1,965	1,914	1,808	1,828	1,631
Sewer	2,343	2,061	2,062	2,040	2,070
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	754	590	132	104	177
<b>Total business-type activities program revenues</b>	<b>5,062</b>	<b>4,565</b>	<b>4,002</b>	<b>3,772</b>	<b>3,878</b>
<b>Total primary government program revenues</b>	<b>\$28,119</b>	<b>\$22,625</b>	<b>\$25,480</b>	<b>\$23,153</b>	<b>\$19,012</b>
<b>Net (expense)/revenues</b>					
Governmental activities	(\$27,166)	(\$31,087)	(\$25,160)	(\$24,907)	(\$24,588)
Business-type activities	333	-	(313)	(335)	63
<b>Total primary government net expense</b>	<b>(\$26,833)</b>	<b>(\$31,087)</b>	<b>(\$25,473)</b>	<b>(\$25,242)</b>	<b>(\$24,525)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
<b>Taxes</b>					
Property taxes	\$32,811	\$31,327	\$29,010	\$26,213	\$25,240
Franchise taxes	232	220	206	194	188
Payment in lieu of taxes	263	241	245	244	252
Other taxes	549	681	261	335	275
Unrestricted grants and contributions	1,310	1,261	1,202	1,145	1,124
Investment earnings	1,128	677	288	283	322
Miscellaneous	89	453	301	219	439
Transfers	(133)	124	48	(47)	(54)
<b>Total governmental activities</b>	<b>38,249</b>	<b>34,984</b>	<b>31,559</b>	<b>28,586</b>	<b>27,786</b>
<b>Business-type activities:</b>					
Investment earnings	213	160	159	96	239
Miscellaneous	49	17	15	14	27
Transfers	133	(124)	(46)	47	54
<b>Total business-type activities</b>	<b>395</b>	<b>53</b>	<b>128</b>	<b>157</b>	<b>320</b>
<b>Total primary government</b>	<b>\$38,644</b>	<b>\$35,037</b>	<b>\$31,687</b>	<b>\$28,743</b>	<b>\$28,106</b>
<b>Changes in Net Assets</b>					
Governmental activities	\$9,083	\$3,897	\$6,399	\$3,679	\$3,198
Business-type activities	728	53	(185)	(178)	383
<b>Total primary government</b>	<b>\$9,811</b>	<b>\$3,950</b>	<b>\$6,214</b>	<b>\$3,501</b>	<b>\$3,581</b>

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

**CITY OF LACONIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General fund										
Reserved	\$507	\$1,219	\$349	\$311	\$753	\$564	\$503	\$250	\$709	\$135
Unreserved	6,766	6,383	6,097	5,897	5,637	4,548	4,595	4,887	3,450	3,681
Total general fund	\$7,273	\$7,602	\$6,446	\$6,208	\$6,390	\$5,112	\$5,098	\$5,137	\$4,159	\$3,816
All other governmental funds										
Reserved	\$162	\$162	\$162	\$614	\$148	\$15	\$13	\$12	\$34	\$63
Unreserved, reported in:										
Special revenue funds	1,246	1,498	1,167	989	696	632	459	484	544	204
Capital projects funds	865	1,056	1,168	3,872	5,318	5,078	2,606	861	847	1,666
Permanent funds	783	669	1,134	1,061	1,227	905	1,088	1,198	1,178	984
Total all other governmental funds	\$3,056	\$3,385	\$3,631	\$6,536	\$7,389	\$6,630	\$4,166	\$2,555	\$2,603	\$2,917

**CITY OF LACONIA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
Taxes	\$32,908	\$31,876	\$29,326	\$26,557	\$25,650	\$23,417	\$21,008	\$19,279	\$21,951	\$21,309
Licenses and permits	2,247	2,321	2,272	2,250	2,111	2,018	1,867	1,781	1,828	1,493
Intergovernmental	8,506	8,132	12,868	14,397	10,819	11,403	9,284	8,993	3,578	3,334
Charges for services	602	458	1,686	1,701	1,585	1,478	1,432	1,327	1,289	1,465
Fines	29	36	87	47	23	27	21	21	17	5
Investment earnings	849	594	281	283	304	484	921	809	736	771
Miscellaneous	1,812	2,261	2,950	2,816	2,539	1,939	1,816	1,976	1,965	1,589
<b>Total revenues</b>	<b>46,953</b>	<b>45,678</b>	<b>49,470</b>	<b>48,051</b>	<b>43,031</b>	<b>40,646</b>	<b>36,349</b>	<b>34,186</b>	<b>30,864</b>	<b>29,966</b>
<b>Expenditures</b>										
General government	5,973	5,674	7,465	6,799	5,466	6,260	4,989	4,438	4,218	4,611
Public safety	7,017	6,720	6,920	6,549	5,567	5,252	5,080	4,846	4,241	4,050
Education	23,443	22,234	24,788	23,631	22,046	20,905	20,036	17,835	16,347	15,614
Highways and streets	2,046	1,984	1,946	3,320	2,394	1,877	1,800	1,541	1,518	1,497
Sanitation	1,743	1,662	1,461	1,410	1,409	1,338	1,181	1,151	1,142	1,084
Library	681	637	576	607	524	535	541	449	407	405
Parks & Recreation	563	551	533	664	504	371	343	321	321	309
Capital outlay	2,752	1,489	4,989	4,803	7,409	9,460	2,948	2,320	2,185	1,598
Debt service										
Principal	2,305	2,314	2,313	2,261	1,927	1,440	1,069	965	889	745
Interest	977	1,072	1,180	1,202	1,060	895	642	509	537	525
Other charges										
<b>Total expenditures</b>	<b>47,500</b>	<b>44,347</b>	<b>52,181</b>	<b>51,386</b>	<b>48,326</b>	<b>48,133</b>	<b>38,639</b>	<b>34,375</b>	<b>31,803</b>	<b>30,436</b>
Excess of revenues over (under) expenditures	(547)	1,331	(2,711)	(3,335)	(5,295)	(7,487)	(2,290)	(189)	(939)	(470)
<b>Other financing sources (uses)</b>										
Transfers in	36	35	1,836	315	778	754	414	713	368	222
Transfers out	(60)	(210)	(1,790)	(362)	(832)	(507)	(633)	(270)	(408)	(302)
Capital leases	242									
Refunding bonds issued				2,347	6,907	9,788	3,801	1,020	700	1,424
Bonds issued				2,300	6,853	10,035	3,582	1,463	960	1,344
<b>Total other financing sources (uses)</b>	<b>218</b>	<b>(175)</b>	<b>48</b>	<b>2,300</b>	<b>6,853</b>	<b>10,035</b>	<b>3,582</b>	<b>1,463</b>	<b>960</b>	<b>1,344</b>
<b>Net change in fund balances</b>	<b>(\$329)</b>	<b>\$1,156</b>	<b>(\$2,665)</b>	<b>(\$1,035)</b>	<b>\$1,558</b>	<b>\$2,548</b>	<b>\$1,292</b>	<b>\$1,274</b>	<b>(\$279)</b>	<b>\$874</b>

**CITY OF LACONIA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION-GENERAL FUND**

Last Ten Fiscal Years

(amounts expressed in thousands)

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government	5,846	5,460	5,452	4,925	5,860	4,730	4,247	3,801	3,728	3,758
Public safety	7,017	6,720	6,160	5,795	6,268	4,943	4,718	4,474	3,922	3,842
Education	23,443	22,234	20,937	20,175	22,166	18,639	17,902	15,808	14,745	14,392
Highways and streets	3,789	3,656	3,382	4,915	2,883	2,939	2,904	2,693	2,658	2,572
Welfare	126	213	319	312	276	259	133	173	181	187
Parks & Recreation	563	551	506	531	609	366	339	321	321	309
Library	681	637	558	549	532	535	542	449	407	406
Capital outlay	2,752	1,489	1,583	**0	**0	859	845	827	665	556
Debt service	3,282	3,386	3,503	3,463	1,128	2,335	1,711	1,474	1,426	1,270
<b>TOTALS</b>	<b>47,499</b>	<b>44,346</b>	<b>42,400</b>	<b>40,665</b>	<b>39,722</b>	<b>35,605</b>	<b>33,341</b>	<b>30,020</b>	<b>28,053</b>	<b>27,292</b>

Percent of Total	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government	13.2%	12.3%	12.9%	12.1%	14.8%	13.3%	12.7%	12.7%	13.3%	13.8%
Public safety	15.8%	15.2%	14.5%	14.3%	15.8%	13.9%	14.2%	14.9%	14.0%	14.1%
Education	52.9%	50.1%	49.4%	49.6%	55.8%	52.3%	53.7%	52.7%	52.6%	52.7%
Highways and streets	8.5%	8.2%	8.0%	12.1%	7.3%	8.3%	8.7%	9.0%	9.5%	9.4%
Welfare	0.3%	0.5%	0.8%	0.8%	0.7%	0.7%	0.4%	0.6%	0.6%	0.7%
Parks & Recreation	1.3%	1.2%	1.2%	1.3%	1.5%	1.0%	1.0%	1.1%	1.1%	1.1%
Library	1.5%	1.4%	1.3%	1.4%	1.3%	1.5%	1.6%	1.5%	1.5%	1.5%
Capital outlay	7.4%	7.6%	8.3%	8.5%	2.8%	2.4%	2.5%	2.8%	2.4%	2.0%
Debt service						6.6%	5.1%	4.9%	5.1%	4.7%

\*Capital Outlay is now reported in the functions

City of Laconia  
**General Revenues by Source-General Fund**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
Taxes	\$32,908	\$31,875	\$29,327	\$26,508	\$24,508	\$23,417	\$21,008	\$19,278	\$21,951	\$21,309
Licenses and permits	2,247	2,321	2,272	2,250	2,111	2,018	1,867	1,781	1,628	1,493
Integovernmental	1,969	1,572	1,523	1,447	1,431	1,381	1,343	1,305	1,577	1,500
Integovernmental-School	6,538	6,561	6,174	7,609	6,873	6,410	6,121	6,103	914	626
Charges for services	602	458	559	584	625	633	573	485	513	855
Rents and Royalties	75	104	98	91	87	88	79	78	88	87
Interest and Dividends	849	594	230	190	264	486	937	732	677	673
Other	1,766	2,192	2,107	1,838	1,610	1,404	1,391	1,317	1,220	1,083
<b>Total revenues</b>	<b>46,954</b>	<b>45,677</b>	<b>42,290</b>	<b>40,517</b>	<b>37,509</b>	<b>35,837</b>	<b>33,319</b>	<b>31,079</b>	<b>28,568</b>	<b>27,626</b>

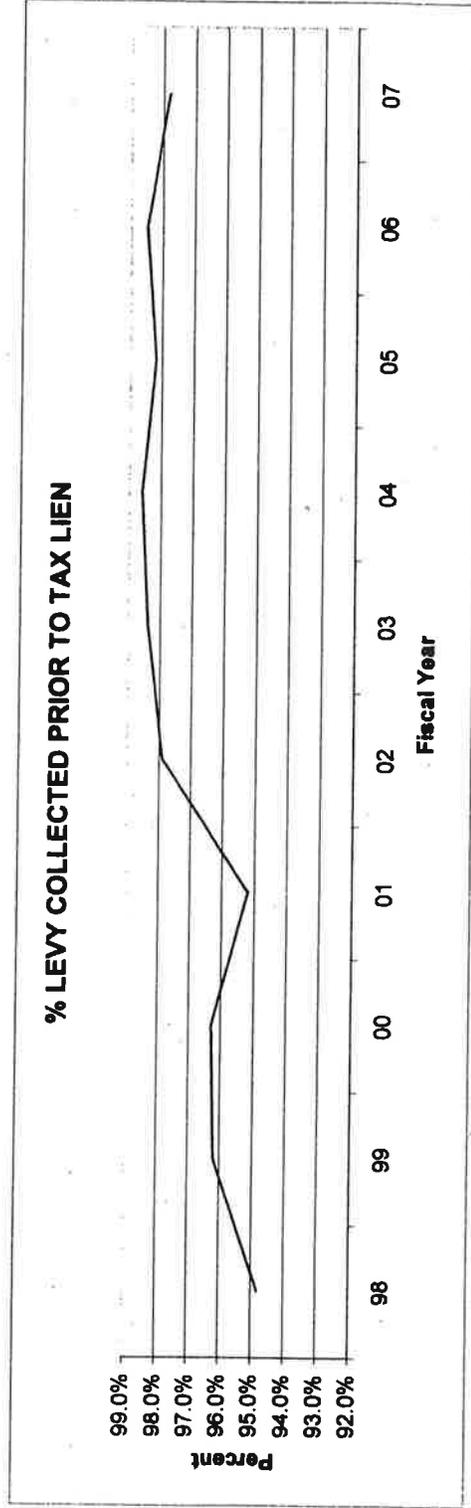
**Percent of Total Revenue**

Taxes	72.0%	69.8%	69.3%	65.4%	65.3%	65.3%	63.1%	62.0%	76.8%	77.1%
Licenses and permits	4.9%	5.1%	5.4%	5.6%	5.6%	5.6%	5.6%	5.7%	5.7%	5.4%
Integovernmental	4.3%	3.4%	3.6%	3.6%	3.8%	3.9%	4.0%	4.2%	5.5%	5.4%
Integovernmental-School	14.3%	14.4%	14.6%	18.8%	18.3%	17.9%	18.4%	19.6%	3.2%	2.3%
Charges for services	1.3%	1.0%	1.3%	1.4%	1.7%	1.8%	1.7%	1.6%	1.8%	3.1%
Rents and Royalties	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Interest and Dividends	1.9%	1.3%	0.5%	0.5%	0.7%	1.4%	2.8%	2.4%	2.4%	2.4%
Other	3.9%	4.8%	5.0%	4.5%	4.3%	3.9%	4.2%	4.2%	4.3%	3.9%

**CITY OF LACONIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Amounts expressed in thousands)**

Fiscal Year Ended 30-Jun	Total Property Tax Levy	Current Fiscal Year Tax Collections	Percent of Levy Collected Prior to Tax Lien	Property Taxes Liened(1)	Current Fiscal Collections	Total Tax Collections For Current Fiscal Year	Collections as Percent of Total Tax Levy	Outstanding Liened Taxes For Current Fiscal Year End	Outstanding Liened Taxes as Percent of Tax Levy
1998	20,777	19,688	94.8%	1,089	1,089	20,777	100.0%	-	0.0%
1999	22,171	21,325	96.2%	846	846	22,171	100.0%	-	0.0%
2000	18,931	18,240	96.3%	691	691	18,931	100.0%	-	0.0%
2001	21,510	20,472	95.2%	1,038	1,038	21,510	100.0%	-	0.0%
2002	23,586	23,094	97.9%	492	492	23,586	100.0%	-	0.0%
2003	24,305	23,910	98.4%	395	395	24,305	100.0%	-	0.0%
2004	26,324	25,949	98.6%	375	375	26,324	100.0%	-	0.0%
2005	29,089	28,570	98.2%	519	518	29,088	100.0%	1	0.0%
2006	31,335	30,871	98.5%	464	280	31,151	99.4%	164	0.6%
2007	32,997	32,244	97.8%	753	158	32,402	98.2%	595	1.8%

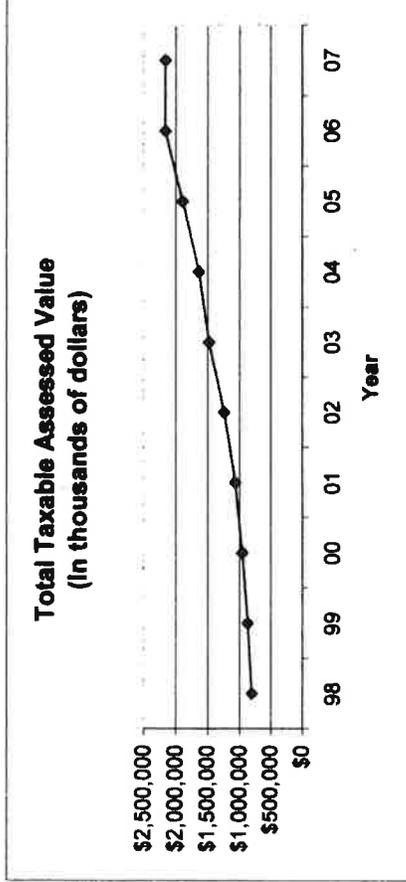
(1) Annually, the City places a lien on properties for which taxes are unpaid.



**CITY OF LACONIA**  
**ASSESSED VALUE AND ESTIMATED FULL VALUE OF REAL PROPERTY**  
 Last Ten Fiscal Years  
 (In thousands of dollars)

Fiscal Year End	Local Assessed Value (1)			Total Assessed Value*	Less: Exemptions to Assessed Value (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (per \$1,000)	Estimated Full Value (2)	Ratio of Total Assessed Value to Total Estimated Full Value
	Residential Property	Commercial Property	Utilities						
1998	624,543	169,947	17,374	\$811,864	4,485	\$807,379	\$27.24	842,669	96.3%
1999	674,458	183,155	17,669	\$875,282	4,515	\$870,767	\$27.54	854,057	102.5%
2000	766,967	177,952	18,214	\$963,133	4,500	\$958,633	\$22.01	942,792	102.2%
2001	875,068	181,486	19,054	\$1,075,608	4,543	\$1,071,065	\$22.52	1,047,463	102.7%
2002	983,942	246,033	19,181	\$1,249,156	6,048	\$1,243,108	\$21.83	1,119,023	111.6%
2003	1,238,126	230,249	21,428	\$1,489,803	7,146	\$1,482,657	\$19.74	1,335,628	111.5%
2004	1,390,738	238,891	22,890	\$1,652,519	7,280	\$1,645,239	\$17.89	1,561,740	105.8%
2005	1,598,527	287,132	22,964	\$1,908,623	9,475	\$1,899,148	\$17.84	1,808,174	105.6%
2006	1,800,888	348,509	21,711	\$2,171,108	9,250	\$2,161,858	\$16.72	2,088,694	103.9%
2007	1,816,321	329,897	23,115	\$2,169,333	8,610	\$2,160,723	\$15.51	2,255,023	96.2%

Year	Percentages	
	Commercial	Utilities
1998	20.9%	2.1%
1999	20.9%	2.0%
2000	18.5%	1.9%
2001	16.9%	1.8%
2002	19.7%	1.5%
2003	15.5%	1.4%
2004	14.5%	1.4%
2005	15.0%	1.2%
2006	16.1%	1.0%
2007	15.2%	1.1%



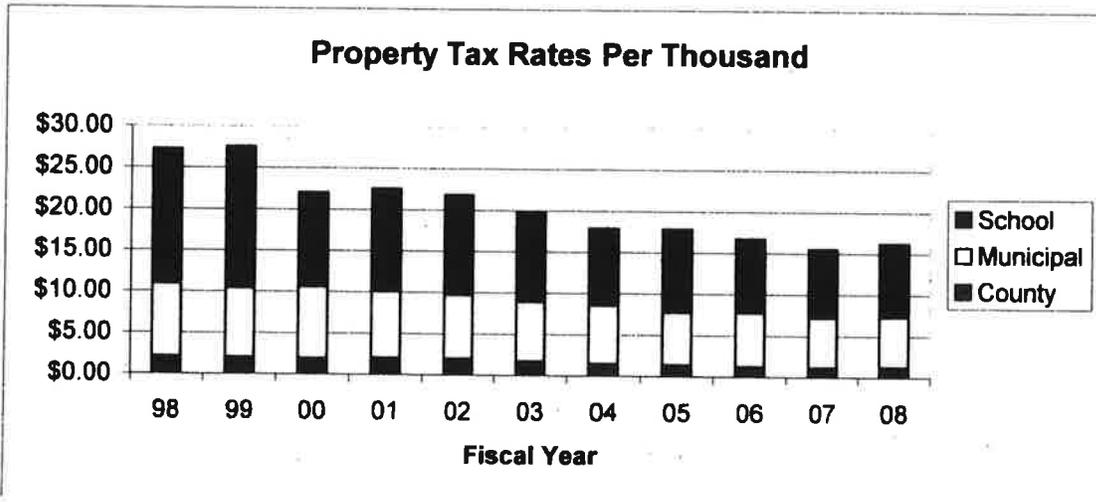
Source: (1) MS 1 reports on Assessed Value  
 (2) NH Department of Revenue Administration's Equalization Survey

**CITY OF LACONIA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING  
Last Ten Fiscal Years**

**City Direct Rates**

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>State Education</u>	<u>Total School</u>	<u>Total Direct</u>	<u>Overlapping Rate County</u>	<u>Total Direct &amp; Overlapping Rates</u>
1998	\$8.81	\$16.35	-	\$16.35	\$25.16	\$2.08	\$27.24
1999	\$8.41	\$17.13	-	\$17.13	\$25.54	\$2.00	\$27.54
2000	\$8.71	\$4.90	\$6.53	\$11.43	\$20.14	\$1.87	\$22.01
2001	\$8.07	\$6.58	\$5.89	\$12.47	\$20.54	\$1.98	\$22.52
2002	\$7.78	\$6.29	\$5.82	\$12.11	\$19.89	\$1.94	\$21.83
2003	\$7.25	\$5.93	\$4.90	\$10.83	\$18.08	\$1.66	\$19.74
2004	\$7.10	\$5.64	\$3.72	\$9.36	\$16.46	\$1.43	\$17.89
2005	\$6.40	\$7.37	\$2.71	\$10.08	\$16.48	\$1.36	\$17.84
2006	\$6.55	\$6.63	\$2.34	\$8.97	\$15.52	\$1.20	\$16.72
2007	\$6.06	\$6.22	\$2.11	\$8.33	\$14.39	\$1.12	\$15.51

Source:  
NH State Department of Revenue Administration

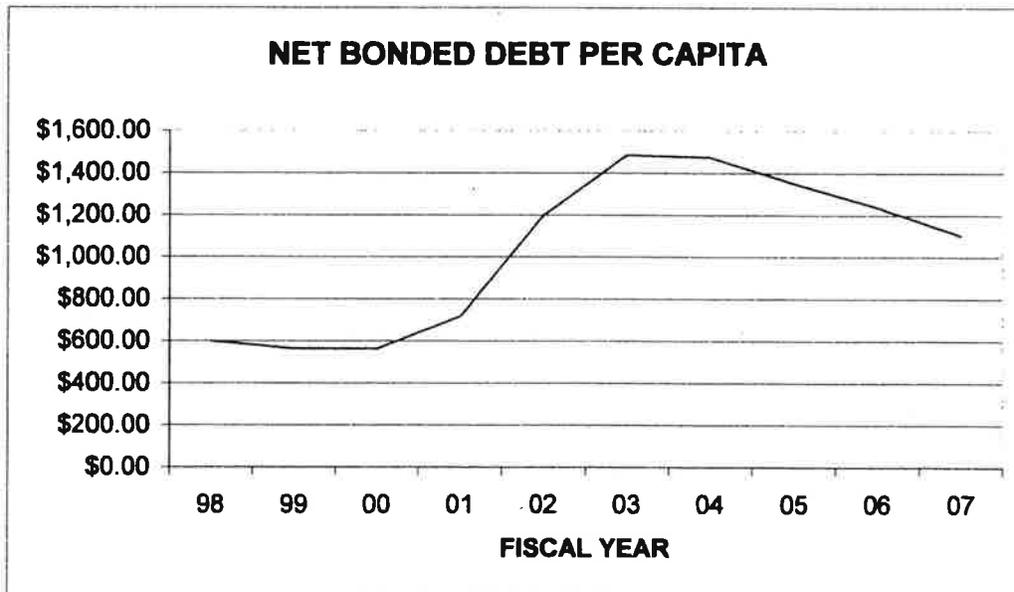


**CITY OF LACONIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
(amounts expressed thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total Primary Government</u>	<u>Per Capita*</u>
	<u>General Obligation Bonds</u>	<u>General Obligation Bonds</u>		
1998	9,428	1,777	\$11,205	\$598.87
1999	9,238	1,617	\$10,855	\$586.80
2000	9,293	1,457	\$10,750	\$566.27
2001	12,024	1,301	\$13,325	\$728.77
2002	20,371	1,146	\$21,517	\$1,216.11
2003	25,352	990	\$26,342	\$1,491.38
2004	25,335	834	\$26,169	\$1,484.10
2005	23,021	679	\$23,700	\$1,339.75
2006	21,118	523	\$21,641	\$1,238.96
2007	18,813	367	\$21,642	\$1,102.75

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

\*General Obligation bonds only based on demographic information included in this report. Population numbers have been revised.



**CITY OF LACONIA  
COMPUTATION OF LEGAL DEBT MARGIN  
June 30, 2007**

Base Valuation for Debt Limit (1)			<u>\$2,283,784,990</u>
Bonded Debt Limit - 3.00% of Base			\$ 68,513,550
Gross Bonded Debt, June 30, 2007	\$	19,179,775	
Less: Water Bonds	\$	(367,160)	
School Bonds	\$	(9,271,421)	
Debt Margin			<u>\$9,541,194</u> <u>\$58,972,356</u>

(1) The equalization of all taxable property in the State of New Hampshire is conducted annually by the New Hampshire Department of Revenue Administration under the provisions of RSA 21-J:3 (XIII):

"Equalize annually the valuation of the property in the several towns, cities and unincorporated places in the state by adding or deducting from the aggregate valuation of the property as assessed in towns, cities and unincorporated places such sums as will bring such valuations to the true and market value of the property, including the equalized value of property formerly taxed pursuant to the provisions of RSA 72:7; 72:15, I, V, VII, VIII, IX, X and XI: 72:16; 72:17; 73:26; 73:27; and 73:11 through 16 inclusive, which were relieved from taxation by the laws of 1970, 5:3; 5:8; 57:12; and 57:15, the equalized valuation of which is to be determined by the amount of revenue returned in such year in accordance with RSA 31-A, and by making such adjustments in the value of other property from which the towns, cities, and unincorporated places receive taxes as may be equitable and just, so that any public taxes that may be apportioned among them shall be equal and just."

(2) Net Local Assessed Valuation			\$ 2,174,535,509
Department of Revenue Administration Inventory Adjustment			\$ 66,114,485
Equalized Assessed Valuation			<u>\$ 2,240,649,994</u>
Adjustment: RSA 31-A			\$ 43,134,996
Base Valuation for Debt Limit			<u>\$ 2,283,784,990</u>

**CITY OF LACONIA**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Legal Debt Limits</b>										
City 3%	\$68,514	\$63,477	\$54,960	\$47,575	\$40,990	\$34,391	\$31,320	\$28,178	\$25,222	\$25,197
School 7%	\$159,865	\$148,114	\$128,240	\$111,007	\$95,644	\$80,246	\$73,061	\$65,750	\$58,851	\$58,793
<b>Debt Against Legal Debt Limits</b>										
City	9,541	10,910	11,876	13,253	12,330	10,683	8,081	7,261	7,383	7,356
School	9,271	10,208	11,145	12,082	13,022	9,688	3,943	2,032	1,855	2,072
Total City & School Debt June 30	\$18,812	\$21,118	\$23,021	\$25,335	\$25,352	\$20,371	\$12,024	\$9,293	\$9,238	\$9,428
<b>Unused Capacity of Legal Debt Limits</b>										
City	\$58,973	\$52,567	\$43,084	\$34,322	\$28,660	\$23,708	\$23,239	\$20,917	\$17,839	\$17,841
School	150,594	137,906	117,095	98,925	82,622	70,558	69,138	63,718	56,986	56,721
<b>% of Legal Debt Limits Used</b>										
City	13.9%	17.2%	21.6%	27.9%	30.1%	31.1%	25.8%	25.8%	29.3%	29.2%
School	5.8%	6.9%	8.7%	10.9%	13.6%	12.1%	5.4%	3.1%	3.2%	3.5%

Data Source  
 Annual Financial Statements  
 NH Department of Revenue Administration

Note: The City was in the process of settling a bond in the amount of \$23 million at the end of the fiscal year for the Memorial Middle School

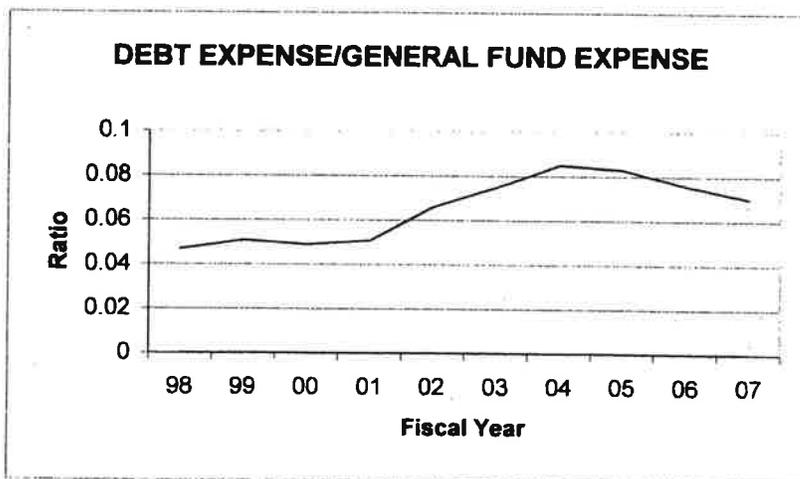
**Computation of Overlapping Debt  
Belknap County  
Last Ten Years**

<b>End of Year</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to Laconia</b>	<b>Amount Applicable to Laconia</b>
<b>2007</b>	<b>\$5,864,600</b>	<b>20.1023%</b>	<b>\$1,178,919</b>
<b>2006</b>	<b>\$6,579,200</b>	<b>19.9759%</b>	<b>\$1,314,254</b>
<b>2005</b>	<b>\$7,323,800</b>	<b>19.7202%</b>	<b>\$1,444,268</b>
<b>2004</b>	<b>\$8,398,400</b>	<b>20.0513%</b>	<b>\$1,683,988</b>
<b>2003</b>	<b>\$5,443,000</b>	<b>19.8206%</b>	<b>\$1,078,835</b>
<b>2002</b>	<b>\$5,937,600</b>	<b>20.0515%</b>	<b>\$1,190,578</b>
<b>2001</b>	<b>\$6,432,200</b>	<b>21.5450%</b>	<b>\$1,385,817</b>
<b>2000</b>	<b>\$6,926,800</b>	<b>22.3919%</b>	<b>\$1,551,042</b>
<b>1999</b>	<b>\$7,436,000</b>	<b>21.6037%</b>	<b>\$1,606,451</b>
<b>1998</b>	<b>\$7,916,000</b>	<b>22.2600%</b>	<b>\$1,762,102</b>

**CITY OF LACONIA  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal and Interest Payments</b>	<b>Total General Fund Expenditures</b>	<b>% *</b>
2007	\$2,305,366	\$976,916	\$3,282,282	\$47,499,904	6.9%
2006	\$2,314,280	\$1,071,710	\$3,385,990	\$44,346,839	7.6%
2005	\$2,314,280	\$1,190,045	\$3,504,325	\$42,400,226	8.3%
2004	\$2,260,955	\$1,202,005	\$3,462,960	\$40,665,483	8.5%
2003	\$1,927,280	\$1,059,673	\$2,986,953	\$39,722,363	7.5%
2002	\$1,440,280	\$895,102	\$2,335,382	\$35,605,196	6.6%
2001	\$1,069,280	\$630,521	\$1,699,801	\$33,341,076	5.1%
2000	\$965,300	\$508,690	\$1,473,990	\$30,019,767	4.9%
1999	\$889,300	\$536,620	\$1,425,920	\$28,053,463	5.1%
1998	\$745,300	\$524,701	\$1,270,001	\$27,292,357	4.7%

\*Ratio of General Fund Principal and Interest Payments to General Fund Expenditures.



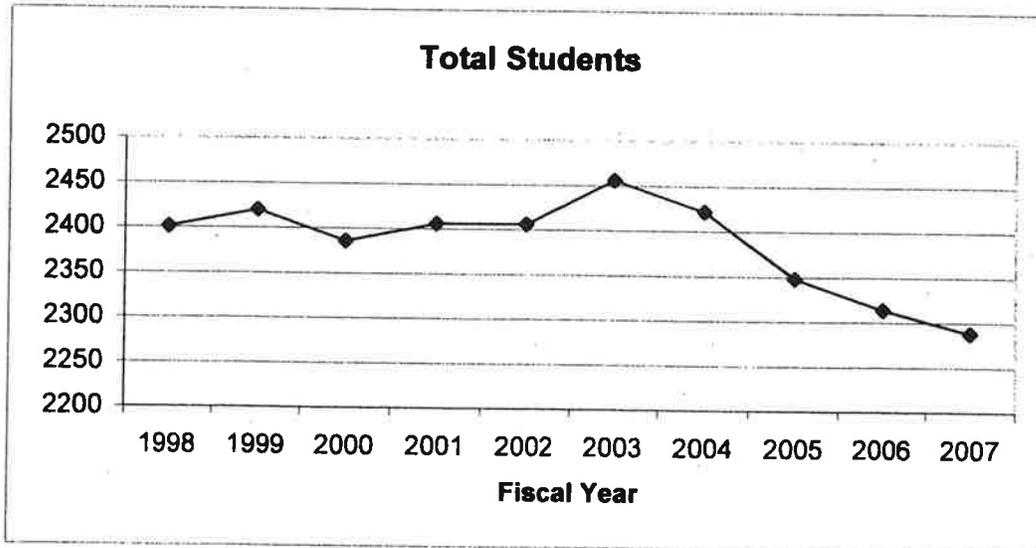
**CITY OF LACONIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Personal Income*</b>	<b>Per Capita Personal Income*</b>	<b>Median Age*</b>	<b>School Enrollment**</b>	<b>Unemployment Rate**</b>
1998	15,743	35,658	14,824	34.4	2,401	2.0%
1999	15,743	35,658	14,824	34.4	2,420	2.2%
2000	16,411	37,796	19,540	38.8	2,386	2.3%
2001	16,499	37,796	19,540	38.8	2,406	2.6%
2002	16,751	37,796	19,540	38.8	2,402	4.8%
2003	16,999	37,796	19,540	38.8	2,456	2.9%
2004	17,071	37,796	19,540	38.8	2,422	2.9%
2005	17,183	37,796	19,540	38.8	2,348	2.9%
2006	17,045	37,796	19,540	38.8	2,314	2.9%
2007	17,060	37,796	19,540	38.1	2,288	3.5%

**Data Source**

\*Bureau of Census/County Regional Planning Commission

\*\*City annual reports, school district



**CITY OF LACONIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 June 30, 2007  
 (amounts expressed in thousands)

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service of NH	\$17,622	1	0.81%	\$12,325	1	1.55%
Gilford Route 11 Realty Trust	7,071	2	0.33%	3,374	5	0.42%
Clearview Realty Ventures	6,253	3	0.29%	-	-	-
Aavid Engineering	6,099	4	0.28%	3,949	4	0.50%
Lakeshore Estates Assoc	5,716	5	0.26%	-	-	-
Mason Lakes Lmt'd Partnership	5,483	6	0.25%	-	-	-
Summit at Four Seasons	5,280	7	0.24%	2,992	7	0.38%
NH Ball Bearing	5,271	8	0.24%	3,080	6	0.39%
Laconia Country Club	5,214	9	0.24%	-	-	-
Margate Motel	5,192	10	0.24%	2,744	8	0.35%
Laconia Savings Bank	-	-	-	2,517	10	0.32%
Energy North (Keyspan)	-	-	-	4,410	3	0.56%
Taylor Home	-	-	-	6,947	2	0.88%
Weirs Sport Center	-	-	-	<u>2,574</u>	9	<u>0.32%</u>
Totals	\$69,201		3.19%	\$44,912		5.67%

Total Net Assessed Taxable Value      \$2,169,333      \$792,142

Source:  
 City of Laconia, Assessing Records

**CITY OF LACONIA  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

Employer	2007			1998		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lakes Region General Hospital	1600	1	19.0%	645	1	8.6%
New Hampshire Ball Bearings, Inc.	422	2	5.0%	478	3	6.4%
Smith Tubular	345	3	4.1%			
City of Laconia - School Dept.	254	4	3.0%	206	5	2.8%
Belknap County	249	5	3.0%	230	4	3.1%
City of Laconia - City	150	6	1.8%	150	6	2.0%
Aavid Engineering Corp	n/a			620	2	8.3%
				147	7	2.0%
				120	8	1.6%
				85	9	1.1%
				70	10	0.9%

n/a=not available

Source: Laconia/Weirs Chamber of Commerce  
City of Laconia, Personnel

**CITY OF LACONIA**  
**CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function**	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government*	29	33	33	33	33	33	32	31	27	26
Public safety										
Police										
Officers	10	10	10	10	10	10	10	10	9	11
Civilians	33	34	34	35	35	35	35	36	34	33
Fire										
Firefighters and officers	31	31	31	31	31	31	31	31	35	35
Civilians*	2	1	1	1	1	1	1	1	1	1
Call firefighters	16	16	16	14	10	10	10	10	8	10
Highway and streets										
Engineering	1	2	2	2	2	2	2	2	2	2
Maintenance*	17	15	15	15	15	15	15	15	14	13
Sanitation	1	1	1	1	1	1	1	1	1	1
Library	14	14	14	14	13	12	12	12	11	11
Parks & Recreation	6	6	6	6	6	7	7	7	7	7
Water	16	16	16	16	16	16	16	16	16	16
Sewer	10	8	8	8	8	8	8	8	7	7
ISF*	n/a	3	3	3	3	3	3	3	3	2
<b>Total</b>	<b>186</b>	<b>190</b>	<b>190</b>	<b>189</b>	<b>184</b>	<b>184</b>	<b>183</b>	<b>183</b>	<b>175</b>	<b>175</b>

Source: City Budget Reports

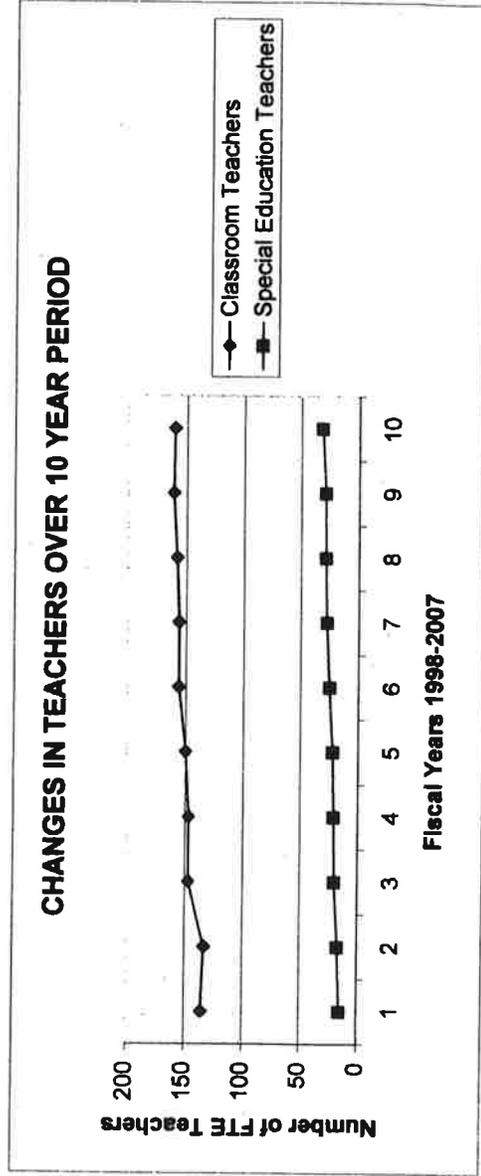
\* General gov decreased in 1999 due to 3 FTEs moving from Public Works (2) and Fire (1) to Internal Service

\*\*Open position not included

**CITY OF LACONIA**  
**FULL-TIME EQUIVALENT SCHOOL EMPLOYEES BY POSITION**  
 Last Ten Fiscal Years

Position	Full-time Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administrators	9	10	9	9	10	10	10	10	10	11
Guidance Counselors	9	10	10	10	10	10	10	10	10	10
Classroom Teachers	135	133	147	147	150	156	156	158	161	160
Special Education Teachers	15	17	20	21	22	25	28	29	29	32
Librarians	3	3	2	2	2	2	2	2	2	2
Vocational Education Teachers	13	13	13	13	13	14	14	14	13	13
Nurses	5	5	5	5	5	5	5	5	5	5
Itinerant Staff	17	13	15	18	19	20	19	20	19	21
<b>Total</b>	<b>206</b>	<b>204</b>	<b>221</b>	<b>225</b>	<b>231</b>	<b>242</b>	<b>243</b>	<b>247</b>	<b>249</b>	<b>254</b>

Source: City Annual reports  
 School District



City of Laconia NH  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Calls for service	n/a	13,154	15,163	15,768	16,306	16,715	17,863	19,498	18,721	18,364
Criminal arrests	917	827	753	1,295	1,283	1,422	1,553	1,923	1,913	1,911
Parking violations	2,868	2,817	3,184	4,018	3,140	4,569	4,491	4,608	5,035	4,765
Traffic violations	2,074	2,046	1,924	988	1,383	1,496	2,110	1,445	1,149	1,021
Fire										
Number of calls answered	2,301	2,365	2,336	2,663	2,534	2,925	2,987	3,089	3,017	3,186
Inspections	n/a	n/a	n/a	n/a	250	990	1,518	2,017	2,028	2,112
Highways and streets										
Street resurfacing (miles)	-	3.22	2.78	2.24	5.4	7.99	6.75	6.41	3	3.43
Code										
Building permits issued	186	245	284	268	306	457	702	542	341	439
Estimated construction value (in thousands)	\$7,149	\$9,682	\$18,723	\$14,081	\$21,974	\$28,611	\$35,928	\$65,287	\$40,352	\$34,765
Library										
Volumes	n/a	n/a	n/a	n/a	n/a	41,054	37,289	40,431	42,763	45,920
Circulation	n/a	n/a	n/a	n/a	n/a	110,238	100,459	104,988	93,509	111,571
Sanitation										
Refuse collected (tons per year)	14,599	16,306	17,678	18,091	18,378	18,067	17,688	17,536	16,974	16,366
Recyclables collected (tons per year)	314	278	383	363	357	338	315	342	483	536
Parks & Recreation										
Field Use Requests	27	36	48	36	37	37	43	35	58	57
School Enrollment										
Laconia HS	645	668	689	708	724	749	749	779	747	784
Memorial Middle School	579	582	562	590	609	621	632	605	561	511
Woodland Heights	546	506	496	475	451	436	416	386	415	414
Pleasant Street	288	315	318	317	302	323	307	281	290	284
Elm Street	333	349	321	316	316	327	318	297	301	295
Area 8	301	301	253	253	326	326	326	336	384	335
Water										
New connections	35	-	106	63	62	16	92	143	93	74
Water main breaks	n/a	n/a	n/a	8	9	7	16	5	4	6
Average daily consumption-MGD	1.72	1.72	1.84	1.89	1.9	1.97	1.85	1.78	1.81	1.75

Sources: Various government departments  
Note: Indicators are not available for the general government function.

**City of Laconia NH**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	3	3	4	4	4	4	4	4	4	4
Fire stations	3	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets (miles)-paved	102.57	102.57	103.83	103.83	104.72	104.72	104.72	104.72	105.12	105.12
Streets (miles)-unpaved	8.5	8.5	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24
Traffic intersections	7	7	7	7	7	7	7	7	7	7
Street lights	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,341	1,341
Culture and recreation										
Parks acreage	203.45	203.45	202.7	202.7	202.7	202.7	202.7	208.7	208.7	208.7
Parks	13	13	13	13	13	13	14	14	14	14
Tennis courts	9	9	9	9	9	9	9	9	9	9
Community centers	8	8	8	8	8	8	8	8	8	8
Water										
Water mains (miles)	94.26	94.26	94.49	95.2	96.81	96.95	96.95	96.95	97.55	99.38
Fire hydrants	433	433	473	475	460	461	461	461	461	482
Maximum daily capacity (MGD)	6	6	6	6	6	6	6	6	6	6
Service connections	5,495	5,495	5,601	5,664	5,726	5,742	5,846	6,005	6,103	6,177
Sewer										
Sanitary sewers (miles)	103.25	103.25	103.82	103.82	103.82	103.82	103.82	103.82	104.69	104.69
Service connections	n/a	9,770	9,850	9,913	10,013	10,104	10,221	10,366	10,440	10,531
Maximum daily capacity -MGD	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Pump Stations	13	13	17	17	17	17	17	17	19	19

Sources: various city departments  
 Note: No capital asset indicators are available for the general government function.

