

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

Fiscal Year Ended June 30, 2012



Weirs Beach – Photo provided by Amy Lovisek

CITY OF LACONIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	1
City Managements Discussion & Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Governmental Fund Financial Statements	
Balance Sheet	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues and Other Sources, and Expenditures And Other Uses-Budget and Actual-General Fund	18

CITY OF LACONIA
Table of Contents

(Continued)

Proprietary Fund Financial Statements	
Statement of Net Assets	19
Statement of Revenues, Expenses and Changes in Net Assets	20
Statement of Cash Flows	21
Fiduciary Financial Statements	
Statement of Fiduciary Net Assets	22
Statement of Changes in Fiduciary Net Assets	23
Notes to the Financial Statements	24
Required Supplementary Information	
Schedule of Funding Progress	49

STATISTICAL SECTION

Net Assets by Component Unit	51
Changes in Net Assets	52
Fund Balances of Governmental Funds	54
Changes in Fund Balances of Governmental Funds	55
General Governmental Expenditures by Function	56
General Governmental Revenues by Source	57
Property Tax Levies and Collections	58
Assessed Value and Estimated Full Value of Real Property	59
Property Tax Rates	60
Ratios of Outstanding Debt by Type	61
Computation of Legal Debt Margin	62
Legal Debt Margin Information	63
Computation of Overlapping Debt-Belknap County	64

CITY OF LACONIA
Table of Contents

(Continued)

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures	65
Demographic and Economic Statistics	66
Principal Property Taxpayers	67
City Government Employees by Function	68
Full-time Equivalent School Employees by Position	69
Operating Indicators by Function	70
Capital Asset Statistics by Function	73

INTRODUCTORY SECTION



February 21, 2013

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, 2012 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 three 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. 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 summer 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 seasonally adjusted unemployment rate in New Hampshire for December 2012 was at 5.7%, as compared to a December 2011 rate of 5.2%. Although the State's unemployment rate rose in 2012, New Hampshire's unemployment rate remains the second lowest of the New England States and 14th overall in the United States.

Our welfare office continues to see more people either unemployed or underemployed requesting assistance with meeting their monthly housing expenses. Many of these individuals have very few work skills and as are limited on the types of work they can perform, and often lack transportation to seek job opportunities available elsewhere. Those that are unemployed are staying unemployed longer.

The housing market is showing signs of slow improvement, as housing prices appear to have reached the bottom. There are fewer homes on the market, having decreased from a 14.5 month supply in the Lakes Region as of the end of 2011, to an 11.3 month supply as of December 31, 2012.

Major Initiatives

Infrastructure – Public Works:

The City continues to make cash investments in the roads throughout the City. During Fiscal Year 2012 - \$850 thousand was appropriated for resurfacing or reconstructing the roads in the City. In addition major improvements were completed at the intersection of Oak and Main Street, a new traffic signal was installed with a change to the configuration to increase the safety at the intersection. Significant upgrades were also made to sections of Lexington Avenue, Belvidere Street as well as to Washington Street.

Infrastructure – Sanitary Sewer:

The Sanitary Sewer Department continued with upgrades to the gravity sewer mains located throughout the City. In connection with the construction at the Oak and North Main Street the gravity sewer mains were replaced at this location, along with replacement of gravity sewer mains along South Main Street.

Laconia High School/Huot Career Center:

The construction of the new Huot Career Center and improvements to the Laconia High School began in 2012. These improvements were made possible by New Hampshire Building Aid in the amount of \$7,125,000 in combination with \$6,500,000 in Zero Interest Qualified Zone Academy Bonds financed through New Hampshire Savings Bank. In addition to building the new state of the art technology center which benefits not only Laconia students, but all surrounding communities major improvements to the existing High School building included new science labs, new boiler, replacing the roof, the addition of a new football field, and additional parking

Tax Increment Finance District-Downtown:

The contribution to the Downtown TIF District was slightly over \$107,000 for Fiscal Year 2012. The Downtown TIF Board Members have been gathering input from the downtown business community in an effort to develop an action plan for continued improvement in the Downtown district. Several of the proposed ideas include adding more green space in the Downtown district, along with creating a more appealing ‘Gateway’ into Main Street.

Tax Increment Finance District-Lakeport:

A second Tax Increment Finance District was established in the Lakeport Village in 2012. There are several ideas that have been suggested including the addition of pocket parks, additional parking for the Goss Library, walking paths along the Lake, as well as possible improvements to Sanborn Park. The first contribution to the Lakeport TIF will be realized in Fiscal Year 2013.

FINANCIAL INFORMATION-GENERAL GOVERNMENTAL FUNCTIONS

Internal Control

Management is responsible for establishing and maintaining an internal control structure designed to make certain that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is 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 not 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 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 \$52.2 million in fiscal year 2011-2012; this represented a decrease of .4% over fiscal year 2010-2011. The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage increases or decreases in relation to prior year revenues.

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) From Prior Year</u>
Taxes	\$37,638,253	71.9%	\$312,600
Penalties, interest and other taxes	\$656,459	1.3%	(\$24,923)
Licenses & Permits	\$2,399,451	4.6%	\$133,183
Intergovernmental	\$9,684,624	18.6%	(\$388,557)
Charges for Services	\$1,296,666	2.5%	(\$38,416)
Interest on Investments	\$77,339	.2%	(\$74,652)
Other Revenues	\$410,746	.8%	(\$110,013)
TOTALS	\$52,163,538		(\$190,778)

Taxes Revenues and Licenses & Permits were slightly higher this fiscal year, Interest on Investments continues to trend lower due to the continued low rates offered on investments. Penalties, interest and other taxes showed a decline of .4% from the prior year. Motor Vehicle Registrations, included in Licenses & Permits showed an increase of 4.4% over the prior fiscal year. Motor Vehicle revenues peaked in 2006 generating a record \$2.3 million in revenue.

Expenditures

Expenditures for the General Fund functions totaled \$50.9 million in fiscal year 2011-2012 (excluding capital outlay), a decrease of 1.1% over prior year expenditures.

The composition of the majority of expenditures stayed consistent with prior year's expenses. With the exception of Health and Welfare, all expenditure sources decreased this fiscal year over the prior fiscal year. Again this fiscal year the Debt Service line showed a significant decrease; 7.4% from the prior year.

<u>Expenditure Sources</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) From Prior Year</u>
General Government	\$6,702,235	13.2%	(\$7,977)
Public Safety	\$8,285,179	16.3%	(\$86,341)
Education	\$27,058,626	53.2%	(\$51,881)
Public Works and Solid Waste	\$3,836,262	7.5%	(\$143,340)
Health and Welfare	\$150,777	0.3%	\$39,963
Parks and Recreation	\$617,003	1.2%	(\$27,713)
Library	\$735,446	1.4%	(\$20,647)
Debt Service	\$3,504,084	6.9%	(\$279,377)
TOTALS	\$50,889,612	100.0%	(\$577,313)

Fund Balance

Unreserved General Fund Balance decreased from \$6,340,681 to \$5,209,675 a net decrease of \$1,131,066 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: Operating losses decreased from \$458,669 in FY11 to \$240,116 in FY12. While overall Operating Expense were up 4.9% or \$154,300, an increase in overall consumption levels along with a rate increase in January 2012 increased revenues from \$2,699,733 for FY11 to \$3,072,586 for FY12, a 13% increase.

Water Works: The Water Works continues the project of replacing various water mains throughout the City in conjunction with the City's road capital improvement projects. This fund showed a loss of \$140,390 for the current fiscal year compared to a loss of \$152,590 in the prior fiscal year, a slight increase in consumption by consumers increased the revenues by 2.7% over FY11.

Fiduciary Operations

Fiduciary Fund's net assets continued to improve this year due to favorable increases in market conditions.

Assessed Valuation

Due to continued economic struggles in the housing market, total assessment valuations dropped slightly from \$1.919 billion to \$1.870 billion (a 2.5% decrease). 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:

	Balance Due <u>June 30, 2012</u>	Interest <u>Paid</u>	Principal <u>Paid</u>
1996 Capital Project Bonds	220,000	15,662	56,050
2001 Capital Improvement	1,765,000	81,386	180,000
2002 Capital Improvement	1,175,000	53,445	175,000
2004 City Library Bonds	1,325,000	65,284	115,000
2006 Capital Improvement	164,344	6,683	41,086
2008 Fire Truck	570,000	20,482	95,000
2009 Transfer Station	680,000	37,950	100,000
2010 Revaluation	205,000	7,249	70,000
2010 Weirs Boardwalk	680,000	28,570	40,000
2011 Endicott Water/Boardwalk	536,750	20,794	28,250
2010 Anthony Drive	206,767	10,851	10,883
1996 School Bonds	40,000	3,648	18,950
2001 School Bonds- Elm/Pleasant	3,120,000	144,105	310,000
2001 School Bonds-WH	2,255,000	105,598	205,000
2007 School Bonds-MMS	17,170,720	268,654	1,217,834
2012 Huot Center (QZAB)	2,103,000		
Total General Bonds & Notes**	\$32,216,581	\$870,361	\$2,663,053
2010 Water Works Bonds	1,310,000	55,245	75,000
Total Enterprise Funds	\$1,310,000	\$55,245	\$75,000

**Note: Unspent bond proceeds were used to pay principal payments on several bonds. The amounts were \$5,000 for City related bonds and \$7,863 for School related bonds.

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 AA-, 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 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 2009-2010, the majority of the deposits were either insured by federal depository insurance, collateralized at the Federal Reserve or covered by Federal Home Loan Bank lines of credit. The City also participates in the New Hampshire Public Deposit Investment Pool established in accordance with 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 Melanson Heath & Company, PC 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.

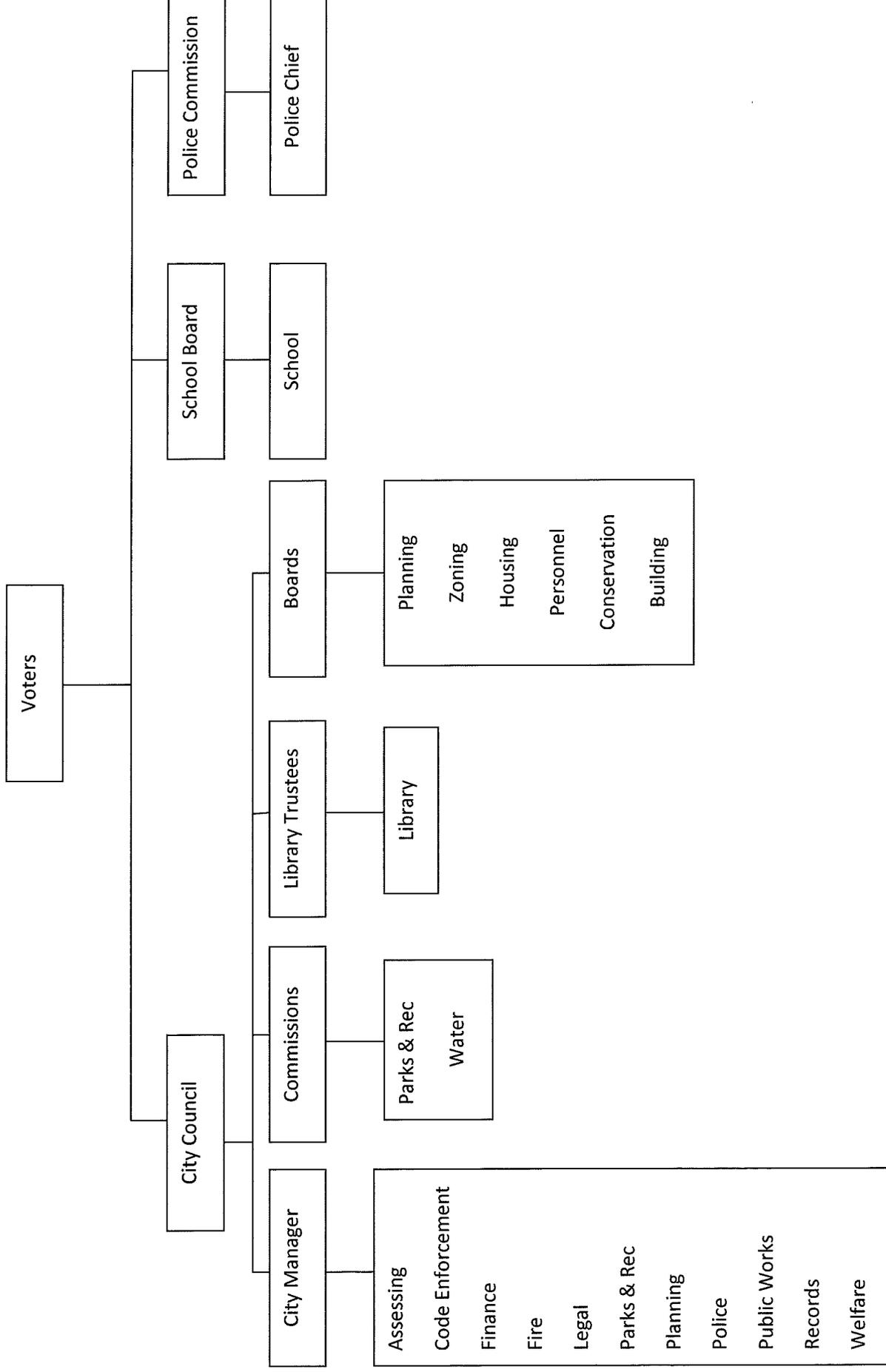
Acknowledgements

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,


Donna Woodaman
Finance Director

City of Laconia



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

CITY MANAGER:	Scott Myers
ASSESSOR:	Jon Duhamel
CITY CLERK:	Mary Reynolds
CODE ENFORCEMENT DIRECTOR:	Shanna Saunders
FIRE CHIEF:	Kenneth Erickson
FINANCE DIRECTOR:	Donna Woodaman
LIBRARY DIRECTOR:	Randy Brough
PUBLIC WORKS DIRECTOR:	Paul Moynihan
PLANNER/CD DIRECTOR:	Shanna Saunders
POLICE CHIEF:	Chris Adams
REC. & FAC. DIRECTOR:	Kevin Dunleavy
TAX COLLECTOR:	Lindsey Allen
WELFARE DIRECTOR:	Donna Woodaman
WATER WORKS:	Seth Nuttelman

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

City Council

Elected: November 8, 2011

Term: January 9, 2012- December 31, 2013

Mayor: Michael Seymour

Council Members:

Ward 1 - Ava Doyle
Ward 2 - Matthew Lahey
Ward 3 - Henry Lipman
Ward 4 - Brenda Baer
Ward 5 - Robert Hamel
Ward 6 - Armand Bolduc

School Board

Scott Vachon, Term 2010-2013
Beth Arsenault, Term 2010-2013
Stacie Sirors, Term 2011-2014
Chris Guilmett, Term 2011-2014
Robert Dassati, Chair. Term 2009-2012
Malcolm Murray, Term 2009-2012
Joseph Cormier, Vice Chair, Term 2009-2012

FINANCIAL SECTION

CITY OF LACONIA, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended June 30, 2012



MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

149 Hanover Street

Manchester, NH 03101

Tel (603) 669-6130 • Fax (603) 624-6757

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Laconia, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, New Hampshire, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Laconia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2013 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 report-

Additional Offices:

Andover, MA • Greenfield, MA • Ellsworth, ME • Nashua, NH

ing and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson, Heath + Company P.C.

February 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Laconia, we offer readers this narrative overview and analysis of the financial activities of the City of Laconia for the fiscal year ended June 30, 2012. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and sewer operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for capital acquisitions of vehicles and required maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

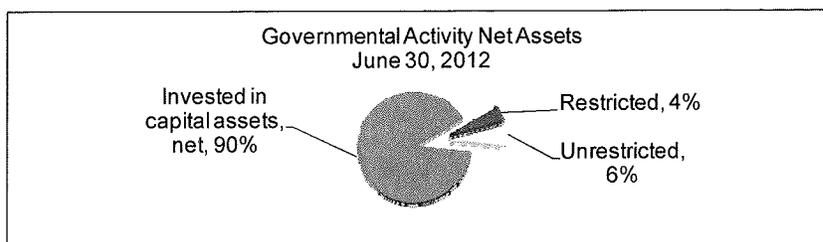
B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 88,415,570 (i.e., net assets), a change of \$ (976,736) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 11,229,050, a change of \$ 1,245,215 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 5,209,675, a change of \$ (1,131,006) in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$ 33,526,581, a change of \$ (412,403) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years (in thousands).

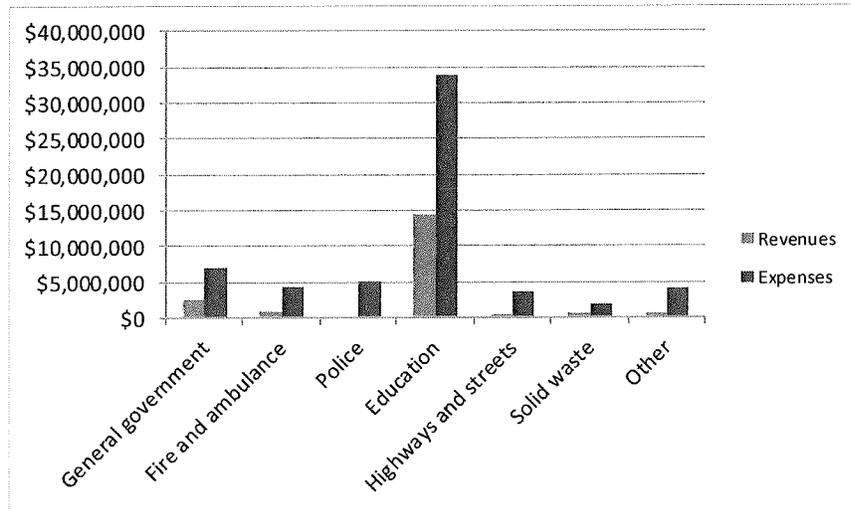
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 35,157	\$ 32,666	\$ 6,250	\$ 6,751	\$ 41,407	\$ 39,417
Capital assets	89,010	90,996	19,451	19,356	108,461	110,352
Total assets	<u>124,167</u>	<u>123,662</u>	<u>25,701</u>	<u>26,107</u>	<u>149,868</u>	<u>149,769</u>
Long-term liabilities outstanding	32,895	33,086	1,419	1,475	34,314	34,561
Other liabilities	26,592	25,320	547	494	27,139	25,814
Total liabilities	<u>59,487</u>	<u>58,406</u>	<u>1,966</u>	<u>1,969</u>	<u>61,453</u>	<u>60,375</u>
Net assets:						
Invested in capital assets, net	57,995	58,604	18,141	17,971	76,136	76,575
Restricted	2,996	2,476	-	-	2,996	2,476
Unrestricted	3,689	4,176	5,594	6,167	9,283	10,343
Total net assets	<u>\$ 64,680</u>	<u>\$ 65,256</u>	<u>\$ 23,735</u>	<u>\$ 24,138</u>	<u>\$ 88,415</u>	<u>\$ 89,394</u>



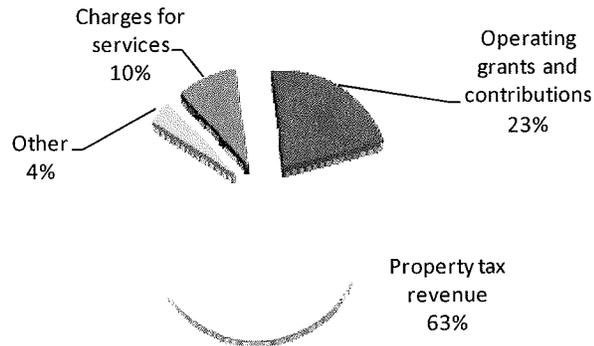
CHANGES IN NET ASSETS

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,753	\$ 5,765	\$ 5,287	\$ 4,855	\$ 11,040	\$ 10,620
Operating grants and contributions	13,506	13,846	-	-	13,506	13,846
Capital grants and contributions	545	507	-	-	545	507
General revenues:						
Property taxes	37,537	37,415	-	-	37,537	37,415
Penalties and interest on taxes	656	681	-	-	656	681
Grants and contributions not restricted to specific programs	713	775	-	-	713	775
Investment income	116	350	31	48	147	398
Other	418	511	-	-	418	511
Total revenues	59,244	59,850	5,318	4,903	64,562	64,753
Expenses:						
General government	7,093	7,072	-	-	7,093	7,072
Fire and ambulance	4,401	4,380	-	-	4,401	4,380
Police	5,103	5,103	-	-	5,103	5,103
Education	33,776	34,152	-	-	33,776	34,152
Highway and streets	3,579	3,924	-	-	3,579	3,924
Solid waste	1,825	1,794	-	-	1,825	1,794
Health and welfare	152	110	-	-	152	110
Parks and recreation	872	664	-	-	872	664
Library	909	934	-	-	909	934
Conservation	2	4	-	-	2	4
Airport	1,233	1,138	-	-	1,233	1,138
Interest expense	875	951	-	-	875	951
Water	-	-	2,408	2,361	2,408	2,361
Sewer	-	-	3,313	3,158	3,313	3,158
Total expenses	59,820	60,226	5,721	5,519	65,541	65,745
Change in net assets before transfers	(576)	(376)	(403)	(616)	(979)	(992)
Transfers in (out)	-	(292)	-	292	-	-
Change in net assets	(576)	(668)	(403)	(324)	(979)	(992)
Net assets - beginning of year	65,256	65,924	24,138	24,462	89,394	90,386
Net assets - end of year	\$ 64,680	\$ 65,256	\$ 23,735	\$ 24,138	\$ 88,415	\$ 89,394

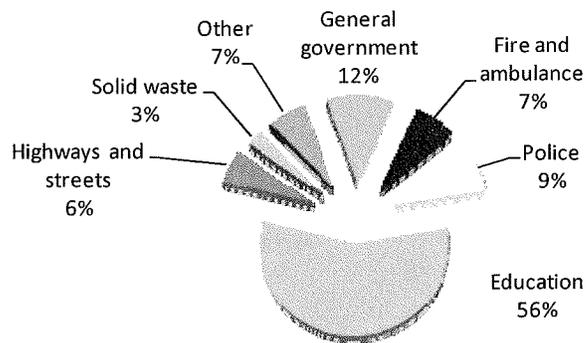
Governmental Activities - Revenue v. Expenditure Comparison For the Year Ended June 30, 2012



Governmental Activities - Revenues For the Year Ended June 30, 2012



Governmental Activities - Expenses For the Year Ended June 30, 2012



As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 88,415,570, a change of \$ (976,736) from the prior year.

The largest portion of net assets \$ 76,136,437 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 2,995,977 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 9,283,156 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ (574,689). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (38,285)
Capital assets acquired in the general fund	1,272,842
Internal service fund operations	(159,091)
Non major funds on accrual basis	117,861
Depreciation expense in excess of principal debt service payments	(1,928,005)
Other	<u>159,989</u>
Total	<u>\$ (574,689)</u>

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ (402,047). Key elements of this change are as follows:

Water operations	\$ (182,465)
Sewer operations	<u>(219,582)</u>
Total	<u>\$ (402,047)</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such infor-

mation is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 11,229,050 , a change of \$ 1,245,215 in comparison to the prior year. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (38,285)
Nonmajor fund activity	<u>1,283,500</u>
Total	<u>\$ 1,245,215</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,209,675, while total fund balance was \$ 7,013,220. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 5,209,675	\$ 6,340,681	\$ (1,131,006)	10.0%
Total fund balance	7,013,220	7,051,505	(38,285)	13.5%

The total fund balance of the general fund changed by \$ (38,285) during the current fiscal year. Key factors in this change are as follows:

Revenues less than budget	\$ (406,916)
Expenditures less than budget	664,958
Use of fund balance as a funding source	(1,268,000)
Tax collections of prior year plus current year tax levies in excess of current year tax assessment	(145,475)
Expenditures of prior year encumbrances, net of current year encumbrances	(59,795)
Capital reserves	1,059,948
Other	<u>116,995</u>
Total	<u>\$ (38,285)</u>

Included in the total general fund balance are the City's capital reserve accounts with the following balances:

	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>
Capital reserves	\$ <u>1,147,854</u>	\$ <u>87,906</u>	\$ <u>1,059,948</u>
Total	<u>\$ 1,147,854</u>	<u>\$ 87,906</u>	<u>\$ 1,059,948</u>

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 5,593,783, a change of \$ (572,488) in comparison to the prior year.

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

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget are the result of City Council orders transferring funds between departmental line items.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year end amounted to \$ 108,461,757 (net of accumulated depreciation), a change of \$ (1,889,990) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Governmental Activities

Huot Center	\$ 948,837
Lexington Ave	\$ 234,064
Oak St	\$ 223,104
Oak/North Main Traffic Light	\$ 172,594
Belvidere St	\$ 152,722
Fairmont St	\$ 149,836
Cedar St	\$ 80,604
Washington St	\$ 79,859

Business-Type Activities

Water

General structures	\$ 787,219
Distribution mains	\$ 224,626
Treatment plant	\$ 158,020

Sewer

South Main St	\$ 54,946
Oak & North Main St	\$ 17,920

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 33,526,581, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

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

City's Finance Department
City of Laconia
45 Beacon Street East
Laconia, New Hampshire 03246

CITY OF LACONIA, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 8,173,345	\$ 2,105,419	\$ 10,278,764
Restricted cash	1,488,020	-	1,488,020
Investments	9,194,149	3,073,199	12,267,348
Receivables, net of allowance for uncollectibles:			
Property taxes	13,868,279	-	13,868,279
User fees	496,108	1,115,246	1,611,354
Special assessments	-	15,863	15,863
Intergovernmental	566,417	-	566,417
Internal balances	216,700	(213,233)	3,467
Inventories and prepaids	193,535	127,031	320,566
Other assets	10,973	26,680	37,653
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	949,535	-	949,535
Capital assets:			
Land and construction in progress	9,727,718	142,009	9,869,727
Other capital assets, net of accumulated depreciation	<u>79,282,757</u>	<u>19,309,273</u>	<u>98,592,030</u>
TOTAL ASSETS	124,167,536	25,701,487	149,869,023
LIABILITIES			
Current:			
Accounts payable	2,349,188	142,358	2,491,546
Retainage payable	41,070	7,067	48,137
Accrued liabilities	1,603,312	37,299	1,640,611
Deferred revenues	19,387,551	36,168	19,423,719
Tax refunds payable	201,497	-	201,497
Other current liabilities	9,102	235,320	244,422
Current portion of long-term liabilities:			
Bonds payable	2,709,360	75,000	2,784,360
Other liabilities	290,950	14,212	305,162
Noncurrent:			
Bonds payable, net of current portion	29,507,221	1,235,000	30,742,221
Other liabilities, net of current portion	<u>3,387,780</u>	<u>183,998</u>	<u>3,571,778</u>
TOTAL LIABILITIES	59,487,031	1,966,422	61,453,453
NET ASSETS			
Invested in capital assets, net of related debt	57,995,155	18,141,282	76,136,437
Restricted for:			
Grants	1,655,893	-	1,655,893
Permanent funds:			
Nonexpendable	191,776	-	191,776
Expendable	1,148,308	-	1,148,308
Unrestricted	<u>3,689,373</u>	<u>5,593,783</u>	<u>9,283,156</u>
TOTAL NET ASSETS	\$ <u>64,680,505</u>	\$ <u>23,735,065</u>	\$ <u>88,415,570</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 7,092,596	\$ 5,206	\$ -	\$ (4,563,700)	\$ -	\$ (4,563,700)
Fire and ambulance	4,400,859	34,182	-	(3,423,656)	-	(3,423,656)
Police	5,103,296	210,730	-	(4,820,017)	-	(4,820,017)
Education	33,776,029	13,251,330	-	(19,395,409)	-	(19,395,409)
Highways and streets	3,579,026	8,895	423,590	(3,146,541)	-	(3,146,541)
Solid waste	1,825,341	547,878	-	(1,277,463)	-	(1,277,463)
Health and welfare	151,559	(119)	-	(151,678)	-	(151,678)
Parks and recreation	871,962	74,489	-	(672,397)	-	(672,397)
Library	909,215	20,291	-	(871,376)	-	(871,376)
Conservation	1,835	-	-	(1,835)	-	(1,835)
Airport	1,233,088	294,389	121,830	(816,869)	-	(816,869)
Interest expense	874,720	-	-	(874,720)	-	(874,720)
Total Governmental Activities	59,819,526	13,505,891	545,420	(40,015,661)	-	(40,015,661)
Business-Type Activities:						
Water services	2,407,871	-	-	-	(193,200)	(193,200)
Sewer services	3,312,702	-	-	-	(240,116)	(240,116)
Total Business-Type Activities	5,720,573	-	-	-	(433,316)	(433,316)
Total	\$ 65,540,099	\$ 13,505,891	\$ 545,420	(40,015,661)	(433,316)	(40,448,977)
General Revenues:						
Property taxes				37,536,614	-	37,536,614
Penalties, interest, and other taxes				656,459	-	656,459
Grants and contributions not restricted to specific programs				713,019	-	713,019
Investment income				116,347	31,269	147,616
Miscellaneous				418,533	-	418,533
Total general revenues and interfund transfers				39,440,972	31,269	39,472,241
Change in Net Assets				(574,689)	(402,047)	(976,736)
Net Assets:						
Beginning of year				65,255,194	24,137,112	89,392,306
End of year				\$ 64,680,505	\$ 23,735,065	\$ 88,415,570

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 5,244,752	\$ 2,928,593	\$ 8,173,345
Restricted cash	1,488,020	-	1,488,020
Investments	8,052,250	1,141,899	9,194,149
Receivables:			
Property taxes	14,923,154	-	14,923,154
Departmental and other	382,733	113,375	496,108
Intergovernmental	-	560,071	560,071
Due from other funds	1,520,077	1,117,781	2,637,858
Inventories and prepaids	145,750	32,091	177,841
Other assets	<u>10,973</u>	<u>-</u>	<u>10,973</u>
TOTAL ASSETS	\$ <u>31,767,709</u>	\$ <u>5,893,810</u>	\$ <u>37,661,519</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,077,761	\$ 240,513	\$ 2,318,274
Retainage payable	41,070	-	41,070
Accrued liabilities	1,221,610	-	1,221,610
Deferred revenues	19,701,836	86,965	19,788,801
Tax refunds payable	201,497	-	201,497
Due to other funds	1,510,715	1,336,008	2,846,723
Other liabilities	<u>-</u>	<u>14,494</u>	<u>14,494</u>
TOTAL LIABILITIES	24,754,489	1,677,980	26,432,469
Fund Balances:			
Nonspendable	145,750	191,776	337,526
Restricted	-	2,644,413	2,644,413
Committed	1,147,854	1,379,641	2,527,495
Assigned	509,941	-	509,941
Unassigned	<u>5,209,675</u>	<u>-</u>	<u>5,209,675</u>
TOTAL FUND BALANCES	<u>7,013,220</u>	<u>4,215,830</u>	<u>11,229,050</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>31,767,709</u>	\$ <u>5,893,810</u>	\$ <u>37,661,519</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2012

Total governmental fund balances	\$ 11,229,050
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 	89,010,475
<ul style="list-style-type: none"> • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 	
Elimination of deferred revenue	885,085
Recording allowance for doubtful accounts	(105,340)
Recording of unamortized bond premiums	(483,835)
<ul style="list-style-type: none"> • Internal service funds are used by management to account for vehicle management and related activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets. 	
Internal service fund net asset	2,955,594
Internal service fund fixed assets	(2,565,023)
Internal service fund compensated absences	29,274
<ul style="list-style-type: none"> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	(379,464)
<ul style="list-style-type: none"> • Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. 	<u>(35,895,311)</u>
Net assets of governmental activities	\$ <u>64,680,505</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 37,638,253	\$ 107,237	\$ 37,745,490
Penalties, interest, and other taxes	656,459	-	656,459
Charges for services	1,296,666	2,027,509	3,324,175
Intergovernmental	9,684,624	5,079,706	14,764,330
Licenses and permits	2,399,451	-	2,399,451
Fines and forfeitures	29,873	-	29,873
Investment income	77,339	39,008	116,347
Miscellaneous	380,873	20,503	401,376
Total Revenues	<u>52,163,538</u>	<u>7,273,963</u>	<u>59,437,501</u>
Expenditures:			
Current:			
General government	6,700,400	127,014	6,827,414
Fire and ambulance	3,437,980	905,169	4,343,149
Police	4,847,199	120,259	4,967,458
Education	27,058,626	6,238,163	33,296,789
Highways and streets	2,077,455	232,162	2,309,617
Solid waste	1,758,807	-	1,758,807
Health and welfare	150,777	-	150,777
Parks and recreation	617,003	49,603	666,606
Library	735,446	40,324	775,770
Conservation	1,835	-	1,835
Capital outlay	1,252,211	-	1,252,211
Airport	-	415,906	415,906
Debt service	3,504,084	24,863	3,528,947
Total Expenditures	<u>52,141,823</u>	<u>8,153,463</u>	<u>60,295,286</u>
Excess (deficiency) of revenues over expenditures	21,715	(879,500)	(857,785)
Other Financing Sources (Uses):			
Proceeds of bonds	-	2,103,000	2,103,000
Transfers in	-	60,000	60,000
Transfers out	(60,000)	-	(60,000)
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>2,163,000</u>	<u>2,103,000</u>
Change in fund balance	(38,285)	1,283,500	1,245,215
Fund Equity, at Beginning of Year	<u>7,051,505</u>	<u>2,932,330</u>	<u>9,983,835</u>
Fund Equity, at End of Year	<u>\$ 7,013,220</u>	<u>\$ 4,215,830</u>	<u>\$ 11,229,050</u>

See notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,245,215																								
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-left: 20px;">Capital outlay purchases</td> <td style="text-align: right;">2,688,814</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(4,636,969)</td> </tr> <tr> <td style="padding-left: 20px;">Loss on disposal of assets</td> <td style="text-align: right;">(37,276)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property tax, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(209,821)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-left: 20px;">Issuance of debt</td> <td style="text-align: right;">(2,320,649)</td> </tr> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">2,658,052</td> </tr> <tr> <td style="padding-left: 20px;">Current year capitalization of bond premium</td> <td style="text-align: right;">34,434</td> </tr> <tr> <td style="padding-left: 20px;">Repayment of capital lease</td> <td style="text-align: right;">50,912</td> </tr> <tr> <td style="padding-left: 20px;">State revolving loan proceeds</td> <td style="text-align: right;">217,649</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(1,636)</td> </tr> </table> • Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(104,323)</td> </tr> </table> • Internal service funds are used by management to account for vehicle management services and related activities. The net activity of internal service funds is reported with Governmental Activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>(159,091)</u></td> </tr> </table> 		Capital outlay purchases	2,688,814	Depreciation	(4,636,969)	Loss on disposal of assets	(37,276)		(209,821)	Issuance of debt	(2,320,649)	Repayments of debt	2,658,052	Current year capitalization of bond premium	34,434	Repayment of capital lease	50,912	State revolving loan proceeds	217,649		(1,636)		(104,323)		<u>(159,091)</u>
Capital outlay purchases	2,688,814																								
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	(1,636)																								
	(104,323)																								
	<u>(159,091)</u>																								
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(574,689)</u>																								

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with
	Original Budget	Final Budget	Amounts	Final Budget Positive (Negative)
Revenues and Other Sources:				
Taxes	\$ 37,783,728	\$ 37,783,728	\$ 37,783,728	\$ -
Penalties, interest, and other taxes	595,826	595,826	656,459	60,633
Charges for services	1,392,656	1,392,656	1,179,671	(212,985)
Intergovernmental	9,621,466	9,621,466	9,684,624	63,158
Licenses and permits	2,371,173	2,371,173	2,399,451	28,278
Fines and forfeits	55,000	55,000	29,873	(25,127)
Investment income	305,565	305,565	75,365	(230,200)
Miscellaneous	471,464	471,464	380,791	(90,673)
Other sources	1,268,000	1,268,000	1,268,000	-
Total Revenues and Other Sources	53,864,878	53,864,878	53,457,962	(406,916)
Expenditures and Other Uses:				
General government	6,927,458	6,819,458	6,766,541	52,917
Fire and ambulance	3,401,798	3,456,798	3,437,980	18,818
Police	4,916,669	4,993,669	4,847,199	146,470
Education	27,073,724	27,073,724	27,058,626	15,098
Highways and streets	2,220,882	2,220,882	2,077,455	143,427
Solid waste	1,911,618	1,911,618	1,758,807	152,811
Health and welfare	184,877	138,877	125,777	13,100
Parks and recreation	682,225	682,225	595,187	87,038
Library	743,689	743,689	743,446	243
Conservation	3,970	3,970	3,970	-
Capital outlay	1,130,000	1,150,000	1,122,956	27,044
Debt service	3,510,076	3,512,076	3,504,084	7,992
Transfers out	1,157,892	1,157,892	1,157,892	-
Total Expenditures and Other Uses	53,864,878	53,864,878	53,199,920	664,958
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 258,042	\$ 258,042

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 1,020,433	\$ 1,084,986	\$ 2,105,419	\$ -
Investments	982,676	2,090,523	3,073,199	-
User fees, net of allowance for uncollectibles	427,431	687,815	1,115,246	-
Special assessments	-	15,863	15,863	-
Intergovernmental receivables	-	-	-	6,346
Due from other funds	-	-	-	425,565
Inventory	126,965	66	127,031	15,694
Other assets	26,680	-	26,680	-
Total current assets	2,584,185	3,879,253	6,463,438	447,605
Noncurrent:				
Capital assets:				
Land and construction in progress	41,053	100,956	142,009	-
Other capital assets, net of accumulated depreciation	13,836,597	5,472,676	19,309,273	2,565,023
Total noncurrent assets	13,877,650	5,573,632	19,451,282	2,565,023
TOTAL ASSETS	16,461,835	9,452,885	25,914,720	3,012,628
<u>LIABILITIES</u>				
Current:				
Accounts payable	101,922	40,436	142,358	25,522
Retainage payable	-	7,067	7,067	-
Accrued liabilities	30,014	7,285	37,299	2,238
Due to other funds	-	213,233	213,233	-
Other current liabilities	235,320	-	235,320	-
Deferred revenues	36,168	-	36,168	-
Current portion of long-term liabilities:				
Bonds payable	75,000	-	75,000	-
Other liabilities	9,394	4,818	14,212	2,927
Total current liabilities	487,818	272,839	760,657	30,687
Noncurrent:				
Bonds payable, net of current portion	1,235,000	-	1,235,000	-
Other liabilities, net of current portion	84,506	99,492	183,998	26,347
Total noncurrent liabilities	1,319,506	99,492	1,418,998	26,347
TOTAL LIABILITIES	1,807,324	372,331	2,179,655	57,034
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	12,567,650	5,573,632	18,141,282	2,565,023
Unrestricted	2,086,861	3,506,922	5,593,783	390,571
TOTAL NET ASSETS	\$ 14,654,511	\$ 9,080,554	\$ 23,735,065	\$ 2,955,594

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 1,895,028	\$ 3,054,865	\$ 4,949,893	\$ 679,849
Other	<u>319,643</u>	<u>17,721</u>	<u>337,364</u>	<u>(17,277)</u>
Total Operating Revenues	2,214,671	3,072,586	5,287,257	662,572
Operating Expenses:				
Operating expenses	1,596,789	2,885,324	4,482,113	517,488
Depreciation	<u>758,272</u>	<u>427,378</u>	<u>1,185,650</u>	<u>304,175</u>
Total Operating Expenses	<u>2,355,061</u>	<u>3,312,702</u>	<u>5,667,763</u>	<u>821,663</u>
Operating Income (Loss)	(140,390)	(240,116)	(380,506)	(159,091)
Nonoperating Revenues (Expenses):				
Investment income	10,735	20,534	31,269	-
Interest expense	<u>(52,810)</u>	<u>-</u>	<u>(52,810)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>(42,075)</u>	<u>20,534</u>	<u>(21,541)</u>	<u>-</u>
Change in Net Assets	(182,465)	(219,582)	(402,047)	(159,091)
Net Assets at Beginning of Year	<u>14,836,976</u>	<u>9,300,136</u>	<u>24,137,112</u>	<u>3,114,685</u>
Net Assets at End of Year	<u>\$ 14,654,511</u>	<u>\$ 9,080,554</u>	<u>\$ 23,735,065</u>	<u>\$ 2,955,594</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 2,157,720	\$ 2,944,194	\$ 5,101,914	\$ -
Receipts from interfund service provided	-	-	-	681,203
Payments to vendors and employees	(1,565,753)	(2,844,805)	(4,410,558)	(556,631)
Net Cash Provided By Operating Activities	591,967	99,389	691,356	124,572
Cash Flows From Noncapital Financing Activities:				
Interfund borrowing	-	72,975	72,975	99,115
Net Cash (Used For) Capital and Related Financing Activities	-	72,975	72,975	99,115
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets, net of disposals	(1,178,720)	(102,371)	(1,281,091)	(223,687)
Principal payments on bonds and notes	(75,000)	-	(75,000)	-
Bond premium	(2,128)	-	(2,128)	-
Interest expense	(52,810)	-	(52,810)	-
Intergovernmental receivable	409,561	-	409,561	-
Net Cash (Used For) Capital and Related Financing Activities	(899,097)	(102,371)	(1,001,468)	(223,687)
Cash Flows From Investing Activities:				
Purchase (sale) of investments	566,864	(34,944)	531,920	-
Investment income	10,735	20,534	31,269	-
Net Cash Provided By Investing Activities	577,599	(14,410)	563,189	-
Net Change in Cash and Short-Term Investments	270,469	55,583	326,052	-
Cash and Short-Term Investments, Beginning of Year	749,964	1,029,403	1,779,367	-
Cash and Short-Term Investments, End of Year	\$ 1,020,433	\$ 1,084,986	\$ 2,105,419	\$ -
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Operating income (loss)	\$ (140,390)	\$ (240,116)	\$ (380,506)	\$ (159,091)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	758,272	427,378	1,185,650	304,175
Changes in assets and liabilities:				
User fees	(56,951)	(128,520)	(185,471)	1,354
Special assessments	-	(1,455)	(1,455)	-
Inventory	(12,193)	-	(12,193)	-
Other assets	10,035	1,517	11,552	3,667
Accounts payable	41,592	26,944	68,536	(20,922)
Accrued liabilities	(11,121)	(1,770)	(12,891)	(5,120)
Retainage payable	-	346	346	-
Other liabilities	2,723	15,065	17,788	509
Net Cash Provided By (Used For) Operating Activities	\$ 591,967	\$ 99,389	\$ 691,356	\$ 124,572

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2012

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 120,392	\$ 1,108,448
Investments	3,121,326	-
Accounts receivable	300	6,917
Due from other funds	<u>1,848</u>	<u>1,602</u>
Total Assets	3,243,866	1,116,967
<u>LIABILITIES AND NET ASSETS</u>		
Due to other funds	-	6,917
Other liabilities	<u>7,500</u>	<u>1,110,050</u>
Total Liabilities	<u>7,500</u>	<u>1,116,967</u>
<u>NET ASSETS</u>		
Total net assets held for other purposes	\$ <u><u>3,236,366</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust Funds</u>
Additions:	
Contributions	\$ 2,150
Investment Income (Loss):	
Interest earnings	79,266
Increase (decrease) in fair value of investments	(81,039)
Gain (Loss) on sale	<u>64,564</u>
Net investment income (loss)	<u>64,941</u>
Total additions	64,941
Deductions:	
General government	76,696
Education	7,800
Parks and recreation	<u>1,733</u>
Total deductions	<u>86,229</u>
Net increase (decrease)	(21,288)
Net assets:	
Beginning of year	<u>3,257,654</u>
End of year	<u>\$ 3,236,366</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2012, it was determined that no entities met the required GASB 39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with

a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The government reports the following major proprietary funds:

- The *Water (Enterprise) Fund* is to account for the operation of a water treatment plant, water lines and pumping stations.
- The *Sewer (Enterprise) Fund* is to account for the operation of pumping stations and sewer lines.

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

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Short-Term Investments

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

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

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

E. Investments

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

Investments for the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

F. Property Tax Limitations

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).
- 2) New building permits (between April 1st and March 31st) less total dollar value of demolition permits issued times the prior year's tax rate.

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

G. Interfund Receivables and Payables

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

H. Inventories and Prepaid

Inventories are valued at cost using the first-in/first-out (FIFO) method. Prepaid represent expenses that have been capitalized and will be expensed when consumed.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) 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 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 20
Building improvements	15 - 40
Infrastructure:	
Sewer system	50
Water system	5 - 40
Roads	15 - 30
Bridges	50
Furniture, equipment, and vehicles	4 - 25

J. Compensated Absences

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

K. 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.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net assets”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The City’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the City Council).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by

creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

M. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The City 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.
- 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.

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 52,163,538	\$ 52,141,823
Other financing sources/uses (GAAP basis)	-	60,000
Subtotal (GAAP Basis)	52,163,538	52,201,823
Adjust tax revenue to accrual basis	145,475	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(569,736)
Add end of year appropriation carryforwards from expenditures	-	509,941
To eliminate capital reserve activity	(2,056)	1,057,892
Recognize use of fund balance as funding source	1,268,000	-
Other GAAP adjustments	(116,995)	-
Budgetary basis	<u>\$ 53,457,962</u>	<u>\$ 53,199,920</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a City with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The City's policy is to require full collateralization on all demand deposit accounts, savings, now accounts, money market accounts and non-negotiable certificates of deposit. The underlying securities of the City's deposit in repurchase agreements of \$ 7,981,749 are held by the investment's counterparty, not in the name of the City.

As of June 30, 2012, none of the City's bank balance of \$ 6,359,331 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the City's name.

4. Investments

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent

person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below (in thousands) is the actual rating as of year end for each investment of the City (All federal agency securities have an implied credit rating of AAA):

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End							Not Rated
				AAA	A1	AA1	A2	A3	CAAA1		
Debt Related Securities:											
Certificates of deposits	\$ 11,125	N/A	\$ 11,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	681	N/A	-	-	135	51	213	135	48	99	
Corporate equities	1,915	N/A	1,915	-	-	-	-	-	-	-	
Municipal obligations	103	N/A	-	-	-	56	-	-	-	47	
Mutual funds	1,422	N/A	1,422	-	-	-	-	-	-	-	
Federal agency securities	143	N/A	-	143	-	-	-	-	-	-	
Total investments	\$ 15,389		\$ 14,462	\$ 143	\$ 135	\$ 107	\$ 213	\$ 135	\$ 48	\$ 146	

B. Custodial Credit Risk

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

Of the City's investment of \$ 15,388,674, the government has a custodial credit risk exposure of \$ 4,263,225 because the related securities are uninsured, unregistered, and/or held by the City's brokerage firm, which is also the counterparty to these securities.

C. Concentration of Credit Risk

The City's policy is to diversify investments to avoid over-concentration in securities from a specific issuer (excluding U.S. Treasury securities). The City does have investments in one issuer greater than 5% of total investments, as follows (in thousands):

	Controlling Agency			Total Amount	Percent of Investment
	City	Water	Sewer		
Certificates of Deposit:					
Laconia Savings Bank	\$ 5,019	\$ 363	\$ 2,091	\$ 7,473	50%
Meredith Village Savings Bank	3,033	208	-	3,241	22%
Franklin Savings Bank	261	-	-	261	2%
Northway Savings Bank	150	-	-	150	1%
Total	\$ 8,463	\$ 571	\$ 2,091	\$ 11,125	

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's policy is to invest in securities with varying maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>1-5</u>	<u>6-10</u>
Debt Related Securities:			
Certificates of deposit	\$ 11,125	\$ -	\$ -
Corporate bonds	681	520	161
Municipal obligations	103	16	87
Federal agency securities	143	143	-
Total	<u>\$ 12,052</u>	<u>\$ 679</u>	<u>\$ 248</u>

E. Foreign Currency Risks

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

5. Restricted Cash

Restricted cash represents capital reserve funds held by the trustees of trust funds as of June 30, 2012.

6. Taxes Receivable

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

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

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

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

Taxes receivable at June 30, 2012 consist of the following:

Real Estate		
2012		\$ 13,868,279
Unredeemed Taxes		
2011	646,193	
2010	297,797	
2009	58,539	
2008	1,791	
Prior	<u>1,472</u>	
		1,005,792
Elderly Tax Liens		33,929
Welfare Tax Liens		<u>15,154</u>
Total		<u>\$ 14,923,154</u>

Taxes Collected for Others

The City collects property taxes for the State of New Hampshire and the County of Belknap. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the City.

7. Allowance for Doubtful Accounts

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

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 105,340	\$ -
Water	-	52,877
Sewer	-	76,557

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2012.

9. Interfund Fund Receivables/Payables and Interfund Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2012 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 1,520,077	\$ 1,510,715
Nonmajor Funds:		
Tax Increment Finance (TIF) District	178,380	-
Airport fund	-	53,413
Park houses fund	34,510	-
Community development fund	103,657	-
Weirs/Endicott Water Line	4,728	-
City Grants fund	237,396	-
Special revenue fund	517,256	-
School lunch and breakfast fund	-	59,703
School grants fund	-	411,485
Ambulance fund	-	99,743
Parking garage/Davis Place fund	5,022	-
Bond Water/Revaluation	36,832	-
Huot Center	-	656,817
Permanent funds	-	54,847
Total Governmental Funds	<u>2,637,858</u>	<u>2,846,723</u>
Enterprise Funds:		
Sewer fund	-	213,233
Total Enterprise Funds	<u>-</u>	<u>213,233</u>
Internal Service Funds	425,565	-
Private Purpose Funds	1,848	-
Agency Funds	<u>1,602</u>	<u>6,917</u>
Total	<u>\$ 3,066,873</u>	<u>\$ 3,066,873</u>

Interfund transfers and their purposes during the year ended June 30, 2012 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ -	\$ 60,000
Nonmajor Funds:		
Permanent funds	<u>60,000</u>	<u>-</u>
Total	<u>\$ 60,000</u>	<u>\$ 60,000</u>

10. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 26,241,859	\$ 33,600	\$ (18,653)	\$ 26,256,806
Buildings and improvements	61,820,379	75,435	-	61,895,814
Furniture, equipment, and vehicles	11,623,951	362,466	(157,941)	11,828,476
Infrastructure	<u>25,884,109</u>	<u>920,189</u>	<u>-</u>	<u>26,804,298</u>
Total capital assets, being depreciated	125,570,298	1,391,690	(176,594)	126,785,394
Less accumulated depreciation for:				
Land improvements	(7,361,805)	(1,172,635)	18,653	(8,515,787)
Buildings and improvements	(19,898,436)	(1,655,575)	-	(21,554,011)
Furniture, equipment, and vehicles	(5,602,248)	(785,844)	120,665	(6,267,427)
Infrastructure	<u>(10,142,497)</u>	<u>(1,022,915)</u>	<u>-</u>	<u>(11,165,412)</u>
Total accumulated depreciation	<u>(43,004,986)</u>	<u>(4,636,969)</u>	<u>139,318</u>	<u>(47,502,637)</u>
Total capital assets, being depreciated, net	82,565,312	(3,245,279)	(37,276)	79,282,757
Capital assets, not being depreciated:				
Land	8,229,879	-	-	8,229,879
Construction in progress	<u>200,715</u>	<u>2,231,113</u>	<u>(933,989)</u>	<u>1,497,839</u>
Total capital assets, not being depreciated	<u>8,430,594</u>	<u>2,231,113</u>	<u>(933,989)</u>	<u>9,727,718</u>
Governmental activities capital assets, net	<u>\$ 90,995,906</u>	<u>\$ (1,014,166)</u>	<u>\$ (971,265)</u>	<u>\$ 89,010,475</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,890,794	\$ 162,831	\$ -	\$ 9,053,625
Furniture, equipment, and vehicles	2,697,255	801,888	-	3,499,143
Infrastructure	<u>30,508,448</u>	<u>324,283</u>	<u>(1,139)</u>	<u>30,831,592</u>
Total capital assets, being depreciated	42,096,497	1,289,002	(1,139)	43,384,360
Less accumulated depreciation for:				
Buildings and improvements	(3,597,213)	(318,339)	-	(3,915,552)
Furniture, equipment, and vehicles	(1,608,665)	(183,503)	-	(1,792,168)
Infrastructure	<u>(17,684,698)</u>	<u>(683,808)</u>	<u>1,139</u>	<u>(18,367,367)</u>
Total accumulated depreciation	<u>(22,890,576)</u>	<u>(1,185,650)</u>	<u>1,139</u>	<u>(24,075,087)</u>
Total capital assets, being depreciated, net	19,205,921	103,352	-	19,309,273
Capital assets, not being depreciated:				
Land	38,503	-	-	38,503
Construction in progress	<u>111,417</u>	<u>91</u>	<u>(8,002)</u>	<u>103,506</u>
Total capital assets, not being depreciated	<u>149,920</u>	<u>91</u>	<u>(8,002)</u>	<u>142,009</u>
Business-type activities capital assets, net	<u>\$ 19,355,841</u>	<u>\$ 103,443</u>	<u>\$ (8,002)</u>	<u>\$ 19,451,282</u>

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

Governmental Activities:	
General government	\$ 167,736
Fire and ambulance	193,964
Police	182,687
Education	1,514,431
Highway and streets	1,244,743
Solid waste	96,868
Parks and recreation	277,901
Library	138,958
Airport	<u>819,681</u>
Total depreciation expense - governmental activities	<u>\$ 4,636,969</u>
Business-Type Activities:	
Water	\$ 758,272
Sewer	<u>427,378</u>
Total depreciation expense - business-type activities	<u>\$ 1,185,650</u>

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2012 expenditures paid after June 30, 2012.

12. Deferred Revenue

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

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2012 receivable balances, except property taxes that are accrued for subsequent 60 day collections and property taxes billed or collected in advance of the fiscal year for which they are levied.

Deferred revenue at June 30, 2012 consists of the following (in thousands):

Real Estate		
2012	\$ 13,868	
Advance Collections	<u>4,949</u>	
		18,817
Unredeemed Taxes		
2011	561	
2010	285	
2009	18	
2008	<u>2</u>	
		866
Welfare Tax Liens		15
Other		<u>4</u>
Total		<u>\$ 19,702</u>

13. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

14. Long-Term Debt

A. General Obligation Bonds

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

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/12
<u>Governmental Activities:</u>			
Public improvement	01/15/16	5.30-5.65%	\$ 220,000
Capital improvement	08/15/21	4.38-5.00%	1,765,000
Capital improvement	08/15/22	4.00-5.00%	1,175,000
Library bond	01/15/24	5.00-4.75%	1,325,000
Capital improvement	09/07/15	4.00%	164,344
Fire truck - general obligation bond	05/09/18	3.08%	570,000
Transfer station	08/15/18	3.68%	680,000
Revaluation	08/15/14	2.26%	205,000
Weirs boardwalk	01/15/30	3.56%	680,000
School improvement bonds	01/15/16	5.40-5.65%	40,000
School bonds - Elm/Pleasant	08/15/21	4.125-5.00%	3,120,000
School bonds - Woodland Heights	01/15/23	4.25-4.90%	2,255,000
School bond - MMS Capital Project	02/15/36	4.76%	17,170,720
Weirs Boardwalk/Endicott Water Line	09/28/30	3.63%	536,750
Anthony Drive Stormwater Improvements	11/01/30	2.86%	206,767
Huot Center	12/15/30	0.00%	2,103,000
Total Governmental Activities:			\$ <u>32,216,581</u>

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/12
<u>Business-Type Activities:</u>			
Treatment plant	08/15/29	3.97%	\$ <u>1,310,000</u>
Total Business-Type Activities:			\$ <u>1,310,000</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2012 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,709,360	\$ 860,899	\$ 3,570,259
2014	2,576,364	853,795	3,430,159
2015	2,520,167	844,716	3,364,883
2016	2,402,814	835,106	3,237,920
2017	2,249,466	844,660	3,094,126
2018 - 2022	9,943,094	4,067,996	14,011,090
2023 - 2027	4,659,406	4,348,448	9,007,854
Thereafter	<u>5,155,910</u>	<u>10,441,515</u>	<u>15,597,425</u>
Total	\$ <u>32,216,581</u>	\$ <u>23,097,135</u>	\$ <u>55,313,716</u>

The general fund has been designated as the source to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2012:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 75,000	\$ 52,979	\$ 127,979
2014	75,000	50,715	125,715
2015	75,000	48,449	123,449
2016	75,000	46,091	121,091
2017	75,000	43,638	118,638
2018 - 2022	375,000	172,872	547,872
2023 - 2027	350,000	86,617	436,617
Thereafter	<u>210,000</u>	<u>14,894</u>	<u>224,894</u>
Total	\$ <u>1,310,000</u>	\$ <u>516,255</u>	\$ <u>1,826,255</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2012, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/11	Additions	Reductions	Total Balance 6/30/12	Less Current Portion	Equals Long-Term Portion 6/30/12
<u>Governmental Activities</u>						
Bonds payable	\$ 32,554	\$ 2,321	\$ (2,659)	\$ 32,216	\$ (2,709)	\$ 29,507
Other:						
Landfill closure	133	-	(20)	113	(19)	94
Compensated absences	2,692	29	-	2,721	(272)	2,449
Capital lease	51	-	(51)	-	-	-
SRF loan proceeds	218	-	(218)	-	-	-
OPEB obligation	668	177	-	845	-	845
Totals	\$ <u>36,316</u>	\$ <u>2,527</u>	\$ <u>(2,948)</u>	\$ <u>35,895</u>	\$ <u>(3,000)</u>	\$ <u>32,895</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 1,385	\$ -	\$ (75)	\$ 1,310	\$ (75)	\$ 1,235
Other:						
Compensated absences	139	3	-	142	(14)	128
OPEB obligation	40	16	-	56	-	56
Totals	\$ <u>1,564</u>	\$ <u>19</u>	\$ <u>(75)</u>	\$ <u>1,508</u>	\$ <u>(89)</u>	\$ <u>1,419</u>

15. Landfill Closure and Postclosure Care Costs

This liability reported is based on what it would cost to perform postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

16. Restricted Net Assets

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

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

17. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2012:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes

general fund encumbrances for non-lapsing special article appropriations approved by City Council, capital reserve funds set aside by City Council vote (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the City's fund balances at June 30, 2012:

	<u>Non Spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund						
Reserve for:						
Encumbrance	\$ -	\$ -	\$ -	\$ 509,941	\$ -	\$ 509,941
Inventory/prepaid expense	145,750	-	-	-	-	145,750
Capital Reserve	-	-	1,147,854	-	-	1,147,854
Undesignated	-	-	-	-	5,209,675	5,209,675
sub total	<u>145,750</u>	<u>-</u>	<u>1,147,854</u>	<u>509,941</u>	<u>5,209,675</u>	<u>7,013,220</u>
Non Major						
Special Revenue	-	1,477,513	178,380	-	-	1,655,893
Capital Projects	-	-	1,201,261	-	-	1,201,261
Permanent Funds	191,776	1,166,900	-	-	-	1,358,676
sub total	<u>191,776</u>	<u>2,644,413</u>	<u>1,379,641</u>	<u>-</u>	<u>-</u>	<u>4,215,830</u>
Grand Total	<u>\$ 337,526</u>	<u>\$ 2,644,413</u>	<u>\$ 2,527,495</u>	<u>\$ 509,941</u>	<u>\$ 5,209,675</u>	<u>\$ 11,229,050</u>

18. Subsequent Events

Debt

Subsequent to June 30, 2012, the City has incurred the following debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
QZAB	\$ 4,397,000	0.00%	11/06/12	11/06/32

QZAB (Qualified Zone Academy Bond) – The City issued a zero-interest bond in the amount of \$ 4,397,000 in order to continue financing the cost of the Huot Career & Technical Center and Laconia High School Renovation project as planned.

19. **Commitments and Contingencies**

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

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

Pollution Remediation Obligation – The City received a Request for Response Actions, dated July 28, 2010, from the New Hampshire Environmental Services describing conditions on several properties in Laconia identified as the former Burn Dump and the former Morin Road Landfill alleging each may have been used in the past by the City for landfill operations and directs that additional investigation and remediation be undertaken at these sites to determine the source, nature, location and extent of waste and contamination. The liability of the City has not been established because it is not reasonably possible to estimate the actual costs of undertaking any such response action at the present time.

20. **Post-Employment Healthcare and Life Insurance Benefits** **Other Post-Employment Benefits**

The City implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

The City provides its eligible retirees, including in some cases their beneficiaries (as govern by RSA 100-A:50), the ability to purchase health and prescription insurance at the City's group rates. Although the City does not supplement the cost of these plans, GASB Statement 45 requires the City to recognize the liability for the inclusion of any implicit rate subsidies

afforded its retirees. This subsidy is generated as a result of the basic nature of insurance - one risk group subsidizes another to arrive at a blended premium, therefore current employees who are young and healthy subsidized the older retirees. As of June 30, 2012, there were approximately 230 retiree subscribers, including eligible spouses and dependents, and 300 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The City provides medical, prescription drug, and mental health/substance abuse to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees of the City contribute 100%, and under the early retirement incentive, up to 5 employees of the school shall be eligible to receive single-person health insurance benefits up to the age of 65. The City contributes the remainder of the health insurance plan cost on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of May 23, 2012.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>City</u>	<u>School</u>	<u>Water</u>	<u>Sewer</u>	
Annual Required Contribution (ARC)	\$ 412,967	\$ 495,996	\$ 30,305	\$ 19,334	\$ 958,602
Interest on net OPEB obligation	18,461	11,587	(30)	1,826	31,844
Adjustment to ARC	(17,486)	(15,380)	28	(1,729)	(34,567)
Annual OPEB cost	413,942	492,203	30,303	19,431	955,879
Contributions made	(304,323)	(424,728)	(29,681)	(3,873)	(762,605)
Increase in net OPEB obligation	109,619	67,475	622	15,558	193,274
Net OPEB obligation - beginning of year	410,236	257,479	(663)	40,577	707,629
Net OPEB obligation - end of year	\$ <u>519,855</u>	\$ <u>324,954</u>	\$ <u>(41)</u>	\$ <u>56,135</u>	\$ <u>900,903</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 955,879	20.2%	\$ 900,903
2011	\$ 959,244	19.3%	\$ 707,629
2010	\$ 748,568	42.0%	\$ 635,219
2009	\$ 716,003	42.1%	\$ 321,073

The City's net OPEB obligation as of June 30, 2012 is recorded as a component of the "other long-term liabilities" line item.

E. Funded Status and Funding Progress

The funded status of the plan as of May 23, 2012, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 10,025,085
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 10,025,085</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 24,258,182</u>
UAAL as a percentage of covered payroll	<u>41%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members

to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 23, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3%.

21. Retirement System

The City follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Funding Policy

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers and 9.3% for police and fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and is 11.30% for teachers, 19.95% for police, 22.89% for fire and 8.80% for all other covered employees. The City contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$ 3,073,796, \$ 2,505,699 and \$ 2,413,154, respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended June 30, 2012, was \$ 8,596,938 for the City and \$ 15,625,625 for the School Department.

22. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

23. Tax Increment Financing District

The following represents the Downtown Tax Increment Financing District's fiscal year 2012 financial report, which is required by NH RSA 162-K:11. This District is reported as a special revenue fund of the City.

	<u>Phase 1 Riverwalk</u>
Revenues:	
Tax Increment FY2012	\$ 107,237
Expenditures:	
General Government	<u>1,724</u>
Total Expenditures	<u>1,724</u>
Excess (deficiency) of revenues over expenditures	105,513
Fund Equity, at Beginning of Year	<u>72,867</u>
Fund Equity, at End of Year	<u>\$ 178,380</u>
Assessment Information	
Base Value	<u>\$ 72,637,787</u>
Captured Value*	<u>\$ 7,450,650</u>

* = As of October 2, 2008

24. Implementation of New GASB Standards

The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the City's basic financial statements by recognizing as a liability and expense, the City's applicable portion of the New Hampshire Retirement System's actuarially accrued liability.

CITY OF LACONIA, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

(Unaudited)

(Amounts Expressed in thousands)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/08	\$ -	\$ 7,557	\$ 7,557	0.0%	\$ 22,651	33.4%
06/29/10	\$ -	\$ 7,887	\$ 7,887	0.0%	\$ 23,330	33.8%
05/16/11	\$ -	\$ 10,148	\$ 10,148	0.0%	\$ 23,552	43.1%
05/23/12	\$ -	\$ 10,025	\$ 10,025	0.0%	\$ 24,258	41.3%

See Independent Auditors' Report.

STATISTICAL SECTION

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

	<u>2012</u>	<u>2011</u>	<u>2010*</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities									
Invested in capital assets, net of related debt	57,995	58,604	58,797	55,566	\$33,091	\$42,731	\$33,470	\$30,756	\$24,245
Restricted for:					1,040	980	996	1,332	1,662
Grants	1,656	1,379	1,314	-	-	-	-	-	-
Permanent funds:									
Nonexpendable	192	278	162	-	-	-	-	-	-
Expendable	1,148	906	934	-	-	-	-	-	-
Unrestricted	3,689	4,088	4,718	3,365	24,624	7,215	7,379	5,859	5,942
Total governmental activities net assets	<u>\$64,680</u>	<u>\$65,255</u>	<u>\$65,925</u>	<u>\$60,647</u>	<u>\$58,755</u>	<u>\$50,926</u>	<u>\$41,845</u>	<u>\$37,947</u>	<u>\$31,849</u>
Business-type activities									
Invested in capital assets, net of related debt	18,141	17,971	18,066	18,559	\$18,418	\$17,294	\$16,974	\$16,824	\$14,802
Restricted	-	-	-	-	-	392	67	178	187
Unrestricted	5,594	6,166	6,396	6,163	6,226	5,363	5,279	5,266	7,464
Total business-type activities net assets	<u>\$23,735</u>	<u>\$24,137</u>	<u>\$24,462</u>	<u>\$24,722</u>	<u>\$24,644</u>	<u>\$23,049</u>	<u>\$22,320</u>	<u>\$22,268</u>	<u>\$22,453</u>
Primary government									
Invested in capital assets, net of related debt	\$76,136	\$76,575	\$76,863	\$74,125	\$51,509	\$60,025	\$50,444	\$47,580	\$39,047
Restricted for:					1,040	1,372	1,063	1,510	1,849
Grants	1,656	1,379	1,314	-	-	-	-	-	-
Permanent funds:									
Nonexpendable	192	278	162	-	-	-	-	-	-
Expendable	1,148	906	934	-	-	-	-	-	-
Unrestricted	9,283	10,254	11,114	9,528	30,850	12,578	12,658	11,125	13,406
Total primary governmental net assets	<u>\$88,415</u>	<u>\$89,392</u>	<u>\$90,387</u>	<u>\$85,369</u>	<u>\$83,399</u>	<u>\$73,975</u>	<u>\$64,165</u>	<u>\$60,215</u>	<u>\$54,302</u>

* Net assets have been reclassified in FY10 to reflect new accounting standards under GASB 54

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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	
Expenses										
Governmental activities:										
General government*	\$8,480	\$8,325	\$9,931	\$8,687	\$8,526	\$6,821	\$7,409	\$6,701	\$6,440	
Public safety	9,504	9,483	9,453	9,188	8,611	7,757	7,621	6,894	6,051	
Highways and streets	3,579	3,924	2,789	3,702	2,146	3,175	2,896	3,799	2,906	
Solid Waste	1,825	1,794	1,723	1,699	1,683	1,738	1,663	1,461	1,410	
Education	33,776	34,152	33,673	31,556	25,312	28,211	26,965	25,438	25,039	
Culture and recreation	1,781	1,599	1,658	1,506	1,457	1,586	1,565	1,217	1,222	
Interest on long-term debt	875	951	903	925	847	935	1,028	1,128	1,220	
Total governmental activities expenses	59,820	60,228	60,130	57,263	48,582	50,223	49,147	46,638	44,288	
Business-type activities:										
Water	2,408	2,361	2,299	2,281	2,016	1,977	1,931	1,826	1,754	
Sewer	3,313	3,158	3,366	3,051	2,962	2,752	2,634	2,489	2,353	
Total business-type activities expenses	5,721	5,519	5,665	5,332	4,978	4,729	4,565	4,315	4,107	
Total primary government expenses	\$65,541	\$65,747	\$65,795	\$62,595	\$53,560	\$54,952	\$53,712	\$50,953	\$48,395	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$2,818	\$2,841	\$2,858	\$2,981	\$3,262	\$3,153	\$3,202	\$3,209	\$3,039	
Culture and recreation	95	91	88	59	65	80	64	100	86	
Other activities	2,840	2,832	2,986	2,862	3,036	2,940	2,608	2,617	2,696	
Operating grants and contributions	13,506	13,846	15,050	11,479	7,751	9,862	10,894	9,829	11,352	
Capital grants and contributions	545	506	4,518	1,583	3,794	7,022	1,292	5,723	2,208	
Total governmental activities program revenues	19,804	20,116	25,500	18,964	17,908	23,057	18,060	21,478	19,381	
Business-type activities:										
Charges for services:										
Water	2,215	2,155	2,159	2,183	1,901	1,965	1,914	1,808	1,628	
Sewer	3,073	2,700	2,654	2,709	2,741	2,343	2,061	2,062	2,040	
Operating grants and contributions	-	-	3	3	-	-	-	-	-	
Capital grants and contributions	-	-	-	-	1,441	754	590	132	104	
Total business-type activities program revenues	5,288	4,855	4,816	4,895	5,083	5,062	4,565	4,002	3,772	
Total primary government program revenues					\$23,991	\$28,119	\$22,625	\$25,480	\$23,153	
Net (expense)/revenues										
Governmental activities	(\$40,016)	(\$40,112)	(\$34,630)	(\$38,299)	(\$30,674)	(\$27,166)	(\$31,087)	(\$25,160)	(\$24,907)	
Business-type activities	(433)	(664)	(849)	(437)	1,105	333	-	(313)	(335)	
Total primary government net expense	(\$40,449)	(\$40,776)	(\$35,479)	(\$38,736)	(\$29,569)	(\$26,833)	(\$31,087)	(\$25,473)	(\$25,242)	

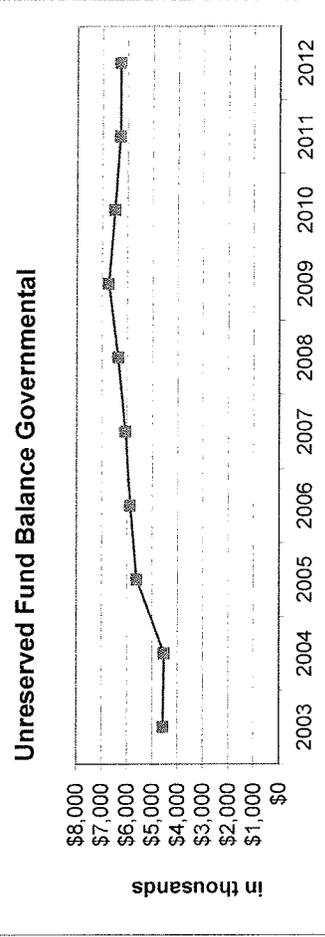
* Includes Welfare, conservation and airport expenses

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$37,537	\$37,415	\$37,609	\$36,474	\$33,298	\$32,811	\$31,327	\$29,010	\$26,213	
Franchise taxes	273	269	262	259	248	232	220	206	194	
Payment in lieu of taxes	409	431	347	351	304	263	241	245	244	
Other taxes	247	251	113	160	469	549	681	261	335	
Unrestricted grants and contributions	713	775	772	2,167	2,099	1,310	1,261	1,202	1,145	
Investment earnings	116	350	417	576	1,645	1,128	677	288	283	
Miscellaneous	146	242	387	393	454	89	453	301	219	
Transfers	-	(291)	-	-	-	(133)	124	46	(47)	
Total governmental activities	<u>39,441</u>	<u>39,442</u>	<u>39,907</u>	<u>40,380</u>	<u>38,517</u>	<u>36,249</u>	<u>34,984</u>	<u>31,559</u>	<u>28,586</u>	
Business-type activities:										
Investment earnings	31	48	64	87	183	213	160	159	96	
Miscellaneous	-	-	524	428	268	49	17	15	14	
Transfers	-	291	-	-	-	133	(124)	(46)	47	
Total business-type activities	<u>31</u>	<u>339</u>	<u>588</u>	<u>515</u>	<u>451</u>	<u>395</u>	<u>53</u>	<u>128</u>	<u>157</u>	
Total primary government	<u>\$39,472</u>	<u>\$39,781</u>	<u>\$40,495</u>	<u>\$40,895</u>	<u>\$38,968</u>	<u>\$36,644</u>	<u>\$35,037</u>	<u>\$31,687</u>	<u>\$28,743</u>	
Changes in Net Assets										
Governmental activities	(\$575)	(\$670)	\$5,277	\$2,081	\$7,843	\$9,083	\$3,897	\$6,399	\$3,679	
Business-type activities	(402)	(325)	(261)	78	1,555	728	53	(185)	(178)	
Total primary government	<u>(\$977)</u>	<u>(\$995)</u>	<u>\$5,016</u>	<u>\$2,159</u>	<u>\$9,398</u>	<u>\$9,811</u>	<u>\$3,950</u>	<u>\$6,214</u>	<u>\$3,501</u>	

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)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund										
Reserved	\$655	\$623	\$1,182	\$675	\$760	\$507	\$1,219	\$349	\$311	\$753
Capital Reserve *	1,148	88	-	-	-	-	-	-	-	-
Unreserved	5,210	6,341	6,312	6,322	6,524	6,766	6,383	6,097	5,897	5,637
Total general fund	\$7,013	\$7,052	\$7,494	\$6,997	\$7,284	\$7,273	\$7,602	\$6,446	\$6,208	\$6,390
All other governmental funds										
Reserved	\$192	\$191	\$162	\$145	\$145	\$162	\$162	\$162	\$614	\$148
Unreserved, reported in:										
Special revenue funds	1,656	1,380	1,344	1,314	1,114	1,246	1,498	1,167	989	696
Capital projects funds	1,201	213	415	735	9,227	865	1,056	1,168	3,872	5,318
Permanent funds	1,167	1,150	934	883	894	783	669	1,134	1,061	1,227
Total all other governmental funds	\$4,216	\$2,934	\$2,855	\$3,077	\$11,380	\$3,056	\$3,385	\$3,631	\$6,536	\$7,389



* City implemented GASB 54 in FY11

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$38,294	\$38,007	\$38,103	\$36,515	\$34,547	\$32,908	\$31,876	\$29,326	\$26,557	\$25,650
Licenses and permits	2,399	2,266	2,364	2,493	2,632	2,247	2,321	2,272	2,250	2,111
Integovernmental	9,685	10,073	10,326	9,811	9,392	8,506	8,132	12,868	14,397	10,819
Charges for services	1,297	1,335	1,314	1,466	1,488	602	458	1,686	1,701	1,585
Fines	30	35	65	56	75	29	36	87	47	23
Investment earnings	77	152	306	610	1,576	849	594	281	283	304
Miscellaneous	381	485	335	443	457	1,812	2,261	2,950	2,816	2,539
Total revenues	<u>52,163</u>	<u>52,353</u>	<u>52,813</u>	<u>51,394</u>	<u>50,167</u>	<u>46,953</u>	<u>45,678</u>	<u>49,470</u>	<u>48,051</u>	<u>43,031</u>
Expenditures										
General government	6,853	6,821	6,558	6,711	6,498	5,973	5,674	7,465	6,739	5,486
Public safety	8,285	8,371	8,253	8,047	7,660	7,017	6,720	6,920	6,549	5,567
Education	27,059	27,110	26,986	25,669	24,936	23,443	22,234	24,788	23,631	22,046
Highways and streets	2,077	2,257	2,131	2,342	2,306	2,046	1,994	1,946	3,520	2,394
Solid Waste	1,759	1,722	1,671	1,712	1,796	1,743	1,662	1,461	1,410	1,409
Library	735	756	780	755	713	681	637	576	607	524
Parks & Recreation	617	645	572	651	581	563	551	533	664	504
Capital outlay	1,252	1,296	1,151	1,592	1,973	2,752	1,489	4,989	4,803	7,409
Debt service										
Principal **	2,634	2,892	3,232	3,238	2,855	2,305	2,314	2,313	2,261	1,927
Interest	871	892	883	878	901	977	1,072	1,190	1,202	1,060
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>52,142</u>	<u>52,762</u>	<u>52,217</u>	<u>51,595</u>	<u>50,219</u>	<u>47,500</u>	<u>44,347</u>	<u>52,181</u>	<u>51,386</u>	<u>48,326</u>
Excess of revenues over (under) expenditures	21	(409)	596	(201)	(52)	(547)	1,331	(2,711)	(3,335)	(5,295)
Other financing sources (uses)										
Transfers in	-	-	-	-	93	36	35	1,836	315	778
Transfers out	(60)	(120)	(100)	(85)	(30)	(60)	(210)	(1,790)	(362)	(832)
Capital leases	-	-	-	-	242	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-	2,347	6,907
Total other financing sources (uses)	<u>(60)</u>	<u>(120)</u>	<u>(100)</u>	<u>(85)</u>	<u>63</u>	<u>218</u>	<u>(175)</u>	<u>46</u>	<u>2,300</u>	<u>6,853</u>
Net change in fund balances	<u>(\$39)</u>	<u>(\$529)</u>	<u>\$496</u>	<u>(\$286)</u>	<u>\$11</u>	<u>(\$329)</u>	<u>\$1,156</u>	<u>(\$2,665)</u>	<u>(\$1,035)</u>	<u>\$1,558</u>

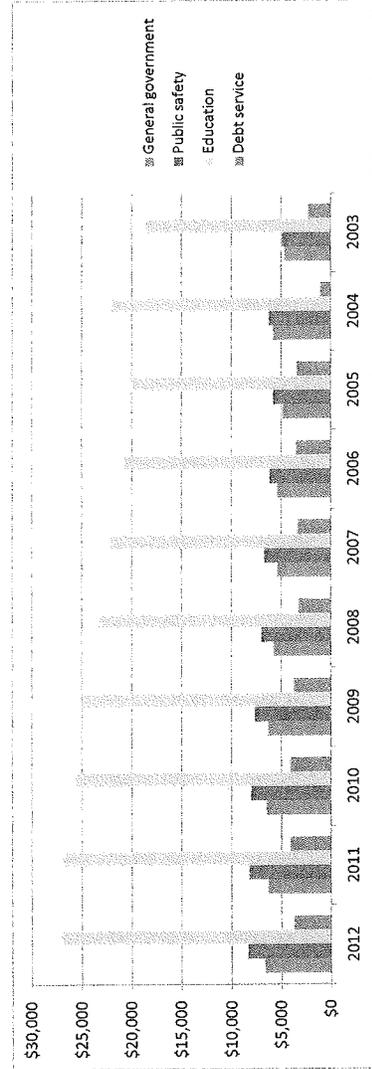
** This number has been reduced to reflect the use of unspent bond proceeds to pay principal payments on several bonds for the City - \$144,588 and the School - \$135,512.

CITY OF LACONIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION-GENERAL FUND
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Function	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	\$6,703	\$6,710	\$6,384	\$6,557	\$6,380	\$5,846	\$5,460	\$5,452	\$4,925	\$5,860	\$4,730
Public safety	8,285	8,371	8,253	8,048	7,661	7,017	6,720	6,160	5,795	6,268	4,943
Education	27,059	27,111	26,986	25,669	24,936	23,443	22,234	20,937	20,175	22,166	18,639
Highways/streets/sanitation	3,836	3,980	3,802	4,054	4,102	3,789	3,656	3,382	4,915	2,883	2,939
Welfare	151	111	173	157	117	126	213	319	312	276	259
Parks & Recreation	617	645	572	651	581	563	551	506	531	609	366
Library	735	756	780	754	713	681	637	558	549	532	535
Capital outlay	1,252	1,296	1,151	1,591	1,973	2,752	1,489	1,583	**0	**0	859
Debt service	3,504	3,783	4,115	4,115	3,756	3,282	3,386	3,503	3,463	1,128	2,335
TOTALS	52,142	52,763	52,216	51,596	50,219	47,499	44,346	42,400	40,665	39,722	35,605

Percent of Total	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	13.3%	13.4%	12.7%	13.1%	12.7%	12.3%	12.3%	12.9%	12.1%	14.8%	13.3%
Public safety	16.5%	16.7%	16.4%	16.0%	15.3%	14.8%	15.2%	14.5%	14.3%	15.8%	13.9%
Education	53.9%	54.0%	53.7%	51.1%	49.7%	49.4%	50.1%	49.4%	49.6%	55.8%	52.3%
Highways/streets/sanitation	7.6%	7.9%	7.6%	8.1%	8.2%	8.0%	8.2%	8.0%	12.1%	7.3%	8.3%
Welfare	0.3%	0.2%	0.3%	0.3%	0.2%	0.3%	0.5%	0.8%	0.8%	0.7%	0.7%
Parks & Recreation	1.2%	1.3%	1.1%	1.3%	1.2%	1.2%	1.2%	1.2%	1.3%	1.5%	1.0%
Library	1.5%	1.5%	1.6%	1.5%	1.4%	1.4%	1.4%	1.3%	1.4%	1.3%	1.5%
Capital outlay	2.5%	2.6%	2.3%	3.2%	3.9%	5.8%	3.5%	3.7%	n/a*	n/a	2.4%
Debt service	7.0%	7.5%	8.2%	8.2%	7.5%	6.9%	7.6%	8.3%	8.5%	2.8%	6.6%

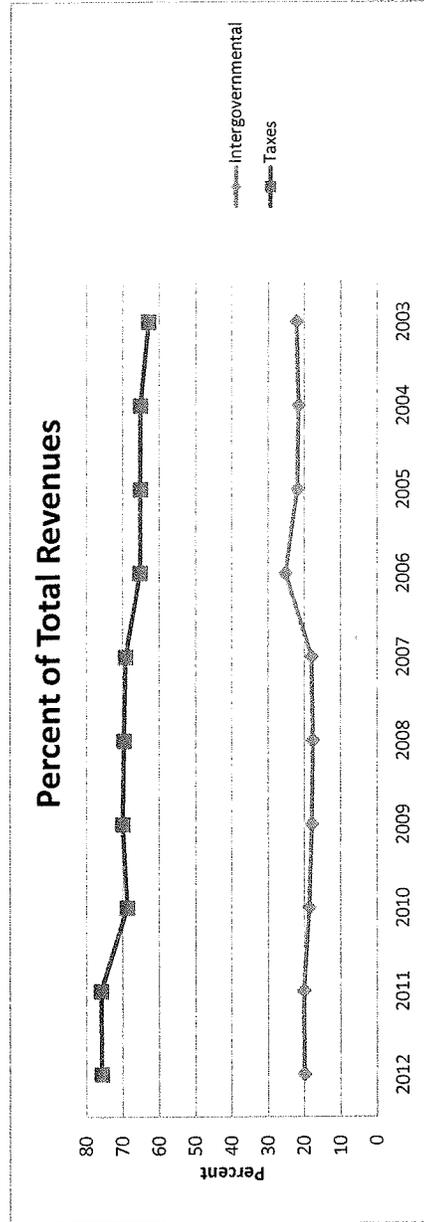
*Capital Outlay was reported in the functions



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

Fiscal Year	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$38,295	\$38,007	\$38,103	\$36,515	\$34,546	\$32,908	\$31,875	\$29,327	\$26,508	\$24,508
Licenses and permits	2,399	2,266	2,364	2,493	2,632	2,247	2,321	2,272	2,250	2,111
Intergovernmental	9,684	10,073	10,326	9,811	9,392	8,507	8,133	7,697	9,056	8,304
Charges for services	1,297	1,335	1,314	1,466	1,488	602	458	559	584	625
Interest and Dividends	77	152	306	610	1,576	849	594	230	190	264
Other	411	521	400	499	533	1,841	2,296	2,205	1,929	1,697
Total revenues	\$52,163	\$52,354	\$52,813	\$51,394	\$50,167	\$46,954	\$45,677	\$42,290	\$40,517	\$37,509

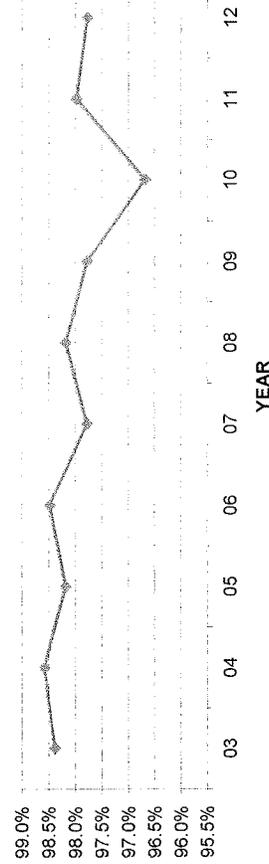
Percent of Total Revenue	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxes	76.3%	75.8%	76.0%	72.8%	68.9%	70.1%	69.8%	69.3%	65.4%	65.3%
Licenses and permits	4.8%	4.5%	4.7%	5.0%	5.2%	4.8%	5.1%	5.4%	5.6%	5.6%
Intergovernmental	19.3%	20.1%	20.6%	19.6%	18.7%	18.1%	17.8%	18.2%	22.4%	22.1%
Charges for services	2.6%	2.7%	2.6%	2.9%	3.0%	1.3%	1.0%	1.3%	1.4%	1.7%
Interest and Dividends	0.2%	0.3%	0.6%	1.2%	3.1%	1.8%	1.3%	0.5%	0.5%	0.7%
Other	0.8%	1.0%	0.8%	1.0%	1.1%	3.9%	5.0%	5.2%	4.8%	4.5%



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

Fiscal Year Ended 30-Jun	Total Property Tax Levy	Current Fiscal Year Collections Adjustments	Percent of Levy Collected Prior to Tax Lien	Property Taxes Liened(1)	Current Fiscal Liened 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
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	519	29,089	100.0%	-	0.0%
2006	31,335	30,871	98.5%	464	464	31,335	100.0%	-	0.0%
2007	32,997	32,244	97.8%	753	753	32,997	100.0%	-	0.0%
2008	34,409	33,635	98.2%	774	772	34,407	99.7%	2	0.0%
2009	36,062	34,668	96.1%	1,394	1,335	36,003	99.1%	59	0.2%
2010	37,602	36,344	96.7%	1,258	960	37,304	99.2%	298	0.8%
2011	38,113	37,139	97.4%	974	328	37,467	98.3%	646	1.7%
2012	38,558	37,713	97.8%	845	-	37,713	97.8%	-	0.0%

% LEVY COLLECTED PRIOR TO LIEN

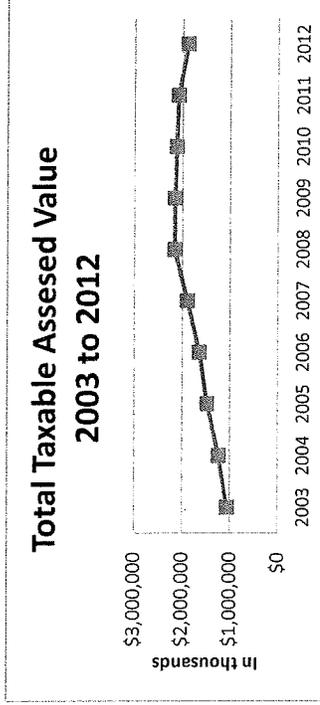


(1) Annually, the City places a lien on properties for which taxes are unpaid.

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	COD	PDR
	Residential Property	Commercial Property	Utilities								
2003	983,942	246,033	19,181	\$1,249,156	6,048	\$1,243,108	\$19.74	1,335,628	93.5%		
2004	1,238,126	230,249	21,428	\$1,489,803	7,146	\$1,482,657	\$17.89	1,561,740	95.4%		
2005	1,390,738	238,891	22,890	\$1,652,519	7,280	\$1,645,239	\$17.84	1,808,174	91.4%	11.9	1
2006	1,598,527	287,132	22,964	\$1,908,623	9,475	\$1,899,148	\$16.72	2,088,694	91.4%	13.8	1.01
2007	1,804,316	348,509	21,711	\$2,174,536	9,250	\$2,165,286	\$15.51	2,255,023	96.4%	10.8	1.01
2008	1,816,321	329,897	23,115	\$2,169,333	8,610	\$2,160,723	\$16.20	2,290,486	94.7%	12.9	1.01
2009	1,782,228	328,711	23,999	\$2,134,938	7,580	\$2,127,358	\$16.97	2,174,544	98.2%	11.3	1.02
2010	1,747,771	327,153	23,530	\$2,098,454	7,710	\$2,090,744	\$18.04	2,047,623	102.5%	13.2	1.04
2011	1,560,739	320,342	22,424	\$1,903,505	6,655	\$1,896,850	\$19.81	2,006,065	94.9%	12.4	1.02
2012	1,521,087	314,155	20,705	\$1,855,947	6,595	\$1,849,352	\$20.56	1,856,403	99.5%	13.7	1.04

COD is Coefficient of Dispersion - The average deviation of a group of numbers from the median expressed as a percentage of the median. In ratio studies, the average percentage deviation from the median.
PDR is Price-related Differential - The mean divided by the weighted mean. The statistic has a slight bias upward. Price-related differentials above 1.03 tend to indicate assessment regressivity; price-related differentials below .98 ten to indicate assessment progressivity.



	Percentages	
	Residential	Commercial
2002	81.4%	16.9%
2003	78.8%	19.7%
2004	83.1%	15.5%
2005	84.2%	14.5%
2006	83.8%	15.0%
2007	83.0%	16.0%
2008	83.7%	15.2%
2009	82.2%	15.2%
2010*	83.3%	15.6%
2011	74.4%	15.3%
2012	72.5%	15.0%

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

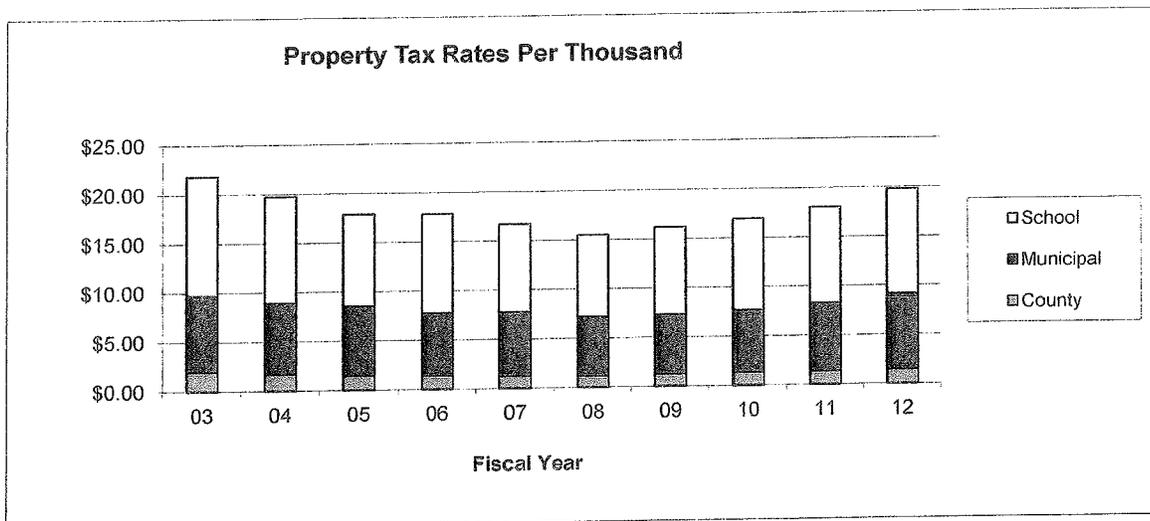
*Corrected after publication.

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

City Direct Rates

Fiscal Year	City	School	State Education	Total School	Total Direct	Overlapping Rate County	Total Direct & Overlapping Rates
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
2008	\$6.09	\$6.73	\$2.17	\$8.90	\$14.99	\$1.21	\$16.20
2009	\$6.35	\$7.07	\$2.25	\$9.32	\$15.67	\$1.30	\$16.97
2010	\$6.95	\$7.45	\$2.32	\$9.77	\$16.72	\$1.32	\$18.04
2011	\$7.69	\$8.20	\$2.49	\$10.69	\$18.38	\$1.43	\$19.81
2012	\$8.14	\$8.41	\$2.55	\$10.96	\$19.10	\$1.46	\$20.56

Source:
NH State Department of Revenue Administration

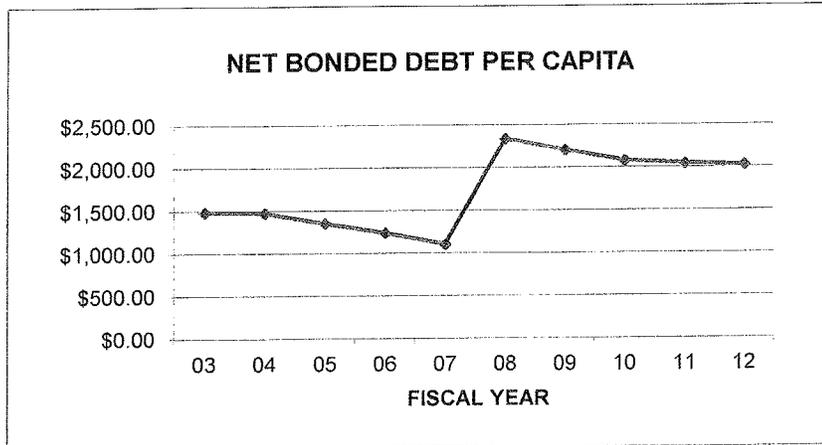


CITY OF LACONIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed thousands, except per capita amount)

<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>		
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	\$19,180	\$1,102.75
2008	39,552	211	\$39,763	\$2,333.45
2009	37,290	56	\$37,346	\$2,200.00
2010	35,160	1,457	\$36,617	\$2,074.34
2011	32,533	1,385	\$33,918	\$2,039.56
2012	32,217	1,310	\$33,527	\$2,019.75

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, 2012**

Base Valuation for Debt Limit (1)		<u>\$ 1,940,524,166</u>
Bonded Debt Limit - 3.00% of Base		\$ 58,215,725
Gross Bonded Debt, June 30, 2012	\$ 32,216,581	
Less: Water Bonds	\$ (1,310,000)	
School Bonds	\$ (24,688,720)	
		<u>\$6,217,861</u>
Debt Margin		<u>\$51,997,864</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		\$ 1,884,462,851
Department of Revenue Administration Inventory Adjustment		\$ 56,061,315
Equalized Assessed Valuation		<u>\$ 1,940,524,166</u>
Adjustment: RSA 31-A		\$ -
Base Valuation for Debt Limit		<u>\$ 1,940,524,166</u>

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

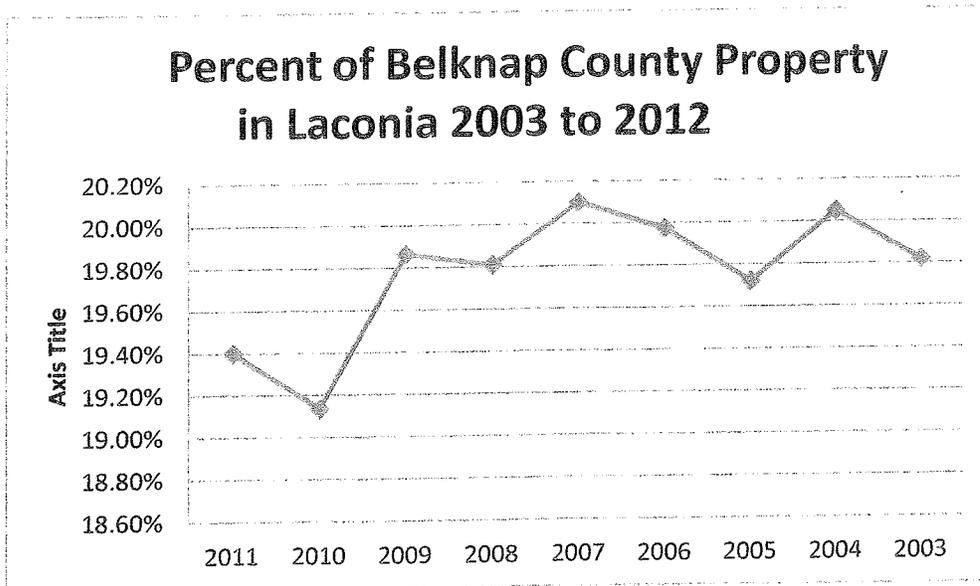
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Legal Debt Limits											
City 3%	\$58,215	\$59,643	\$60,899	\$65,841	\$69,367	\$68,514	\$63,477	\$54,960	\$47,575	\$40,990	\$34,391
School 7%	\$135,837	\$139,166	\$142,098	\$153,630	\$161,855	\$159,865	\$148,114	\$128,240	\$111,007	\$95,644	\$80,246
Debt Against Legal Debt Limits											
City	7,528	10,873	8,801	8,790	9,173	9,541	10,910	11,876	13,253	12,330	10,683
School	24,688	24,287	26,359	28,500	30,379	9,271	10,208	11,145	12,082	13,022	9,688
Total City & School Debt June 30	\$32,216	\$35,160	\$35,160	\$37,290	\$39,552	\$18,812	\$21,118	\$23,021	\$25,335	\$25,352	\$20,371
Unused Capacity of Legal Debt Limits											
City*	\$50,687	\$48,770	\$52,098	\$57,051	\$60,194	\$58,973	\$52,567	\$43,084	\$34,322	\$28,660	\$23,708
School *	111,149	114,879	115,739	125,130	131,476	150,594	137,906	117,095	98,925	82,622	70,558
% of Legal Debt Limits Used											
City	12.9%	18.2%	14.5%	13.4%	13.2%	13.9%	17.2%	21.6%	27.9%	30.1%	31.1%
School	18.2%	17.5%	18.5%	18.6%	18.8%	5.8%	6.9%	8.7%	10.9%	13.6%	12.1%

*Reductions in this number need to be made to reflect authorized debt, not yet issued of \$4,397,000 for the Huot Career Center and \$380,000 for a New Pumper Truck for the Fire Department.

Data Source
 Annual Financial Statements
 NH Department of Revenue Administration

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

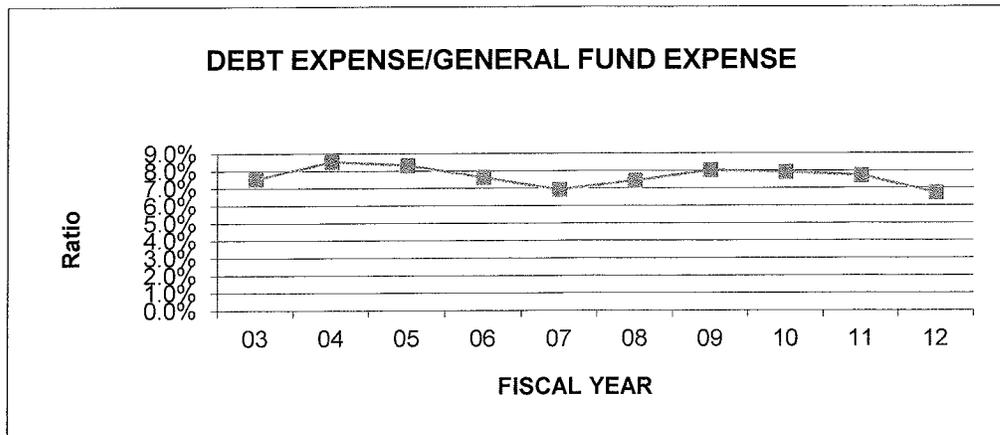
End of Year	Net Debt Outstanding	Percentage Applicable to Laconia	Amount Applicable to Laconia
2012	\$3,100,000	19.30%	\$598,300
2011	\$3,945,000	19.40%	\$765,330
2010	\$4,350,000	19.13%	\$832,342
2009	\$4,845,000	19.86%	\$962,416
2008	\$5,420,000	19.81%	\$1,073,718
2007	\$5,864,600	20.10%	\$1,178,919
2006	\$6,579,200	19.98%	\$1,314,254
2005	\$7,323,800	19.72%	\$1,444,268
2004	\$8,398,400	20.05%	\$1,683,988
2003	\$5,443,000	19.82%	\$1,078,835



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

Fiscal Year	Principal	Interest	Total Principal and Interest Payments	Total General Fund Expenditures	% *
2012	\$2,663,053	\$870,361	\$3,533,414	\$52,141,823	6.8%
2011	\$3,167,717	\$892,102	\$4,059,819	\$52,763,415	7.7%
2010	\$3,231,704	\$883,673	\$4,115,377	\$52,216,815	7.9%
2009	\$3,238,389	\$877,394	\$4,115,783	\$51,595,864	8.0%
2008	\$2,854,710	\$881,502	\$3,736,212	\$50,219,571	7.4%
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%

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



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

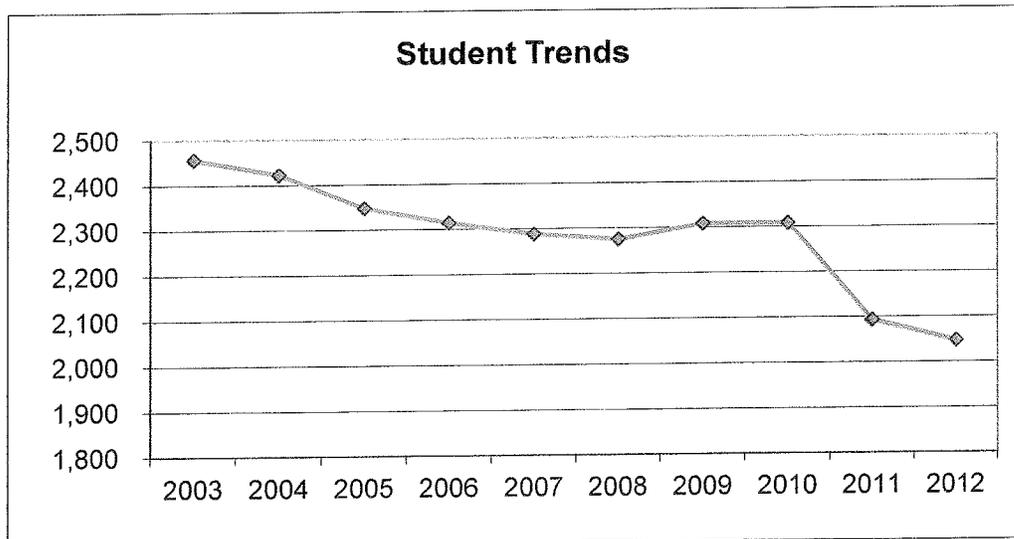
Fiscal Year	Population*	Personal Income*	Per Capita Personal Income*	Median Age*	School Enrollment**	Unemployment Rate***
2002	16,751	37,796	19,540	38.8	2,402	4.8%
2003	16,999	37,796	19,540	38.8	2,456	2.9%
2004	17,071	37,796	19,540	38.8	2,422	2.9%
2005	17,183	37,796	19,540	38.8	2,348	2.9%
2006	17,045	37,796	19,540	38.8	2,314	2.9%
2007	17,060	37,796	19,540	38.1	2,288	3.5%
2008	16,950	37,796	19,540	38.8	2,275	4.0%
2009	16,950	37,796	19,540	38.8	2,308	6.8%
2010	16,950	37,796	19,540	38.8	2,278	8.5%
2011	15,951	46,748	25,159	43.0	2,093	6.3%
2012	15,951	44,919	24,959	43.0	2,047	5.1%

Data Source

*Bureau of Census/County Regional Planning Commission, city-data.com

**City annual reports, school district (excludes voc tech students)

*** State of NH reports as of June 30th of the year.



CITY OF LACONIA
PRINCIPAL PROPERTY TAXPAYERS
 June 30, 2012
 (amounts expressed in thousands)

	2012				2002			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		
Public Service of NH	\$17,196	1	0.92%	\$13,695	1	1.10%		
Keyspan Energy Delivery	7,992	2	0.43%	5,099	4	0.41%		
Akwa Vista LLC	6,402	3	0.34%	-		0.00%		
Inwin James R & Sons Inc	6,168	4	0.33%	-		0.00%		
Gilford Route 11 Realty Trust	5,743	5	0.31%	4,632	6	0.37%		
Remington John & Jacqueline	5,637	6	0.30%	-				
Summit at Four Season Owners	4,871	7	0.26%	5,225	3	0.42%		
Laconia Country Club	4,680	8	0.25%	-		0.00%		
Aavid Thermal Products	4,550	9	0.24%	4,674	5	0.37%		
Margate Motel Inc	4,280	10	0.23%	6,167	2	0.49%		
Lakeshore Estates	-		-	4,133	7	0.33%		
NH Ball Bearing	-		-	3,695	9	0.30%		
Wingate Associates LTD	-		-	4,069	8	0.33%		
Briarcrest Estates LLC	-		-	2,792	10	0.22%		
Totals	\$67,519		3.61%	\$54,181		4.34%		

Total Net Assessed Taxable Value \$1,870,057

\$1,249,156

Source:
 City of Laconia, Assessing Records and Tax Records

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function**										
General government	33	32	31	27	26	28	26	26	27	27
Public safety										
Police										
Officers	10	10	10	9	11	11	10	10	10	10
Civilians	35	35	36	34	33	38	39	39	39	40
Fire										
Firefighters and officers	31	31	31	35	35	36	36	36	36	36
Civilians	1	1	1	1	1	1	1	1	1	1
Call firefighters	10	10	10	8	10	17	13	0	0	0
Highway and streets										
Engineering	2	2	2	2	2	2	2	1	1	1
Maintenance	15	15	15	14	13	14	13	16	16	16
Solid Waste	1	1	1	1	1	1	1	1	1	1
Library	12	12	12	11	11	11	11	10	10	10
Parks & Recreation	7	7	7	7	7	7	7	7	7	7
Water	16	16	16	16	16	16	16	16	16	16
Sewer	8	8	8	7	7	7	8	8	8	8
ISF*	3	3	3	3	2	3	3	2	2	2
Total	184	183	183	175	175	192	186	173	174	175

Source: City Budget Reports

Open position not included

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

Full-time Equivalent Employees as of June 30

Position	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Administrators	18	18	18	18	18	18	18	18	18	19
Guidance Counselors	10	10	10	10	10	10	11	12	11	11
Classroom Teachers	156	156	158	161	160	160	158	160	159	152
Special Education Teachers	25	28	29	29	32	28	31	31	33	32
Librarians	2	2	2	2	2	2	2	2	2	2
Vocational Education Teachers	14	14	14	13	13	12	12	12	12	12
Nurses	5	5	5	5	5	5	5	5	5	5
Itinerant Staff	<u>20</u>	<u>19</u>	<u>20</u>	<u>19</u>	<u>21</u>	<u>22</u>	<u>24</u>	<u>27</u>	<u>26</u>	<u>25</u>
Total	250	251	255	257	261	257	261	267	266	258

Source: City Annual reports
 School District

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

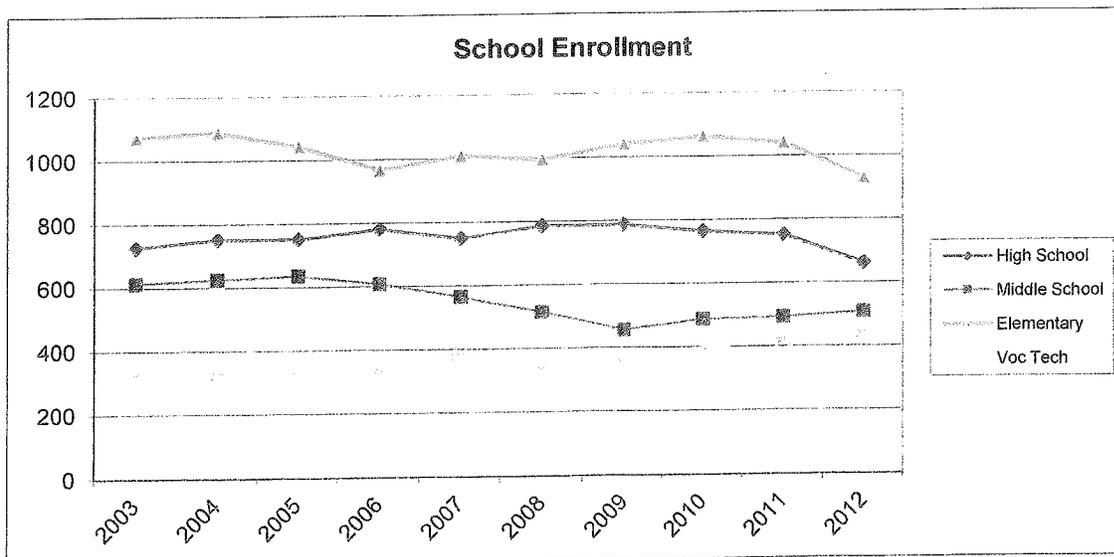
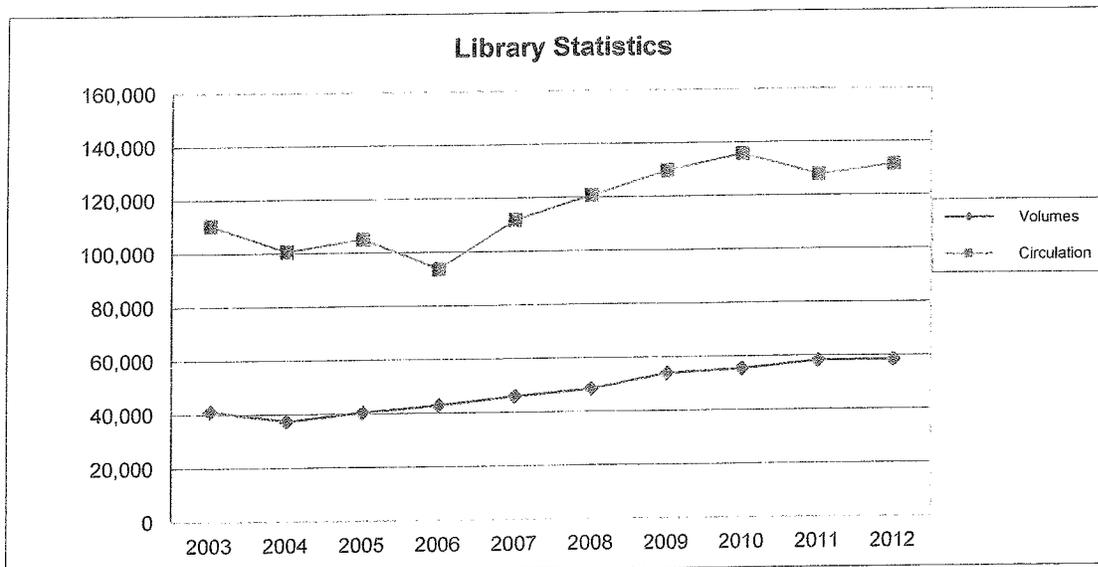
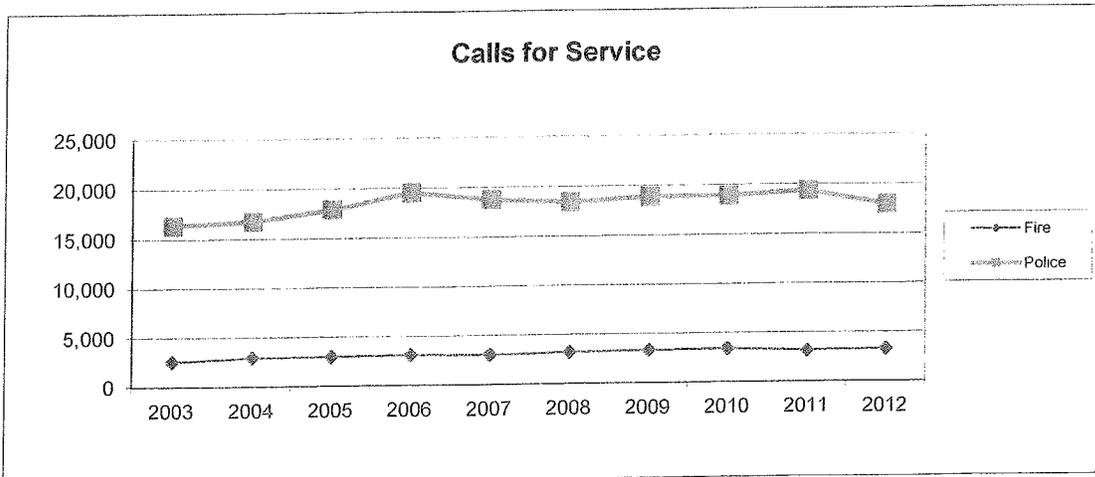
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Calls for service	16,715	17,863	19,498	18,721	18,364	18,841	18,870	19,335	17,964	17,870
Criminal arrests	1,422	1,553	1,923	1,913	1,911	1,697	1,600	1,690	1,524	1,457
Parking violations	4,569	4,491	4,608	5,035	4,765	4,017	4,042	3,259	1,805	1,096
Traffic violations	1,496	2,110	1,445	1,149	1,021	730	694	525	464	596
Fire										
Number of calls answered	2,925	2,987	3,089	3,017	3,186	3,315	3,394	3,173	3,303	3,576
Inspections	990	1,518	2,017	2,028	2,112	1,800	2,387	2,963	2,468	2,214
Highways and streets										
Street resurfacing (miles)	7.99	6.75	6.41	3.00	3.43	2.95	2.21	3.17	3.17	3.80
Code										
Building permits issued	457	702	542	341	439	310	254	273	245	287
Estimated construction value** (in thousands)	\$28,611	\$35,928	\$65,287	\$40,352	\$34,765	\$52,115	\$27,021	\$53,975	\$14,312	\$22,431
Library										
Volumes	41,054	37,289	40,431	42,763	45,920	48,330	53,882	55,384	58,230	58,419
Circulation	110,238	100,459	104,988	93,509	111,571	120,508	129,583	135,602	127,711	131,402
Solid Waste										
Refuse collected (tons per year)	18,067	17,688	17,536	16,974	16,366	15,030	14,471	13,495	14,221	12,744
Recyclables collected (tons per year)	338	315	342	483	536	593	768	918	1,090	1,209
Parks & Recreation										
Field Use Requests	37	43	35	58	57	72	66	69	75	101
School Enrollment										
Laconia HS	749	749	779	747	784	785	763	750	660	614
Laconia Middle School	621	632	605	561	511	452	484	489	505	474
Woodland Heights	436	416	386	415	414	417	424	422	381	421
Pleasant Street	323	307	281	290	284	303	309	302	288	262
Elm Street	327	318	297	301	295	318	328	315	259	276
Area 8	326	326	336	384	335	360	397	420	443	364
Water										
New connections	16	92	143	93	74	85	56	61	55	42
Water main breaks	7	16	5	4	6	8	11	4	4	3
Average daily consumption-MGD	1.97	1.85	1.78	1.81	1.75	1.65	1.49	1.44	1.54	1.43

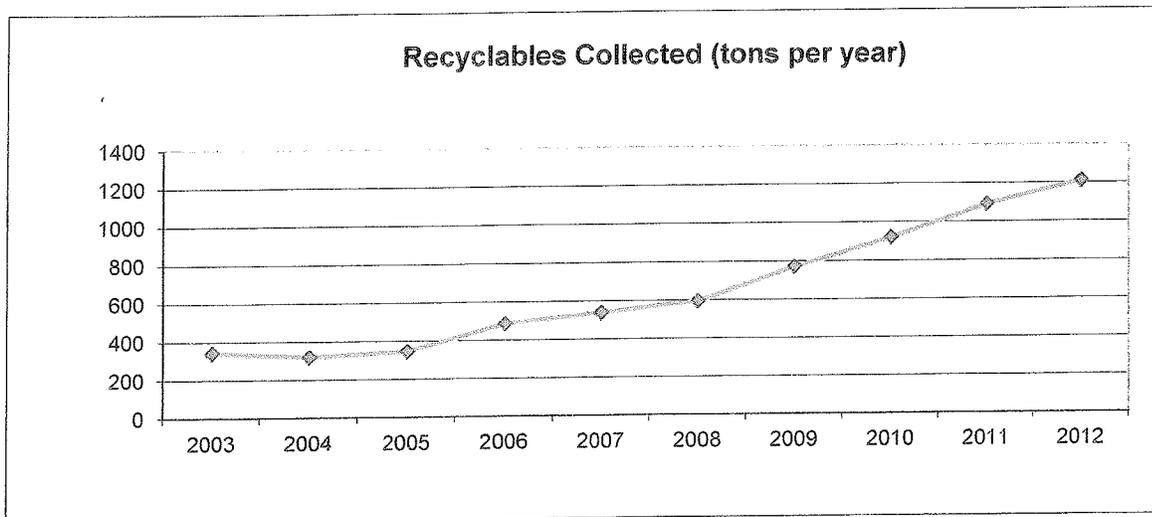
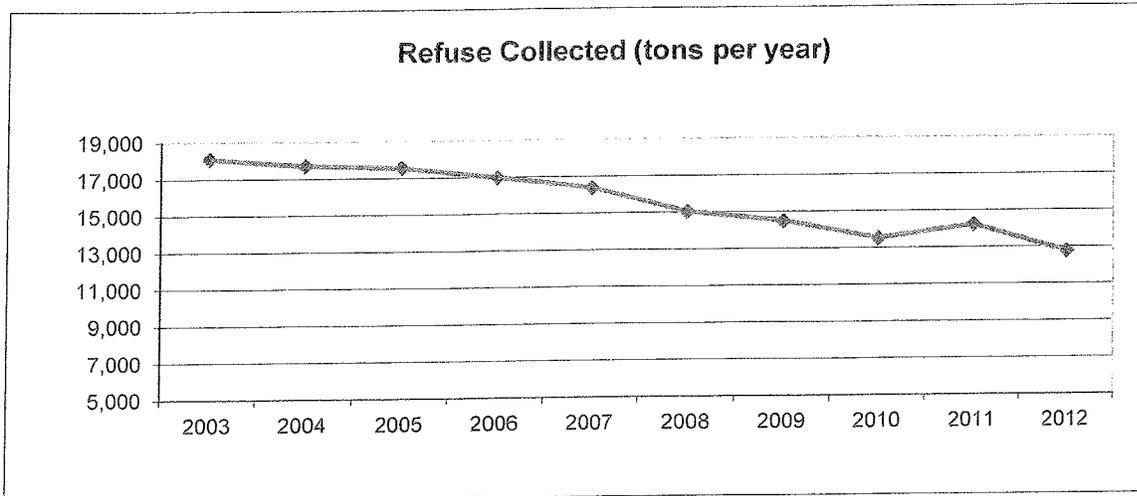
Sources: Various government departments

**2008 permits included \$19.8 million school project

**2010 permits included \$36 million for LRGH project

**2011 permits included \$743,279 for LWW Maintenance Building





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

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	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	104.72	104.72	104.72	105.12	105.12	105.21	105.21	105.21	105.21	105.21
Streets (miles)-unpaved	7.24	7.24	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	1,341	1,341	1,341	1,344	1,344	1,344	1,344
Culture and recreation										
Parks acreage	202.7	202.7	208.7	208.7	208.7	208.7	208.7	208.7	208.7	208.7
Parks **	13	14	14	14	14	14	14	14	14	28
Tennis courts	9	9	9	9	9	9	9	9	9	7
Community centers	8	8	8	8	8	8	8	8	8	5
Water										
Water mains (miles)	96.95	96.95	96.95	97.55	99.38	99.87	100.97	102.39	102.39	102.72
Fire hydrants	461	461	461	461	482	482	515	517	523	527
Maximum daily capacity (MGD)	6	6	6	6	6	6	6	6	6	6
Service connections	5,742	5,846	6,005	6,103	6,177	6,262	6,318	6,379	6,434	6,476
Sewer										
Sanitary sewers (miles)	103.82	103.82	103.82	104.69	104.69	104.69	104.69	104.69	104.69	104.69
Service connections	10,104	10,221	10,366	10,440	10,531	10,604	10,655	10,700	10,741	10,785
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	17	17	17	19	19	19	19	19	19	19

Sources: various city departments

Note: No capital asset indicators are available for the general government function.

** Parks number adjusted to include Riverwalk, WOW Trail, and undeveloped parks as well as public docks

