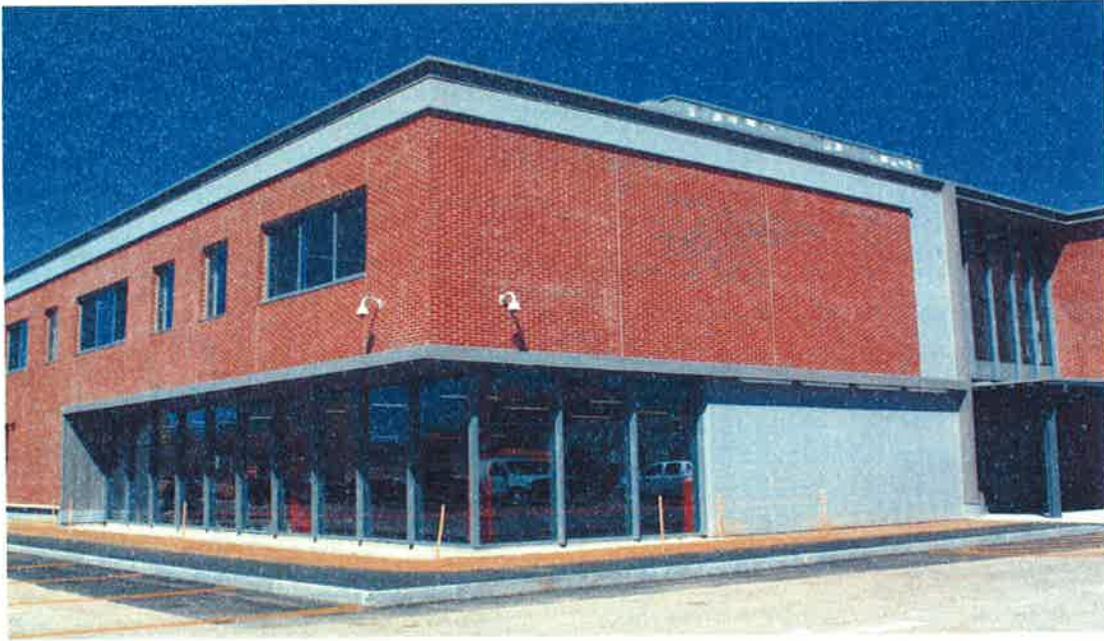


COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF LACONIA, NEW HAMPSHIRE

Fiscal Year Ended June 30, 2013



Huot Picture Courtesy of Janet Brough



Aerial Photo Courtesy of Bill Hemmel/Lakes Region Aerial Photography

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

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INTRODUCTORY SECTION

January 28, 2014

Honorable Mayor and City Council
City of Laconia
Laconia NH 03246

Dear Council Members:

The comprehensive annual financial report of the City of Laconia for the fiscal year ended June 30, 2013 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 for Laconia for October 2013 was at 5.3%, which was the same rate as October 2012. The State's overall unemployment rate decreased from 5.2% in October 2012 to 5.0% in October 2013. New Hampshire's unemployment rate continues to remain the second lowest of the New England States and 10th overall in the United States.

The welfare office continues to see clients seeking assistance that are generally unemployed or underemployed and are looking for assistance in meeting their monthly housing expenses, including rent, electricity and heat. In addition to limited work skills, many of these individuals also lack transportation to seek job opportunities available elsewhere. Those that are unemployed are remaining unemployed longer.

The housing market continues to show signs of improvement. Housing prices seem to have leveled out, along with availability of low mortgage rates housing sales are slowly picking up. Housing sales in Laconia increased (18%) in 2013 – from 282 units sold in 2012 to 335 units sold in 2013. The inventory of homes on the market as of December 31, 2013, decreased to a 10 month supply as compared to an 11.3 month supply as of December 2012, and a 14.5 month supply as of December 2011.

Major Initiatives

Infrastructure – Public Works:

The City continues to make cash investments in the roads throughout the City. During Fiscal Year 2013 - \$1,350,000 was appropriated for resurfacing or reconstructing the roads throughout the City. The most significant road project for Fiscal Year 2013 was the reconstruction of South Main Street, from Grant Street to Union Avenue, this project included upgrades of sections of new water and sewer lines. Final paving was completed on Anthony Drive and Cotton Hill Road along with sidewalk upgrades. A complete restoration of Dolloff St. was accomplished this year along with reclamation and new asphalt on Dewey Street. Roadway upgrades were completed on Leighton Avenue, Windermere Heights, Primrose Drive North, Phoenician Way and Lexington Drive during 2013 as well.

Infrastructure – Sanitary Sewer:

The Sanitary Sewer Department continued with upgrades to the gravity sewer mains located throughout the City. The sewer lines on South Main Street from Grant Street to Union Ave were completely replaced in conjunction with the road reconstruction project. New sewer facilities were also installed on Dewey Street.

Laconia High School/Huot Career Center:

The construction of the new Huot Career Center and improvements to the Laconia High School were completed in 2013. 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 Bank of New Hampshire along with many generous donations from the local business community and alumni of Laconia High School. The project included construction of a state of the art technology center which benefits students from Laconia and all surrounding communities. As part of this project the existing football field, underwent reconstruction and became the *Bank of New Hampshire Athletic Stadium*, with all new bleachers, press box, concession stands, and turf field.

Tax Increment Finance District-Downtown:

The contribution to the Downtown TIF District was slightly over \$136,049 for Fiscal Year 2013. The Downtown TIF Board Members continued to meet with the downtown business community for their input to develop an action plan for continued improvements in the Downtown district. Along with increased green space to the ‘Gateway’ of Main Street Bridge to the Main Street, there was significant interest in linking with the WOW trail system that has a corridor through the City.

Tax Increment Finance District-Lakeport:

A second Tax Increment Finance District was established in the Lakeport Village in 2012, with the first contribution to the Lakeport TIF District of \$1,249 for Fiscal Year 2013. Due to the limited amount of funds available currently in the Lakeport TIF there has not been any projects that have been acted upon. Various ideas have been discussed by the TIF Board Members including the addition of pocket parks, increased parking for the Goss Library, walking pathways near the Lake, as well as potential improvements to Sanborn Park.

Tax Increment Finance District- Weirs Beach

A third Tax Increment Finance District was established in 2013 in the Weirs district of the City. Several areas of improvement being discussed include installing and repairing drainage issues, burying of utility wires, increased lighting throughout the Weirs, planting of trees, additional sidewalks to better connect the Weirs TIF district and possible improvements to the boat docks.

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 \$52.9 million in fiscal year 2012-2013; this represented an increase of 1.7% over fiscal year 2012. The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2013 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 | \$38,228,074 | 72.26% | \$589,821 |
| Penalties, interest and other taxes | \$620,821 | 1.17% | (\$35,638) |
| Licenses & Permits | \$2,465,452 | 4.66% | \$66,001 |
| Intergovernmental | \$9,560,372 | 18.07% | (\$124,252) |
| Charges for Services | \$1,587,593 | 3.00% | \$290,927 |
| Interest on Investments | \$56,447 | 0.11% | (\$20,892) |
| Other Revenues | <u>\$382,342</u> | 0.73% | <u>(\$28,404)</u> |
| TOTALS | \$52,901,101 | | \$871,621 |

Taxes Revenues collections increased by 1.5% for Fiscal Year 2013, while Licenses & Permits increased 2.7% over Fiscal Year 2012. Due to the continued low interest rates on investments, Interest on Investments continued to run lower due to the low rates offered on investments. Penalties, interest and other taxes showed a decline of 5.4% from the prior year. Motor Vehicle Registrations, included in Licenses & Permits, increased 3.7% over the prior fiscal year, resulting in revenues of \$2,053,582.

Expenditures

Expenditures for the General Fund functions totaled \$51.1 million in fiscal year 2013 (excluding capital outlay), reflecting a slight increase of .41% or \$208,281 over prior year expenditures.

The composition of expenditures stayed consistent with prior year's expenses. General Government expenditures had the largest decrease down 6.5% or \$409,843 from the prior year. Parks and Recreation expenditures increased by \$114,082 or 18.5% over the prior fiscal year, this was due largely to an increase in the Grounds Maintenance costs, which was included in the City Council goals and objectives for Fiscal Year 2013 along with an increased in Building Maintenance costs due to several unexpected expenses. The Debt Service line showed an increase of 2.2% over prior year due to the bonding of several capital projects.

| <u>Expenditure Sources</u> | <u>Amount</u> | <u>% of Total</u> | <u>Increase/(Decrease) From Prior Year</u> |
|-----------------------------------|----------------------|------------------------------|---|
| General Government | \$6,292,392 | 12.31% | (\$409,843) |
| Public Safety | \$8,170,504 | 15.99% | (\$114,675) |
| Education | \$27,540,863 | 53.90% | \$482,237 |
| Public Works & Solid Waste | \$3,863,357 | 7.56% | \$27,095 |
| Health and Welfare | \$147,633 | 0.29% | (\$3,144) |
| Parks and Recreation | \$731,085 | 1.43% | \$114,082 |
| Library | \$770,724 | 1.51% | \$35,278 |
| Debt Service | \$3,581,335 | 7.01% | \$77,251 |
| TOTALS | \$51,097,893 | 100.0% | \$208,281 |

Fund Balance

Unreserved General Fund Balance decreased from \$5,209,675 to \$4,889,419 a net decrease of \$320,256 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 \$240,116 in FY12 to \$102,792 for FY13. Although overall Operating Expenses were up 4.2% or \$137,789, consumption remained stable and along with the rate increase contributed to an increase in revenues by 8.9% from \$3,072,586 for FY12 to \$3,347,699 for FY13.

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 Operating Income of \$304,016 for FY13 as compared to a loss of \$140,390 for FY12. Revenues were up 22.3% for FY13 to \$2,709,851 as compared to \$2,214,671 for the prior fiscal year.

Fiduciary Operations

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

Assessed Valuation

Due to the prolonged struggles in the housing market, total assessment valuations dropped slightly from \$1.870 billion to \$1.857 billion (0.7% 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 | Interest | Principal |
|--|-----------------------------|--------------------|--------------------|
| | <u>June 30, 2013</u> | <u>Paid</u> | <u>Paid</u> |
| 1996 Capital Project Bonds | 165,000 | 11,606 | 52,046 |
| 2001 Capital Improvement | 1,585,000 | 73,286 | 180,000 |
| 2002 Capital Improvement | 1,000,000 | 46,445 | 175,000 |
| 2004 City Library Bonds | 1,210,000 | 59,535 | 115,000 |
| 2006 Capital Improvement | 123,258 | 6,575 | 41,086 |
| 2008 Fire Truck | 475,000 | 17,556 | 95,000 |
| 09 Transfer Station | 580,000 | 32,950 | 100,000 |
| 2010 Revaluation | 135,000 | 5,134 | 70,000 |
| 2010 Weirs Boardwalk | 640,000 | 27,370 | 40,000 |
| 2011 Endicott Water/Boardwalk | 508,500 | 19,809 | 28,250 |
| 2010 Anthony Drive | 195,885 | 5,922 | 10,883 |
| 2013 Fire Truck/DPW Bond | 1,100,000 | 11,173 | - |
| 1996 School Bonds | 30,000 | 2,888 | 12,954 |
| 2001 School Bonds- Elm/Pleasant | 2,810,000 | 130,154 | 310,000 |
| 2001 School Bonds-WH | 2,050,000 | 96,884 | 205,000 |
| 2007 School Bonds-MMS | 16,007,278 | 324,687 | 1,163,442 |
| 2012 Huot Center (QZAB) | 1,992,300 | - | 110,700 |
| 2013 Huot Center (QZAB) | 4,397,000 | - | - |
| Total General Bonds & Notes** | \$35,004,221 | \$871,974 | \$2,709,361 |
| 2010 Water Works Bonds | 1,310,000 | 52,980 | 75,000 |
| Total Enterprise Funds | \$1,310,000 | \$52,980 | \$75,000 |

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

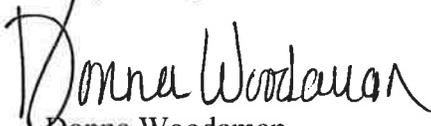
Independent Audit

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

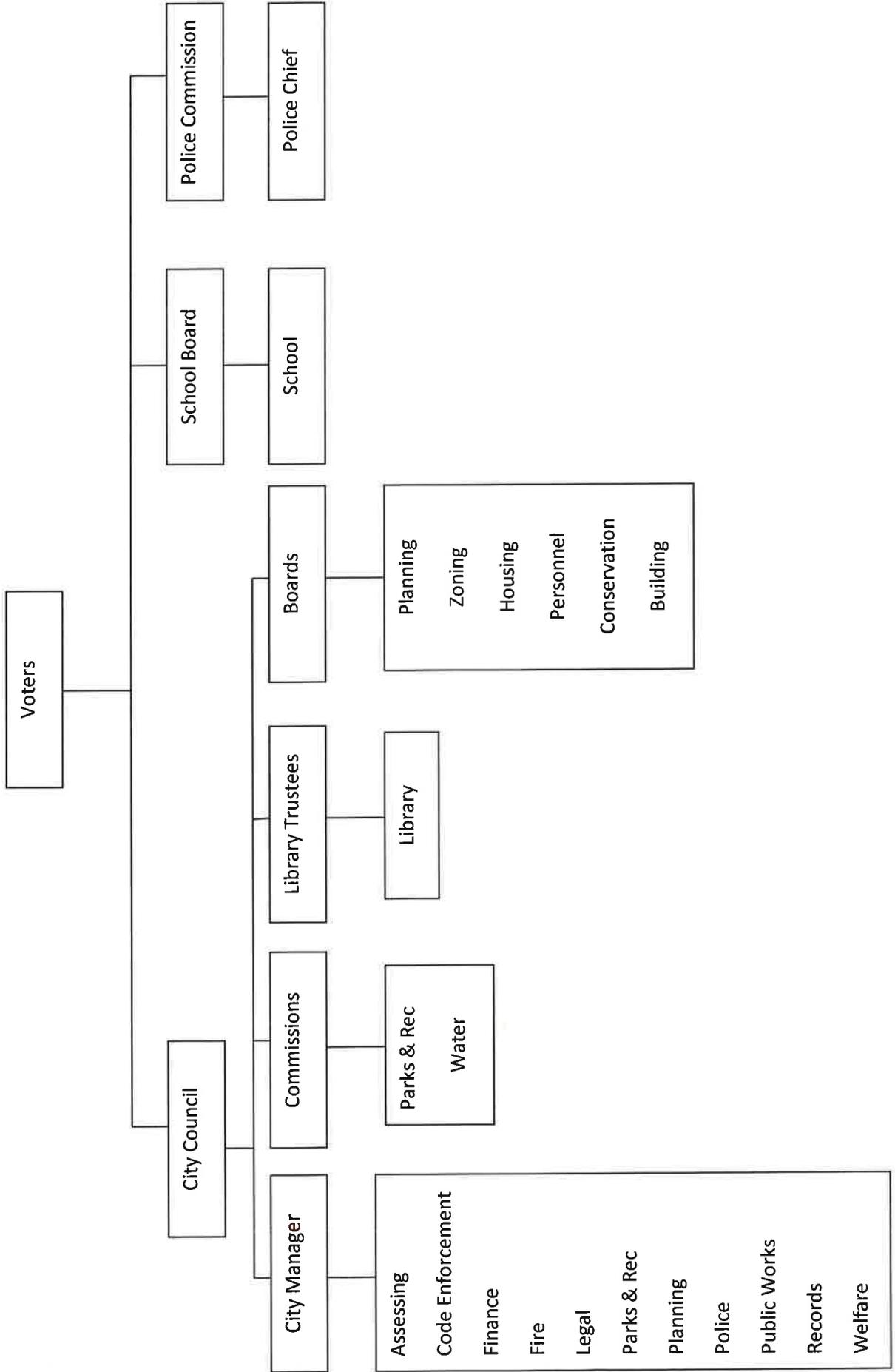
Our appreciation is extended to the various elected officials, department heads and employees responsible for the sound financial position of the City of Laconia and for their help in the preparation of this report. The City of Laconia encompasses a group of individuals who appreciate and respect the 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, Vice Chair, Term 2011-2014
Michael Persson, Term 2012-2015
Malcolm Murray, Term 2012-2015
Joseph Cormier, Chair, Term 2012-2015

FINANCIAL SECTION

CITY OF LACONIA, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended June 30, 2013



MELANSON HEATH & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, New Hampshire, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and 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.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Melanson, Heath + Company P.C.

Manchester, New Hampshire
January 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Laconia, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the City of Laconia for the fiscal year ended June 30, 2013. 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 Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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

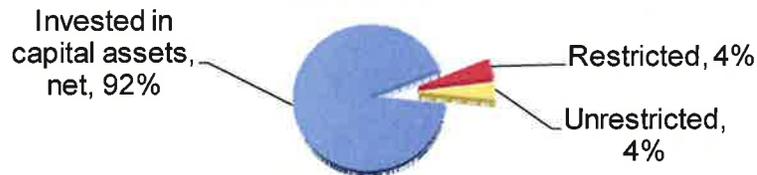
- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$96,284,778 (i.e., net position), a change of \$7,869,208 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$10,186,677, a change of \$(1,042,373) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,889,819, a change of \$(319,856) in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$36,239,221, a change of \$(2,712,640) 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>NET POSITION</u> | | | | | |
|-----------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Current and other assets | \$ 33,444 | \$ 35,157 | \$ 6,626 | \$ 6,250 | \$ 40,070 | \$ 41,407 |
| Capital assets | 100,422 | 89,010 | 19,835 | 19,451 | 120,257 | 108,461 |
| Total assets | 133,866 | 124,167 | 26,461 | 25,701 | 160,327 | 149,868 |
| Long-term liabilities outstanding | 35,960 | 32,895 | 1,424 | 1,419 | 37,384 | 34,314 |
| Other liabilities | 7,065 | 7,204 | 497 | 509 | 7,562 | 7,713 |
| Deferred inflows | 19,060 | 19,388 | 36 | 38 | 19,096 | 19,426 |
| Total liabilities | 62,085 | 59,487 | 1,957 | 1,966 | 64,042 | 61,453 |
| Net position: | | | | | | |
| Net investment in capital assets | 66,162 | 57,995 | 18,600 | 18,141 | 84,762 | 76,136 |
| Restricted | 3,023 | 2,996 | - | - | 3,023 | 2,996 |
| Unrestricted | 2,596 | 3,689 | 5,904 | 5,594 | 8,500 | 9,283 |
| Total net position | \$ 71,781 | \$ 64,680 | \$ 24,504 | \$ 23,735 | \$ 96,285 | \$ 88,415 |

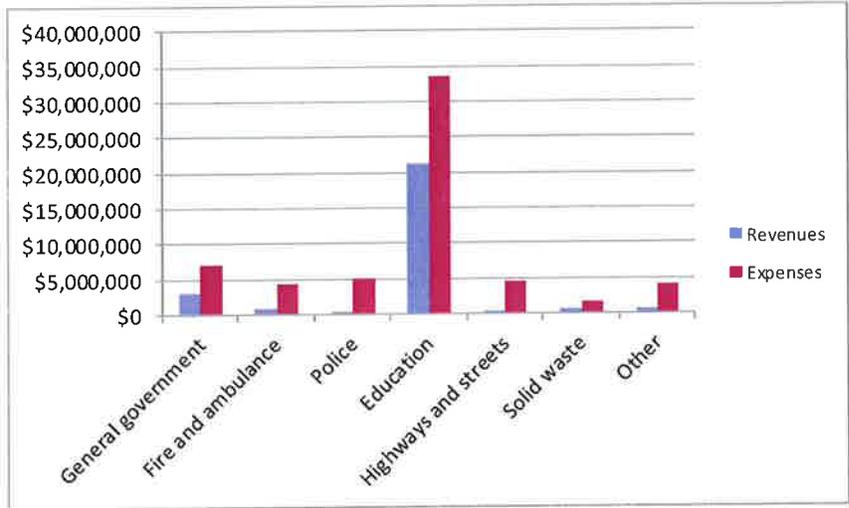
**Governmental Activity Net Position
June 30, 2013**



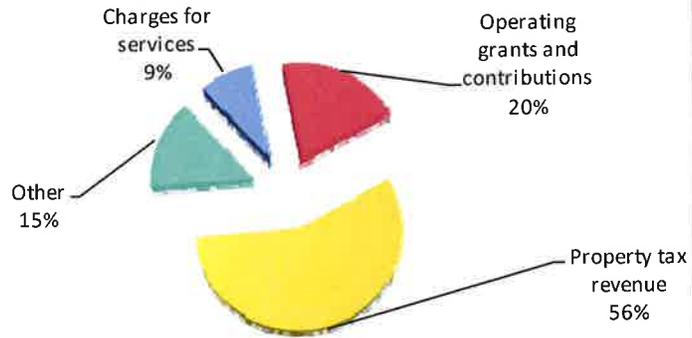
CHANGES IN NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,925 | \$ 5,753 | \$ 6,057 | \$ 5,287 | \$ 11,982 | \$ 11,040 |
| Operating grants and contributions | 13,439 | 13,506 | - | - | 13,439 | 13,506 |
| Capital grants and contributions | 8,015 | 545 | 599 | - | 8,614 | 545 |
| General revenues: | | | | | | |
| Property taxes | 38,394 | 37,537 | - | - | 38,394 | 37,537 |
| Penalties and interest on taxes | 621 | 656 | - | - | 621 | 656 |
| Grants and contributions not restricted to specific programs | 717 | 713 | - | - | 717 | 713 |
| Investment income | 252 | 116 | 18 | 31 | 270 | 147 |
| Other | 355 | 418 | - | - | 355 | 418 |
| Total revenues | 67,718 | 59,244 | 6,674 | 5,318 | 74,392 | 64,562 |
| Expenses: | | | | | | |
| General government | 7,035 | 7,093 | - | - | 7,035 | 7,093 |
| Fire and ambulance | 4,417 | 4,401 | - | - | 4,417 | 4,401 |
| Police | 5,100 | 5,103 | - | - | 5,100 | 5,103 |
| Education | 33,525 | 33,776 | - | - | 33,525 | 33,776 |
| Highway and streets | 4,715 | 3,579 | - | - | 4,715 | 3,579 |
| Solid waste | 1,651 | 1,825 | - | - | 1,651 | 1,825 |
| Health and welfare | 151 | 152 | - | - | 151 | 152 |
| Parks and recreation | 1,045 | 872 | - | - | 1,045 | 872 |
| Library | 924 | 909 | - | - | 924 | 909 |
| Conservation | 3 | 2 | - | - | 3 | 2 |
| Airport | 1,168 | 1,233 | - | - | 1,168 | 1,233 |
| Interest expense | 883 | 875 | - | - | 883 | 875 |
| Water | - | - | 2,455 | 2,408 | 2,455 | 2,408 |
| Sanitary Sewer | - | - | 3,450 | 3,313 | 3,450 | 3,313 |
| Total expenses | 60,617 | 59,820 | 5,905 | 5,721 | 66,522 | 65,541 |
| Change in net position | 7,101 | (576) | 769 | (403) | 7,870 | (979) |
| Net position - beginning of year | 64,680 | 65,256 | 23,735 | 24,138 | 88,415 | 89,394 |
| Net position - end of year | \$ 71,781 | \$ 64,680 | \$ 24,504 | \$ 23,735 | \$ 96,285 | \$ 88,415 |

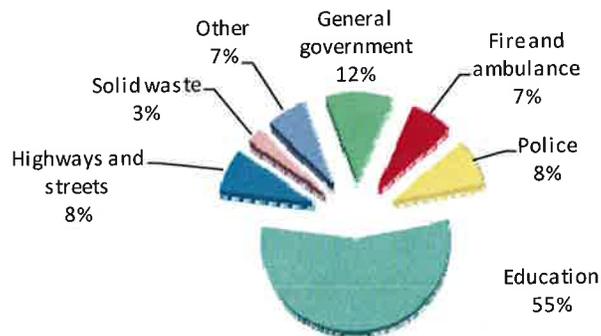
Governmental Activities - Revenue v. Expenditure Comparison For the Year Ended June 30, 2013



Governmental Activities - Revenues For the Year Ended June 30, 2013



Governmental Activities - Expenses For the Year Ended June 30, 2013



As noted earlier, net position 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 position was \$96,284,778, a change of \$7,869,208 from the prior year.

The largest portion of net position \$84,761,462 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 position \$3,022,987 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$8,500,329 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 position of \$7,100,446. Key elements of this change are as follows:

| | |
|---|---------------------|
| General fund operations, as discussed further in Section D | \$ (902,175) |
| Capital assets acquired in the general fund | 629,966 |
| Huot Technical Center fund operating results | (1,261,142) |
| Capital assets acquired in the Huot Technical Center Project | 14,329,249 |
| Non major funds operating results | 1,120,944 |
| Internal service fund operating results | (239,561) |
| Depreciation expense in excess of principal debt service payments | (1,940,344) |
| Bond proceeds | (5,497,000) |
| Other | <u>860,509</u> |
| Total | <u>\$ 7,100,446</u> |

Business-type activities. Business-type activities for the year resulted in a change in net position of \$768,762. Key elements of this change are as follows:

| | |
|---------------------------|-------------------|
| Water operations | \$ 859,580 |
| Sanitary Sewer operations | <u>(90,818)</u> |
| Total | <u>\$ 768,762</u> |

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, 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 \$10,186,677, a change of \$(1,042,373) in comparison to the prior year. Key elements of this change are as follows:

| | |
|---|-----------------------|
| General fund operations, as discussed further in Section D | \$ (902,175) |
| Huot Technical Center fund | (1,261,142) |
| Nonmajor fund activity | <u>1,120,944</u> |
| Total | <u>\$ (1,042,373)</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 \$4,889,819, while total fund balance was \$6,111,045. 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>6/30/13</u> | <u>6/30/12</u> | <u>Change</u> | <u>% of Total General Fund Expenditures</u> |
|-------------------------|----------------|----------------|---------------|---|
| Unassigned fund balance | \$ 4,889,819 | \$ 5,209,675 | \$ (319,856) | 9.3% |
| Total fund balance | \$ 6,111,045 | \$ 7,013,220 | \$ (902,175) | 11.6% |

The total fund balance of the general fund changed by \$(902,175) during the current fiscal year. Key factors in this change are as follows:

| | |
|--|---------------------|
| Revenues less than budget | \$ (63,966) |
| Expenditures less than budget | 756,155 |
| Use of fund balance as a funding source | (935,000) |
| Tax collections of prior year plus current year tax levies in excess of current year tax assessment | (84,469) |
| Expenditures of current year encumbrances, net of current prior year encumbrances | 125,867 |
| Capital reserves | (684,634) |
| Other | <u>(16,128)</u> |
| Total | <u>\$ (902,175)</u> |

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

| | <u>6/30/13</u> | <u>6/30/12</u> | <u>Change</u> |
|------------------|--------------------------|----------------------------|----------------------------|
| Capital reserves | \$ <u>463,220</u> | \$ <u>1,147,854</u> | \$ <u>(684,634)</u> |
| Total | \$ <u><u>463,220</u></u> | \$ <u><u>1,147,854</u></u> | \$ <u><u>(684,634)</u></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 position of the enterprise funds at the end of the year amounted to \$5,903,990, a change of \$(310,207) 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 \$120,256,924 (net of accumulated depreciation), a change of \$11,795,167 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 Technical Center | \$ 14,329,250 |
| North Main/Oak St | \$ 187,000 |
| Anthony Dr | \$ 186,580 |
| Salt/Sand Shed | \$ 177,419 |
| Main St. Bridge | \$ 175,745 |
| Phoenician Way | \$ 101,056 |
| Cotton Hill Rd | \$ 95,124 |
| Wildlife Fencing Project | \$ 84,676 |
| Dewey St | \$ 78,082 |
| Dollof St | \$ 56,576 |

(continued)

(continued)

Business-Type Activities

Water

| | | |
|--------------------|----|---------|
| General structures | \$ | 11,890 |
| Distribution mains | \$ | 875,443 |
| Treatment plant | \$ | 337,476 |

Sanitary Sewer

| | | |
|-----------------------|----|---------|
| South Main St | \$ | 174,336 |
| Black Brook Generator | \$ | 87,941 |

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 \$36,239,221, 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:

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

CITY OF LACONIA, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2013

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Current: | | | |
| Cash and short-term investments | \$ 15,026,595 | \$ 2,285,232 | \$ 17,311,827 |
| Restricted cash | 518,384 | - | 518,384 |
| Investments | 10,371,355 | 2,933,629 | 13,304,984 |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 4,378,306 | - | 4,378,306 |
| User fees | 825,909 | 1,430,559 | 2,256,468 |
| Special assessments | - | 15,863 | 15,863 |
| Intergovernmental | 994,296 | - | 994,296 |
| Internal balances | 279,608 | (181,542) | 98,066 |
| Inventories and prepaids | 229,978 | 111,640 | 341,618 |
| Other assets | 24,386 | 30,553 | 54,939 |
| Noncurrent: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 795,026 | - | 795,026 |
| Capital assets: | | | |
| Land and construction in progress | 24,093,824 | 142,009 | 24,235,833 |
| Other capital assets, net of accumulated depreciation | 76,328,263 | 19,692,828 | 96,021,091 |
| TOTAL ASSETS | 133,865,930 | 26,460,771 | 160,326,701 |
| LIABILITIES | | | |
| Current: | | | |
| Accounts payable | 2,786,033 | 170,174 | 2,956,207 |
| Retainage payable | 100,294 | 25,965 | 126,259 |
| Accrued liabilities | 673,340 | 29,395 | 702,735 |
| Tax refunds payable | 244,971 | - | 244,971 |
| Other current liabilities | 121,603 | 176,730 | 298,333 |
| Current portion of long-term liabilities: | | | |
| Bonds payable | 2,816,364 | 75,000 | 2,891,364 |
| Other liabilities | 322,719 | 19,902 | 342,621 |
| Noncurrent: | | | |
| Bonds payable, net of current portion | 32,187,857 | 1,160,000 | 33,347,857 |
| Other liabilities, net of current portion | 3,771,793 | 263,660 | 4,035,453 |
| DEFERRED INFLOWS OF RESOURCES | 19,060,005 | 36,118 | 19,096,123 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 62,084,979 | 1,956,944 | 64,041,923 |
| NET POSITION | | | |
| Net investment in capital assets | 66,161,625 | 18,599,837 | 84,761,462 |
| Restricted for: | | | |
| Grants | 1,664,311 | - | 1,664,311 |
| Permanent funds: | | | |
| Nonexpendable | 219,528 | - | 219,528 |
| Expendable | 1,139,148 | - | 1,139,148 |
| Unrestricted | 2,596,339 | 5,903,990 | 8,500,329 |
| TOTAL NET POSITION | \$ 71,780,951 | \$ 24,503,827 | \$ 96,284,778 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| General government | \$ 7,034,772 | \$ 515,044 | \$ - | \$ (3,923,122) | \$ - | \$ (3,923,122) |
| Fire and ambulance | 4,416,814 | 106,167 | - | (3,452,541) | - | (3,452,541) |
| Police | 5,099,711 | 51,544 | - | (4,786,787) | - | (4,786,787) |
| Education | 33,525,102 | 12,627,575 | 7,588,262 | (12,299,629) | - | (12,299,629) |
| Highways and streets | 4,715,210 | 5,577 | 286,178 | (4,423,455) | - | (4,423,455) |
| Solid waste | 1,651,642 | 776,994 | - | (874,648) | - | (874,648) |
| Health and welfare | 150,802 | 36,779 | - | (114,023) | - | (114,023) |
| Parks and recreation | 1,045,534 | 85,571 | - | (851,481) | - | (851,481) |
| Library | 924,331 | 30,487 | - | (893,844) | - | (893,844) |
| Conservation | 2,577 | 100 | - | (2,477) | - | (2,477) |
| Airport | 1,167,787 | 294,691 | 140,469 | (732,627) | - | (732,627) |
| Interest expense | 882,805 | - | - | (882,805) | - | (882,805) |
| Total Governmental Activities | 60,617,087 | 13,439,399 | 8,014,909 | (33,237,439) | - | (33,237,439) |
| Business-Type Activities: | | | | | | |
| Water services | 2,455,339 | - | 599,100 | - | 853,612 | 853,612 |
| Sanitary Sewer services | 3,450,491 | - | - | - | (102,792) | (102,792) |
| Total Business-Type Activities | 5,905,830 | - | 599,100 | - | 750,820 | 750,820 |
| Total | \$ 66,522,917 | \$ 13,439,399 | \$ 8,614,009 | (33,237,439) | 750,820 | (32,486,619) |
| General Revenues: | | | | | | |
| Property taxes | | | | 38,393,645 | - | 38,393,645 |
| Penalties, interest, and other taxes | | | | 620,821 | - | 620,821 |
| Grants and contributions not restricted to specific programs | | | | 716,681 | - | 716,681 |
| Investment income | | | | 251,434 | 17,942 | 269,376 |
| Miscellaneous | | | | 355,304 | - | 355,304 |
| Total general revenues and interfund transfers | | | | 40,337,885 | 17,942 | 40,355,827 |
| Change in Net Position | | | | 7,100,446 | 768,762 | 7,869,208 |
| Net Position: | | | | | | |
| Beginning of year | | | | 64,680,505 | 23,735,065 | 88,415,570 |
| End of year | | | | \$ 71,780,951 | \$ 24,503,827 | \$ 96,284,778 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

| | General Fund | Huot Technical Center Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and short-term investments | \$ 14,022,936 | \$ 5 | \$ 1,003,654 | \$ 15,026,595 |
| Restricted cash | 518,384 | - | - | 518,384 |
| Investments | 9,077,002 | - | 1,294,353 | 10,371,355 |
| Receivables: | | | | |
| Property taxes | 5,261,669 | - | - | 5,261,669 |
| Departmental and other | 599,914 | - | 225,995 | 825,909 |
| Intergovernmental | - | - | 994,296 | 994,296 |
| Due from other funds | 2,252,017 | 475,370 | 2,167,531 | 4,894,918 |
| Inventories and prepaids | 167,198 | - | 45,373 | 212,571 |
| Other assets | 24,386 | - | - | 24,386 |
| TOTAL ASSETS | \$ 31,923,506 | \$ 475,375 | \$ 5,731,202 | \$ 38,130,083 |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,136,314 | \$ 581,838 | \$ 134,701 | \$ 2,852,853 |
| Retainage payable | 100,294 | - | - | 100,294 |
| Accrued liabilities | 283,046 | - | - | 283,046 |
| Tax refunds payable | 244,971 | - | - | 244,971 |
| Due to other funds | 3,108,918 | - | 1,351,695 | 4,460,613 |
| Other liabilities | - | - | 9,588 | 9,588 |
| TOTAL LIABILITIES | 5,873,543 | 581,838 | 1,495,984 | 7,951,365 |
| DEFERRED INFLOWS OF RESOURCES | 19,938,918 | - | 53,123 | 19,992,041 |
| FUND BALANCES | | | | |
| Nonspendable | 167,198 | - | 219,528 | 386,726 |
| Restricted | - | - | 2,791,947 | 2,791,947 |
| Committed | 463,220 | - | 1,297,984 | 1,761,204 |
| Assigned | 590,808 | - | - | 590,808 |
| Unassigned | 4,889,819 | (106,463) | (127,364) | 4,655,992 |
| TOTAL FUND BALANCES | 6,111,045 | (106,463) | 4,182,095 | 10,186,677 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 31,923,506 | \$ 475,375 | \$ 5,731,202 | \$ 38,130,083 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

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

JUNE 30, 2013

| | |
|--|-----------------------------|
| Total governmental fund balances | \$ 10,186,677 |
| <ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 100,422,087 |
| <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 | 932,036 |
| Recording allowance for doubtful accounts | (88,337) |
| <ul style="list-style-type: none"> • Internal service funds are used by management to account for vehicle management and related activities. Certain assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. | |
| Internal service fund fixed assets | (2,931,400) |
| Internal service fund compensated absences | 32,882 |
| Internal service fund net position | 2,716,033 |
| <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. | (390,294) |
| <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>(39,098,733)</u> |
| Net position of governmental activities | <u>\$ 71,780,951</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

| | General Fund | Huot Technical Center Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 38,228,074 | \$ - | \$ 136,049 | \$ 38,364,123 |
| Penalties, interest, and other taxes | 620,821 | - | - | 620,821 |
| Charges for services | 1,587,593 | - | 1,799,818 | 3,387,411 |
| Intergovernmental | 9,560,372 | 7,588,262 | 5,022,355 | 22,170,989 |
| Licenses and permits | 2,465,452 | - | - | 2,465,452 |
| Fines and forfeitures | 38,045 | - | - | 38,045 |
| Investment income | 56,447 | 1,221 | 193,766 | 251,434 |
| Miscellaneous | 344,297 | - | 6,322 | 350,619 |
| Total Revenues | <u>52,901,101</u> | <u>7,589,483</u> | <u>7,158,310</u> | <u>67,648,894</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,289,815 | - | 584,172 | 6,873,987 |
| Fire and ambulance | 3,380,140 | - | 897,359 | 4,277,499 |
| Police | 4,790,364 | - | 138,297 | 4,928,661 |
| Education | 27,540,863 | 14,329,250 | 4,639,852 | 46,509,965 |
| Highways and streets | 2,258,199 | - | 290,551 | 2,548,750 |
| Solid waste | 1,605,158 | - | - | 1,605,158 |
| Health and welfare | 147,633 | - | - | 147,633 |
| Parks and recreation | 731,085 | - | 111,308 | 842,393 |
| Library | 770,724 | - | 40,995 | 811,719 |
| Conservation | 2,577 | - | - | 2,577 |
| Capital outlay | 1,623,758 | - | - | 1,623,758 |
| Airport | - | - | 434,832 | 434,832 |
| Debt service | 3,581,335 | - | - | 3,581,335 |
| Total Expenditures | <u>52,721,651</u> | <u>14,329,250</u> | <u>7,137,366</u> | <u>74,188,267</u> |
| Excess (deficiency) of revenues over expenditures | 179,450 | (6,739,767) | 20,944 | (6,539,373) |
| Other Financing Sources (Uses): | | | | |
| Proceeds of bonds | - | 4,397,000 | 1,100,000 | 5,497,000 |
| Transfers in | - | 1,081,625 | - | 1,081,625 |
| Transfers out | <u>(1,081,625)</u> | <u>-</u> | <u>-</u> | <u>(1,081,625)</u> |
| Total Other Financing Sources (Uses) | <u>(1,081,625)</u> | <u>5,478,625</u> | <u>1,100,000</u> | <u>5,497,000</u> |
| Change in fund balance | (902,175) | (1,261,142) | 1,120,944 | (1,042,373) |
| Fund Equity, at Beginning of Year, as restated | <u>7,013,220</u> | <u>1,154,679</u> | <u>3,061,151</u> | <u>11,229,050</u> |
| Fund Equity, at End of Year | <u>\$ 6,111,045</u> | <u>\$ (106,463)</u> | <u>\$ 4,182,095</u> | <u>\$ 10,186,677</u> |

The accompanying notes are an integral part of these 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, 2013

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|--------------------------|------------|--------------|-------------|----------------------------|----------|--|--------|------------------|-------------|--------------------|-----------|---|--------|----------------------------|-------|-------------------------|----------|--|----------|--|-----------|--|-----------|
| Net changes in fund balances - total governmental funds | \$ (1,042,373) | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay purchases</td> <td style="text-align: right;">16,129,444</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(4,649,705)</td> </tr> <tr> <td>Loss on disposal of assets</td> <td style="text-align: right;">(68,127)</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">63,954</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 position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of debt</td> <td style="text-align: right;">(5,497,000)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">2,709,360</td> </tr> <tr> <td>Current year capitalization of bond premium</td> <td style="text-align: right;">34,434</td> </tr> <tr> <td>Repayment of capital lease</td> <td style="text-align: right;">2,743</td> </tr> <tr> <td>Capital lease additions</td> <td style="text-align: right;">(11,788)</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">(10,830)</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">(320,105)</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 style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">(239,561)</td> </tr> </table> | | Capital outlay purchases | 16,129,444 | Depreciation | (4,649,705) | Loss on disposal of assets | (68,127) | | 63,954 | Issuance of debt | (5,497,000) | Repayments of debt | 2,709,360 | Current year capitalization of bond premium | 34,434 | Repayment of capital lease | 2,743 | Capital lease additions | (11,788) | | (10,830) | | (320,105) | | (239,561) |
| Capital outlay purchases | 16,129,444 | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | (4,649,705) | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss on disposal of assets | (68,127) | | | | | | | | | | | | | | | | | | | | | | | | |
| | 63,954 | | | | | | | | | | | | | | | | | | | | | | | | |
| Issuance of debt | (5,497,000) | | | | | | | | | | | | | | | | | | | | | | | | |
| Repayments of debt | 2,709,360 | | | | | | | | | | | | | | | | | | | | | | | | |
| Current year capitalization of bond premium | 34,434 | | | | | | | | | | | | | | | | | | | | | | | | |
| Repayment of capital lease | 2,743 | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital lease additions | (11,788) | | | | | | | | | | | | | | | | | | | | | | | | |
| | (10,830) | | | | | | | | | | | | | | | | | | | | | | | | |
| | (320,105) | | | | | | | | | | | | | | | | | | | | | | | | |
| | (239,561) | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in net position of governmental activities | <u>\$ 7,100,446</u> | | | | | | | | | | | | | | | | | | | | | | | | |

The accompanying notes are an integral part of these 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, 2013

| | Budgeted Amounts | | Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| Revenues and Other Sources: | | | | |
| Taxes | \$ 38,312,543 | \$ 38,312,543 | \$ 38,312,543 | \$ - |
| Penalties, interest, and other taxes | 559,148 | 559,148 | 620,821 | 61,673 |
| Charges for services | 1,677,656 | 1,677,656 | 1,587,593 | (90,063) |
| Intergovernmental | 9,595,881 | 9,595,881 | 9,560,372 | (35,509) |
| Licenses and permits | 2,393,000 | 2,393,000 | 2,465,452 | 72,452 |
| Fines and forfeits | 55,000 | 55,000 | 38,045 | (16,955) |
| Investment income | 150,000 | 150,000 | 54,456 | (95,544) |
| Miscellaneous | 304,317 | 304,317 | 344,297 | 39,980 |
| Other sources | 935,000 | 935,000 | 935,000 | - |
| Total Revenues and Other Sources | 53,982,545 | 53,982,545 | 53,918,579 | (63,966) |
| Expenditures and Other Uses: | | | | |
| General government | 6,683,459 | 6,569,459 | 6,396,769 | 172,690 |
| Fire and ambulance | 3,424,475 | 3,424,475 | 3,380,140 | 44,335 |
| Police | 4,933,746 | 4,903,746 | 4,790,364 | 113,382 |
| Education | 27,696,497 | 27,696,497 | 27,640,863 | 55,634 |
| Highways and streets | 2,253,223 | 2,227,223 | 2,258,199 | (30,976) |
| Solid waste | 1,898,531 | 1,898,531 | 1,605,158 | 293,373 |
| Health and welfare | 185,686 | 185,686 | 147,633 | 38,053 |
| Parks and recreation | 702,206 | 702,206 | 691,042 | 11,164 |
| Library | 793,304 | 793,304 | 770,724 | 22,580 |
| Conservation | 4,170 | 4,170 | 4,170 | - |
| Capital outlay | 1,590,000 | 1,590,000 | 1,564,993 | 25,007 |
| Debt service | 3,592,248 | 3,592,248 | 3,581,335 | 10,913 |
| Transfers out | 225,000 | 395,000 | 395,000 | - |
| Total Expenditures and Other Uses | 53,982,545 | 53,982,545 | 53,226,390 | 756,155 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ - | \$ - | \$ 692,189 | \$ 692,189 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2013

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|------------------------|---------------|-----------------------------|
| | Water Fund | Sanitary Sewer Fund | Total | Internal Service Fund |
| ASSETS | | | | |
| Current: | | | | |
| Cash and short-term investments | \$ 1,163,336 | \$ 1,121,896 | \$ 2,285,232 | \$ - |
| Investments | 833,605 | 2,100,024 | 2,933,629 | - |
| User fees, net of allowance for uncollectibles | 748,808 | 681,751 | 1,430,559 | - |
| Special assessments | - | 15,863 | 15,863 | - |
| Due from other funds | - | - | - | 53,301 |
| Inventory | 106,824 | 4,816 | 111,640 | 17,407 |
| Other assets | 30,553 | - | 30,553 | - |
| Total current assets | 2,883,126 | 3,924,350 | 6,807,476 | 70,708 |
| Noncurrent: | | | | |
| Capital assets: | | | | |
| Land and construction in progress | 41,053 | 100,956 | 142,009 | - |
| Other capital assets, net of accumulated depreciation | 14,325,764 | 5,367,064 | 19,692,828 | 2,931,400 |
| Total noncurrent assets | 14,366,817 | 5,468,020 | 19,834,837 | 2,931,400 |
| TOTAL ASSETS | 17,249,943 | 9,392,370 | 26,642,313 | 3,002,108 |
| LIABILITIES | | | | |
| Current: | | | | |
| Accounts payable | 103,521 | 66,653 | 170,174 | 45,195 |
| Retainage payable | - | 25,965 | 25,965 | - |
| Accrued liabilities | 29,395 | - | 29,395 | - |
| Due to other funds | - | 181,542 | 181,542 | 207,998 |
| Other current liabilities | 176,730 | - | 176,730 | - |
| Current portion of long-term liabilities: | | | | |
| Bonds payable | 75,000 | - | 75,000 | - |
| Other liabilities | 13,587 | 6,315 | 19,902 | 3,288 |
| Total current liabilities | 398,233 | 280,475 | 678,708 | 256,481 |
| Noncurrent: | | | | |
| Bonds payable, net of current portion | 1,160,000 | - | 1,160,000 | - |
| Other liabilities, net of current portion | 141,501 | 122,159 | 263,660 | 29,594 |
| Total noncurrent liabilities | 1,301,501 | 122,159 | 1,423,660 | 29,594 |
| DEFERRED INFLOWS OF RESOURCES | 36,118 | - | 36,118 | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,735,852 | 402,634 | 2,138,486 | 286,075 |
| NET POSITION | | | | |
| Net investment in capital assets | 13,131,817 | 5,468,020 | 18,599,837 | 2,931,400 |
| Unrestricted | 2,382,274 | 3,521,716 | 5,903,990 | (215,367) |
| TOTAL NET POSITION | \$ 15,514,091 | \$ 8,989,736 | \$ 24,503,827 | \$ 2,716,033 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|---|--|------------------------|---------------|-----------------------------|
| | Water Fund | Sanitary Sewer Fund | Total | Internal Service Fund |
| Operating Revenues: | | | | |
| Charges for services | \$ 2,079,560 | \$ 3,306,647 | \$ 5,386,207 | \$ 656,145 |
| Other | 630,291 | 41,052 | 671,343 | (29,750) |
| Total Operating Revenues | 2,709,851 | 3,347,699 | 6,057,550 | 626,395 |
| Operating Expenses: | | | | |
| Operating expenses | 1,643,863 | 3,037,968 | 4,681,831 | 536,812 |
| Depreciation | 761,972 | 412,523 | 1,174,495 | 329,144 |
| Total Operating Expenses | 2,405,835 | 3,450,491 | 5,856,326 | 865,956 |
| Operating Income (Loss) | 304,016 | (102,792) | 201,224 | (239,561) |
| Nonoperating Revenues (Expenses): | | | | |
| Investment income | 5,968 | 11,974 | 17,942 | - |
| Capital contributions | 599,100 | - | 599,100 | - |
| Interest expense | (49,504) | - | (49,504) | - |
| Total Nonoperating Revenues (Expenses), Net | 555,564 | 11,974 | 567,538 | - |
| Change in Net Position | 859,580 | (90,818) | 768,762 | (239,561) |
| Net Position at Beginning of Year | 14,654,511 | 9,080,554 | 23,735,065 | 2,955,594 |
| Net Position at End of Year | \$ 15,514,091 | \$ 8,989,736 | \$ 24,503,827 | \$ 2,716,033 |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|---|--|------------------------|---------------------|-----------------------------|
| | Water Fund | Sanitary Sewer Fund | Total | Internal Service Fund |
| <u>Cash Flows From Operating Activities:</u> | | | | |
| Receipts from customers and users | \$ 2,388,993 | \$ 3,353,763 | \$ 5,742,756 | \$ - |
| Receipts from interfund service provided | - | - | - | 662,491 |
| Payments to vendors and employees | (1,622,459) | (2,980,724) | (4,603,183) | (547,232) |
| Net Cash Provided By Operating Activities | 766,534 | 373,039 | 1,139,573 | 115,259 |
| <u>Cash Flows From Noncapital Financing Activities:</u> | | | | |
| Interfund borrowing | - | (31,691) | (31,691) | 580,262 |
| Net Cash (Used For) Capital and Related Financing Activities | - | (31,691) | (31,691) | 580,262 |
| <u>Cash Flows From Capital and Related Financing Activities:</u> | | | | |
| Contributions toward capital assets | 599,100 | - | 599,100 | - |
| Acquisition and construction of capital assets, net of disposals | (1,251,139) | (306,911) | (1,558,050) | (695,521) |
| Principal payments on bonds and notes | (75,000) | - | (75,000) | - |
| Bond premium | (2,127) | - | (2,127) | - |
| Interest expense | (49,504) | - | (49,504) | - |
| Net Cash (Used For) Capital and Related Financing Activities | (778,670) | (306,911) | (1,085,581) | (695,521) |
| <u>Cash Flows From Investing Activities:</u> | | | | |
| Purchase (sale) of investments | 149,071 | (9,501) | 139,570 | - |
| Investment income | 5,968 | 11,974 | 17,942 | - |
| Net Cash Provided By Investing Activities | 155,039 | 2,473 | 157,512 | - |
| Net Change in Cash and Short-Term Investments | 142,903 | 36,910 | 179,813 | - |
| Cash and Short-Term Investments, Beginning of Year | 1,020,433 | 1,084,986 | 2,105,419 | - |
| Cash and Short-Term Investments, End of Year | <u>\$ 1,163,336</u> | <u>\$ 1,121,896</u> | <u>\$ 2,285,232</u> | <u>\$ -</u> |
| <u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u> | | | | |
| Operating income (loss) | \$ 304,016 | \$ (102,792) | \$ 201,224 | \$ (239,561) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 761,972 | 412,523 | 1,174,495 | 329,144 |
| Changes in assets and liabilities: | | | | |
| User fees | (321,377) | 6,064 | (315,313) | 6,346 |
| Inventory | 20,141 | (4,750) | 15,391 | (1,713) |
| Other assets | (3,873) | - | (3,873) | - |
| Accounts payable | 1,599 | 26,217 | 27,816 | 19,673 |
| Accrued liabilities | (619) | (7,285) | (7,904) | (2,238) |
| Retainage payable | - | 18,898 | 18,898 | - |
| Other liabilities | 4,675 | 24,164 | 28,839 | 3,608 |
| Net Cash Provided By (Used For) Operating Activities | <u>\$ 766,534</u> | <u>\$ 373,039</u> | <u>\$ 1,139,573</u> | <u>\$ 115,259</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2013

| | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|--|--|-------------------------|
| <u>ASSETS</u> | | |
| Cash and short-term investments | \$ 119,425 | \$ 785,750 |
| Investments | 3,331,175 | - |
| Accounts receivable | - | 3,882 |
| Due from other funds | - | 1,992 |
| Total Assets | 3,450,600 | 791,624 |
| <u>LIABILITIES AND NET POSITION</u> | | |
| Due to other funds | 96,005 | 4,053 |
| Other liabilities | - | 787,571 |
| Total Liabilities | 96,005 | 791,624 |
| <u>NET POSITION</u> | | |
| Total net position held in trust | \$ 3,354,595 | \$ - |

The accompanying notes are an integral part of these financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Private Purpose Trust Funds</u> |
|--|--|
| Additions: | |
| Contributions | \$ 5,000 |
| Investment Income (Loss): | |
| Interest earnings | 4 |
| Increase (decrease) in fair value of investments | 133,909 |
| Gain (Loss) on sale | <u>72,432</u> |
| Net investment income (loss) | <u>211,345</u> |
| Total additions | 211,345 |
| Deductions: | |
| General government | 71,662 |
| Education | 8,001 |
| Parks and recreation | <u>13,453</u> |
| Total deductions | <u>93,116</u> |
| Net increase (decrease) | 118,229 |
| Net position: | |
| Beginning of year | <u>3,236,366</u> |
| End of year | <u>\$ 3,354,595</u> |

The accompanying notes are an integral part of these 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 City 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 2013, it was determined that no entities met the required 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 Position and the Statement of Activities) 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 City 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 City 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.
- The Huot Technical Center fund accounts for the activity associated with the construction project.

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.

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 *Sanitary 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 guar-

anteed 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 City 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.

Capital assets are 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 City'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 Position.

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 position".

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 Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists 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 position is 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. The remaining net position is 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) | \$ 52,901,101 | \$ 52,721,651 |
| Other financing sources/uses (GAAP basis) | <u>-</u> | <u>1,081,625</u> |
| Subtotal (GAAP Basis) | 52,901,101 | 53,803,276 |
| Adjust tax revenue to accrual basis | 84,469 | - |
| Reverse beginning of year appropriation carryforwards from expenditures | - | (464,941) |
| Add end of year appropriation carryforwards from expenditures | - | 590,808 |
| To eliminate capital reserve activity | (1,991) | (686,625) |
| Recognize use of fund balance as funding source | 935,000 | - |
| Other GAAP adjustments | <u>-</u> | <u>(16,128)</u> |
| Budgetary basis | <u>\$ 53,918,579</u> | <u>\$ 53,226,390</u> |

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2013:

| | |
|----------------------------|------------|
| Capital Project funds: | |
| Huot Technical Center Fund | \$ 106,463 |
| Main Street Bridge Fund | \$ 127,364 |

The deficits in these funds will be eliminated through future transfers from other funds and bond proceeds.

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

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

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 \$14,031,235 are held by the investment's counterparty, not in the name of the City.

As of June 30, 2013, none of the City's bank balance of \$6,654,718 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 | | | | | | | | | |
|---------------------------|------------------|----------------------|------------------------|-----------------------|---------------|---------------|--------------|---------------|--------------|--------------|--------------|---------------|------|
| | | | | AAA | A1 | AA1 | A2 | A3 | AA2 | CAAA1 | BAA1 | Not Rated | |
| Debt Related Securities: | | | | | | | | | | | | | |
| Certificates of deposits | \$ 11,985 | N/A | \$ 11,985 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Corporate bonds | 554 | N/A | - | - | 132 | 48 | 81 | 106 | 48 | 50 | 25 | 63 | |
| Corporate equities | 2,237 | N/A | 2,237 | - | - | - | - | - | - | - | - | - | |
| Municipal obligations | 114 | N/A | - | - | - | 54 | - | - | - | - | - | 61 | |
| Mutual funds | 1,607 | N/A | 1,607 | - | - | - | - | - | - | - | - | - | |
| Federal agency securities | 139 | N/A | - | 139 | - | - | - | - | - | - | - | - | |
| Total investments | \$ 16,636 | | \$ 15,829 | \$ 139 | \$ 132 | \$ 102 | \$ 81 | \$ 106 | \$ 48 | \$ 50 | \$ 25 | \$ 124 | |

B. 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: | | | | | |
| Bank of New Hampshire | \$ 2,000 | \$ 210 | \$ 2,099 | \$ 4,309 | 29% |
| Meredith Village Savings Bank | 3,055 | 209 | - | 3,264 | 22% |
| Franklin Savings Bank | 4,000 | 151 | - | 4,151 | 28% |
| Northway Savings Bank | - | 261 | - | 261 | 2% |
| Total | \$ 9,055 | \$ 831 | \$ 2,099 | \$ 11,985 | |

C. 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>Investment Maturities</u> <u>(in Years)</u> | | | |
|---------------------------|---|--------------------|---------------|---------------|
| | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Debt Related Securities: | | | | |
| Corporate bonds | \$ 554 | \$ 113 | \$ 304 | \$ 137 |
| Municipal obligations | 114 | 15 | 45 | 54 |
| Federal agency securities | 139 | - | 139 | - |
| Total | <u>\$ 807</u> | <u>\$ 128</u> | <u>\$ 488</u> | <u>\$ 191</u> |

D. 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, 2013.

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, 2013 consist of the following:

| | | |
|-------------------|--------------|---------------------|
| Real Estate | | |
| 2013 | | \$ 4,368,306 |
| Unredeemed Taxes | | |
| 2012 | 530,001 | |
| 2011 | 284,376 | |
| 2010 | 16,747 | |
| 2009 | <u>1,124</u> | |
| | | 832,248 |
| Tax Deeded | | 1,472 |
| Land Use | | 10,000 |
| Elderly Tax Liens | | 34,948 |
| Welfare Tax Liens | | <u>14,695</u> |
| Total | | \$ <u>5,261,669</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:

| | <u>Governmental</u> | <u>Business-Type</u> |
|----------------|---------------------|----------------------|
| Property taxes | \$ 88,337 | \$ - |
| Water | \$ - | \$ 9,428 |
| Sanitary Sewer | \$ - | \$ 40,525 |

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2013.

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, 2013 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 | \$ 2,252,017 | \$ 3,108,918 |
| Huot Technical Center | 475,370 | - |
| Nonmajor Funds: | | |
| Downtown TIF | 311,353 | - |
| Airport fund | - | 222,950 |
| Park houses fund | 35,909 | - |
| Community development fund | 103,657 | - |
| City Grants fund | 163,225 | - |
| Special revenue fund | 566,756 | - |
| School lunch and breakfast fund | - | 151,878 |
| School grants fund | - | 679,598 |
| Ambulance fund | - | 152,990 |
| Parking garage/Davis Place fund | 5,022 | - |
| Bond Water/Revaluation | 16,957 | - |
| Main Street Bridge | - | 127,364 |
| Weirs/Endicott Water Line | 4,728 | - |
| Fire Truck/DPW Fund Bond | 959,924 | - |
| Permanent funds | - | 16,915 |
| Total Governmental Funds | <u>4,894,918</u> | <u>4,460,613</u> |
| Enterprise Funds: | | |
| Sanitary Sewer fund | - | 181,542 |
| Total Enterprise Funds | - | 181,542 |
| Internal Service Funds | 53,301 | 207,998 |
| Private Purpose Funds | - | 96,005 |
| Agency Funds | 1,992 | 4,053 |
| Total | <u>\$ 4,950,211</u> | <u>\$ 4,950,211</u> |

Interfund transfers and their purposes during the year ended June 30, 2013 were as follows:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------|---------------------|---------------------|
| Major Funds: | | |
| General Fund | \$ - | \$ 1,081,625 |
| Hout Technical Center | <u>1,081,625</u> | - |
| Total | <u>\$ 1,081,625</u> | <u>\$ 1,081,625</u> |

10. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------|--------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Land improvements | \$ 26,256,806 | \$ 13,730 | \$ - | \$ 26,270,536 |
| Buildings and improvements | 61,895,814 | 206,269 | (58,911) | 62,043,172 |
| Furniture, equipment, and vehicles | 11,828,476 | 957,454 | (218,512) | 12,567,418 |
| Infrastructure | 26,804,298 | 585,885 | - | 27,390,183 |
| Total capital assets, being depreciated | 126,785,394 | 1,763,338 | (277,423) | 128,271,309 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (8,515,787) | (1,172,890) | - | (9,688,677) |
| Buildings and improvements | (21,554,011) | (1,635,715) | 20,534 | (23,169,192) |
| Furniture, equipment, and vehicles | (6,267,427) | (793,601) | 188,762 | (6,872,266) |
| Infrastructure | (11,165,412) | (1,047,499) | - | (12,212,911) |
| Total accumulated depreciation | (47,502,637) | (4,649,705) | 209,296 | (51,943,046) |
| Total capital assets, being depreciated, net | 79,282,757 | (2,886,367) | (68,127) | 76,328,263 |
| Capital assets, not being depreciated: | | | | |
| Land | 8,229,879 | - | - | 8,229,879 |
| Construction in progress | 1,497,839 | 14,654,162 | (288,056) | 15,863,945 |
| Total capital assets, not being depreciated | 9,727,718 | 14,654,162 | (288,056) | 24,093,824 |
| Governmental activities capital assets, net | \$ 89,010,475 | \$ 11,767,795 | \$ (356,183) | \$ 100,422,087 |
| Business-Type Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 9,053,625 | \$ 352,729 | \$ - | \$ 9,406,354 |
| Furniture, equipment, and vehicles | 3,499,143 | 151,021 | - | 3,650,164 |
| Infrastructure | 30,831,592 | 1,054,300 | - | 31,885,892 |
| Total capital assets, being depreciated | 43,384,360 | 1,558,050 | - | 44,942,410 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,915,552) | (294,051) | - | (4,209,603) |
| Furniture, equipment, and vehicles | (1,792,168) | (205,612) | - | (1,997,780) |
| Infrastructure | (18,367,367) | (674,832) | - | (19,042,199) |
| Total accumulated depreciation | (24,075,087) | (1,174,495) | - | (25,249,582) |
| Total capital assets, being depreciated, net | 19,309,273 | 383,555 | - | 19,692,828 |
| Capital assets, not being depreciated: | | | | |
| Land | 38,503 | - | - | 38,503 |
| Construction in progress | 103,506 | - | - | 103,506 |
| Total capital assets, not being depreciated | 142,009 | - | - | 142,009 |
| Business-type activities capital assets, net | \$ 19,451,282 | \$ 383,555 | \$ - | \$ 19,834,837 |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General government | \$ 151,512 |
| Fire and ambulance | 195,171 |
| Police | 186,621 |
| Education | 1,482,930 |
| Highway and streets | 1,300,403 |
| Solid waste | 96,868 |
| Parks and recreation | 279,303 |
| Library | 139,265 |
| Airport | <u>817,631</u> |
| Total depreciation expense - governmental activities | <u>\$ 4,649,704</u> |
| Business-Type Activities: | |
| Water | \$ 761,972 |
| Sanitary Sewer | <u>412,523</u> |
| Total depreciation expense - business-type activities | <u>\$ 1,174,495</u> |

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2013 expenditures paid after June 30, 2013.

12. 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.

13. Capital Lease Obligations

The City is the lessee of certain equipment under a capital lease expiring in year 2017. Future minimum lease payments under the capital lease consisted of the following as of June 30, 2013:

| <u>Fiscal Year</u> | <u>Capital Leases</u> |
|---|---------------------------|
| 2014 | \$ 2,743 |
| 2015 | 2,743 |
| 2016 | 2,743 |
| 2017 | <u>2,744</u> |
| Total minimum lease payments | 10,973 |
| Less amounts representing interest | <u>(1,928)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 9,045</u> |

14. Long-Term Debt

A. General Obligation Bonds

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

| <u>Governmental Activities:</u> | <u>Serial Maturities Through</u> | <u>Interest Rate(s) %</u> | <u>Amount Outstanding as of 6/30/13</u> |
|---------------------------------------|--|-------------------------------|---|
| Public improvement | 01/15/16 | 5.30-5.65% | \$ 165,000 |
| Capital improvement | 08/15/21 | 4.38-5.00% | 1,585,000 |
| Capital improvement | 08/15/22 | 4.00-5.00% | 1,000,000 |
| Library bond | 01/15/24 | 5.00-4.75% | 1,210,000 |
| Capital improvement | 09/07/15 | 4.00% | 123,258 |
| Fire truck - general obligation bond | 05/09/18 | 3.08% | 475,000 |
| Transfer station | 08/15/18 | 3.68% | 580,000 |
| Revaluation | 08/15/14 | 2.26% | 135,000 |
| Anthony Drive Stormwater Improvements | 01/15/30 | 2.86% | 195,885 |
| School improvement bonds | 01/15/16 | 5.40-5.65% | 30,000 |
| School bonds - Elm/Pleasant | 08/15/21 | 4.125-5.00% | 2,810,000 |
| School bonds - Woodland Heights | 01/15/23 | 4.25-4.90% | 2,050,000 |
| School bond - MMS Capital Project | 02/15/36 | 4.76% | 16,007,278 |
| Weirs Boardwalk/Endicott Water Line | 09/28/30 | 3.63% | 508,500 |
| Weirs Boardwalk | 11/01/30 | 3.56% | 640,000 |
| Huot Center | 12/15/30 | 0.00% | 1,992,300 |
| Huot Center | 11/06/35 | 0.00% | 4,397,000 |
| Fire Truck - DPW Bond | 07/15/22 | 2.39% | <u>1,100,000</u> |
| Total Governmental Activities: | | | <u>\$ 35,004,221</u> |

| <u>Business-Type Activities:</u> | <u>Serial Maturities Through</u> | <u>Interest Rate(s) %</u> | <u>Amount Outstanding as of 6/30/13</u> |
|----------------------------------|--|-------------------------------|---|
| Treatment plant | 08/15/29 | 3.97% | \$ <u>1,235,000</u> |
| Total Business-Type Activities: | | | \$ <u><u>1,235,000</u></u> |

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2013 are as follows:

| <u>Governmental</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|----------------------|----------------------|----------------------|
| 2014 | \$ 2,816,364 | \$ 879,107 | \$ 3,695,471 |
| 2015 | 2,765,167 | 867,362 | 3,632,529 |
| 2016 | 2,652,814 | 855,086 | 3,507,900 |
| 2017 | 2,504,466 | 862,026 | 3,366,492 |
| 2018 | 2,463,647 | 860,555 | 3,324,202 |
| 2019 - 2023 | 10,523,161 | 4,055,439 | 14,578,600 |
| 2024 - 2028 | 5,136,528 | 4,494,956 | 9,631,484 |
| Thereafter | <u>6,142,074</u> | <u>9,494,944</u> | <u>15,637,018</u> |
| Total | <u>\$ 35,004,221</u> | <u>\$ 22,369,475</u> | <u>\$ 57,373,696</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, 2013:

| <u>Business-Type</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 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 | 75,000 | 40,905 | 115,905 |
| 2019 - 2023 | 370,000 | 156,047 | 526,047 |
| 2024 - 2028 | 350,000 | 70,622 | 420,622 |
| Thereafter | <u>140,000</u> | <u>6,809</u> | <u>146,809</u> |
| Total | <u>\$ 1,235,000</u> | <u>\$ 463,276</u> | <u>\$ 1,698,276</u> |

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2013, the following changes occurred in long-term liabilities (in thousands):

| | Total Balance 7/1/12 | Additions | Reductions | Total Balance 6/30/13 | Less Current Portion | Equals Long-Term Portion 6/30/13 |
|--|----------------------------|-----------------|-------------------|-----------------------------|----------------------------|---|
| <u>Governmental Activities</u> | | | | | | |
| Bonds payable | \$ 32,216 | \$ 5,497 | \$ (2,709) | \$ 35,004 | \$ (2,816) | \$ 32,188 |
| Other: | | | | | | |
| Landfill closure | 113 | - | (19) | 94 | (18) | 76 |
| Compensated absences | 2,721 | 3 | (50) | 2,674 | (270) | 2,404 |
| Capital lease | - | 12 | (2) | 10 | (2) | 8 |
| Bond premiums | 484 | - | (34) | 450 | (34) | 416 |
| OPEB obligation | 845 | 23 | - | 868 | - | 868 |
| Totals | <u>\$ 36,379</u> | <u>\$ 5,535</u> | <u>\$ (2,814)</u> | <u>\$ 39,100</u> | <u>\$ (3,140)</u> | <u>\$ 35,960</u> |
| <u>Business-Type Activities</u> | | | | | | |
| Bonds payable | \$ 1,310 | \$ - | \$ (75) | \$ 1,235 | \$ (75) | \$ 1,160 |
| Other: | | | | | | |
| Compensated absences | 142 | 36 | - | 178 | (17) | 161 |
| Bond premiums | 36 | - | (2) | 34 | (2) | 32 |
| OPEB obligation | 56 | 15 | - | 71 | - | 71 |
| Totals | <u>\$ 1,544</u> | <u>\$ 51</u> | <u>\$ (77)</u> | <u>\$ 1,518</u> | <u>\$ (94)</u> | <u>\$ 1,424</u> |

15. Landfill Closure and Postclosure Care Costs

The year-end liability reported is based on what it would cost to perform postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

16. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2013:

| | Entity-wide Basis | | Proprietary Funds |
|----------------------------|----------------------------|------------------------|-------------------|
| | Governmental Activities | Business Activities | |
| Taxes collected in advance | \$ 14,709,361 | \$ - | \$ - |
| Deferred revenue | 4,304,734 | - | - |
| Pre-paid taxes | 45,910 | - | - |
| Customer deposits | - | 36,118 | 36,118 |
| | <u>\$ 19,060,005</u> | <u>\$ 36,118</u> | |

| | Fund Basis | | Proprietary Funds |
|----------------------------|----------------------|-------------------|-------------------|
| | General Fund | Non Major Fund | |
| Taxes collected in advance | \$ 14,709,361 | \$ - | \$ - |
| Deferred revenue | 5,183,647 | 53,123 | - |
| Pre-paid taxes | 45,910 | - | - |
| Customer deposits | - | - | 36,118 |
| | <u>\$ 19,938,918</u> | <u>\$ 53,123</u> | <u>\$ 36,118</u> |

17. Restricted Net Position

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

Permanent fund restricted net position is 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.

18. 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, 2013:

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, 2013:

| | Non Spendable | Restricted | Committed | Assigned | Unassigned | Total |
|----------------------------|-------------------|---------------------|---------------------|-------------------|---------------------|----------------------|
| General Fund | | | | | | |
| Reserve for: | | | | | | |
| Encumbrance | \$ - | \$ - | \$ - | \$ 590,808 | \$ - | \$ 590,808 |
| Inventory/prepaid expense | 167,198 | - | - | - | - | 167,198 |
| Capital Reserve | - | - | 463,220 | - | - | 463,220 |
| Undesignated | - | - | - | - | 4,889,819 | 4,889,819 |
| sub total | <u>167,198</u> | <u>-</u> | <u>463,220</u> | <u>590,808</u> | <u>4,889,819</u> | <u>6,111,045</u> |
| Major | | | | | | |
| Huot Technical Center fund | - | - | - | - | (106,463) | (106,463) |
| sub total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(106,463)</u> | <u>(106,463)</u> |
| Non Major | | | | | | |
| Special Revenue | - | 1,489,007 | 311,353 | - | - | 1,800,360 |
| Capital Projects | - | - | 986,631 | - | (127,364) | 859,267 |
| Permanent Funds | <u>219,528</u> | <u>1,302,940</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,522,468</u> |
| sub total | <u>219,528</u> | <u>2,791,947</u> | <u>1,297,984</u> | <u>-</u> | <u>(127,364)</u> | <u>4,182,095</u> |
| Grand Total | \$ <u>386,726</u> | \$ <u>2,791,947</u> | \$ <u>1,761,204</u> | \$ <u>590,808</u> | \$ <u>4,655,992</u> | \$ <u>10,186,677</u> |

19. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

| | |
|--------------------------|---------------------|
| GAAP basis | \$ 4,889,819 |
| Tax deeded property | 92,049 |
| Other GAAP adjustments | <u>126,792</u> |
| Tax Rate Setting balance | <u>\$ 5,108,660</u> |

20. Subsequent Events

Debt

Subsequent to June 30, 2013, the City has incurred the following additional debt:

| | <u>Amount</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> |
|------------------------------------|---------------|----------------------|-------------------|----------------------|
| Huot Career Center | \$ 1,000,000 | 3.04% | 07/11/13 | 07/11/33 |
| Smith Track Subsurface Replacement | \$ 300,000 | 2.44% | 09/01/13 | 09/01/23 |
| Weirs Community Park Construction | \$ 550,000 | 2.44% | 09/01/13 | 09/01/23 |

21. 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.

22. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, 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 Activities 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 Position over time.

A. Plan Description

In addition to providing the pension benefits described, the City provides post-employment healthcare and life insurance benefits for retired employees through the City's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2013, there were approximately 262 retiree subscribers, including eligible spouses and dependents, and 438 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 2013 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, 2013, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of September 26, 2013.

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> |
|---|--------------------------------|-------------------|---------------------------------|-----------------------|-------------------|
| | <u>City</u> | <u>School</u> | <u>Water</u> | <u>Sanitary Sewer</u> | |
| Annual Required Contribution (ARC) | \$ 256,232 | \$ 562,815 | \$ 21,850 | \$ 9,176 | \$ 850,073 |
| Interest on net OPEB obligation | 23,393 | 14,623 | (1) | 2,526 | 40,541 |
| Adjustment to ARC | <u>(22,158)</u> | <u>(25,001)</u> | <u>2</u> | <u>(2,393)</u> | <u>(49,550)</u> |
| Annual OPEB cost | 257,467 | 552,437 | 21,851 | 9,309 | 841,064 |
| Contributions made | <u>(241,921)</u> | <u>(545,074)</u> | <u>(15,353)</u> | <u>(122)</u> | <u>(802,470)</u> |
| Increase in net OPEB obligation | 15,546 | 7,363 | 6,498 | 9,187 | 38,594 |
| Net OPEB obligation - beginning of year | <u>519,855</u> | <u>324,954</u> | <u>(41)</u> | <u>56,135</u> | <u>900,903</u> |
| Net OPEB obligation - end of year | <u>\$ 535,401</u> | <u>\$ 332,317</u> | <u>\$ 6,457</u> | <u>\$ 65,322</u> | <u>\$ 939,497</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> |
|--------------------------|-------------------------|--|----------------------------|
| 2013 | \$841,064 | 95.4% | \$939,497 |
| 2012 | \$955,879 | 79.8% | \$900,903 |
| 2011 | \$959,244 | 80.7% | \$707,629 |
| 2010 | \$748,568 | 58.0% | \$635,219 |
| 2009 | \$716,003 | 55.2% | \$321,073 |

The City's net OPEB obligation as of June 30, 2013 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 September 26, 2013, the date of the most recent actuarial valuation was as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 7,966,322 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | \$ <u>7,966,322</u> |
| Funded ratio (actuarial value of plan assets/AAL) | <u>0%</u> |
| Covered payroll (active plan members) | \$ <u>22,154,060</u> |
| UAAL as a percentage of covered payroll | <u>36%</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 September 26, 2013 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 0% which increases 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%.

23. 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, 2013, 2012, and 2011 were \$3,033,315, \$3,073,796, and \$2,505,699, 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, 2013, was \$8,555,403 for the City and \$15,539,396 for the School Department.

24. 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 City 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.

25. Tax Increment Financing District

The following represents the Downtown Tax Increment Financing District's fiscal year 2013 financial report, which is required by NH RSA 162-K:11. This District is reported as a special revenue fund of the City.

| | <u>Downtown TIF</u> |
|--|-------------------------|
| Revenues: | |
| Tax Increment FY2013 | \$ 136,049 |
| Expenditures: | |
| General Government | <u>3,076</u> |
| Total Expenditures | <u>3,076</u> |
| Excess (deficiency) of revenues over expenditures | 132,973 |
| Fund Equity, at Beginning of Year | <u>178,380</u> |
| Fund Equity, at End of Year | <u>\$ 311,353</u> |
| Assessment Information | |
| Base Value | <u>\$ 72,637,787</u> |
| Captured Value* | <u>\$ 7,450,650</u> |

* = As of October 2, 2008

26. Beginning Fund Balance Reclassification

The City's major governmental funds for fiscal year 2013, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

| | Fund Equity 6/30/12 (as previously reported) | <u>Reclassification</u> | Fund Equity 6/30/12 (as restated) |
|-----------------|---|-------------------------|---|
| General Fund | \$ 7,013,220 | \$ - | \$ 7,013,220 |
| Major Funds | - | 1,154,679 | 1,154,679 |
| Non Major Funds | <u>4,215,830</u> | <u>(1,154,679)</u> | <u>3,061,151</u> |
| Total | <u>\$ 11,229,050</u> | <u>\$ -</u> | <u>\$ 11,229,050</u> |

27. 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, 2013

(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% |
| 09/26/13 | \$ - | \$ 7,966 | \$ 7,966 | 0.0% | \$ 22,154 | 36.0% |

See Independent Auditors' Report.

STATISTICAL SECTION

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

| | 2013 | 2012 | 2011 | 2010* | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 66,162 | 57,995 | 58,604 | 58,797 | 55,566 | \$33,091 | \$42,731 | \$33,470 | \$30,756 | \$24,245 |
| Restricted for: | | | | | 1,716 | 1,040 | 980 | 996 | 1,332 | 1,662 |
| Grants | 1,664 | 1,656 | 1,379 | 1,314 | - | - | - | - | - | - |
| Permanent funds: | | | | | | | | | | |
| Nonexpendable | 220 | 192 | 278 | 162 | - | - | - | - | - | - |
| Expendable | 1,139 | 1,148 | 906 | 934 | - | - | - | - | - | - |
| Unrestricted | 2,596 | 3,689 | 4,088 | 4,718 | 3,365 | 24,624 | 7,215 | 7,379 | 5,859 | 5,942 |
| Total governmental activities net assets | \$71,781 | \$64,680 | \$65,255 | \$65,925 | \$60,647 | \$58,755 | \$50,926 | \$41,845 | \$37,947 | \$31,849 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 18,600 | 18,141 | 17,971 | 18,066 | 18,559 | \$18,418 | \$17,294 | \$16,974 | \$16,824 | \$14,802 |
| Restricted | - | - | - | - | - | - | 392 | 67 | 178 | 187 |
| Unrestricted | 5,904 | 5,594 | 6,166 | 6,396 | 6,163 | 6,226 | 5,363 | 5,279 | 5,266 | 7,464 |
| Total business-type activities net assets | \$24,504 | \$23,735 | \$24,137 | \$24,462 | \$24,722 | \$24,644 | \$23,049 | \$22,320 | \$22,268 | \$22,453 |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$84,762 | \$76,136 | \$76,575 | \$76,863 | \$74,125 | \$51,509 | \$60,025 | \$50,444 | \$47,580 | \$39,047 |
| Restricted for: | | | | | 1,716 | 1,040 | 1,372 | 1,063 | 1,510 | 1,849 |
| Grants | 1,664 | 1,656 | 1,379 | 1,314 | - | - | - | - | - | - |
| Permanent funds: | | | | | | | | | | |
| Nonexpendable | 220 | 192 | 278 | 162 | - | - | - | - | - | - |
| Expendable | 1,139 | 1,148 | 906 | 934 | - | - | - | - | - | - |
| Unrestricted | 8,500 | 9,283 | 10,254 | 11,114 | 9,528 | 30,850 | 12,578 | 12,658 | 11,125 | 13,406 |
| Total primary governmental net assets | \$96,285 | \$88,415 | \$89,392 | \$90,387 | \$85,369 | \$83,399 | \$73,975 | \$64,165 | \$60,215 | \$54,302 |

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

| | Fiscal Year | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government*: | | | | | | | | | | |
| General government* | \$8,356 | \$8,480 | \$8,325 | \$9,931 | \$8,687 | \$8,526 | \$6,821 | \$7,409 | \$6,701 | \$6,440 |
| Public safety | 9,517 | 9,504 | 9,483 | 9,453 | 9,188 | 8,611 | 7,757 | 7,621 | 6,894 | 6,051 |
| Highways and streets | 4,715 | 3,579 | 3,924 | 2,789 | 3,702 | 2,146 | 3,175 | 2,896 | 3,799 | 2,906 |
| Solid Waste | 1,652 | 1,825 | 1,794 | 1,723 | 1,699 | 1,683 | 1,738 | 1,663 | 1,461 | 1,410 |
| Education | 33,525 | 33,776 | 34,152 | 33,673 | 31,556 | 25,312 | 28,211 | 26,965 | 25,438 | 25,039 |
| Culture and recreation | 1,969 | 1,781 | 1,599 | 1,658 | 1,506 | 1,457 | 1,566 | 1,565 | 1,222 | 1,217 |
| Interest on long-term debt | 383 | 875 | 951 | 903 | 925 | 847 | 935 | 1,028 | 1,128 | 1,220 |
| Total governmental activities expenses | <u>60,617</u> | <u>59,820</u> | <u>60,228</u> | <u>60,130</u> | <u>57,263</u> | <u>48,582</u> | <u>50,223</u> | <u>49,147</u> | <u>46,638</u> | <u>44,288</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 2,455 | 2,408 | 2,361 | 2,299 | 2,281 | 2,016 | 1,977 | 1,931 | 1,826 | 1,754 |
| Sewer | 3,450 | 3,313 | 3,158 | 3,366 | 3,051 | 2,962 | 2,752 | 2,634 | 2,489 | 2,353 |
| Total business-type activities expenses | 5,905 | 5,721 | 5,519 | 5,665 | 5,332 | 4,978 | 4,729 | 4,565 | 4,315 | 4,107 |
| Total primary government expenses | <u>\$66,522</u> | <u>\$65,541</u> | <u>\$65,747</u> | <u>\$65,795</u> | <u>\$62,595</u> | <u>\$53,560</u> | <u>\$54,952</u> | <u>\$53,712</u> | <u>\$50,953</u> | <u>\$48,395</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$2,928 | \$2,818 | \$2,841 | \$2,858 | \$2,981 | \$3,262 | \$3,153 | \$3,202 | \$3,209 | \$3,039 |
| Culture and recreation | 86 | 95 | 91 | 88 | 59 | 65 | 80 | 64 | 100 | 86 |
| Other activities | 2,912 | 2,840 | 2,832 | 2,986 | 2,862 | 3,036 | 2,940 | 2,608 | 2,617 | 2,696 |
| Operating grants and contributions | 13,440 | 13,506 | 13,846 | 15,050 | 11,479 | 7,751 | 9,862 | 10,894 | 9,829 | 11,352 |
| Capital grants and contributions | 8,015 | 545 | 506 | 4,518 | 1,583 | 3,794 | 7,022 | 1,292 | 5,723 | 2,208 |
| Total governmental activities program revenues | <u>27,381</u> | <u>19,804</u> | <u>20,116</u> | <u>25,500</u> | <u>18,964</u> | <u>17,908</u> | <u>23,057</u> | <u>18,060</u> | <u>21,478</u> | <u>19,381</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 2,709 | 2,215 | 2,155 | 2,159 | 2,183 | 1,901 | 1,965 | 1,914 | 1,808 | 1,628 |
| Sewer | 3,348 | 3,073 | 2,700 | 2,654 | 2,709 | 2,741 | 2,343 | 2,061 | 2,062 | 2,040 |
| Operating grants and contributions | 599 | - | - | 3 | 3 | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | 1,441 | 754 | 590 | 132 | 104 |
| Total business-type activities program revenues | <u>6,656</u> | <u>5,288</u> | <u>4,855</u> | <u>4,816</u> | <u>4,895</u> | <u>6,083</u> | <u>5,062</u> | <u>4,565</u> | <u>4,002</u> | <u>3,772</u> |
| Total primary government program revenues | <u>\$34,037</u> | <u>\$25,092</u> | <u>\$24,971</u> | <u>\$30,316</u> | <u>\$23,859</u> | <u>\$23,991</u> | <u>\$28,119</u> | <u>\$22,625</u> | <u>\$25,480</u> | <u>\$23,153</u> |
| Net (expense)/revenues | | | | | | | | | | |
| Governmental activities | (\$33,236) | (\$40,016) | (\$40,112) | (\$34,630) | (\$38,299) | (\$30,674) | (\$27,166) | (\$31,087) | (\$25,160) | (\$24,907) |
| Business-type activities | 751 | (433) | (664) | (849) | (437) | 1,105 | 333 | - | (313) | (335) |
| Total primary government net expense | <u>(\$32,485)</u> | <u>(\$40,449)</u> | <u>(\$40,776)</u> | <u>(\$35,479)</u> | <u>(\$38,736)</u> | <u>(\$29,569)</u> | <u>(\$26,833)</u> | <u>(\$31,087)</u> | <u>(\$25,473)</u> | <u>(\$25,242)</u> |

* Includes Welfare, conservation and airport expenses

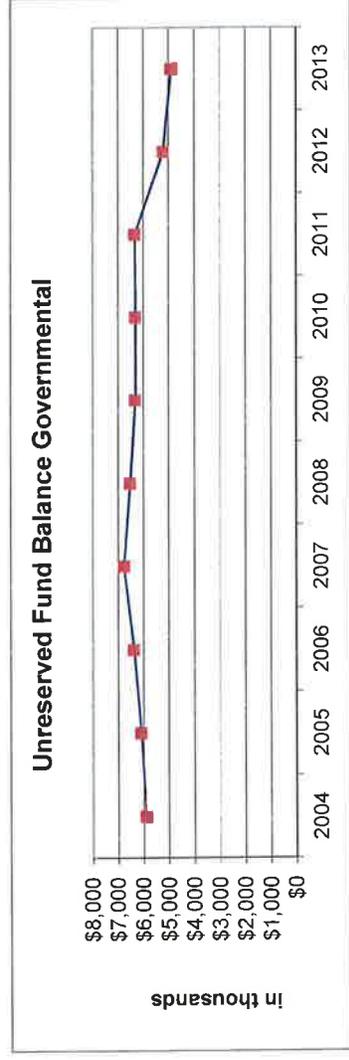
| | Fiscal Year | | | | | | | | | |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$38,394 | \$37,537 | \$37,415 | \$37,609 | \$36,474 | \$33,298 | \$32,811 | \$31,327 | \$29,010 | \$26,213 |
| Franchise taxes | 285 | 273 | 269 | 262 | 259 | 248 | 232 | 220 | 206 | 194 |
| Payment in lieu of taxes | 398 | 409 | 431 | 347 | 351 | 304 | 263 | 241 | 245 | 244 |
| Other taxes | 223 | 247 | 251 | 113 | 160 | 469 | 549 | 681 | 261 | 335 |
| Unrestricted grants and contributions | 717 | 713 | 775 | 772 | 2,167 | 2,099 | 1,310 | 1,261 | 1,202 | 1,145 |
| Investment earnings | 252 | 116 | 350 | 417 | 576 | 1,645 | 1,128 | 677 | 288 | 283 |
| Miscellaneous | 68 | 146 | 242 | 387 | 393 | 454 | 89 | 453 | 301 | 219 |
| Transfers | - | - | (291) | - | - | - | (133) | 124 | 46 | (47) |
| Total governmental activities | 40,337 | 39,441 | 39,442 | 39,907 | 40,380 | 38,517 | 36,249 | 34,984 | 31,559 | 28,586 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 18 | 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 | 18 | 31 | 339 | 588 | 515 | 451 | 395 | 53 | 128 | 157 |
| Total primary government | \$40,355 | \$39,472 | \$39,781 | \$40,495 | \$40,895 | \$38,968 | \$36,644 | \$35,037 | \$31,687 | \$28,743 |
| Changes in Net Assets | | | | | | | | | | |
| Governmental activities | \$7,101 | (\$575) | (\$670) | \$5,277 | \$2,081 | \$7,843 | \$9,083 | \$3,897 | \$6,399 | \$3,679 |
| Business-type activities | 769 | (402) | (325) | (261) | 78 | 1,555 | 728 | 53 | (185) | (178) |
| Total primary government | \$7,870 | (\$977) | (\$995) | \$5,016 | \$2,159 | \$9,398 | \$9,811 | \$3,950 | \$6,214 | \$3,501 |

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)

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------------------------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| General fund | | | | | | | | | | |
| Reserved | \$607 | \$655 | \$623 | \$1,182 | \$675 | \$760 | \$507 | \$1,219 | \$349 | \$311 |
| Capital Reserve * | 463 | 1,148 | 88 | - | - | - | - | - | - | - |
| Unreserved | 4,890 | 5,210 | 6,341 | 6,312 | 6,322 | 6,524 | 6,766 | 6,383 | 6,097 | 5,897 |
| Total general fund | \$5,960 | \$7,013 | \$7,052 | \$7,494 | \$6,997 | \$7,284 | \$7,273 | \$7,602 | \$6,446 | \$6,208 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$219 | \$192 | \$191 | \$162 | \$145 | \$145 | \$162 | \$162 | \$162 | \$614 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,489 | 1,656 | 1,380 | 1,344 | 1,314 | 1,114 | 1,246 | 1,498 | 1,167 | 989 |
| Capital projects funds | 986 | 1,201 | 213 | 415 | 735 | 9,227 | 865 | 1,056 | 1,168 | 3,872 |
| Permanent funds | 1,303 | 1,167 | 1,150 | 934 | 883 | 894 | 783 | 669 | 1,134 | 1,061 |
| Total all other governmental funds | \$3,997 | \$4,216 | \$2,934 | \$2,855 | \$3,077 | \$11,380 | \$3,056 | \$3,385 | \$3,631 | \$6,536 |



* 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 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|----------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|------------------|------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$38,849 | \$38,294 | \$38,007 | \$38,103 | \$36,515 | \$34,547 | \$32,908 | \$31,876 | \$29,326 | \$26,557 |
| Licenses and permits | 2,466 | 2,399 | 2,266 | 2,364 | 2,493 | 2,632 | 2,247 | 2,321 | 2,272 | 2,250 |
| Intergovernmental | 9,560 | 9,685 | 10,073 | 10,326 | 9,811 | 9,392 | 8,506 | 8,132 | 12,868 | 14,397 |
| Charges for services | 1,588 | 1,297 | 1,335 | 1,314 | 1,466 | 1,488 | 602 | 458 | 1,686 | 1,701 |
| Fines | 38 | 30 | 35 | 65 | 56 | 75 | 29 | 36 | 87 | 47 |
| Investment earnings | 56 | 77 | 152 | 306 | 610 | 1,576 | 849 | 594 | 281 | 283 |
| Miscellaneous | 344 | 381 | 485 | 335 | 443 | 457 | 1,812 | 2,261 | 2,950 | 2,816 |
| Total revenues | <u>52,901</u> | <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> |
| Expenditures | | | | | | | | | | |
| General government | 6,440 | 6,853 | 6,821 | 6,558 | 6,711 | 6,498 | 5,973 | 5,674 | 7,465 | 6,739 |
| Public safety | 8,170 | 8,285 | 8,371 | 8,253 | 8,047 | 7,660 | 7,017 | 6,720 | 6,920 | 6,549 |
| Education | 27,541 | 27,059 | 27,110 | 26,986 | 25,669 | 24,936 | 23,443 | 22,234 | 24,788 | 23,631 |
| Highways and streets | 2,258 | 2,077 | 2,257 | 2,131 | 2,342 | 2,306 | 2,046 | 1,994 | 1,946 | 3,520 |
| Solid Waste | 1,605 | 1,759 | 1,722 | 1,671 | 1,712 | 1,796 | 1,743 | 1,662 | 1,461 | 1,410 |
| Library | 771 | 735 | 756 | 780 | 755 | 713 | 681 | 637 | 576 | 607 |
| Parks & Recreation | 731 | 617 | 645 | 572 | 651 | 581 | 563 | 551 | 533 | 664 |
| Capital outlay | 1,624 | 1,252 | 1,296 | 1,151 | 1,592 | 1,973 | 2,752 | 1,489 | 4,989 | 4,803 |
| Debt service | | | | | | | | | | |
| Principal ** | 0 | 2,634 | 2,892 | 3,232 | 3,238 | 2,855 | 2,305 | 2,314 | 2,313 | 2,261 |
| Interest | 3,681 | 871 | 892 | 883 | 878 | 901 | 977 | 1,072 | 1,190 | 1,202 |
| Other charges | | | | | | | | | | |
| Total expenditures | <u>52,721</u> | <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> |
| Excess of revenues over (under) expenditures | 180 | 21 | (409) | 596 | (201) | (52) | (547) | 1,331 | (2,711) | (3,335) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | | | | | | 93 | 36 | 35 | 1,836 | 315 |
| Transfers out | (1,082) | (60) | (120) | (100) | (85) | (30) | (60) | (210) | (1,790) | (362) |
| Capital leases | | | | | | | 242 | | | |
| Bonds issued | | | | | | | | | | 2,347 |
| Total other financing sources (uses) | <u>(1,082)</u> | <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> |
| Net change in fund balances | <u>(\$902)</u> | <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> |

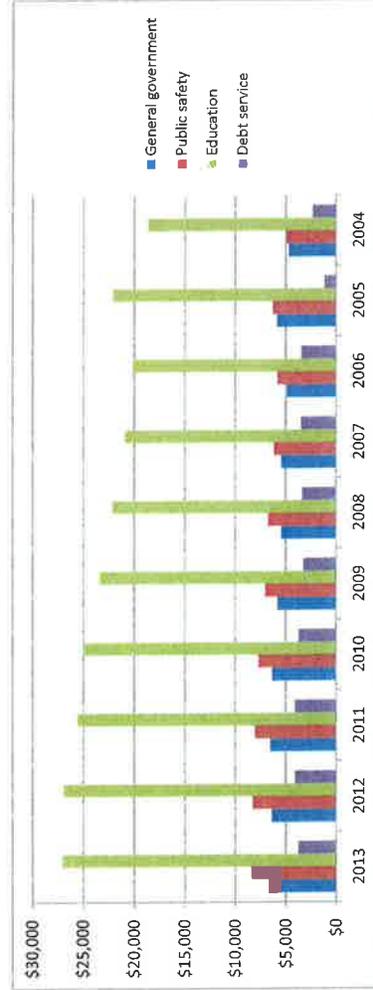
** This number has been reduced to reflect the use of unspent bond proceeds to pay principal payments on several bonds for the City - \$144,588 and the School - \$135,512.

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

| Function | Fiscal Year | | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General government | \$6,292 | \$6,703 | \$6,710 | \$6,384 | \$6,557 | \$6,380 | \$5,846 | \$5,460 | \$5,452 | \$4,925 |
| Public safety | 8,171 | 8,285 | 8,371 | 8,253 | 8,048 | 7,661 | 7,017 | 6,720 | 6,160 | 5,795 |
| Education | 27,541 | 27,059 | 27,111 | 26,986 | 25,669 | 24,936 | 23,443 | 22,234 | 20,937 | 20,175 |
| Highways/streets/sanitation | 3,863 | 3,836 | 3,980 | 3,802 | 4,054 | 4,102 | 3,789 | 3,656 | 3,382 | 4,915 |
| Welfare | 148 | 151 | 111 | 173 | 157 | 117 | 126 | 213 | 319 | 312 |
| Parks & Recreation | 731 | 617 | 645 | 572 | 651 | 581 | 563 | 551 | 506 | 531 |
| Library | 770 | 735 | 756 | 780 | 754 | 713 | 681 | 637 | 558 | 549 |
| Capital outlay | 1,624 | 1,252 | 1,296 | 1,151 | 1,591 | 1,973 | 2,752 | 1,489 | 1,583 | **0 |
| Debt service | 3,581 | 3,504 | 3,783 | 4,115 | 4,115 | 3,756 | 3,282 | 3,386 | 3,503 | 3,463 |
| TOTALS | 52,721 | 52,142 | 52,763 | 52,216 | 51,596 | 50,219 | 47,499 | 44,346 | 42,400 | 40,665 |

| Percent of Total | Fiscal Year | | | | | | | | | |
|-----------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General government | 12.5% | 13.3% | 13.4% | 12.7% | 13.1% | 12.7% | 12.3% | 12.3% | 12.9% | 12.1% |
| Public safety | 16.3% | 16.5% | 16.7% | 16.4% | 16.0% | 15.3% | 14.8% | 15.2% | 14.5% | 14.3% |
| Education | 54.8% | 53.9% | 54.0% | 53.7% | 51.1% | 49.7% | 49.4% | 50.1% | 49.4% | 49.6% |
| Highways/streets/sanitation | 7.7% | 7.6% | 7.9% | 7.6% | 8.1% | 8.2% | 8.0% | 8.2% | 8.0% | 12.1% |
| Welfare | 0.3% | 0.3% | 0.2% | 0.3% | 0.3% | 0.2% | 0.3% | 0.5% | 0.8% | 0.8% |
| Parks & Recreation | 1.5% | 1.2% | 1.3% | 1.1% | 1.3% | 1.2% | 1.2% | 1.2% | 1.2% | 1.3% |
| Library | 1.5% | 1.5% | 1.5% | 1.6% | 1.5% | 1.4% | 1.4% | 1.4% | 1.3% | 1.4% |
| Capital outlay | 3.2% | 2.5% | 2.6% | 2.3% | 3.2% | 3.9% | 5.8% | 3.5% | 3.7% | n/a* |
| Debt service | 7.1% | 7.0% | 7.5% | 8.2% | 8.2% | 7.5% | 6.9% | 7.6% | 8.3% | 8.5% |

*Capital Outlay was reported in the functions

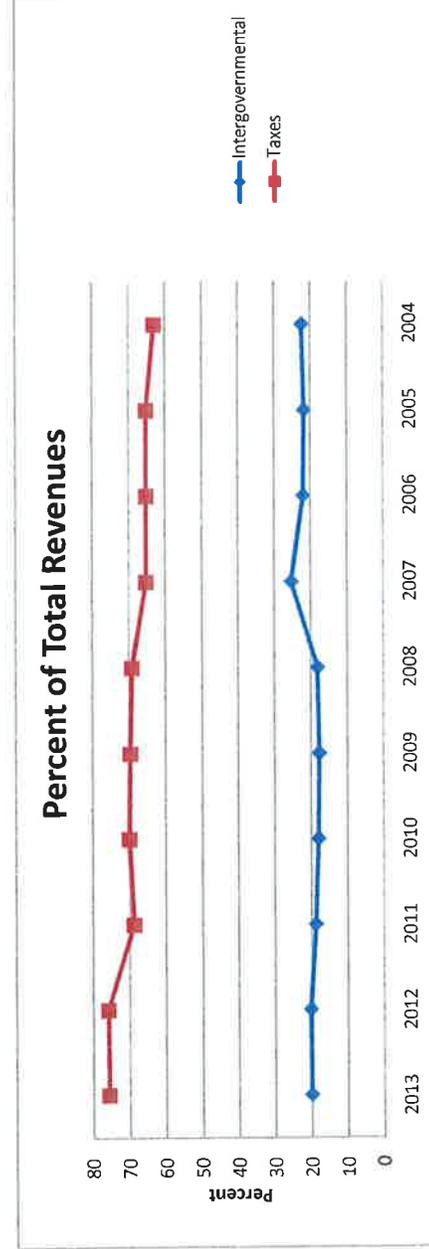


City of Laconia
General Revenues by Source-General Fund
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | \$38,849 | \$38,295 | \$38,007 | \$38,103 | \$36,515 | \$34,546 | \$32,908 | \$31,875 | \$29,327 | \$26,508 |
| Taxes | 2,465 | 2,399 | 2,266 | 2,364 | 2,493 | 2,632 | 2,247 | 2,321 | 2,272 | 2,250 |
| Licenses and permits | 9,560 | 9,684 | 10,073 | 10,326 | 9,811 | 9,392 | 8,507 | 8,133 | 7,697 | 9,056 |
| Intergovernmental | 1,588 | 1,297 | 1,335 | 1,314 | 1,466 | 1,488 | 602 | 458 | 559 | 584 |
| Charges for services | 56 | 77 | 152 | 306 | 610 | 1,576 | 849 | 594 | 230 | 190 |
| Interest and Dividends | 382 | 411 | 521 | 400 | 499 | 533 | 1,841 | 2,296 | 2,205 | 1,929 |
| Other | | | | | | | | | | |
| Total revenues | \$52,900 | \$52,163 | \$52,354 | \$52,813 | \$51,394 | \$50,167 | \$46,954 | \$45,677 | \$42,290 | \$40,517 |

Percent of Total Revenue

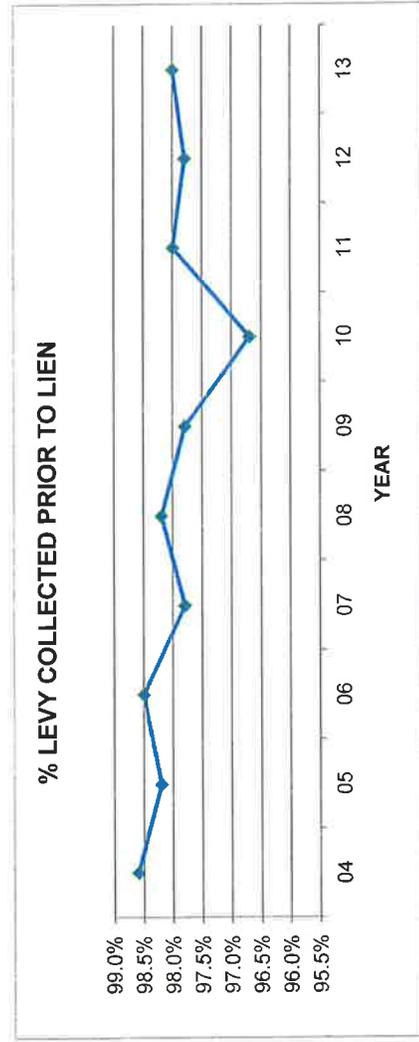
| | | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | 77.4% | 76.3% | 75.8% | 76.0% | 72.8% | 68.9% | 70.1% | 69.8% | 69.3% | 65.4% |
| Licenses and permits | 4.9% | 4.8% | 4.5% | 4.7% | 5.0% | 5.2% | 4.8% | 5.1% | 5.4% | 5.6% |
| Intergovernmental | 19.1% | 19.3% | 20.1% | 20.6% | 19.6% | 18.7% | 18.1% | 17.8% | 18.2% | 22.4% |
| Charges for services | 3.2% | 2.6% | 2.7% | 2.6% | 2.9% | 3.0% | 1.3% | 1.0% | 1.3% | 1.4% |
| Interest and Dividends | 0.1% | 0.2% | 0.3% | 0.6% | 1.2% | 3.1% | 1.8% | 1.3% | 0.5% | 0.5% |
| Other | 0.8% | 0.8% | 1.0% | 0.8% | 1.0% | 1.1% | 3.9% | 5.0% | 5.2% | 4.8% |



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 |
|--------------------------|-------------------------|---|---|--------------------------|-----------------------------------|---|--|--|---|
| 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% | - | 0.0% |
| 2009 | 36,062 | 34,668 | 96.1% | 1,394 | 1,352 | 36,020 | 99.2% | 1 | 0.0% |
| 2010 | 37,602 | 36,344 | 96.7% | 1,258 | 960 | 37,304 | 99.2% | 17 | 0.0% |
| 2011 | 38,113 | 37,139 | 97.4% | 974 | 328 | 37,467 | 98.3% | 284 | 0.7% |
| 2012 | 38,558 | 37,713 | 97.8% | 845 | 197 | 37,910 | 98.3% | 530 | 1.4% |
| 2013 | 39,406 | 38,612 | 98.0% | 794 | 240 | 38,852 | 98.6% | - | 0.0% |

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

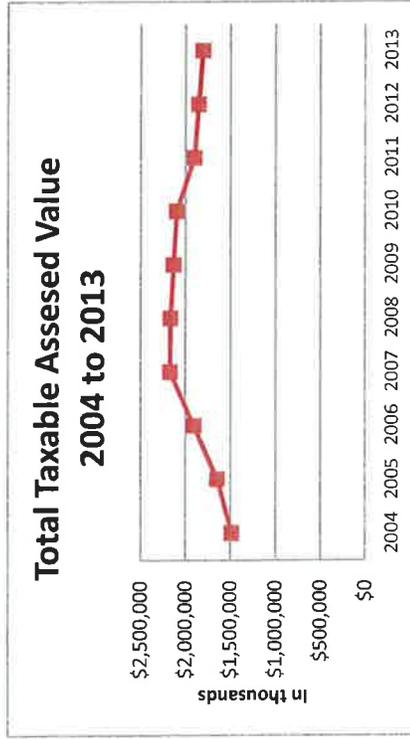


CITY OF LACONIA
ASSESSED VALUE AND ESTIMATED FULL VALUE OF REAL PROPERTY
 Last Ten Fiscal Years
 (in thousands of dollars)

| Fiscal Year End | Local Assessed Value (1) | | Total Assessed Value* | 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 | | | | | | | | |
| 2004 | 1,238,126 | 230,249 | \$1,489,803 | 7,146 | \$1,482,657 | \$17.89 | 1,561,740 | 95.4% | | |
| 2005 | 1,390,738 | 238,891 | \$1,652,519 | 7,280 | \$1,645,239 | \$17.84 | 1,808,174 | 91.4% | 11.9 | 1 |
| 2006 | 1,598,527 | 287,132 | \$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 | \$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 | \$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 | \$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 | \$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 | \$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 | \$1,855,947 | 6,595 | \$1,849,352 | \$20.56 | 1,856,403 | 100.0% | 13.7 | 1.04 |
| 2013 | 1,495,744 | 288,361 | \$1,809,635 | 5,755 | \$1,803,880 | \$21.00 | 1,883,388 | 96.1% | 10.26 | 1.02 |

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.



| Year | Percentages | |
|-------|-------------|-----------|
| | Commercial | Utilities |
| 2004 | 15.5% | 1.4% |
| 2005 | 14.5% | 1.4% |
| 2006 | 15.0% | 1.2% |
| 2007 | 16.0% | 1.0% |
| 2008 | 15.2% | 1.1% |
| 2009 | 15.4% | 1.1% |
| 2010* | 15.6% | 1.1% |
| 2011 | 16.8% | 1.2% |
| 2012 | 16.9% | 1.1% |
| 2013 | 15.9% | 1.4% |

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

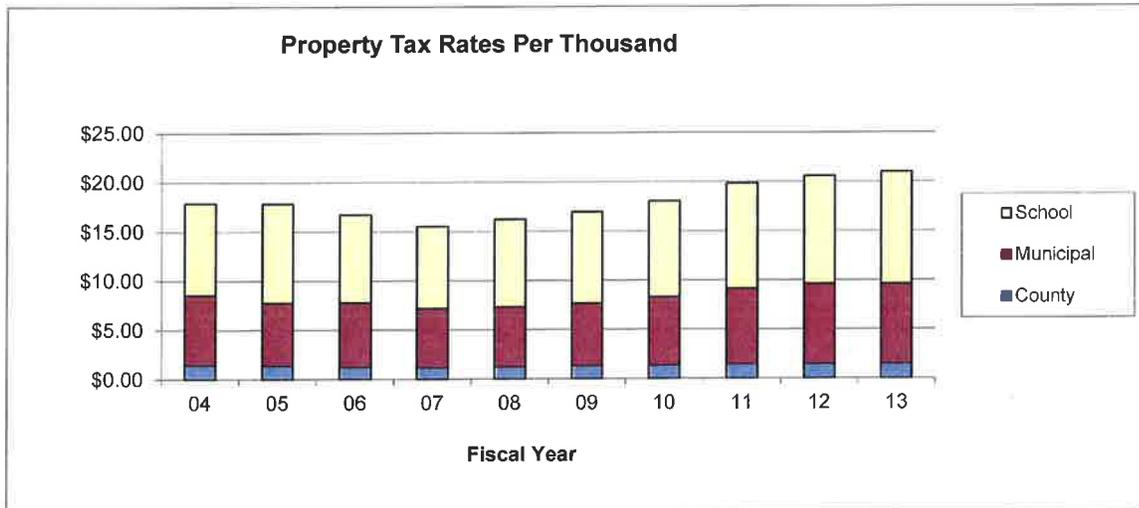
*Corrected after publication.

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

City Direct Rates

| <u>Fiscal Year</u> | <u>City</u> | <u>School</u> | <u>State Education</u> | <u>Total School</u> | <u>Total Direct</u> | <u>Overlapping Rate County</u> | <u>Total Direct & Overlapping Rates</u> |
|--------------------|-------------|---------------|------------------------|---------------------|---------------------|--------------------------------|---|
| 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 |
| 2013 | \$8.14 | \$8.81 | \$2.59 | \$11.40 | \$19.54 | \$1.46 | \$21.00 |

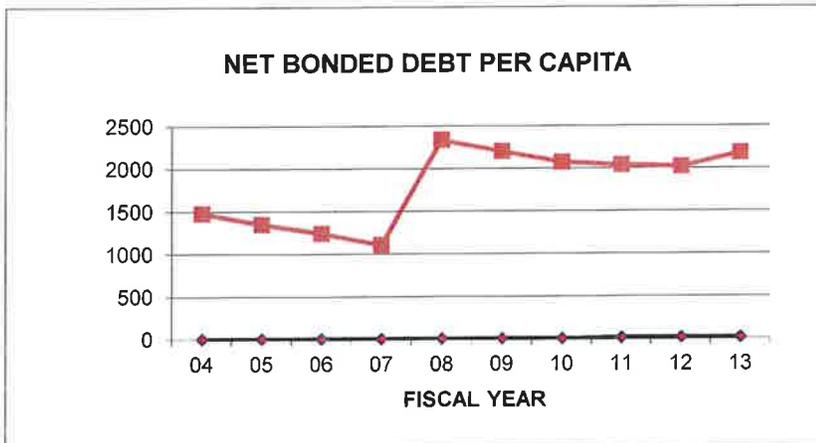
Source:
NH State Department of Revenue Administration



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> | | |
| 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 |
| 2013 | 35,004 | 1,235 | \$36,239 | \$2,180.26 |

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, 2013**

| | | | |
|-----------------------------------|-----------------|---------------------|--|
| Base Valuation for Debt Limit (1) | | \$ 1,863,889,095 | |
| Bonded Debt Limit - 3.00% of Base | | \$ 55,916,673 | |
| Gross Bonded Debt, June 30, 2013 | \$ 36,239,221 | | |
| Less: Water Bonds | \$ (1,255,000) | | |
| School Bonds | \$ (27,286,578) | | |
| | | <u>\$7,697,643</u> | |
| Debt Margin | | <u>\$48,219,030</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 | | \$ 1,864,625,940 | |
| Department of Revenue Administration Inventory Adjustment | | \$ (736,845) | |
| Equalized Assessed Valuation | | <u>\$ 1,863,889,095</u> | |
| Adjustment: RSA 31-A | | \$ - | |
| Base Valuation for Debt Limit | | <u>\$ 1,863,889,095</u> | |

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

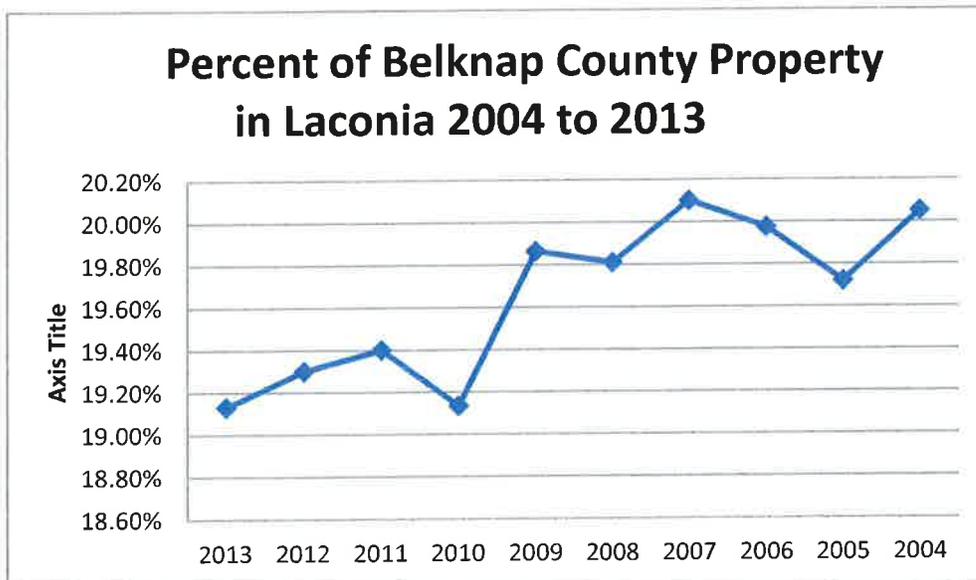
| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Legal Debt Limits | | | | | | | | | | |
| City 3% | \$55,917 | \$58,215 | \$59,643 | \$60,899 | \$65,841 | \$69,367 | \$68,514 | \$63,477 | \$54,960 | \$47,575 |
| School 7% | \$130,472 | \$135,837 | \$139,166 | \$142,098 | \$153,630 | \$161,855 | \$159,865 | \$148,114 | \$128,240 | \$111,007 |
| Debt Against Legal Debt Limits | | | | | | | | | | |
| City | 7,718 | 7,528 | 10,873 | 8,801 | 8,790 | 9,173 | 9,541 | 10,910 | 11,876 | 13,253 |
| School | 27,286 | 24,688 | 24,287 | 26,359 | 28,500 | 30,379 | 9,271 | 10,208 | 11,145 | 12,082 |
| Total City & School Debt June 30 | \$35,004 | \$32,216 | \$35,160 | \$35,160 | \$37,290 | \$39,552 | \$18,812 | \$21,118 | \$23,021 | \$25,335 |
| Unused Capacity of Legal Debt Limits | | | | | | | | | | |
| City | \$48,199 | \$50,687 | \$48,770 | \$52,098 | \$57,051 | \$60,194 | \$58,973 | \$52,567 | \$43,084 | \$34,322 |
| School * | 103,186 | 111,149 | 114,879 | 115,739 | 125,130 | 131,476 | 150,594 | 137,906 | 117,095 | 98,925 |
| % of Legal Debt Limits Used | | | | | | | | | | |
| City | 13.8% | 12.9% | 18.2% | 14.5% | 13.4% | 13.2% | 13.9% | 17.2% | 21.6% | 27.9% |
| School | 20.9% | 18.2% | 17.5% | 18.5% | 18.6% | 18.8% | 5.8% | 6.9% | 8.7% | 10.9% |

*Reductions in this number need to be made to reflect authorized debt, not yet issued of \$1,828,000 for the Laconia High School Renovations

Data Source
 Annual Financial Statements
 NH Department of Revenue Administration

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

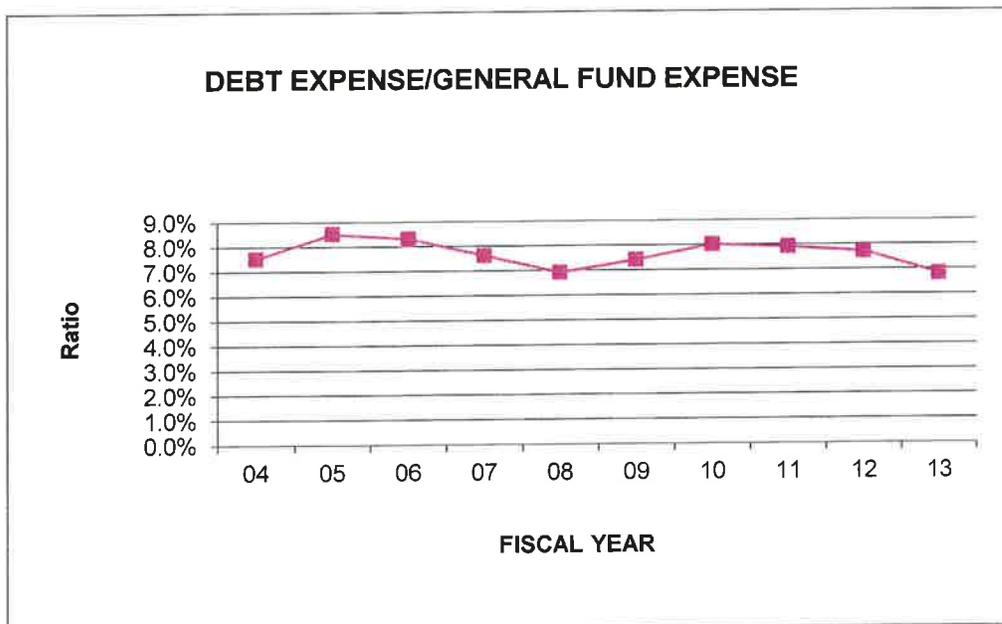
| End of Year | Net Debt Outstanding | Percentage Applicable to Laconia | Amount Applicable to Laconia |
|--------------------|-----------------------------|---|-------------------------------------|
| 2013 | \$2,510,000 | 19.13% | \$480,163 |
| 2012 | \$3,100,000 | 19.30% | \$598,300 |
| 2011 | \$3,945,000 | 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 |



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 | % * |
|--------------------|------------------|-----------------|--|--|------------|
| 2013 | \$2,709,361 | \$871,974 | \$3,581,335 | \$52,721,651 | 6.8% |
| 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% |

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



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

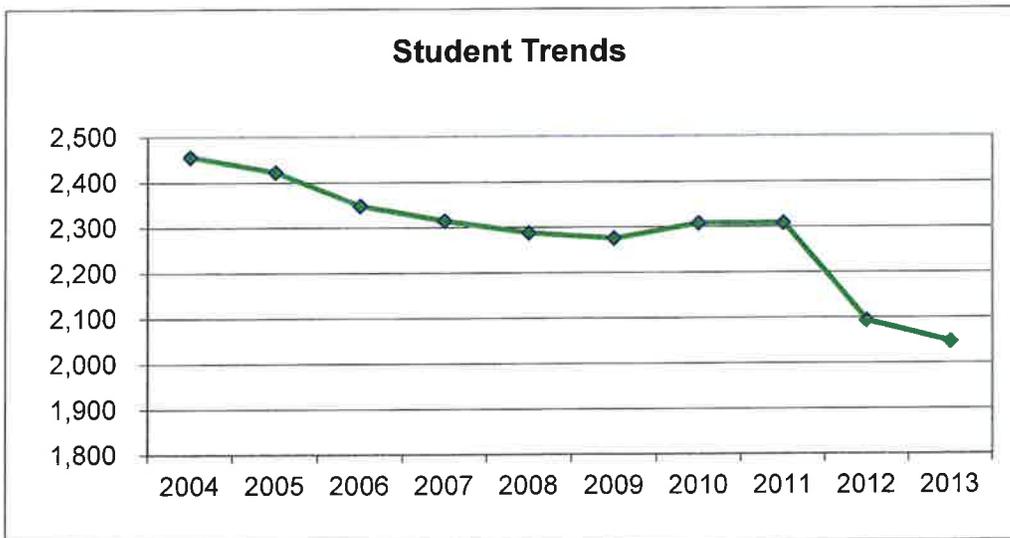
| Fiscal Year | Population* | Personal Income* | Per Capita Personal Income* | Median Age* | School Enrollment** | Unemployment Rate*** |
|--------------------|--------------------|-------------------------|------------------------------------|--------------------|----------------------------|-----------------------------|
| 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 | 5.5% |
| 2013 | 16,055 | 47,004 | 27,295 | 43.0 | 1,984 | 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, 2013
 (amounts expressed in thousands)

| | 2013 | | | 2003 | | |
|-------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Public Service of NH | \$16,918 | 1 | 0.90% | \$15,678 | 1 | 1.05% |
| Keyspan Energy Delivery | 8,179 | 2 | 0.46% | 5,419 | 3 | 0.36% |
| Akwa Vista LLC | 6,957 | 3 | 0.39% | - | - | 0.00% |
| Irwin James R & Sons Inc | 5,353 | 4 | 0.30% | - | - | 0.00% |
| Gilford Route 11 Realty Trust | 5,320 | 5 | 0.30% | 5,252 | 4 | 0.35% |
| Remington John & Jacqueline | 5,240 | 6 | 0.30% | - | - | - |
| Summit at Four Season Owners | 4,871 | 7 | 0.27% | 6,420 | 2 | 0.43% |
| Laconia Country Club | 4,175 | 8 | 0.24% | - | - | 0.00% |
| Margate Motel Inc | 3,754 | 9 | 0.21% | 4,811 | 5 | 0.32% |
| Weirs Sports Center | 3,708 | 10 | 0.21% | - | - | 0.00% |
| Lakeshore Estates | - | - | - | 3,922 | 7 | 0.26% |
| NH Ball Bearing | - | - | - | 3,572 | 8 | 0.24% |
| Mason Lakes Limited | - | - | - | 3,392 | 9 | 0.23% |
| Briarcrest Estates LLC | - | - | - | 3,388 | 10 | 0.23% |
| Totals | \$64,475 | | 3.58% | \$51,854 | | 3.47% |

Total Net Assessed Taxable Value \$1,773,034 \$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>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> | <u>2013</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| General government | 32 | 31 | 27 | 26 | 28 | 26 | 26 | 27 | 27 | 27 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 35 | 36 | 34 | 33 | 39 | 39 | 39 | 39 | 40 | 41 |
| Civilians | 10 | 10 | 9 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 31 | 31 | 35 | 35 | 36 | 36 | 36 | 36 | 36 | 40 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Call firefighters | 10 | 10 | 8 | 10 | 17 | 13 | 0 | 0 | 0 | 0 |
| Highway and streets | | | | | | | | | | |
| Engineering | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Maintenance | 15 | 15 | 14 | 13 | 14 | 13 | 16 | 16 | 16 | 16 |
| Solid Waste | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | 12 | 12 | 11 | 11 | 11 | 11 | 10 | 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 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| ISF | 3 | 3 | 3 | 2 | 3 | 3 | 2 | 2 | 2 | 2 |
| Total | 183 | 183 | 175 | 175 | 192 | 186 | 173 | 174 | 175 | 180 |

Source: City Budget Reports

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

| Position | <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> | <u>2013</u> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Administrators | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 19 | 22 |
| Guidance Counselors | 10 | 10 | 10 | 10 | 10 | 11 | 12 | 11 | 11 | 11 |
| Classroom Teachers | 156 | 158 | 161 | 160 | 160 | 158 | 160 | 160 | 152 | 152 |
| Special Education Teachers | 28 | 29 | 29 | 32 | 28 | 31 | 31 | 31 | 32 | 32 |
| Librarians | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Vocational Education Teachers | 14 | 14 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 12 |
| Nurses | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Itinerant Staff | <u>19</u> | <u>20</u> | <u>19</u> | <u>21</u> | <u>22</u> | <u>24</u> | <u>27</u> | <u>27</u> | <u>25</u> | <u>25</u> |
| Total | 251 | 255 | 257 | 261 | 257 | 261 | 267 | 266 | 258 | 261 |

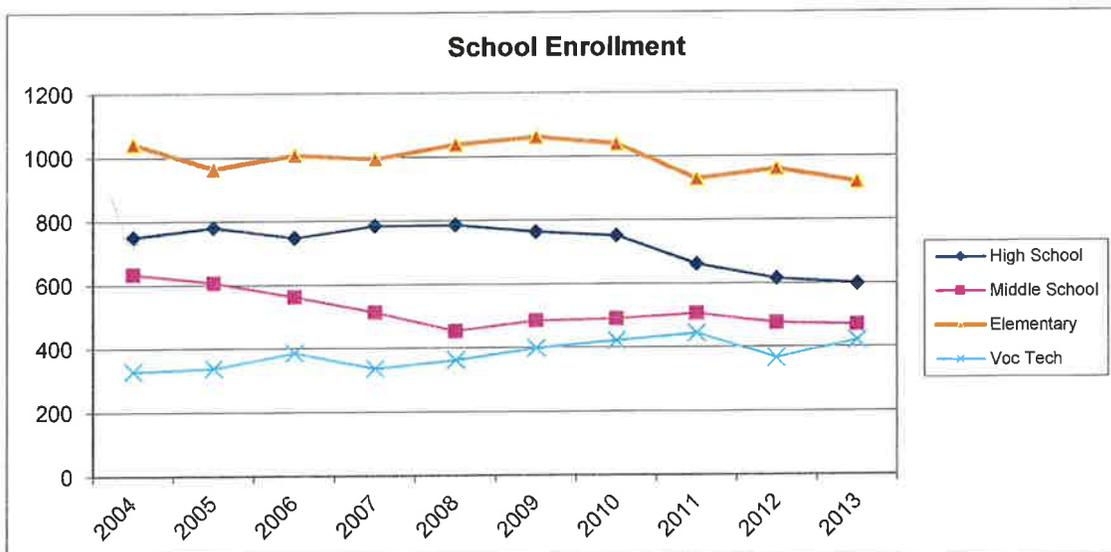
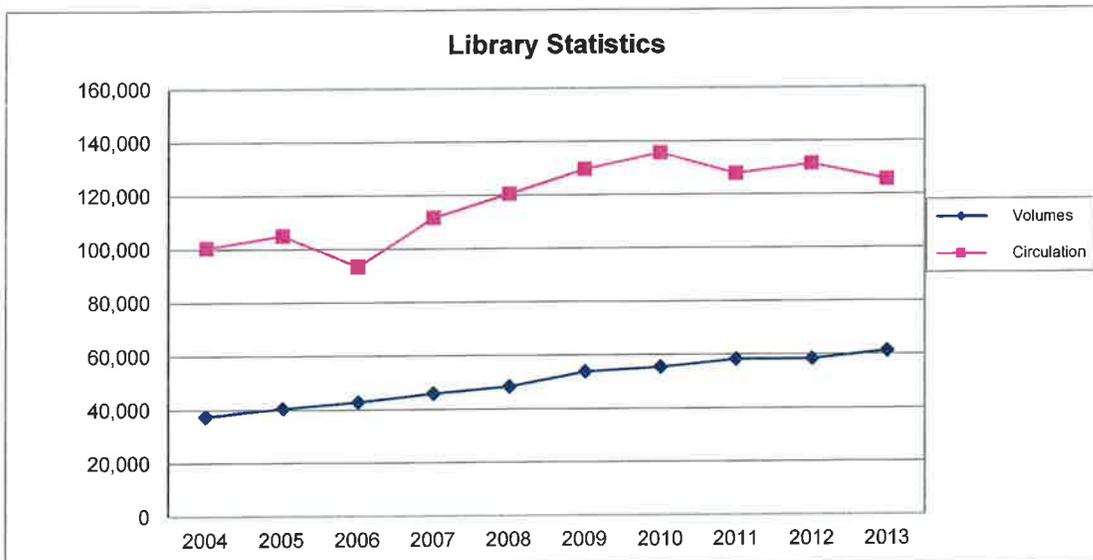
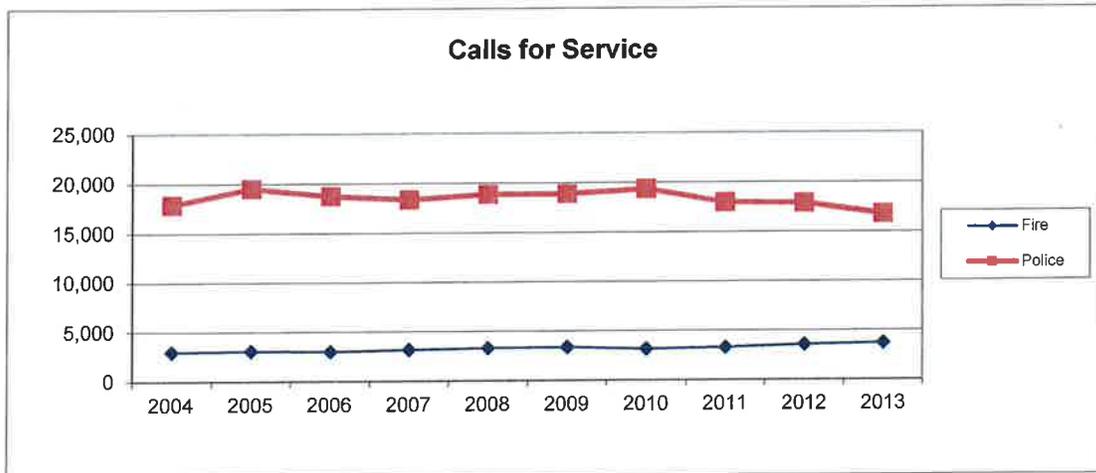
Full-Time Equivalent Employees as of June 30

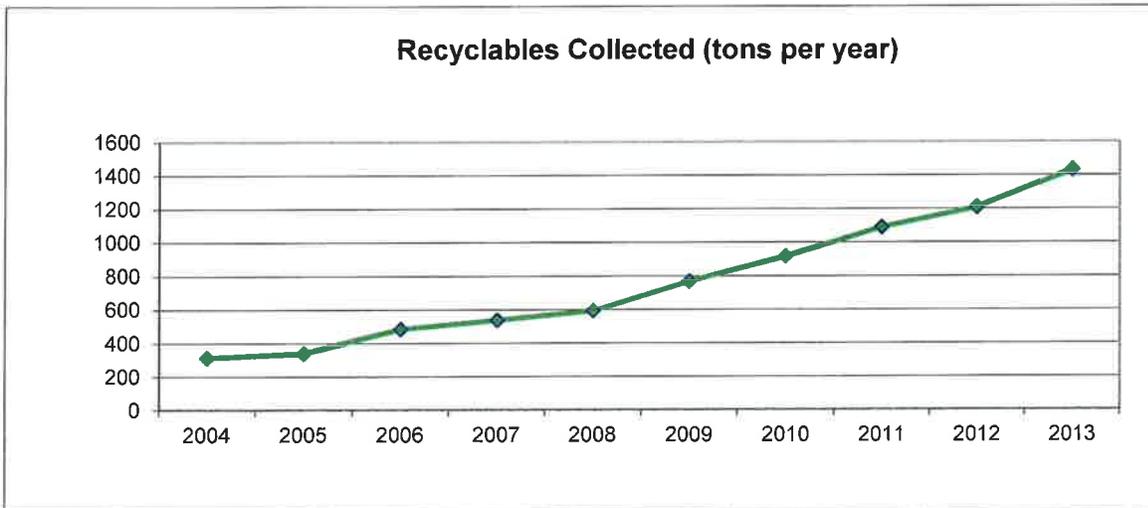
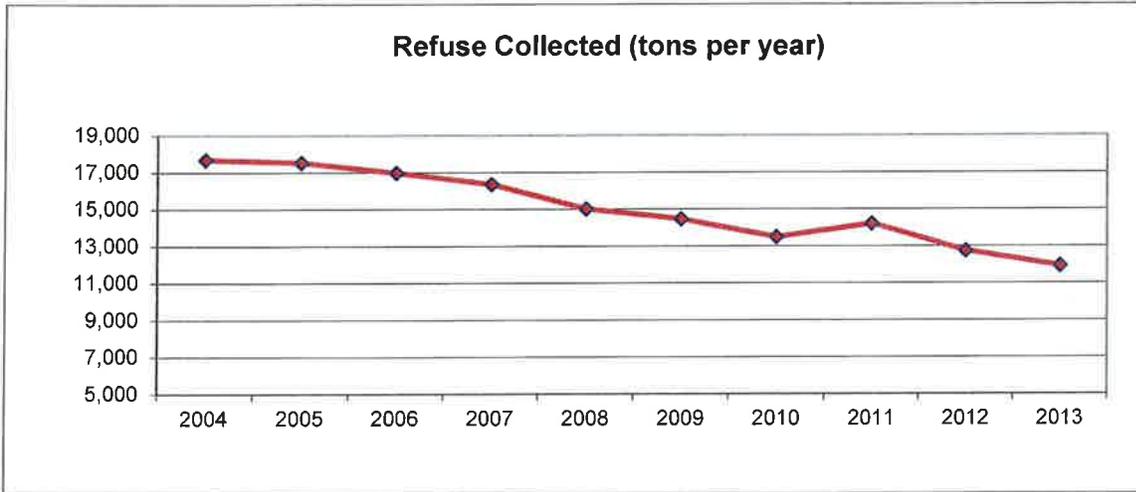
Source: City Annual reports
 School District

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Police | | | | | | | | | | |
| Calls for service | 17,863 | 19,498 | 18,721 | 18,364 | 18,841 | 18,870 | 19,335 | 17,964 | 17,870 | 16,760 |
| Criminal arrests | 1,553 | 1,923 | 1,913 | 1,911 | 1,697 | 1,600 | 1,690 | 1,524 | 1,457 | 1,352 |
| Parking violations | 4,491 | 4,608 | 5,035 | 4,765 | 4,017 | 4,042 | 3,259 | 1,805 | 1,096 | 1,555 |
| Traffic violations | 2,110 | 1,445 | 1,149 | 1,021 | 730 | 694 | 525 | 464 | 596 | 448 |
| Fire | | | | | | | | | | |
| Number of calls answered | 2,987 | 3,089 | 3,017 | 3,186 | 3,315 | 3,394 | 3,173 | 3,303 | 3,576 | 3,739 |
| Inspections | 1,518 | 2,017 | 2,028 | 2,112 | 1,800 | 2,387 | 2,963 | 2,468 | 2,214 | 2,286 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 6.75 | 6.41 | 3.00 | 3.43 | 2.95 | 2.21 | 3.17 | 3.17 | 3.80 | 3.13 |
| Code | | | | | | | | | | |
| Building permits issued | 702 | 542 | 341 | 439 | 310 | 254 | 273 | 245 | 287 | 322 |
| Estimated construction value** (in thousands) | \$35,928 | \$65,287 | \$40,352 | \$34,765 | \$52,115 | \$27,021 | \$53,975 | \$14,312 | \$22,431 | \$19,911 |
| Library | | | | | | | | | | |
| Volumes | 37,289 | 40,431 | 42,763 | 45,920 | 48,330 | 53,882 | 55,384 | 58,230 | 58,419 | 61,381 |
| Circulation | 100,459 | 104,988 | 93,509 | 111,571 | 120,508 | 129,583 | 135,602 | 127,711 | 131,402 | 125,440 |
| Solid Waste | | | | | | | | | | |
| Refuse collected (tons per year) | 17,688 | 17,536 | 16,974 | 16,366 | 15,030 | 14,471 | 13,495 | 14,221 | 12,744 | 11,930 |
| Recyclables collected (tons per year) | 315 | 342 | 483 | 536 | 593 | 768 | 918 | 1,090 | 1,209 | 1,432 |
| Parks & Recreation | | | | | | | | | | |
| Field Use Requests | 43 | 35 | 58 | 57 | 72 | 66 | 69 | 75 | 101 | 81 |
| School Enrollment | | | | | | | | | | |
| Laconia HS | 749 | 779 | 747 | 784 | 785 | 763 | 750 | 660 | 614 | 598 |
| Laconia Middle School | 632 | 605 | 561 | 511 | 452 | 484 | 489 | 505 | 474 | 469 |
| Woodland Heights | 416 | 386 | 415 | 414 | 417 | 424 | 422 | 381 | 421 | 352 |
| Pleasant Street | 307 | 281 | 290 | 284 | 303 | 309 | 302 | 288 | 262 | 283 |
| Elm Street | 318 | 297 | 301 | 295 | 318 | 328 | 315 | 259 | 276 | 282 |
| Area 8 | 326 | 336 | 384 | 335 | 360 | 397 | 420 | 443 | 364 | 420 |
| Water | | | | | | | | | | |
| New connections | 92 | 143 | 93 | 74 | 85 | 56 | 61 | 55 | 42 | 30 |
| Water main breaks | 16 | 5 | 4 | 6 | 8 | 11 | 4 | 4 | 3 | 7 |
| Average daily consumption-MGD | 1.85 | 1.78 | 1.81 | 1.75 | 1.65 | 1.49 | 1.44 | 1.54 | 1.43 | 1.45 |

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
 ** 2013 permits did not include \$13.6M Huot, \$1.4M LRCC, \$500K LHS Concession/bleachers





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

| Function | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <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> | <u>2013</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 | 105.12 | 105.12 | 105.21 | 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 | 1,341 | 1,341 | 1,341 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 202.7 | 208.7 | 208.7 | 208.7 | 208.7 | 208.7 | 208.7 | 208.7 | 208.7 | 208.7 |
| Parks ** | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 28 | 28 |
| Tennis courts | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 7 | 7 |
| Community centers | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 5 | 4 |
| Water | | | | | | | | | | |
| Water mains (miles) | 96.95 | 96.95 | 97.55 | 99.38 | 99.87 | 100.97 | 102.39 | 102.39 | 102.72 | 104.35 |
| Fire hydrants | 461 | 461 | 461 | 482 | 482 | 515 | 517 | 523 | 527 | 527 |
| Maximum daily capacity (MGD) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Service connections | 5,846 | 6,005 | 6,103 | 6,177 | 6,262 | 6,318 | 6,379 | 6,434 | 6,476 | 6,506 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 103.82 | 103.82 | 104.69 | 104.69 | 104.69 | 104.69 | 104.69 | 104.69 | 104.69 | 104.69 |
| Service connections | 10,221 | 10,366 | 10,440 | 10,531 | 10,604 | 10,655 | 10,700 | 10,741 | 10,785 | 10,850 |
| 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 | 19 | 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

CAROL SHEA-PORTER
FIRST DISTRICT, NEW HAMPSHIRE

1930 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5450
(202) 225-5822 (FAX)

33 LOWELL STREET
MANCHESTER, NH 03101
(603) 641-9536
(603) 641-9561 (FAX)

20 NORTH MAIN STREET
ROCHESTER, NH 03867
(603) 335-7700
(603) 335-7702 (FAX)



Congress of the United States
House of Representatives
Washington, DC 20515

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Dear Friends,

It's an honor to serve the residents of New Hampshire's First District. Here are some highlights from my Congressional end of year report to constituents:

Both parties finally came together to pass a bipartisan budget for the first time in years. The compromise budget was crafted by Congressman Paul Ryan (R-WI) and Senator Patty Murray (D-WA). This bipartisan agreement will promote job growth, ease the sequester, and protect our economy from another government shutdown. And the compromise secures two years for Congress to govern, instead of lurching from crisis to crisis. Fortunately, no cuts to Social Security or Medicare are in the budget compromise.

Because of the new health care law, Medicare beneficiaries saved at the pharmacy and the doctor's office. According to the Centers for Medicare & Medicaid Services, New Hampshire seniors with Medicare prescription drug coverage saved over \$9.6 million, or an average of \$807 per beneficiary, during the first ten months of 2013. And essential preventive care visits didn't carry a copay.

The rollout of the Affordable Care Act has been unacceptable, and I spoke to President Obama directly about the problems we are experiencing in New Hampshire. Since it became law in 2010, the Affordable Care Act has addressed many problems, but now we need to improve on this achievement by fixing any problems with the law and its implementation.

Of course, the vast majority of New Hampshire consumers currently have employer-sponsored insurance, Medicare, Medicaid, or VA care, and they can go to the same doctors and hospitals next year, unless their employer's insurance company changes that, as they often have, but with the added benefits that come with the Affordable Care Act.

Going forward, I'll continue working to drive down deductibles and premiums and to increase competition so everyone in our state has access to affordable health insurance and the financial security that comes with good coverage.

Next year, the challenge facing Washington will be how to reclaim the American Dream: to build an economy where all can work, and where hard work merits fair pay. We must build on the recent budget compromise and address the priorities that Granite Staters want to focus on. It won't be easy, but it's not impossible.

Thanks for reading, and please feel free to reach out to my office at any time. If you would like to see my complete "year in review" newsletter please visit the following link www.shea-porter.house.gov.

Best Wishes and Happy New Year!

Carol Shea-Porter
Member of Congress