

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

Fiscal Year Ended June 30, 2009



Laconia Middle School

CITY OF LACONIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

February 19, 2010

Honorable Mayor and City Council
City of Laconia
Laconia NH 03246

Dear Council Members:

A comprehensive annual financial report of the City of Laconia for the fiscal year ended June 30, 2009 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 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.

As of June, 2009, the unemployment rate in this area is well below the National (9.5%) and Northeast averages (8.6%). However, the unemployment rate in our area, compared to a year ago has increased 3.1% to a high of 6.8%.

November 2009, unemployment in Laconia area stands at 7.5% compared to 4.5% last November. Based on information available at the State level this is the highest unemployment in Central NH and almost 1% higher than the State as a whole.

We have seen many more people either unemployed or underemployed visiting our welfare office requesting assistance with their rents or house payments. Most of these individuals have very few work skills and are limited on the types of work they can perform.

As of this writing the Real Estate Market still isn't showing significant signs improvement. Units sold in 2009 increased 6% over the prior year but the average price dropped 16% down to 2003 levels.

Major Initiatives

Infrastructure:

The City continues to make cash investments in the roads in the City. This year \$1.1 million was appropriated for resurfacing or reconstructing the roads.

The LTREC (Laconia Trails with Rails) started the long awaited plan of building the WOW (Winnisquam, Opechee, Winnipisaukee) trail in our community. The trail from the library to Lakeport was completed late fall 2009. Funding for this project came from the American Recovery and Reinvestment Act (ARRA) funds.

The Weirs Boardwalk reconstruction project has been engineered and work began in the late fall with hopes to complete this upgrade before Memorial Day.

Airport

Improvements in the airport continued this year with 95% funding coming from the Federal government.

School and Parks:

Work continued this year on the reconstruction of the Laconia Middle School. The academic portion of the building was completed in the summer of 2008. The second phase, the building of a new gym, kitchen and meeting rooms was completed in April 2009 and all parking lot work was accomplished over the summer.

Tax Increment Finance District-Downtown:

For the first time, since its inception, a little over \$100 thousand was set aside in this fund for the development of the downtown area. Board members were appointed and have actively participated in a plan to develop the Riverwalk in the downtown area. The first phase of this project got under way early in FY10.

FINANCIAL INFORMATION-GENERAL GOVERNMENTAL FUNCTIONS

Internal Control

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

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits

require estimates. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

Budget Controls

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

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

Revenues

Revenues for general governmental functions totaled \$51.4 million in fiscal year 2008-2009, an increase of 2.8% over fiscal year 2007-2008. The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2009 and the amount and percentage increases and decreases in relation to prior year revenues.

<u>Revenue Sources</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From 2008-2009</u>
Taxes	\$36,515,067	71.0%	\$1,967,642
Licenses and Permits	\$2,493,056	4.9%	(\$138,422)
Intergovernmental	\$9,811,356	19.1%	\$418,965
Charges for Services	\$1,465,689	2.9%	(\$22,211)
Interest on Investments	\$609,907	1.2%	(\$965,574)
Other Revenues	\$499,447	1.0%	(\$33,307)
TOTALS	\$51,394,522	100.0%	\$1,227,093

The most significant change in the distribution of revenues, again this year, is in the Taxes category, followed closely by Interest on Investments of close to \$1 million. This decrease was a result of having less bond funds to invest as well as the decrease in the interest rates earned on these deposits.

Expenditures

Expenditures for the General Fund functions totaled \$50.0 million in fiscal year 2008-2009 (excluding capital outlay), an increase of 3.95 % over last year.

The composition of most expenditures stayed consistent with prior year's expenses. The change in debt service is related to a full year (instead of half year) debt service on the Memorial Middle School \$477,455 offset by other reductions in debt service for a maturing bond dated 1997.

<u>Expenditure Sources</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From 2008-2009</u>
General Government	\$6,554,045	13.1%	\$175,544
Public Safety	\$8,047,684	16.1%	\$386,790
Education	\$25,669,472	51.3%	\$733,230
Highway and Streets	\$4,053,680	8.1%	(\$48,721)
Health and Welfare	\$157,437	0.3%	\$40,133
Parks and Recreation	\$651,056	1.3%	\$69,934
Library	\$754,880	1.5%	\$41,431
Debt Service	\$4,115,784	8.2%	\$359,591
TOTALS	\$50,004,038	100.0%	\$1,757,932

Fund Balance

Unreserved General Fund Balance decreased from \$6,524,099 to \$6,321,897 a net decrease of \$202 thousand over the prior year. This unreserved fund balance is within the guidelines established by the GFOA and the DRA.

Proprietary Funds

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

Sanitary Sewer Fund: Operating losses increased from \$185,178 in FY08 to \$321,796 in FY09 as revenues decreased by \$68,000 while expenses grew \$69,000. All of the increase in expenditures was paid out to the Winnepesaukee River Basin for treatment at the State plant in Franklin.

Water Works: The Water Works continues replacing various water mains in conjunction with the City's road capital improvement projects. This fund showed a slight loss of \$96,000 in the current fiscal year compared to a \$139,000 profit in last fiscal year. Revenues increased \$50,000 over the prior year while expenses were up \$285 thousand.

Fiduciary Operations

Fiduciary Fund's net assets continue to decrease as market values continue to decline and losses are recorded on sales.

Assessed Valuation

Total assessment valuations were at the same levels (\$2.1 billion) as reported in 2007. There were no significant changes in the categories of the property within the City. A revaluation of property is in process. It is anticipated a drop in the overall valuation will occur as the sale of properties declines in the current market.

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:

	<u>Balance Due</u> <u>June 30, 2009</u>	<u>Interest</u> <u>Paid</u>	<u>Principal</u> <u>Paid</u>
1988 Landfill Bonds	\$ -	3,915	100,000
1988 Miscellaneous	-	627	16,000
1989 City Bonds-Reval	4,620	471	4,620
1990 Public Works/Parks Bonds	230,000	23,288	115,000
1993 Public Improvement Bonds	-	7,764	163,800
1996 Capital Project Bonds	385,000	23,572	56,050
1999 Capital Project Bonds	-	2,887	70,000
2000 Capital Improvement	60,000	6,600	60,000
2000 Capital Improvement #2	325,000	20,942	162,500
2001 Capital Improvement	2,305,000	112,938	180,000
2002 Capital Improvement	1,700,000	77,750	180,000
2004 City Library Bonds	1,670,000	84,025	115,000
2006 Capital Improvement	287,602	13,148	41,086
2008 Fire Truck	855,000	29,260	95,000
2009 Transfer Station	976,270	27,907	-
1988 School Bonds	-	1,331	34,000
1989 School Bonds	9,660	985	9,660
1993 School Bonds	-	768	16,200
1996 School Bonds	85,000	5,868	13,950
1999 School Bonds	40,000	4,400	40,000
2001 School Bonds	435,000	28,030	217,500
2001 School Bonds- Elm/Pleasant	4,050,000	198,443	310,000
2001 School Bonds-WH	2,870,000	137,452	205,000
2007 School Bonds-MMS	21,001,633	65,025	1,033,023
Total General Bonds & Notes	\$37,289,785	\$877,396	\$3,238,389
1988 Water Works Bonds	\$ -	3,915	100,000
1989 Water Works Bonds	55,720	5,684	55,720
Total Enterprise Funds	\$55,720	\$9,599	\$155,720

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 2008-2009, 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

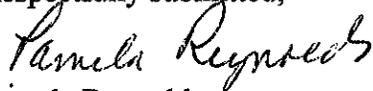
Independent Audit

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.

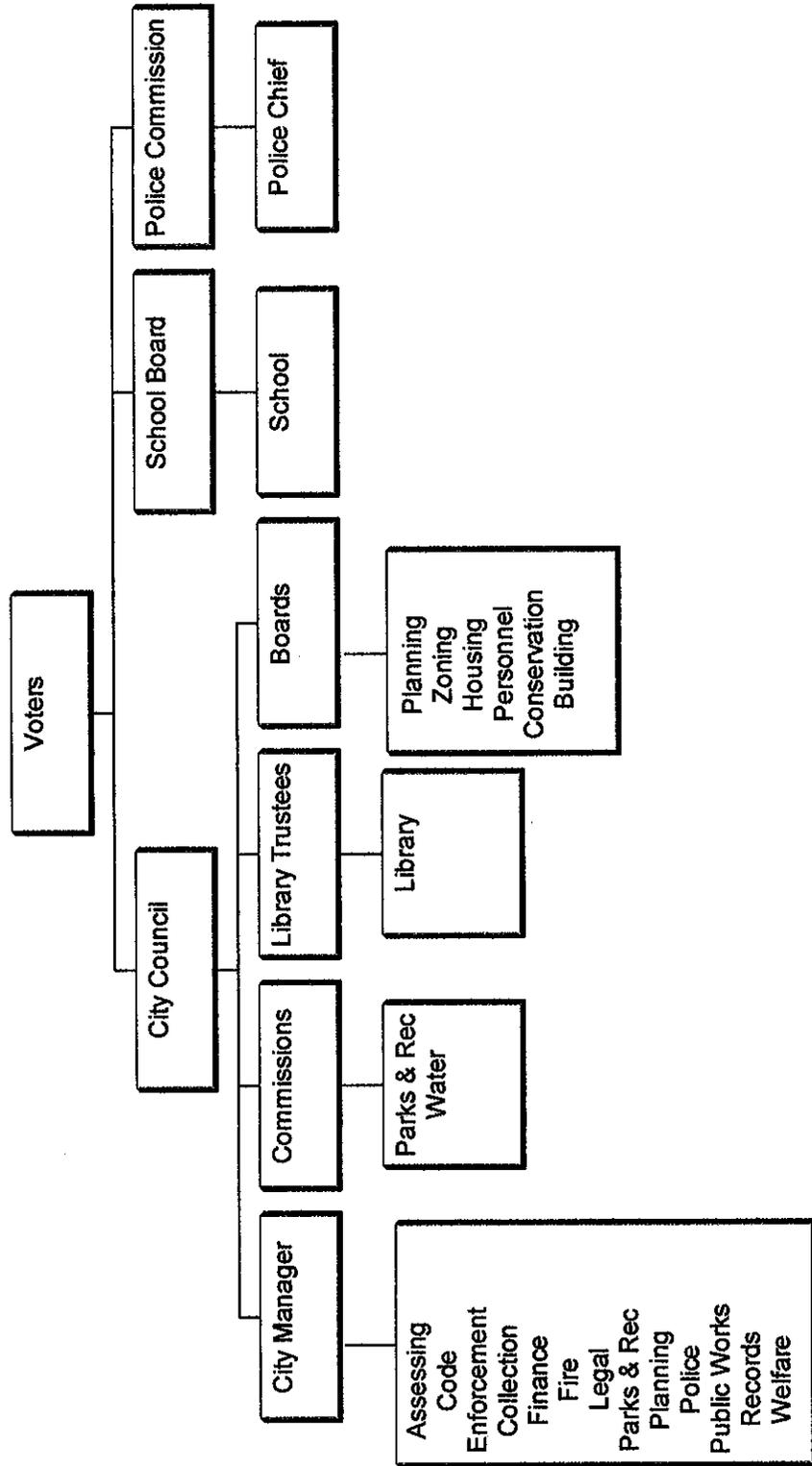
Acknowledgements

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,


Pamela Reynolds

City of Laconia



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

City Council

Elected: November 6, 2007

Term: January 14, 2008- December 31, 2009

Mayor: Matthew Lahey

Council Members:

Ward 1 - Greg Knytych
Ward 2 - Robert Luther
Ward 3 - Henry Lipman
Ward 4 - Brenda Baer
Ward 5 - Robert Hamel
Ward 6 - Armand Bolduc

School Board

Joseph Cormier, Chair-Term 2006-2009
Chris Guilmett, Vice Chair-Term 2008-2011
Stacie Sirors-Term 2008-2011
Charles Tucker –Term 2006-2009
Marge Kerns (AT LARGE) – Term 2006-2009
Scott Vachon –Term 2007-2010
Beth Arsenault –Term 2007-2010

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

CITY MANAGER	Eileen Cabanel
ASSESSOR:	Jon Duhamel
CITY CLERK:	Mary Cote
CODE ENFORCEMENT OFFICER:	Carroll Seigers
FIRE CHIEF:	Kenneth Erickson
FINANCE DIRECTOR:	Pamela Reynolds
LIBRARY DIRECTOR:	Randy Brough
PUBLIC WORKS DIRECTOR:	Paul Moynihan
PLANNER/CD DIRECTOR:	Shanna Saunders
POLICE CHIEF:	Michael Moyer
REC. & FAC. DIRECTOR:	Vacant
TAX COLLECTOR:	Lindsey Sallies
WELFARE DIRECTOR:	Pamela Reynolds
WATER WORKS:	Seth Nuttleman
YOUTH SERVICES DIRECTOR:	Alicia Morey

FINANCIAL SECTION

CITY OF LACONIA, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended June 30, 2009

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, New Hampshire, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Laconia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laconia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, and the supplementary information, on page 48, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding

Additional Offices:

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

the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
February 12, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Laconia, we offer readers this narrative overview and analysis of the financial activities of the City of Laconia for the fiscal year ended June 30, 2009. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Proprietary funds. Proprietary funds are maintained as follows:

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

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

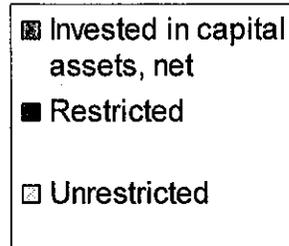
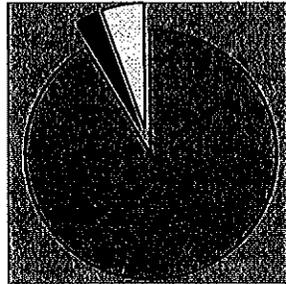
- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 85,368,925 (i.e., net assets), a change of \$ 2,158,605 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 10,075,240, a change of \$ (8,589,192) in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 6,321,897, a change of \$ (202,202) in comparison with the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$ 37,345,505, a change of \$ (2,417,839) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 34,481	\$ 42,058	\$ 6,691	\$ 6,707	\$ 41,172	\$ 48,765
Capital assets	<u>90,480</u>	<u>81,958</u>	<u>18,620</u>	<u>18,629</u>	<u>109,100</u>	<u>100,587</u>
Total assets	<u>124,961</u>	<u>124,016</u>	<u>25,311</u>	<u>25,336</u>	<u>150,272</u>	<u>149,352</u>
Long-term liabilities outstanding	40,529	38,874	247	196	40,776	39,070
Other liabilities	<u>23,785</u>	<u>26,576</u>	<u>342</u>	<u>496</u>	<u>24,127</u>	<u>27,072</u>
Total liabilities	<u>64,314</u>	<u>65,450</u>	<u>589</u>	<u>692</u>	<u>64,903</u>	<u>66,142</u>
Net assets:						
Invested in capital assets, net	55,565	33,091	18,559	18,418	74,124	51,509
Restricted	1,716	1,040	-	-	1,716	1,040
Unrestricted	<u>3,366</u>	<u>24,435</u>	<u>6,163</u>	<u>6,226</u>	<u>9,529</u>	<u>30,661</u>
Total net assets	<u>\$ 60,647</u>	<u>\$ 58,566</u>	<u>\$ 24,722</u>	<u>\$ 24,644</u>	<u>\$ 85,369</u>	<u>\$ 83,210</u>

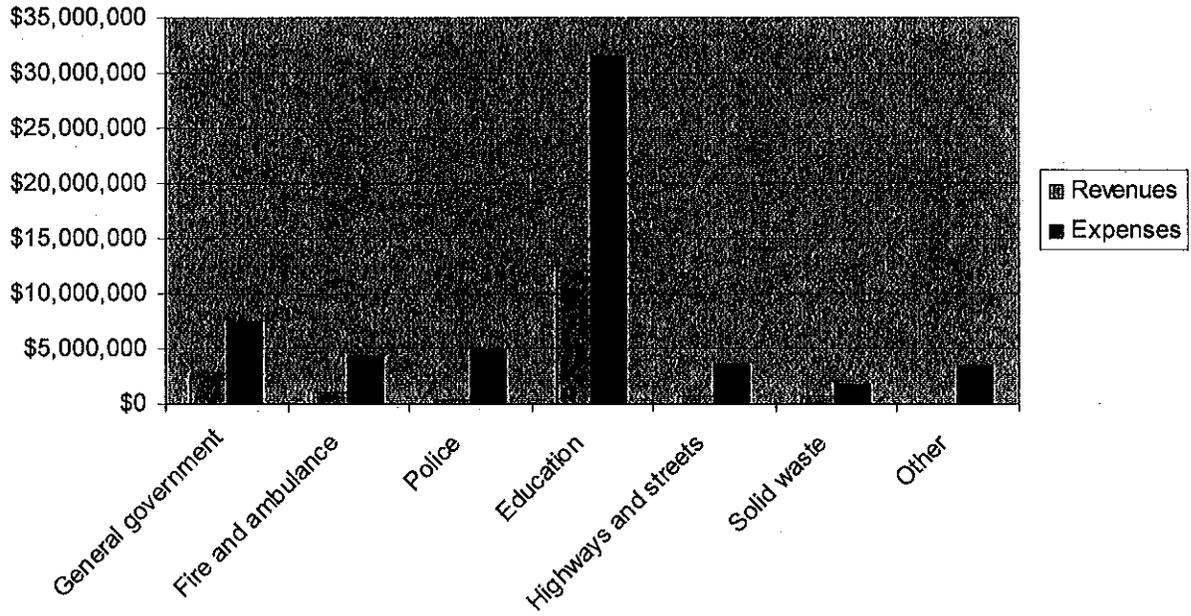
Governmental Activity Net Assets
June 30, 2009



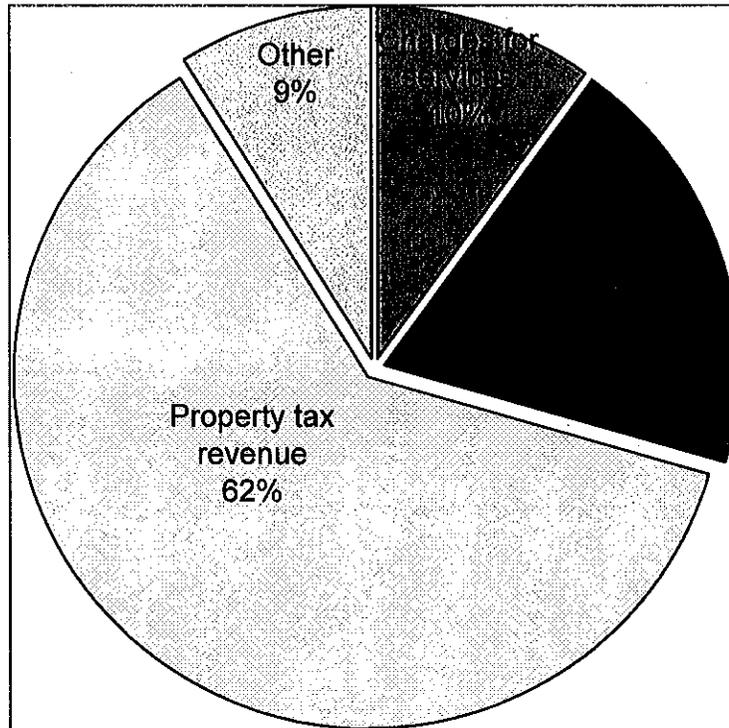
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,902	\$ 6,363	\$ 4,892	\$ 4,642	\$ 10,794	\$ 11,005
Operating grants and contributions	11,478	7,751	4	-	11,482	7,751
Capital grants and contributions	1,584	4,425	-	1,441	1,584	5,866
General revenues:						
Property taxes	36,473	33,850	-	-	36,473	33,850
Penalties, interest, and other taxes	512	469	-	-	512	469
Grants and contributions not restricted to specific programs	2,167	2,099	-	-	2,167	2,099
Investment income	576	1,645	86	182	662	1,827
Miscellaneous	494	454	428	269	922	723
Total revenues	59,186	57,056	5,410	6,534	64,596	63,590
Expenses:						
General government	7,496	7,543	-	-	7,496	7,543
Fire and ambulance	4,282	3,949	-	-	4,282	3,949
Police	4,906	4,661	-	-	4,906	4,661
Education	31,556	25,312	-	-	31,556	25,312
Highways and streets	3,702	2,997	-	-	3,702	2,997
Solid waste	1,699	1,444	-	-	1,699	1,444
Health and welfare	160	118	-	-	160	118
Parks and recreation	561	558	-	-	561	558
Library	945	899	-	-	945	899
Conservation	8	3	-	-	8	3
Airport	1,023	863	-	-	1,023	863
Interest expense	925	847	-	-	925	847
Water	-	-	2,281	2,017	2,281	2,017
Sewer	-	-	3,051	2,962	3,051	2,962
Total expenses	57,263	49,194	5,332	4,979	62,595	54,173
Change in net assets before permanent fund contributions	1,923	7,862	78	1,555	2,001	9,417
Permanent fund contributions	158	-	-	-	158	-
Increase in net assets	2,081	7,862	78	1,555	2,159	9,417
Net assets - beginning of year (as restated)	58,566	50,704	24,644	23,089	83,210	73,793
Net assets - end of year	\$ 60,647	\$ 58,566	\$ 24,722	\$ 24,644	\$ 85,369	\$ 83,210

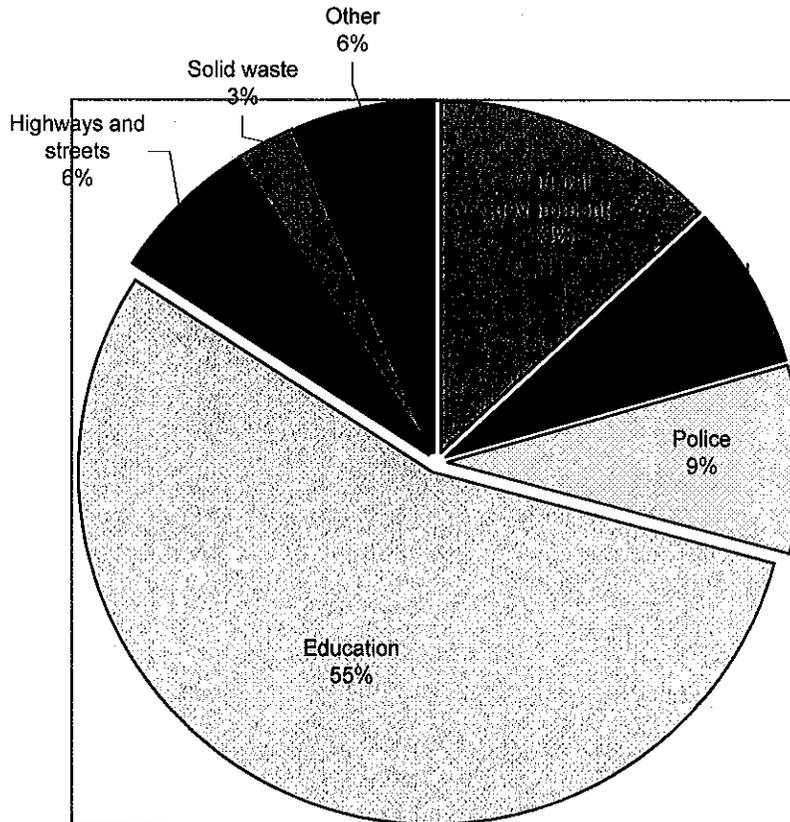
**Governmental Activities - Revenue v. Expenditure Comparison
For the Year Ended June 30, 2009**



**Governmental Activities Revenues
For the Year Ended June 30, 2009**



Governmental Activities Expenses
For the Year Ended June 30, 2009



As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 85,368,925, a change of \$ 2,158,605 from the prior year.

The largest portion of net assets \$ 74,124,667 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 1,716,199 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 9,528,059 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ 2,080,877. Key elements of this change are as follows:

General fund operations, as discussed further in section D	\$ (286,343)	
Capital assets identified in the general fund	1,444,228	
Memorial Middle School on accrual basis	(387,370)	1
Non major funds on accrual basis	1,554,745	2
Depreciation expense in excess of principal debt service payments	(421,719)	
Internal service fund operations	(93,372)	
Other	270,708	
Total	\$ 2,080,877	

1. Memorial Middle School deficit is the result of expenditures that were non capital items.
2. Nonmajor fund surplus was the result of the capitalization of assets in the amount of \$ 3.2 million and the reclass of both bond proceeds of \$ 976 thousand and bond premiums of \$ 69 thousand.

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ 77,728. Key elements of this change are as follows:

Water operations	\$ 364,003
Sewer operations	(286,275)
Total	\$ 77,728

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 10,075,240, a change of \$ (8,589,192) in comparison with the prior year. Key elements of this change are as follows:

General fund expenditures and transfers out in excess of revenues and transfers in	\$ (286,343)
Memorial Middle School activity, a major fund	(7,686,794)
Nonmajor fund activity	<u>(616,055)</u>
Total	<u>\$ (8,589,192)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 6,321,897, while total fund balance was \$ 6,997,808. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.3 percent of total general fund expenditures, while total fund balance represents 13.6 percent of that same amount.

The fund balance of the general fund changed by \$ (286,343) during the current fiscal year. Key factors in this change are as follows:

Revenues in less than budget	\$ (181,454)
Expenditures less than budget	909,917
Use of fund balance as a funding source	(1,158,850)
Tax collections of prior year plus current year tax levies in excess of current year tax assessment	194,335
Expenditures of prior year encumbrances, net of current year encumbrances	<u>(50,291)</u>
Total	<u>\$ (286,343)</u>

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 6,162,662, a change of \$ (63,591) in comparison with the prior year.

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

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget 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 \$ 109,100,396 (net of accumulated depreciation), a change of \$ 8,512,636 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:

Memorial Middle School activity	\$ 7,299,424
Aerial Ladder Truck	889,816
Transfer Station Upgrades	901,074
Airpacks for Fire department	216,376
Airport Hazard Beacon construction	598,323
Acceptance of Reagan Way	194,977
Acceptance of donated property	205,700

Additional information on capital assets can be found in the footnotes to the financial statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 37,345,505, 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 footnotes to the financial statements.

REQUESTS FOR INFORMATION

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

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

CITY OF LACONIA, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 10,197,545	\$ 4,491,569	\$ 14,689,114
Investments	10,908,954	959,791	11,868,745
Receivables, net of allowance for uncollectibles:			
Property taxes	11,854,787	-	11,854,787
User fees	515,643	1,011,454	1,527,097
Special assessments	-	21,179	21,179
Intergovernmental	709,308	11,671	720,979
Internal balances	64,059	(61,114)	2,945
Inventories and prepaids	77,310	135,559	212,869
Other assets	-	91,969	91,969
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	153,585	-	153,585
Special assessments	-	28,816	28,816
Capital assets:			
Land and construction in progress	12,276,321	209,329	12,485,650
Other capital assets, net of accumulated depreciation	<u>78,203,651</u>	<u>18,411,095</u>	<u>96,614,746</u>
TOTAL ASSETS	124,961,163	25,311,318	150,272,481
LIABILITIES			
Current:			
Accounts payable	3,129,906	144,292	3,274,198
Retainage payable	290,940	2,024	292,964
Accrued liabilities	1,612,255	25,035	1,637,290
Deferred revenues	18,448,031	-	18,448,031
Tax refunds payable	173,383	-	173,383
Other current liabilities	130,214	171,157	301,371
Current portion of long-term liabilities:			
Bonds payable	3,231,704	55,720	3,287,424
Other liabilities	356,007	17,175	373,182
Noncurrent:			
Bonds payable, net of current portion	34,058,081	-	34,058,081
Other liabilities, net of current portion	<u>2,883,670</u>	<u>173,962</u>	<u>3,057,632</u>
TOTAL LIABILITIES	64,314,191	589,365	64,903,556
NET ASSETS			
Invested in capital assets, net of related debt	55,565,376	18,559,291	74,124,667
Restricted for:			
Grants	687,861	-	687,861
Permanent funds:			
Nonexpendable	144,928	-	144,928
Expendable	883,410	-	883,410
Unrestricted	<u>3,365,397</u>	<u>6,162,662</u>	<u>9,528,059</u>
TOTAL NET ASSETS	\$ <u>60,646,972</u>	\$ <u>24,721,953</u>	\$ <u>85,368,925</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 7,496,234	\$ 12,756	\$ -	\$ (4,800,574)	\$ -	\$ (4,800,574)
Fire and ambulance	4,282,182	55,676	224,997	(3,198,158)	-	(3,198,158)
Police	4,906,264	88,397	-	(4,555,502)	-	(4,555,502)
Education	31,556,002	11,013,073	-	(19,414,716)	-	(19,414,716)
Highways and streets	3,702,263	8,897	337,680	(3,084,580)	-	(3,084,580)
Solid waste	1,698,940	659,639	-	(1,039,301)	-	(1,039,301)
Health and welfare	160,134	15,674	-	(144,460)	-	(144,460)
Parks and recreation	561,335	33,188	184,984	(284,014)	-	(284,014)
Library	944,990	59,149	-	(940,515)	-	(940,515)
Conservation	7,911	-	-	(7,911)	-	(7,911)
Airport	1,022,400	-	836,164	95,330	-	95,330
Interest expense	924,519	-	-	(924,519)	-	(924,519)
Total Governmental Activities	57,263,174	11,478,671	1,583,825	(38,298,920)	-	(38,298,920)
Business-Type Activities:						
Water services	2,280,738	3,295	-	-	(94,520)	(94,520)
Sewer services	3,050,982	-	-	-	(342,400)	(342,400)
Total Business-Type Activities	5,331,720	3,295	-	-	(436,920)	(436,920)
Total	\$ 62,594,894	\$ 11,481,966	\$ 1,583,825	(38,298,920)	(436,920)	(38,735,840)
General Revenues, Interfund Transfers, and Contributions:						
Property taxes				36,473,708	-	36,473,708
Penalties, interest, and other taxes				511,947	-	511,947
Grants and contributions not restricted to specific programs				2,166,940	-	2,166,940
Investment income				575,877	86,580	662,457
Miscellaneous				493,874	428,068	921,942
Interfund				(1)	-	(1)
Permanent fund contributions				157,452	-	157,452
Total general revenues				40,379,797	514,648	40,894,445
Change in Net Assets				2,080,877	77,728	2,158,605
Net Assets:						
Beginning of year, as restated				58,566,095	24,644,225	83,210,320
End of year				\$ 60,646,972	\$ 24,721,953	\$ 85,368,925

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2009

	General Fund	MMS Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and short-term investments	\$ 9,399,914	\$ -	\$ 797,631	\$ 10,197,545
Investments	10,104,950	-	804,004	10,908,954
Receivables:				
Property taxes	12,144,879	-	-	12,144,879
Departmental and other	430,716	-	81,888	512,604
Intergovernmental	-	-	709,308	709,308
Due from other funds	728,476	1,374,029	1,946,856	4,049,361
Inventories and prepaids	31,788	-	26,280	58,068
TOTAL ASSETS	\$ 32,840,723	\$ 1,374,029	\$ 4,365,967	\$ 38,580,719
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,434,365	\$ 627,493	\$ 1,048,749	\$ 3,110,607
Retainage payable	61,737	215,666	13,537	290,940
Accrued liabilities	1,230,815	-	6,803	1,237,618
Deferred revenues	18,922,720	-	63,551	18,986,271
Tax refunds payable	173,383	-	-	173,383
Due to other funds	3,900,692	-	675,754	4,576,446
Other liabilities	119,203	-	11,011	130,214
TOTAL LIABILITIES	25,842,915	843,159	1,819,405	28,505,479
Fund Balances:				
Reserved for:				
Encumbrances and continuing appropriations	675,911	-	-	675,911
Perpetual (nonexpendable) permanent funds	-	-	144,928	144,928
Unreserved:				
Undesignated, reported in:				
General fund	6,321,897	-	-	6,321,897
Special revenue funds	-	-	1,313,815	1,313,815
Capital project funds	-	530,870	204,409	735,279
Permanent funds	-	-	883,410	883,410
TOTAL FUND BALANCES	6,997,808	530,870	2,546,562	10,075,240
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,840,723	\$ 1,374,029	\$ 4,365,967	\$ 38,580,719

See notes to financial statements.

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

JUNE 30, 2009

Total governmental fund balances	\$ 10,075,240
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,479,972
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.<ul style="list-style-type: none">Elimination of deferred revenueRecording allowance for doubtful accounts	538,240 (136,507)
<ul style="list-style-type: none">• Internal service funds are used by management to account for vehicle management and related activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	589,438
<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.	(369,949)
<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>(40,529,462)</u>
Net assets of governmental activities	<u>\$ 60,646,972</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	MMS Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 36,003,120	\$ -	\$ 100,857	\$ 36,103,977
Penalties, interest, and other taxes	511,947	-	-	511,947
Charges for services	1,465,689	8,465	1,878,472	3,352,626
Intergovernmental	9,811,356	-	5,439,487	15,250,843
Licenses and permits	2,493,056	-	-	2,493,056
Fines and forfeitures	56,076	-	-	56,076
Investment income	609,907	-	(34,030)	575,877
Contributions	-	-	157,452	157,452
Miscellaneous	443,371	-	35,151	478,522
Total Revenues	<u>51,394,522</u>	<u>8,465</u>	<u>7,577,389</u>	<u>58,980,376</u>
Expenditures:				
Current:				
General government	6,546,036	-	105,914	6,651,950
Fire and ambulance	3,509,499	-	1,930,420	5,439,919
Police	4,538,185	-	179,402	4,717,587
Education	25,669,472	7,695,259	4,414,198	37,778,929
Highways and streets	2,342,004	-	259,275	2,601,279
Solid waste	1,711,676	-	901,074	2,612,750
Health and welfare	157,437	-	-	157,437
Parks and recreation	651,056	-	221,549	872,605
Library	754,978	-	59,632	814,610
Conservation	7,911	-	-	7,911
Capital outlay	1,591,826	-	-	1,591,826
Airport	-	-	1,183,250	1,183,250
Debt service	4,115,784	-	-	4,115,784
Total Expenditures	<u>51,595,864</u>	<u>7,695,259</u>	<u>9,254,714</u>	<u>68,545,837</u>
Excess (deficiency) of revenues over expenditures	(201,342)	(7,686,794)	(1,677,325)	(9,565,461)
Other Financing Sources (Uses):				
Proceeds of bonds	-	-	976,270	976,270
Transfers in	-	-	85,000	85,000
Transfers out	(85,001)	-	-	(85,001)
Total Other Financing Sources (Uses)	<u>(85,001)</u>	<u>-</u>	<u>1,061,270</u>	<u>976,269</u>
Change in fund balance	(286,343)	(7,686,794)	(616,055)	(8,589,192)
Fund Equity, at Beginning of Year	7,284,151	8,217,664	3,162,617	18,664,432
Fund Equity, at End of Year	<u>\$ 6,997,808</u>	<u>\$ 530,870</u>	<u>\$ 2,546,562</u>	<u>\$ 10,075,240</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

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

FOR THE YEAR ENDED JUNE 30, 2009

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (8,589,192)
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: 	
Capital outlay purchases	12,546,266
Depreciation	(3,706,941)
Loss on disposal of assets	(317,703)
<ul style="list-style-type: none"> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. 	
	375,060
<ul style="list-style-type: none"> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: 	
Issuance of debt	(976,270)
Repayments of debt	3,238,389
Current year capitalization of bond premium	(68,730)
Repayment of capital lease	46,833
<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. 	
	(40,856)
<ul style="list-style-type: none"> • 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. 	
	(432,193)
<ul style="list-style-type: none"> • 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. 	
	<u>6,214</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>2,080,877</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Amounts	
Revenues and Other Sources:				
Taxes	\$ 35,808,785	\$ 35,808,785	\$ 35,808,785	\$ -
Penalties, interest, and other taxes	403,981	403,981	511,947	107,966
Charges for services	1,335,600	1,335,600	1,256,545	(79,055)
Intergovernmental	9,044,217	9,044,217	9,061,718	17,501
Licenses and permits	2,510,000	2,510,000	2,493,056	(16,944)
Fines and forfeits	80,000	80,000	56,076	(23,924)
Investment income	730,717	730,717	609,907	(120,810)
Miscellaneous	509,559	509,559	443,371	(66,188)
Other sources	1,125,000	1,158,850	1,158,850	-
Total Revenues and Other Sources	51,547,859	51,581,709	51,400,255	(181,454)
Expenditures and Other Uses:				
General government	6,953,832	6,845,626	6,519,032	326,594
Fire and ambulance	3,302,248	3,325,248	3,324,801	447
Police	4,413,228	4,413,228	4,226,808	186,420
Education	25,380,098	25,380,098	25,283,816	96,282
Highways and streets	2,252,816	2,329,083	2,326,802	2,281
Solid waste	1,886,551	1,886,551	1,761,676	124,875
Health and welfare	199,305	199,305	172,437	26,868
Parks and recreation	654,224	669,224	630,460	38,764
Library	754,880	754,880	754,880	-
Conservation	3,970	3,970	3,969	1
Capital outlay	1,482,157	1,483,074	1,466,326	16,748
Debt service	4,204,549	4,206,421	4,115,784	90,637
Transfers out	60,001	85,001	85,001	-
Total Expenditures and Other Uses	51,547,859	51,581,709	50,671,792	909,917
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 728,463	\$ 728,463

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
ASSETS				
Current:				
Cash and short-term investments	\$ 784,059	\$ 3,707,510	\$ 4,491,569	\$ -
Investments	959,791	-	959,791	-
User fees, net of allowance for uncollectibles	442,001	569,453	1,011,454	3,039
Special assessments	-	21,179	21,179	-
Intergovernmental receivables	11,671	-	11,671	-
Due from other funds	-	-	-	591,144
Inventory	135,493	66	135,559	19,242
Other assets	91,969	-	91,969	-
Total current assets	2,424,984	4,298,208	6,723,192	613,425
Noncurrent:				
Special assessments, net of current portion	-	28,816	28,816	-
Capital assets:				
Land and construction in progress	66,128	143,201	209,329	-
Other capital assets, net of accumulated depreciation	12,180,375	6,230,720	18,411,095	1,789,566
Total noncurrent assets	12,246,503	6,402,737	18,649,240	1,789,566
TOTAL ASSETS	14,671,487	10,700,945	25,372,432	2,402,991
LIABILITIES				
Current:				
Accounts payable	24,997	119,295	144,292	19,299
Retainage payable	-	2,024	2,024	-
Accrued liabilities	16,381	8,654	25,035	4,688
Due to other funds	-	61,114	61,114	-
Other current liabilities	171,157	-	171,157	-
Current portion of long-term liabilities:				
Bonds payable	55,720	-	55,720	-
Other liabilities	7,921	9,254	17,175	32,850
Total current liabilities	276,176	200,341	476,517	56,837
Noncurrent:				
Other liabilities, net of current portion	78,381	95,581	173,962	26,086
Total noncurrent liabilities	78,381	95,581	173,962	26,086
TOTAL LIABILITIES	354,557	295,922	650,479	82,923
NET ASSETS				
Invested in capital assets, net of related debt	12,185,371	6,373,920	18,559,291	1,789,566
Unrestricted	2,131,559	4,031,103	6,162,662	530,502
TOTAL NET ASSETS	\$ 14,316,930	\$ 10,405,023	\$ 24,721,953	\$ 2,320,068

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 1,892,666	\$ 2,693,507	\$ 4,586,173	\$ 806,614
Other	<u>290,257</u>	<u>15,075</u>	<u>305,332</u>	<u>-</u>
Total Operating Revenues	2,182,923	2,708,582	4,891,505	806,614
Operating Expenses:				
Operating expenses	1,600,394	2,584,657	4,185,051	645,376
Depreciation	<u>678,732</u>	<u>445,721</u>	<u>1,124,453</u>	<u>254,610</u>
Total Operating Expenses	<u>2,279,126</u>	<u>3,030,378</u>	<u>5,309,504</u>	<u>899,986</u>
Operating Income (Loss)	(96,203)	(321,796)	(417,999)	(93,372)
Nonoperating Revenues (Expenses):				
Contributions	428,068	-	428,068	-
State aid	3,295	-	3,295	-
Investment income	30,455	56,125	86,580	-
Interest expense	<u>(1,612)</u>	<u>(20,604)</u>	<u>(22,216)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>460,206</u>	<u>35,521</u>	<u>495,727</u>	<u>-</u>
Change in Net Assets	364,003	(286,275)	77,728	(93,372)
Net Assets at Beginning of Year	<u>13,952,927</u>	<u>10,691,298</u>	<u>24,644,225</u>	<u>2,413,440</u>
Net Assets at End of Year	<u>\$ 14,316,930</u>	<u>\$ 10,405,023</u>	<u>\$ 24,721,953</u>	<u>\$ 2,320,068</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Total	Activities Internal Service Fund
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 2,129,130	\$ 2,720,933	\$ 4,850,063	\$ -
Receipts from interfund service provided	-	-	-	803,575
Payments to vendors and employees	<u>(1,516,763)</u>	<u>(2,451,906)</u>	<u>(3,968,669)</u>	<u>(614,544)</u>
Net Cash Provided By Operating Activities	612,367	269,027	881,394	189,031
<u>Cash Flows From Noncapital Financing Activities:</u>				
Interfund borrowing	-	(126,238)	(126,238)	24,929
State aid	<u>3,295</u>	<u>-</u>	<u>3,295</u>	<u>-</u>
Net Cash (Used For) Capital and Related Financing Activities	3,295	(126,238)	(122,943)	24,929
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Contributions toward capital assets	358,459	-	358,459	-
Acquisition and construction of capital assets	(945,536)	(169,928)	(1,115,464)	(226,127)
Disposal of capital assets	-	-	-	12,167
Principal payments on bonds and notes	(155,720)	-	(155,720)	-
Interest expense	(1,612)	(20,604)	(22,216)	-
Intergovernmental subsidy	<u>29,926</u>	<u>-</u>	<u>29,926</u>	<u>-</u>
Net Cash (Used For) Capital and Related Financing Activities	(714,483)	(190,532)	(905,015)	(213,960)
<u>Cash Flows From Investing Activities:</u>				
Purchase of investments	(959,791)	-	(959,791)	-
Investment income	<u>30,455</u>	<u>56,125</u>	<u>86,580</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>(929,336)</u>	<u>56,125</u>	<u>(873,211)</u>	<u>-</u>
Net Change in Cash and Short-Term Investments	(1,028,157)	8,382	(1,019,775)	-
Cash and Short-Term Investments, Beginning of Year	<u>1,812,216</u>	<u>3,699,128</u>	<u>5,511,344</u>	<u>-</u>
Cash and Short-Term Investments, End of Year	<u>\$ 784,059</u>	<u>\$ 3,707,510</u>	<u>\$ 4,491,569</u>	<u>\$ -</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>				
Operating income (loss)	\$ (96,203)	\$ (321,796)	\$ (417,999)	\$ (93,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	678,732	445,720	1,124,452	254,610
Changes in assets and liabilities:				
User fees	(53,793)	1,957	(51,836)	(3,039)
Special assessments	-	10,394	10,394	-
Inventory	9,351	-	9,351	(1,183)
Other assets	87,906	(66)	87,840	-
Accounts payable	(27,480)	108,378	80,898	(28,545)
Accrued liabilities	(1,745)	2,609	864	1,624
Retainage payable	-	2,024	2,024	-
Other liabilities	<u>15,599</u>	<u>19,807</u>	<u>35,406</u>	<u>58,936</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 612,367</u>	<u>\$ 269,027</u>	<u>\$ 881,394</u>	<u>\$ 189,031</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2009

	Private Purpose Trust Funds	Agency Funds
<u>ASSETS</u>		
Cash and short-term investments	\$ 132,620	\$ 1,530,358
Investments	2,473,517	-
Accounts receivable	-	2,945
Due from other funds	<u>12,441</u>	<u>-</u>
Total Assets	2,618,578	1,533,303
<u>LIABILITIES AND NET ASSETS</u>		
Due to other funds	12,441	2,945
Other liabilities	<u>10,500</u>	<u>1,530,358</u>
Total Liabilities	<u>22,941</u>	<u>1,533,303</u>
<u>NET ASSETS</u>		
Total net assets held for other purposes	\$ <u><u>2,595,637</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment Income (Loss):	
Interest earnings	\$ 80,262
Increase (decrease) in fair value of investments	(503,750)
Gain (Loss) on sale	<u>(77,788)</u>
Net investment income (loss)	<u>(501,276)</u>
 Total additions	 (501,276)
Deductions:	
General government	72,856
Education	11,075
Parks and recreation	<u>2,298</u>
Total deductions	<u>86,229</u>
Operating Transfers:	
Transfers in	<u>1</u>
Total operating transfers	<u>1</u>
 Net increase (decrease)	 (587,504)
Net assets:	
Beginning of year	<u>3,183,141</u>
End of year	<u>\$ 2,595,637</u>

See notes to financial statements.

CITY OF LACONIA, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2009, it was determined that no entities met the required GASB-39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as 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 and excises.

Fund Financial Statements

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

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

The government reports the following major proprietary funds:

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

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

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

D. Cash and Short-Term Investments

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

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

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

E. Investments

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

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

F. Property Tax Limitations

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

- 1) Increases limited to changes in the Federal National Consumer Price Index (urban), and
- 2) New building permits (between April 1st and March 31st) less total dollar value of demolition permits issued times the prior year's tax rate.

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

G. Interfund Receivables and Payables

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

H. Inventories and Prepaid

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

J. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

N. Material Changes in Classifications

The accompanying financial statements reflect various changes in classification from the prior year. Specifically, beginning net assets for governmental activities has been restated from the prior year.

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 with budgetary data.

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 51,394,522	\$ 51,595,864
Other financing sources/uses (GAAP basis)	-	85,001
Subtotal (GAAP Basis)	51,394,522	51,680,865
Adjust tax revenue to accrual basis	(194,335)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(726,202)
Add end of year appropriation carryforwards to expenditures	-	675,911
To reverse the effect of non- budgeted State contributions for police, fire, and teachers retirement	(749,638)	(749,638)
Recognize use of fund balance as funding source	1,158,850	-
Other GAAP adjustments	(209,144)	(209,144)
Budgetary basis	<u>\$ 51,400,255</u>	<u>\$ 50,671,792</u>

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2009:

Putnam Fund	\$ (25,735)
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The trustees of the trust funds have acknowledged the deficit in this fund and are finding a means to fund the deficit.

3. Cash and Short-Term Investments

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

deposit in repurchase agreements, \$ 7,535,183 of underlying securities are held by the investment's counterparty, not in the name of the City.

As of June 30, 2009, none of the City's bank balance of \$ 17,459,014 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	A2	A3	Aa3	Baa1	Baa3	Caa1	Not Rated
Debt Related Securities:												
U.S. Treasury notes	\$ 190	N/A	\$ -	\$ 190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of deposits	11,127	N/A	11,127	-	-	-	-	-	-	-	-	-
Corporate bonds	525	N/A	-	-	102	181	78	27	79	27	21	10
Corporate equities	1,280	N/A	1,280	-	-	-	-	-	-	-	-	-
Bond mutual funds	166	N/A	166	-	-	-	-	-	-	-	-	-
Mutual funds	812	N/A	812	-	-	-	-	-	-	-	-	-
Federal agency securities	242	N/A	242	-	-	-	-	-	-	-	-	-
Total investments	\$ 14,342		\$ 13,627	\$ 190	\$ 102	\$ 181	\$ 78	\$ 27	\$ 79	\$ 27	\$ 21	\$ 10

B. Custodial Credit Risk

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

Of the City's investment of \$ 14,342,248, the government has a custodial credit risk exposure of \$ 3,214,894 because the related securities are uninsured, unregistered, and held by the City's brokerage firm, which is also the counterparty to these securities.

C. Concentration of Credit Risk

The City's policy is to diversify investments to avoid over-concentration in securities from a specific issuer (excluding U.S. Treasury securities). The

City does have investments in one issuer greater than 5% of total investments, as follows (in thousands):

	<u>Controlling Agency</u>			<u>Total Amount</u>	<u>Percent of Investment</u>
	<u>City</u>	<u>Water</u>	<u>Library</u>		
Certificates of Deposit:					
Laconia Savings Bank	\$ 2,026	\$ 556	\$ 62	\$ 2,644	18.4%
Meredith Village Savings Bank	-	201	-	201	1.4%
TD Banknorth	1,010	-	-	1,010	7.0%
Franklin Savings Bank	7,069	203	-	7,272	50.7%
	<u>\$ 10,105</u>	<u>\$ 960</u>	<u>\$ 62</u>	<u>\$ 11,127</u>	<u>77.5%</u>

D. Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt Related Securities:					
U.S. Treasury notes	\$ 190	\$ -	\$ 107	\$ 83	\$ -
Certificates of deposit	11,127	9,007	2,120	-	-
Corporate bonds	525	50	372	103	-
Federal agency securities	242	-	100	132	10
Total	<u>\$ 12,084</u>	<u>\$ 9,057</u>	<u>\$ 2,699</u>	<u>\$ 318</u>	<u>\$ 10</u>

E. Foreign Currency Risks

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

5. Taxes Receivable

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

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

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

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

Taxes receivable at June 30, 2009 consist of the following (in thousands):

Real Estate		
2009	\$ <u>10,953</u>	10,953
Unredeemed Taxes		
2008	837	
2007	287	
2006	30	
Prior	<u>4</u>	
		1,158
Yield Taxes		1
Excavation Taxes		1
Elderly Tax Liens		16
Welfare Tax Liens		13
Civil Tax Liens		<u>3</u>
Total		\$ <u><u>12,145</u></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.

6. Allowance for Doubtful Accounts

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

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 137	\$ -
Water	-	69
Sewer	-	40

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2009.

8. 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, 2009 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	\$ 728,476	\$ 3,900,692
MMS capital project	1,374,029	-
Nonmajor Funds:		
Tax increment finance (TIF) district	100,857	-
Airport fund	-	69,173
Park houses fund	31,773	-
Community development fund	103,657	-
City grants fund	245,596	-
Special revenue fund	298,661	-
School lunch and breakfast fund	-	46,562
School grants fund	-	433,662
Ambulance fund	-	70,479
Fire truck fund	896,108	-
02-03 bond issue fund	20,470	-
Transfer station	87,470	-
Parking garage/Davis place fund	162,264	-
Library fund	-	55,878
Total Governmental Funds	4,049,361	4,576,446
Enterprise Funds:		
Sewer fund	-	61,114
Total Enterprise Funds	-	61,114
Internal Service Fund	591,144	-
Private Purpose Funds	12,441	12,441
Agency Funds:	-	2,945
Total All Funds	\$ 4,652,946	\$ 4,652,946

Interfund transfers and their purposes during the year ended June 30, 2009 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ -	\$ 85,001
Nonmajor Funds:		
Airport fund	10,000	-
Non-capital reserves	<u>75,000</u>	<u>-</u>
Total Governmental Funds	85,000	85,001
Private Purpose Funds	<u>1</u>	<u>-</u>
Total All Funds	<u>\$ 85,001</u>	<u>\$ 85,001</u>

9. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,749,931	\$ 305,579	\$ (37,797)	\$ 8,017,713
Construction in progress	<u>20,095,633</u>	<u>10,852,618</u>	<u>(26,689,643)</u>	<u>4,258,608</u>
Total capital assets, being depreciated, net	27,845,564	11,158,197	(26,727,440)	12,276,321
Capital assets, being depreciated:				
Land improvements	17,258,028	3,572,001	-	20,830,029
Buildings and improvements	40,487,069	19,750,112	(1,602,100)	58,635,081
Furniture, equipment, and vehicles	7,660,650	2,895,134	(161,833)	10,393,951
Infrastructure	<u>21,493,257</u>	<u>1,898,262</u>	<u>-</u>	<u>23,391,519</u>
Total capital assets, being depreciated	86,899,004	28,115,509	(1,763,933)	113,250,580
Less accumulated depreciation for:				
Land improvements	(4,319,449)	(919,771)	-	(5,239,220)
Buildings and improvements	(16,600,370)	(1,294,394)	1,297,856	(16,596,908)
Furniture, equipment, and vehicles	(4,432,403)	(622,578)	148,375	(4,906,606)
Infrastructure	<u>(7,433,997)</u>	<u>(870,198)</u>	<u>-</u>	<u>(8,304,195)</u>
Total accumulated depreciation	<u>(32,786,219)</u>	<u>(3,706,941)</u>	<u>1,446,231</u>	<u>(35,046,929)</u>
Total capital assets, being depreciated, net	<u>54,112,785</u>	<u>24,408,568</u>	<u>(317,702)</u>	<u>78,203,651</u>
Governmental activities capital assets, net	<u>\$ 81,958,349</u>	<u>\$ 35,566,765</u>	<u>\$ (27,045,142)</u>	<u>\$ 90,479,972</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 38,503	\$ -	\$ -	\$ 38,503
Construction in progress	101,200	69,626	-	170,826
Total capital assets, being depreciated, net	<u>139,703</u>	<u>69,626</u>	<u>-</u>	<u>209,329</u>
Capital assets, being depreciated:				
Buildings and improvements	7,077,925	373,183	-	7,451,108
Furniture, equipment, and vehicles	2,258,966	181,574	-	2,440,540
Infrastructure	<u>28,581,648</u>	<u>491,083</u>	<u>-</u>	<u>29,072,731</u>
Total capital assets, being depreciated	37,918,539	1,045,840	-	38,964,379
Less accumulated depreciation for:				
Buildings and improvements	(2,791,314)	(209,216)	-	(3,000,530)
Furniture, equipment, and vehicles	(997,357)	(204,341)	-	(1,201,698)
Infrastructure	<u>(15,640,160)</u>	<u>(710,896)</u>	<u>-</u>	<u>(16,351,056)</u>
Total accumulated depreciation	<u>(19,428,831)</u>	<u>(1,124,453)</u>	<u>-</u>	<u>(20,553,284)</u>
Total capital assets, being depreciated, net	<u>18,489,708</u>	<u>(78,613)</u>	<u>-</u>	<u>18,411,095</u>
Business-type activities capital assets, net	<u>\$ 18,629,411</u>	<u>\$ (8,987)</u>	<u>\$ -</u>	<u>\$ 18,620,424</u>

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

Governmental Activities:

General government	\$ 168,805
Fire and ambulance	149,315
Police	190,531
Education	1,060,780
Highway and streets	1,134,483
Parks and recreation	182,660
Library	137,376
Airport	<u>682,991</u>
Total depreciation expense - governmental activities	<u>\$ 3,706,941</u>

Business-Type Activities:

Water	\$ 678,732
Sewer	<u>445,721</u>
Total depreciation expense - business-type activities	<u>\$ 1,124,453</u>

10. Accounts Payable and Accrued Expenses

Accounts payable represent additional 2009 expenditures paid after June 30, 2009.

11. Deferred Revenue

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

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2009 receivable balances, except property taxes that are accrued for subsequent 60 day collections and property taxes billed or collected in advance of the fiscal year for which they are levied.

Deferred revenue at June 30, 2009 consists of the following (in thousands):

Real Estate			
2009	\$	10,953	
Advance Collections		<u>6,937</u>	
			17,890
Unredeemed Taxes			
2008		726	
2007		260	
2006		19	
Prior		<u>5</u>	
			1,010
Welfare Tax Liens			13
Civil Tax Liens			3
Other:			
School Revenues			<u>7</u>
Total	\$		<u><u>18,923</u></u>

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 2012. Future minimum lease payments under the capital leases consisted of the following as of June 30, 2009:

	<u>Capital Leases</u>
2010	\$ 53,101
2011	53,101
2012	<u>53,101</u>
Total minimum lease payments	159,303
Less amounts representing interest	<u>(9,647)</u>
Present Value of Minimum Lease Payments	<u>\$ 149,656</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 6/30/09</u>
City revaluation	07/15/09	6.80%	\$ 4,620
Public works & parks bonds	01/15/11	6.75%	230,000
Public improvement	01/15/16	5.30 - 5.65%	385,000
Public improvement	01/15/10	5.50%	60,000
Public improvement	08/15/10	5.13 - 5.20%	325,000
Capital improvement	08/15/21	4.38 - 5.00%	2,305,000
Capital improvement	08/15/22	4.00 - 5.00%	1,700,000
Library bond	01/15/24	5.00 - 4.75%	1,670,000
Capital improvement	09/07/15	4.00%	287,602
Fire truck - general obligation bond	05/09/18	3.08%	855,000
Transfer station	08/15/18	3.68%	976,270
School bonds	07/15/09	6.80%	9,660
School improvement bonds	01/15/16	5.30 - 5.65%	85,000
School bonds	01/15/10	5.50%	40,000
School bonds - Elm/Pleasant	08/15/10	5.12 - 5.20%	435,000
School bonds - Elm/Pleasant	08/15/21	4.38 - 5.00%	4,050,000
School bonds - Woodland Heights	01/15/23	4.25 - 4.90%	2,870,000
School bond - MMS Capital Project	02/15/36	4.76%	<u>21,001,633</u>
Total Governmental Activities:			<u>\$ 37,289,785</u>

<u>Business-type Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/09</u>
Treatment plant	07/15/09	6.80%	\$ <u>55,720</u>
Total Business-type Activities:			\$ <u><u>55,720</u></u>

B. Future Debt Service

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2009 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,231,704	\$ 877,872	\$ 4,109,576
2011	3,064,097	850,750	3,914,847
2012	2,508,920	834,799	3,343,719
2013	2,449,528	833,921	3,283,449
2014	2,316,532	831,537	3,148,069
2015-2019	10,429,087	4,065,219	14,494,306
2020-2024	7,017,822	3,968,170	10,985,992
2025-2029	2,891,552	4,542,042	7,433,594
Thereafter	3,380,543	8,520,206	11,900,749
Total	\$ <u><u>37,289,785</u></u>	\$ <u><u>25,324,516</u></u>	\$ <u><u>62,614,301</u></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, 2009:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ <u>55,720</u>	\$ <u>1,895</u>	\$ <u>57,615</u>
Total	\$ <u><u>55,720</u></u>	\$ <u><u>1,895</u></u>	\$ <u><u>57,615</u></u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in long-term liabilities (in thousands):

<u>Governmental Activities</u>	Total Balance <u>7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/09</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/09</u>
Bonds payable	\$ 39,552	\$ 976	\$ (3,238)	\$ 37,290	\$ (3,232)	\$ 34,058
Other:						
Landfill closure	190	-	(19)	171	(19)	152
Accrued employee benefits	2,468	149	-	2,617	(289)	2,328
Capital lease	197	-	(48)	149	(48)	101
OPEB obligation	-	302	-	302	-	302
Totals	\$ <u><u>42,407</u></u>	\$ <u><u>1,427</u></u>	\$ <u><u>(3,305)</u></u>	\$ <u><u>40,529</u></u>	\$ <u><u>(3,588)</u></u>	\$ <u><u>36,941</u></u>

<u>Business-Type Activities</u>	Total			Equals		
	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/09</u>	<u>Less</u> <u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u> <u>6/30/09</u>
Bonds payable	\$ 211	\$ -	\$ (155)	\$ 56	\$ (56)	\$ -
Other:						
Accrued employee benefits	156	16		172	(17)	155
OPEB obligation	-	19	-	19	-	19
Totals	<u>\$ 367</u>	<u>\$ 35</u>	<u>\$ (155)</u>	<u>\$ 247</u>	<u>\$ (73)</u>	<u>\$ 174</u>

15. Landfill Closure and Postclosure Care Costs

This liability reported is based on what it would cost to perform postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

16. Restricted Net Assets

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

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

17. Reserves and Designations of Fund Equity

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

The following types of reserves are reported at June 30, 2009:

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

Reserved for Perpetual Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

18. Subsequent Events

A. Debt

Subsequent to June 30, 2009, the City has incurred the following additional debt:

- The Laconia Water Work's bond proceeds will be used to replace a water tank. The City's bond proceeds will be used to do a revaluation of property. In addition, the bond was sold at a premium in the amount of \$ 50,200.

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General obligation bond - Water portion	\$ 1,500,000	3.97%	07/16/09	08/15/29
General obligation bond - City portion	<u>350,000</u>	2.26%	07/16/09	08/15/14
Total of Issue	<u>\$ 1,850,000</u>			

- The proceeds of the bond issue will be used to reconstruct the boardwalk at the Weirs. In addition, the bond was sold at a premium of \$ 40,000.

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General obligation bond	\$ 800,000	3.56%	12/16/09	01/15/30

B. Authorization to Borrow

Subsequent to June 30, 2009, the City has authorized the following additional debt:

- In July, the City Council approved the borrowing of \$ 437,000 from the State revolving loan fund. The proceeds are from ARRA (American Recovery & Reinvestment Act) funding and will qualify for 50% forgiveness of principal portion over the life of the loan. The loan will fund improvements in drainage on Anthony Drive.
- In December, the City Council authorized the borrowing of bond and notes for the Weirs Boardwalk Repair capital project in the amount of \$ 400,000.

C. Grants

Subsequent to June 30, 2009, the City has received the following notable federal grants:

- The Airport received a grant in the amount of \$ 677,838 for taxiway "C" rehabilitation, marking, lighting, and signage. The Airport's is required to fund \$ 17,381 of this project.

- The City received an ARRA (American Recovery & Reinvestment Act) grant in the amount of \$ 100,000 for the funding of a fire truck that was received in November 2009.

19. Commitments and Contingencies

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

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

**20. Post-Employment Health Care and Life Insurance Benefits
Other Post-Employment Benefits**

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

A. Plan Description

The City provides its eligible retirees, including in some cases their beneficiaries (as govern by RSA 100-A:50), the ability to purchase health and prescription insurance at the City's group rates. Although the City does not supplement the cost of these plans, GASB Statement 45 requires the City to recognize the liability for the inclusion of any implicit rate subsidies afforded its retirees. This subsidy is generated as a result of the basic nature of insurance - one risk group subsidizes another to arrive at a blended premium, therefore current employees who are young and healthy subsidized the older retirees. As of June 30, 2009, there were 230 retiree subscribers, including eligible spouses and dependents, and 300 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

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

C. Funding Policy

Retirees of the City contribute 100% and teacher retirees of the School Department contribute 0% of the cost of the health plan, as determined by the City. The City contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2009 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, 2009, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2008.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>City</u>	<u>School</u>	<u>Water</u>	<u>Sewer</u>	
Annual Required Contribution (ARC)	\$ 289,773	\$ 394,345	\$ 19,393	\$ 12,492	\$ 716,003
Interest on net OPEB obligation	-	-	-	-	-
Adjustment to ARC	-	-	-	-	-
Annual OPEB cost	289,773	394,345	19,393	12,492	716,003
Contributions made	(97,231)	(285,205)	(12,293)	(201)	(394,930)
Increase in net OPEB obligation	192,542	109,140	7,100	12,291	321,073
Net OPEB obligation - beginning of year	-	-	-	-	-
Net OPEB obligation - end of year	\$ 192,542	\$ 109,140	\$ 7,100	\$ 12,291	\$ 321,073

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>
2009	\$ 716,003	42.1%	\$ 321,073

The City's net OPEB obligation as of June 30, 2009 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 July 1, 2008, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 7,557,096
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>7,557,096</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	\$ <u>22,650,725</u>
UAAL as a percentage of covered payroll	<u>33%</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 July 1, 2008 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 10% which decreases to a 5% long-term rate for all health-care benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3%.

21. Retirement System

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

A. Plan Description

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

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 4 Chenell Drive, Concord, New Hampshire 03301-8509.

B. Funding Policy

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 5% 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 5.8% for teachers, 11.84% for police, 15.92% for fire and 8.74% for all other covered employees. The City contributions to the System for the years ended June 30, 2009, 2008, and 2007 were \$ 2,060,661, \$ 1,630,359 and \$ 1,496,234, 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, 2009, was \$ 8,302,013 for the City and \$ 16,567,896 for the School Department. Contribution requirements for the year ended June 30, 2009, were as follows:

	<u>City</u>	<u>School</u>	<u>Total</u>
State of New Hampshire	\$ 363,982	\$ 385,656	\$ 749,638
Employer's contributions	990,220	1,070,441	2,060,661
Employees' contributions	<u>629,858</u>	<u>828,400</u>	<u>1,458,258</u>
Total	<u>\$ 1,984,060</u>	<u>\$ 2,284,497</u>	<u>\$ 4,268,557</u>

22. Risk Management

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

23. Beginning Net Assets Restatement

The beginning (July 1, 2008) fund balances of the City have been restated as follows:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ 58,755,065
To record prior year landfill liability	<u>(188,970)</u>
As restated	<u>\$ 58,566,095</u>

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

**June 30, 2009
(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%

See Independent Auditors' Report.

STATISTICAL SECTION

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities							
Invested in capital assets, net of related debt	55,566	\$33,091	\$42,731	\$33,470	\$30,756	\$24,245	\$16,337
Restricted	1,716	1,040	980	996	1,332	1,662	7,396
Unrestricted	3,365	24,624	7,215	7,379	5,859	5,942	4,581
Total governmental activities net assets	<u>\$60,647</u>	<u>\$58,755</u>	<u>\$50,926</u>	<u>\$41,845</u>	<u>\$37,947</u>	<u>\$31,849</u>	<u>\$28,314</u>
Business-type activities							
Invested in capital assets, net of related debt	18,559	\$18,418	\$17,294	\$16,974	\$16,824	\$14,802	\$14,865
Restricted	0	-	392	67	178	187	250
Unrestricted	6,163	6,226	5,363	5,279	5,266	7,464	7,516
Total business-type activities net assets	<u>\$24,722</u>	<u>\$24,644</u>	<u>\$23,049</u>	<u>\$22,320</u>	<u>\$22,268</u>	<u>\$22,453</u>	<u>\$22,631</u>
Primary government							
Invested in capital assets, net of related debt	\$74,125	\$51,509	\$60,025	\$50,444	\$47,580	\$39,047	\$31,202
Restricted	1,716	1,040	1,372	1,063	1,510	1,849	7,646
Unrestricted	9,528	30,850	12,578	12,658	11,125	13,406	12,097
Total primary governmental net assets	<u>\$85,369</u>	<u>\$83,399</u>	<u>\$73,975</u>	<u>\$64,165</u>	<u>\$60,215</u>	<u>\$54,302</u>	<u>\$50,945</u>

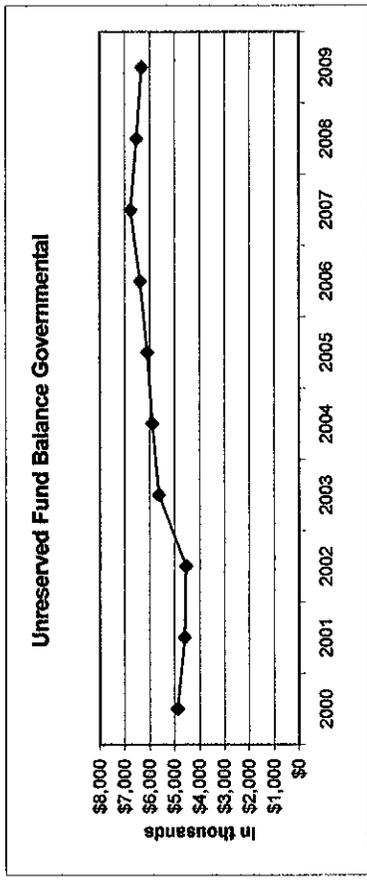
Notes: (1) The City will continue to annually report information until this schedule includes 10 fiscal years.

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003			
Expenses										
Governmental activities:										
General government	\$8,687	\$8,526	\$6,821	\$7,409	\$6,701	\$6,440	\$6,136			
Public safety	9,188	8,611	7,757	7,621	6,894	6,051	6,268			
Highways and streets	3,702	3,146	3,175	2,896	3,799	2,906	1,475			
Sanitation	1,699	1,683	1,738	1,663	1,461	1,410	1,408			
Education	31,566	25,312	28,211	26,965	25,438	25,039	22,166			
Culture and recreation	1,506	1,457	1,586	1,565	1,217	1,222	1,141			
Interest on long-term debt	925	847	935	1,028	1,128	1,220	1,128			
Total governmental activities expenses	57,263	48,562	50,223	49,147	46,638	44,288	39,722			
Business-type activities:										
Water	2,281	2,016	1,977	1,931	1,826	1,754	1,651			
Sewer	3,051	2,962	2,752	2,634	2,489	2,353	2,164			
Total business-type activities expenses	5,332	4,978	4,729	4,565	4,315	4,107	3,815			
Total primary government expenses	\$62,595	\$53,560	\$54,952	\$53,712	\$50,953	\$48,395	\$43,537			
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$2,981	\$3,262	\$3,153	\$3,202	\$3,209	\$3,039	\$2,834			
Culture and recreation	59	65	80	64	100	86	54			
Other activities	2,862	3,036	2,940	2,608	2,617	2,696	2,466			
Operating grants and contributions	11,479	7,751	9,862	10,894	9,829	11,352	9,361			
Capital grants and contributions	1,583	3,794	7,022	1,292	5,723	2,208	419			
Total governmental activities program revenues	18,964	17,908	23,057	18,060	21,478	19,381	15,134			
Business-type activities:										
Charges for services:										
Water	2,183	1,901	1,965	1,914	1,808	1,628	1,631			
Sewer	2,709	2,741	2,343	2,061	2,062	2,040	2,070			
Operating grants and contributions	3	1,441	754	-	-	-	-			
Capital grants and contributions	4,895	5,083	5,062	4,565	4,002	3,772	3,878			
Total business-type activities program revenues	10,790	11,166	11,124	10,542	10,872	11,708	11,581			
Total primary government program revenues	\$29,754	\$29,074	\$34,181	\$28,602	\$32,350	\$31,089	\$26,715			
Net (expense)/revenues	(\$34,841)	(\$25,588)	(\$18,671)	(\$25,110)	(\$18,593)	(\$17,109)	(\$16,803)			
Governmental activities	(\$38,299)	(\$30,674)	(\$27,166)	(\$31,087)	(\$25,160)	(\$24,907)	(\$24,588)			
Business-type activities	(437)	1,105	333	-	(313)	(335)	62			
Total primary government net expense	(\$38,736)	(\$29,569)	(\$26,833)	(\$31,087)	(\$25,473)	(\$25,242)	(\$24,526)			

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General fund										
Reserved	\$675	\$760	\$507	\$1,219	\$349	\$311	\$753	\$564	\$503	\$250
Unreserved	6,322	6,524	6,766	6,383	6,097	5,897	5,637	4,548	4,595	4,887
Total general fund	\$6,997	\$7,284	\$7,273	\$7,602	\$6,446	\$6,208	\$6,390	\$5,112	\$5,098	\$5,137
All other governmental funds										
Reserved	\$145	\$145	\$162	\$162	\$162	\$614	\$148	\$15	\$13	\$12
Unreserved, reported in:										
Special revenue funds	1,314	1,114	1,246	1,498	1,167	989	696	632	459	484
Capital projects funds	735	9,227	865	1,056	1,168	3,872	5,318	5,078	2,606	861
Permanent funds	883	894	783	969	1,134	1,061	1,227	905	1,088	1,198
Total all other governmental funds	\$3,077	\$11,380	\$3,056	\$3,385	\$3,631	\$6,536	\$7,389	\$6,630	\$4,166	\$2,555



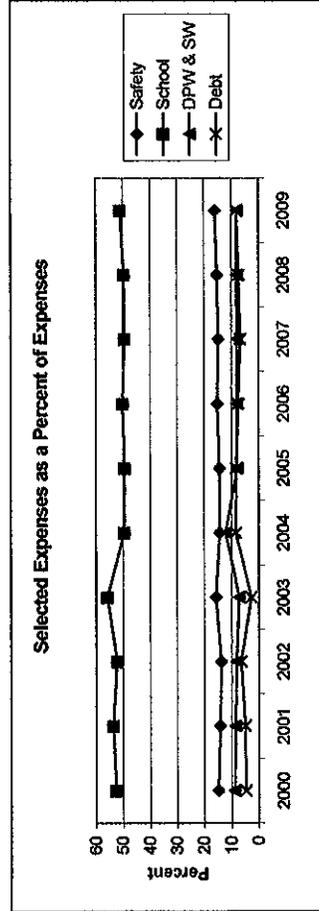
CITY OF LACONIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$36,515	\$34,547	\$32,908	\$31,876	\$29,326	\$26,557	\$25,650	\$23,417	\$21,008	\$19,279
Licenses and permits	2,493	2,632	2,247	2,321	2,272	2,250	2,111	2,018	1,867	1,781
Intergovernmental	9,811	9,392	8,506	8,132	12,868	14,397	10,819	11,403	9,284	8,993
Charges for services	1,466	1,488	602	458	1,686	1,701	1,585	1,478	1,432	1,327
Fines	56	75	29	36	87	47	23	27	21	21
Investment earnings	610	1,576	849	594	281	283	304	464	921	809
Miscellaneous	443	457	1,812	2,261	2,950	2,816	2,539	1,839	1,816	1,976
Total revenues	51,394	50,167	46,953	45,678	49,470	48,051	43,031	40,646	36,349	34,186
Expenditures										
General government	6,711	6,498	5,973	5,674	7,465	6,739	5,486	6,260	4,999	4,438
Public safety	8,047	7,660	7,017	6,720	6,920	6,549	5,567	5,252	5,080	4,846
Education	25,669	24,936	23,443	22,234	24,788	23,631	22,046	20,905	20,036	17,835
Highways and streets	2,342	2,306	2,046	1,994	1,946	3,520	2,394	1,677	1,800	1,541
Solid Waste	1,712	1,796	1,743	1,662	1,461	1,410	1,409	1,338	1,181	1,151
Library	755	713	681	637	576	607	524	535	541	449
Parks & Recreation	651	581	563	551	533	664	504	371	343	321
Capital outlay	1,592	1,973	2,752	1,489	4,989	4,803	7,409	9,460	2,948	2,320
Debt service										
Principal	3,238	2,855	2,305	2,314	2,313	2,261	1,927	1,440	1,069	965
Interest	878	901	977	1,072	1,190	1,202	1,060	895	642	509
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	51,595	50,219	47,500	44,347	52,181	51,386	48,326	48,133	38,639	34,375
Excess of revenues over (under) expenditures	(201)	(52)	(547)	1,331	(2,711)	(3,335)	(5,295)	(7,487)	(2,290)	(189)
Other financing sources (uses)										
Transfers in		93	36	35	1,836	315	778	754	414	713
Transfers out	(85)	(30)	(60)	(210)	(1,790)	(362)	(832)	(507)	(633)	(270)
Capital leases	-	-	242	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	2,347	6,907	9,788	3,801	1,020
Total other financing sources (uses)	(85)	63	218	(175)	46	2,300	6,853	10,035	3,582	1,463
Net change in fund balances	(\$286)	\$11	(\$329)	\$1,156	(\$2,665)	(\$1,035)	\$1,558	\$2,548	\$1,292	\$1,274

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

Function	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government	6,557	6,380	5,846	5,460	5,452	4,925	5,860	4,730	4,247	3,801
Public safety	8,048	7,661	7,017	6,720	6,160	5,795	6,268	4,943	4,718	4,474
Education	25,669	24,936	23,443	22,234	20,937	20,175	22,166	18,639	17,902	15,808
Highways/streets/sanitation	4,054	4,102	3,789	3,656	3,382	4,915	2,883	2,939	2,904	2,693
Welfare	157	117	126	213	319	312	276	259	133	173
Parks & Recreation	651	581	563	551	506	531	609	366	339	321
Library	754	713	681	637	558	549	532	535	542	449
Capital outlay	1,591	1,973	2,752	1,489	1,583	**0	**0	859	845	827
Debt service	4,115	3,756	3,282	3,386	3,503	3,463	1,128	2,335	1,711	1,474
TOTALS	51,596	50,219	47,499	44,346	42,400	40,665	39,722	35,605	33,341	30,020

Percent of Total	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government	13.1%	12.7%	12.3%	12.3%	12.9%	12.1%	14.8%	13.3%	12.7%	12.7%
Public safety	16.0%	15.3%	14.8%	15.2%	14.5%	14.3%	15.8%	13.9%	14.2%	14.9%
Education	51.1%	49.7%	49.4%	50.1%	49.4%	49.6%	55.8%	52.3%	53.7%	52.7%
Highways and streets	8.1%	8.2%	8.0%	8.2%	8.0%	12.1%	7.3%	8.3%	8.7%	9.0%
Welfare	0.3%	0.2%	0.3%	0.5%	0.8%	0.8%	0.7%	0.7%	0.4%	0.6%
Parks & Recreation	1.3%	1.2%	1.2%	1.2%	1.2%	1.3%	1.5%	1.0%	1.0%	1.1%
Library	1.5%	1.4%	1.4%	1.4%	1.3%	1.4%	1.3%	1.5%	1.6%	1.5%
Capital outlay	3.2%	3.9%	5.8%	3.5%	3.7%	n/a	n/a	2.4%	2.5%	2.8%
Debt service	8.2%	7.5%	6.9%	7.6%	8.3%	8.5%	2.8%	6.6%	5.1%	4.9%



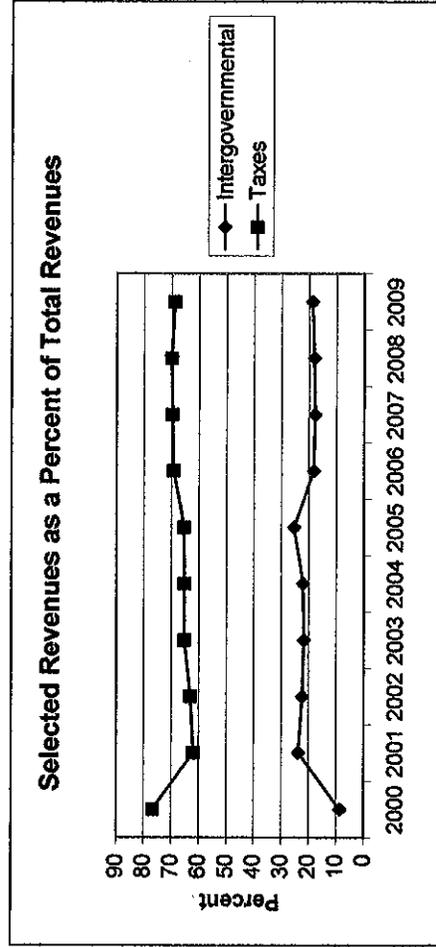
*Capital Outlay was reported in the functions

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$36,515	\$34,546	\$32,908	\$31,875	\$29,327	\$26,508	\$24,508	\$23,417	\$21,008	\$19,278
Licenses and permits	2,493	2,632	2,247	2,321	2,272	2,250	2,111	2,018	1,867	1,761
Intergovernmental	9,811	9,392	8,507	8,133	7,697	9,056	8,304	7,791	7,464	7,408
Charges for services	1,466	1,488	602	458	559	584	625	633	573	485
Interest and Dividends	610	1,576	849	594	230	190	264	486	937	732
Other	499	533	1,841	2,296	2,205	1,929	1,697	1,492	1,470	1,395
Total revenues	\$51,394	\$50,167	\$46,954	\$45,677	\$42,290	\$40,517	\$37,509	\$35,837	\$33,319	\$31,079

Percent of Total Revenue	
Taxes	72.8%
Licenses and permits	5.0%
Intergovernmental	19.6%
Charges for services	2.9%
Interest and Dividends	1.2%
Other	1.0%

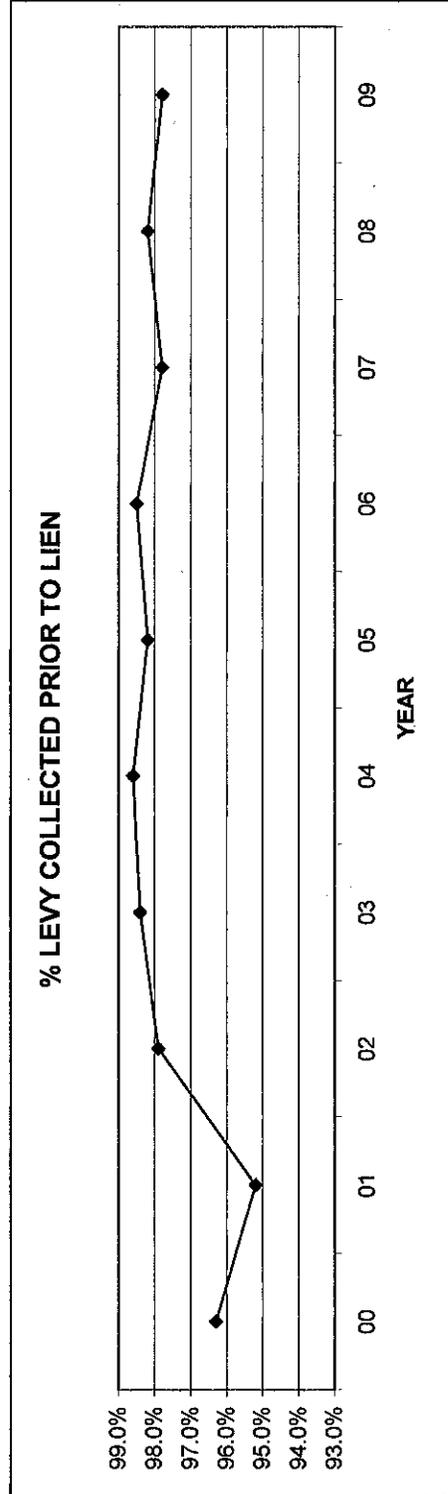
	70.1%	69.8%	69.3%	65.4%	65.3%	65.3%	65.3%	63.1%	62.0%
	4.8%	5.1%	5.4%	5.6%	5.6%	5.6%	5.6%	5.6%	5.7%
	18.1%	17.8%	18.2%	22.4%	22.1%	22.1%	21.7%	22.4%	23.8%
	1.3%	1.0%	1.3%	1.4%	1.7%	1.7%	1.8%	1.7%	1.6%
	1.8%	1.3%	0.5%	0.5%	0.7%	0.7%	1.4%	2.8%	2.4%
	3.9%	5.0%	5.2%	4.8%	4.5%	4.5%	4.2%	4.4%	4.5%



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

Fiscal Year Ended 30-Jun	Total Property Tax Levy	Current Fiscal Year Tax Collections	Percent of Levy Collected Prior to Tax Lien	Property Taxes Liened(1)	Current Fiscal 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
2000	18,931	18,240	96.3%	691	691	18,931	100.0%	-	0.0%
2001	21,510	20,472	95.2%	1,038	1,038	21,510	100.0%	-	0.0%
2002	23,586	23,094	97.9%	492	492	23,586	100.0%	-	0.0%
2003	24,305	23,910	98.4%	395	395	24,305	100.0%	-	0.0%
2004	26,324	25,949	98.6%	375	375	26,324	100.0%	-	0.0%
2005	29,089	28,570	98.2%	519	519	29,089	100.0%	-	0.0%
2006	31,335	30,871	98.5%	464	6	30,877	98.5%	3	0.0%
2007	32,997	32,244	97.8%	753	234	32,478	98.4%	29	0.1%
2008	34,409	33,803	98.2%	774	345	34,148	99.2%	287	0.8%
2009	36,062	35,253	97.8%	1,394	599	35,852	99.4%	809	2.2%

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



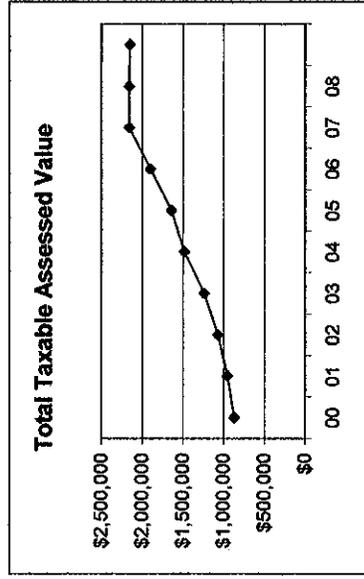
CITY OF LACONIA
ASSESSED VALUE AND ESTIMATED FULL VALUE OF REAL PROPERTY
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year End	Local Assessed Value (1)			Less: Exemptions to Assessed Value (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (per \$1,000)	Estimated Full Value (2)	Ratio of Total Assessed Value to Total Estimated Full Value	COD**	PDR***
	Residential Property	Commercial Property	Utilities							
2000	674,458	183,155	17,669	\$875,282	4,515	\$870,767	\$22.01	942,792	91.9%	
2001	771,467	177,952	18,214	\$967,633	4,500	\$963,133	\$22.52	1,047,463	96.1%	
2002	875,068	181,486	19,054	\$1,075,608	4,543	\$1,071,065	\$21.83	1,119,023	93.5%	
2003	983,942	246,033	19,181	\$1,249,156	6,048	\$1,243,108	\$19.74	1,335,628	95.4%	
2004	1,238,126	230,249	21,428	\$1,489,803	7,146	\$1,482,657	\$17.89	1,561,740	91.4%	11.9
2005	1,390,738	236,891	22,890	\$1,652,519	7,280	\$1,645,239	\$17.84	1,808,174	91.4%	13.8
2006	1,598,527	287,132	22,964	\$1,908,623	9,475	\$1,899,148	\$16.72	2,088,694	96.3%	10.8
2007	1,799,134	348,509	23,465	\$2,171,108	9,250	\$2,161,858	\$15.51	2,255,023	94.7%	12.9
2008	1,816,321	329,897	23,115	\$2,169,333	8,610	\$2,160,723	\$16.20	2,290,486	96.2%	11.3
2009	1,782,228	328,711	23,999	\$2,134,938	7,580	\$2,127,358	\$16.97	2,174,544	100.1%	13.2

** 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 ratio.

*** 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 not progressively regressive; price-related differentials below 0.98 tend to indicate assessment

Fiscal Year End	Percentages	
	Commercial	Utilities
2000	77.1%	20.9%
2001	79.7%	18.4%
2002	81.4%	16.9%
2003	78.8%	19.7%
2004	83.1%	15.5%
2005	84.2%	14.5%
2006	83.8%	15.0%
2007	82.9%	16.1%
2008	83.7%	15.2%
2009	82.2%	15.2%



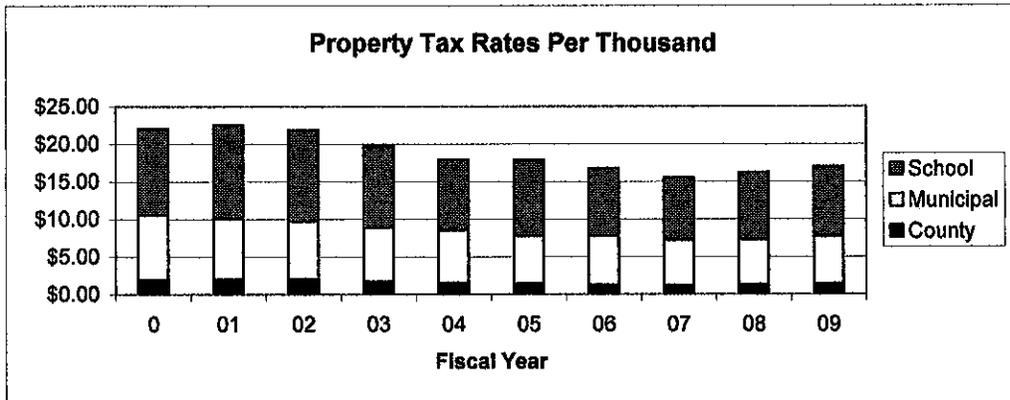
Source: (1) MS 1 reports on Assessed Value
 (2) NH Department of Revenue Administration's Equalization Survey

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

City Direct Rates

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

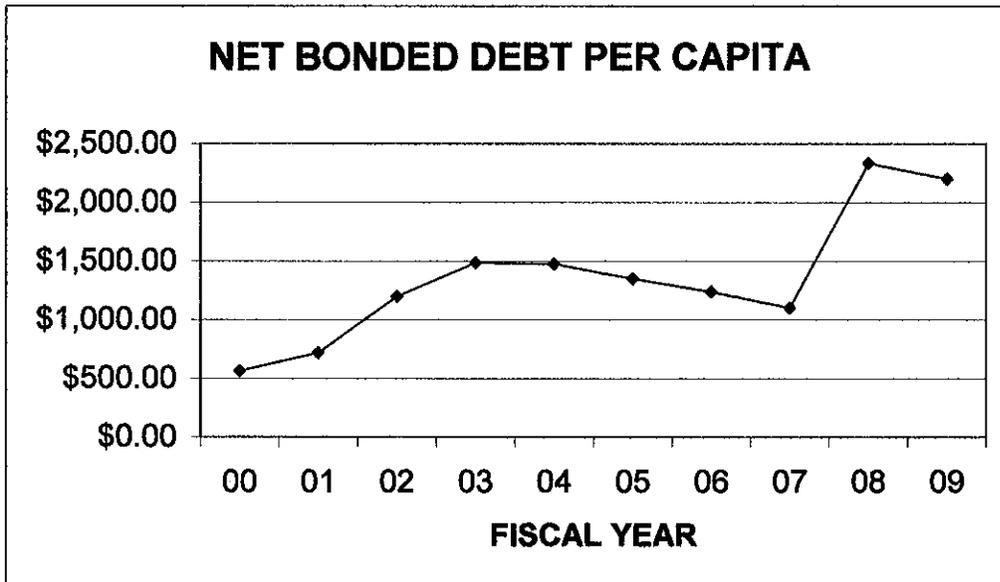
Source:
NH State Department of Revenue Administration



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>		
2000	9,293	1,457	\$10,750	\$566.27
2001	12,024	1,301	\$13,325	\$728.77
2002	20,371	1,146	\$21,517	\$1,216.11
2003	25,352	990	\$26,342	\$1,491.38
2004	25,335	834	\$26,169	\$1,484.10
2005	23,021	679	\$23,700	\$1,339.75
2006	21,118	523	\$21,641	\$1,238.96
2007	18,813	367	\$19,180	\$1,102.75
2008	39,552	211	\$39,763	\$2,333.45
2009	37,290	56	\$37,346	\$2,200.00

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, 2009**

Base Valuation for Debt Limit (1)		\$ 2,194,714,179	
		<u>2,194,714,179</u>	
Bonded Debt Limit - 3.00% of Base		\$ 65,841,425	
Gross Bonded Debt, June 30, 2009	\$ 37,345,505		
Less: Water Bonds	\$ (55,720)		
School Bonds	\$ (28,491,293)		
		<u>\$8,798,492</u>	
Debt Margin		<u>\$57,042,933</u>	

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

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

(2) Net Local Assessed Valuation		\$ 2,166,387,951	
Department of Revenue Administration Inventory Adjustment		\$ (9,796,695)	
Equalized Assessed Valuation		<u>\$ 2,156,591,256</u>	
Adjustment: RSA 31-A		\$ 38,122,923	
Base Valuation for Debt Limit		<u>\$ 2,194,714,179</u>	

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Legal Debt Limits										
City 3%	\$65,841	\$69,367	\$68,514	\$63,477	\$54,960	\$47,575	\$40,990	\$34,391	\$31,320	\$28,178
School 7%	\$153,630	\$161,855	\$159,865	\$148,114	\$128,240	\$111,007	\$95,644	\$80,246	\$73,081	\$65,750
Debt Against Legal Debt Limits										
City	8,790	9,173	9,541	10,910	11,876	13,253	12,330	10,683	8,081	7,261
School	28,500	30,379	9,271	10,208	11,145	12,082	13,022	9,688	3,943	2,032
Total City & School Debt June 30	\$37,290	\$39,552	\$18,812	\$21,118	\$23,021	\$25,335	\$25,352	\$20,371	\$12,024	\$9,293
Unused Capacity of Legal Debt Limits										
City	\$57,051	\$60,194	\$58,973	\$52,567	\$43,084	\$34,322	\$28,660	\$23,708	\$23,239	\$20,917
School	125,130	131,476	150,594	137,906	117,095	98,925	82,622	70,558	69,138	63,718
% of Legal Debt Limits Used										
City	13.4%	13.2%	13.9%	17.2%	21.6%	27.9%	30.1%	31.1%	25.8%	25.8%
School	18.6%	18.8%	5.8%	6.9%	8.7%	10.9%	13.6%	12.1%	5.4%	3.1%

Data Source
 Annual Financial Statements
 NH Department of Revenue Administration

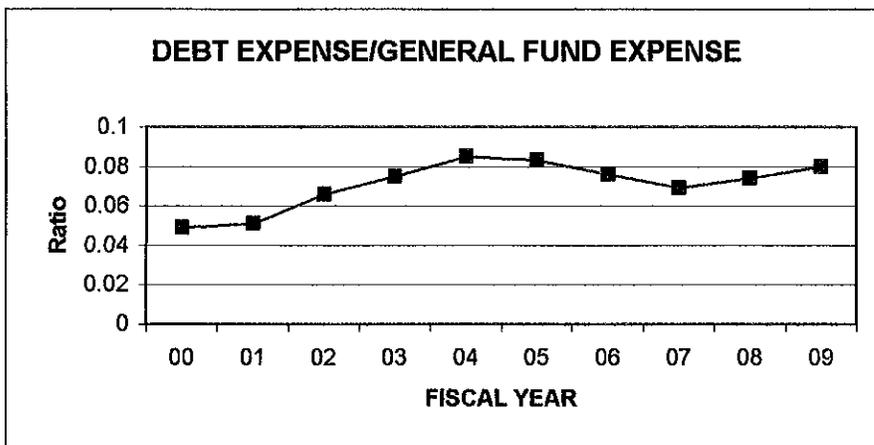
**Computation of Overlapping Debt
Belknap County
Last Ten Years**

End of Year	Net Debt Outstanding	Percentage Applicable to Laconia	Amount Applicable to Laconia
2009	\$4,845,000	19.8641%	\$962,416
2008	\$5,420,000	19.8103%	\$1,073,718
2007	\$5,864,600	20.1023%	\$1,178,919
2006	\$6,579,200	19.9759%	\$1,314,254
2005	\$7,323,800	19.7202%	\$1,444,268
2004	\$8,398,400	20.0513%	\$1,683,988
2003	\$5,443,000	19.8206%	\$1,078,835
2002	\$5,937,600	20.0515%	\$1,190,578
2001	\$6,432,200	21.5450%	\$1,385,817
2000	\$6,926,800	22.3919%	\$1,551,042

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	% *
2009	\$3,238,389	\$877,394	\$4,115,783	\$51,595,864	8.0%
2008	\$2,854,710	\$881,502	\$3,736,212	\$50,219,571	7.4%
2007	\$2,305,366	\$976,916	\$3,282,282	\$47,499,904	6.9%
2006	\$2,314,280	\$1,071,710	\$3,385,990	\$44,346,839	7.6%
2005	\$2,314,280	\$1,190,045	\$3,504,325	\$42,400,226	8.3%
2004	\$2,260,955	\$1,202,005	\$3,462,960	\$40,665,483	8.5%
2003	\$1,927,280	\$1,059,673	\$2,986,953	\$39,722,363	7.5%
2002	\$1,440,280	\$895,102	\$2,335,382	\$35,605,196	6.6%
2001	\$1,069,280	\$630,521	\$1,699,801	\$33,341,076	5.1%
2000	\$965,300	\$508,690	\$1,473,990	\$30,019,767	4.9%

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



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

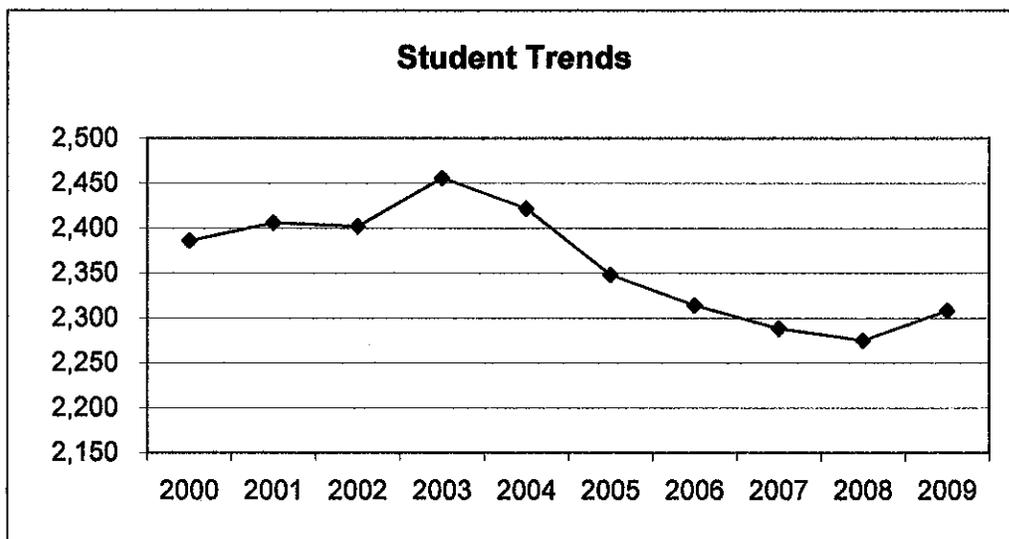
Fiscal Year	Population*	Personal Income*	Per Capita Personal Income*	Median Age*	School Enrollment**	Unemployment Rate***
2000	16,411	37,796	19,540	38.8	2,386	2.3%
2001	16,499	37,796	19,540	38.8	2,406	2.6%
2002	16,751	37,796	19,540	38.8	2,402	4.8%
2003	16,999	37,796	19,540	38.8	2,456	2.9%
2004	17,071	37,796	19,540	38.8	2,422	2.9%
2005	17,183	37,796	19,540	38.8	2,348	2.9%
2006	17,045	37,796	19,540	38.8	2,314	2.9%
2007	17,060	37,796	19,540	38.1	2,288	3.5%
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%

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



CITY OF LACONIA
PRINCIPAL PROPERTY TAXPAYERS
 June 30, 2009
 (amounts expressed in thousands)

	2009			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service of NH	\$17,622	1	0.83%	\$13,496	2	1.54%
Gifford Route 11 Realty Trust	7,430	2	0.35%	3,850	7	0.44%
Irwin James R & Sons Inc	6,816	3	0.32%	-	-	-
Clearview Realty Ventures	6,228	4	0.29%	-	-	-
Akwa Vista LLC	5,395	5	0.25%	-	-	-
Summit at Four Seasons	5,280	6	0.25%	4,755	3	0.54%
Mason Lakes Lmt'd Partnership	5,264	7	0.25%	-	-	-
Laconia Country Club	5,213	8	0.25%	-	-	-
Aavid Engineering	4,956	9	0.23%	4,291	6	0.49%
Lakeshore Estates Assoc	4,743	10	0.22%	4,572	4	0.52%
NH Ball Bearing	-	-	-	3,500	8	0.40%
Taylor Home	-	-	-	20,297	1	2.32%
Wingate Associates LTD	-	-	-	3,065	10	0.35%
Margate Motel Inc	-	-	-	3,109	9	0.36%
Energy North (Keyspan)	-	-	-	4,444	5	0.50%
Totals	\$68,947		3.24%	\$65,379		7.46%
Total Net Assessed Taxable Value	\$2,114,274			\$875,282		

Source:
 City of Laconia, Assessing Records and Tax Records

CITY OF LACONIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage Of Total City Employmentnet	Employees	Rank	Percentage Of Total City Employmentnet
Lakes Region General Hospital	1271	1	15.1%	843	1	9.4%
New Hampshire Ball Bearings, Inc.	448	2	5.3%	478	3	5.4%
Smith Tubular	336	3	4.0%	130	9	1.5%
City of Laconia - School Dept.	261	4	3.1%	206	5	2.3%
Belknap County	260	5	3.1%	230	4	2.6%
City of Laconia - City	173	6	2.1%	150	6	1.7%
Aavid Engineering Corp	n/a			620	2	8.3%
n/a=not available				150	7	1.7%
				147	8	1.6%
				120	10	1.3%
						8922

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

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

Function**	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government*	33	33	33	33	32	31	27	26	28	26
Public safety										
Police										
Officers	10	10	10	10	10	10	9	11	11	10
Civilians	34	35	35	35	35	36	34	33	38	39
Fire										
Firefighters and officers	31	31	31	31	31	31	35	35	36	36
Civilians*	1	1	1	1	1	1	1	1	1	1
Call firefighters	16	14	10	10	10	10	8	10	17	13
Highway and streets										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance*	15	15	15	15	15	15	14	13	14	13
Solid Waste	1	1	1	1	1	1	1	1	1	1
Library	14	14	13	12	12	12	11	11	11	11
Parks & Recreation	6	6	6	7	7	7	7	7	7	7
Water	16	16	16	16	16	16	16	16	16	16
Sewer	8	8	8	8	8	8	7	7	7	8
ISF*	3	3	3	3	3	3	3	2	3	3
Total	190	189	184	184	183	183	175	175	192	186

Source: City Budget Reports

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

**Open position not included

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

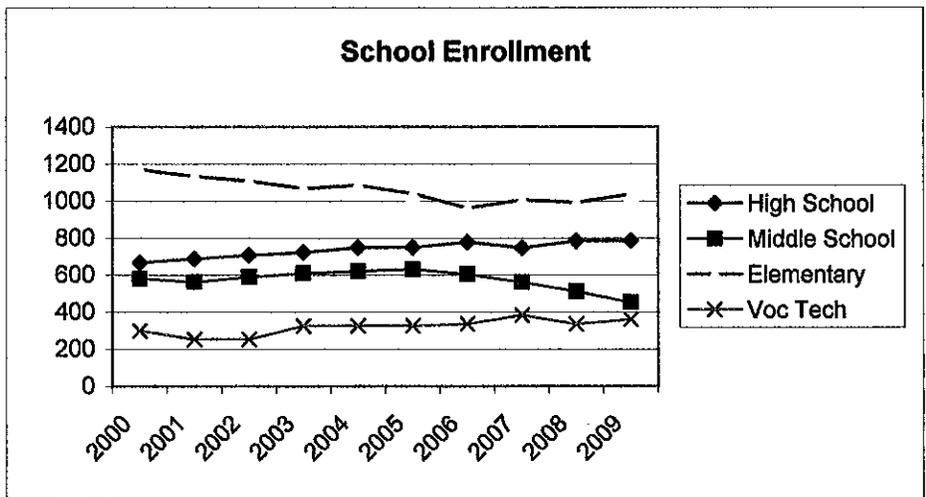
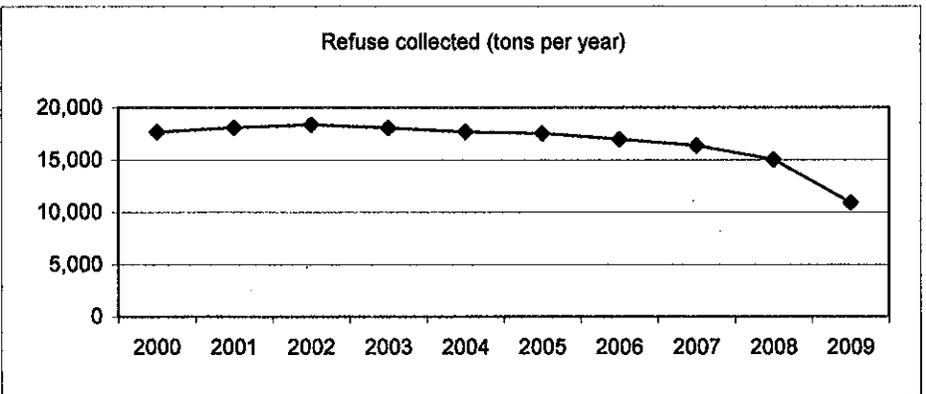
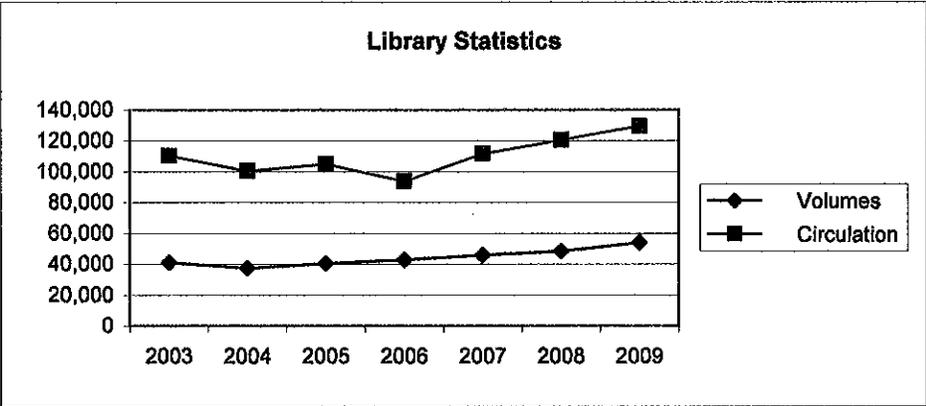
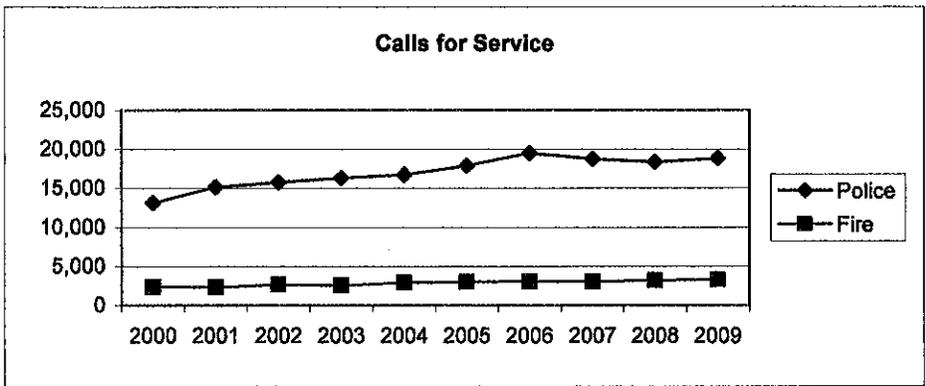
	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Position										
Administrators	17	17	18	18	18	18	18	18	18	18
Guidance Counselors	10	10	10	10	10	10	10	10	10	11
Classroom Teachers	147	147	150	156	156	158	161	160	160	158
Special Education Teachers	20	21	22	25	28	29	29	32	28	31
Librarians	2	2	2	2	2	2	2	2	2	2
Vocational Education Teachers	13	13	13	14	14	14	13	13	12	12
Nurses	5	5	5	5	5	5	5	5	5	5
Itinerant Staff	15	18	19	20	19	20	19	21	22	24
Total	229	233	239	250	251	255	257	261	257	261

Source: City Annual reports
 School District

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
Police										
Calls for service	15,163	15,768	16,306	16,715	17,863	19,498	18,721	18,364	18,841	18,870
Criminal arrests	753	1,295	1,283	1,422	1,553	1,923	1,913	1,911	1,997	1,600
Parking violations	3,184	4,018	3,140	4,569	4,491	4,608	5,035	4,765	4,017	4,042
Traffic violations	1,924	988	1,383	1,496	2,110	1,445	1,149	1,021	730	694
Fire										
Number of calls answered	2,336	2,663	2,534	2,925	2,987	3,089	3,017	3,186	3,315	3,394
Inspections	n/a	n/a	250	990	1,518	2,017	2,028	2,112	1,800	2,387
Highways and streets										
Street resurfacing (miles)	2.78	2.24	5.4	7.99	6.75	6.41	3.00	3.43	2.95	2.21
Code										
Building permits issued	284	268	306	457	702	542	341	439	310	254
Estimated construction value* (in thousands)	\$18,723	\$14,081	\$21,974	\$28,611	\$35,928	\$65,287	\$40,352	\$34,765	\$52,115	\$27,021
Library										
Volumes	n/a	n/a	n/a	41,054	37,289	40,431	42,763	45,920	48,330	53,882
Circulation	n/a	n/a	n/a	110,238	100,459	104,988	93,509	111,571	120,508	129,583
Sanitation										
Refuse collected (tons per year)	17,678	18,091	18,378	18,067	17,688	17,536	16,974	16,366	15,030	10,902
Recyclables collected (tons per year)	383	363	357	338	315	342	463	536	593	768
Parks & Recreation										
Field Use Requests	48	36	37	37	43	35	58	57	72	66
School Enrollment										
Laconia HS	689	708	724	749	749	779	747	784	785	763
Laconia Middle School	562	590	609	621	632	605	561	511	452	484
Woodland Heights	496	475	451	436	416	386	415	414	417	424
Pleasant Street	318	317	302	323	307	281	290	284	303	309
Elm Street	321	316	316	327	318	297	301	295	318	328
Area 8	253	253	326	326	326	336	384	335	360	397
Water										
New connections	106	63	62	16	92	143	93	74	85	56
Water main breaks	n/a	8	9	7	16	5	4	6	8	11
Average daily consumption-MGD	1.84	1.89	1.9	1.97	1.85	1.78	1.81	1.75	1.65	1.49

Sources: Various government departments
Note: Indicators are not available for the general government function.
*2008 permits included \$19.8 million school project



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

Function	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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	103.83	103.83	104.72	104.72	104.72	104.72	105.12	105.12	105.21	105.21
Streets (miles)-unpaved	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24
Traffic intersections	7	7	7	7	7	7	7	7	7	7
Street lights	1,297	1,297	1,297	1,297	1,297	1,297	1,341	1,341	1,341	1,344
Culture and recreation										
Parks acreage	202.7	202.7	202.7	202.7	202.7	208.7	208.7	208.7	208.7	208.7
Parks	13	13	13	13	14	14	14	14	14	14
Tennis courts	9	9	9	9	9	9	9	9	9	9
Community centers	8	8	8	8	8	8	8	8	8	8
Water										
Water mains (miles)	94.49	95.2	96.81	96.95	96.95	96.95	97.55	99.38	99.87	100.97
Fire hydrants	473	475	460	461	461	461	461	482	482	515
Maximum daily capacity (MGD)	6	6	6	6	6	6	6	6	6	6
Service connections	5,601	5,664	5,726	5,742	5,846	6,005	6,103	6,177	6,262	6,318
Sewer										
Sanitary sewers (miles)	103.82	103.82	103.82	103.82	103.82	103.82	104.69	104.69	104.69	104.69
Service connections	9,850	9,913	10,013	10,104	10,221	10,366	10,440	10,531	10,604	10,655
Maximum daily capacity -MGD	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Pump Stations	17	17	17	17	17	17	19	19	19	19

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