

**TOWN OF HOOKSETT,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3 - 10

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
A Statement of Net Position	11
B Statement of Activities	12
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	13
C-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	17
<i>Proprietary Fund</i>	
E-1 Statement of Net Position	18
E-2 Statement of Revenues, Expenses, and Change in Net Position.....	19
E-3 Statement of Cash Flows	20
<i>Fiduciary Funds</i>	
F Statement of Net Position	21
NOTES TO THE BASIC FINANCIAL STATEMENTS	22 - 43

REQUIRED SUPPLEMENTARY INFORMATION

G Schedule of Funding Progress for Other Postemployment Benefit Plan	44
H Schedule of the Town's Proportionate Share of Net Pension Liability	45
I Schedule of Town Contributions	46
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION	47 - 48

COMBINING AND INDIVIDUAL FUND SCHEDULES

Governmental Funds	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	49
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	50 - 51
3 Schedule of Changes in Unassigned Fund Balance.....	52
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet	53
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	54



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Council
Town of Hooksett
Hooksett, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, major general fund, and aggregate remaining fund information of the Town of Hooksett, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major general fund, and aggregate remaining fund information of the Town of Hooksett, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1-S and Note 17 to the financial statements, in 2015, the Town changed its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

*Town of Hooksett
Independent Auditor's Report*

Other Matters

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-10), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 44), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 45), and the Schedule of Town Contributions (page 46) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Hooksett's basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

April 1, 2016

*Plodzik & Sanderson
Professional Association*

Management's Discussion and Analysis

The Town of Hooksett's (Town) discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Town's financial activity, (3) identify changes in the Town's financial position (its ability to address the next and subsequent year's challenges), and (4) identify any material deviations from the financial plan (the approved budget).

Financial Highlights

Government – wide highlights

- As of the close of the current fiscal year, the total assets and deferred outflows exceeded total liabilities and deferred inflows for the governmental and business activities by \$32,259,513. This amount is presented as "Total Net Position" on the Statement of Net Position. In accordance with Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions*, (GASB 68), beginning net position was reduced by \$13,669,250 to reflect net pension liability at the beginning of the year.
- The recognition of the pension liability has impacted the Governmental activities unrestricted net position which now is reported as a deficit of \$651,609, while business-type activities are reporting a positive unrestricted net position of \$2,260,416. Total net position for both Governmental activities and Business-Type activities report a positive net position of \$20,463,303 and \$11,796,210, respectively.
- The Town's total net position increased by \$9,953,261 for fiscal year 2015. Net position of Governmental activities increased by \$10,369,421 and the Business-Type activities decreased by \$416,160.

Fund highlights

- At the close of the current year, the Town's governmental funds reported a combined balance of all funds of \$10,834,854, an increase of \$1,523,471 from the prior year. This increase is 10% of the total expenditures for the fiscal year.
- Unassigned fund balance for the General Fund as of June 30th is \$4,457,616; this is a decrease of \$135,941 from the prior year of \$4,593,557.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

Government-wide financial statements

The government-wide financial statements provide a broad overview of the Town's finances. These statements (*Statement of Net Position* and the *Statement of Activities*) provide both short-term and long-term information about the Town's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the year even if cash has not been received or paid.

The *Statement of Net Position* presents information on all of the Town's non-fiduciary assets, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and licenses). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

The *Statement of Net Position* and the *Statement of Activities* divide the Town into two types of activities:

- **Governmental Activities** – Most of the Town’s basic functions are reported here which include the general government, public safety, highways and streets, sanitation, welfare, culture and recreation, conservation, economic development and debt service. Property taxes, intergovernmental revenues, permits and fees, and state and federal grants finance most of these activities.
- **Business-type Activities** – The Town charges a fee to customers with the intention of recovering all or a significant portion of the costs through user fees and charges. The Town’s Sewer Department is reported here.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements

Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the Town government, and report the Town’s operations in more detail than the government-wide statements. The Town’s funds are divided into three categories: 1) governmental 2) proprietary and 3) fiduciary.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the 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 year. Such information may be useful in evaluating a government’s near-term 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 here with similar information presented 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. Reconciliations found on pages 14 and 16 are provided for both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented in the *Governmental Funds Balance Sheet* and in the *Statement of Revenues, Expenditures and Changes in Fund Balances* for these funds. They can be found on pages 13 and 15.

The General Fund is considered to be a major fund. The General Fund accounts for governmental services provided to the Town’s residents. As of June 30, 2011, to comply with GASB Statement 54, the Town moved the Library, Heritage Commission, Head’s Chapel Preservation and the Expendable Trust funds into the General Fund from the Other Governmental Funds.

Data from the other nine governmental funds are combined into a single, aggregated presentation termed Other Governmental Funds. More information can be found on pages 53 and 54 regarding these other governmental funds.

Proprietary funds: The Town charges sewer customers for the services it provides; they are reported in the proprietary fund, which can be found, on pages 18-20. Proprietary funds are reported in the same way that all business-type activities are reported in the government-wide financial statements, but provide more detail and a statement of cash flows.

Fiduciary funds: These funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the Town, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements. The Town’s fiduciary funds statements can be found on page 21.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements, and are required by generally accepted accounting principles. The notes to the financial statements begin on page 22.

Required supplementary information: In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes Funding Progress for Other Postemployment Benefits Plans and information about the New Hampshire Retirement System as required under GASB 68.

Government-wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior years. The Town's combined net position (government and business-type activities) totaled \$32,259,513 at the end of 2015, which increased by \$9,953,261.

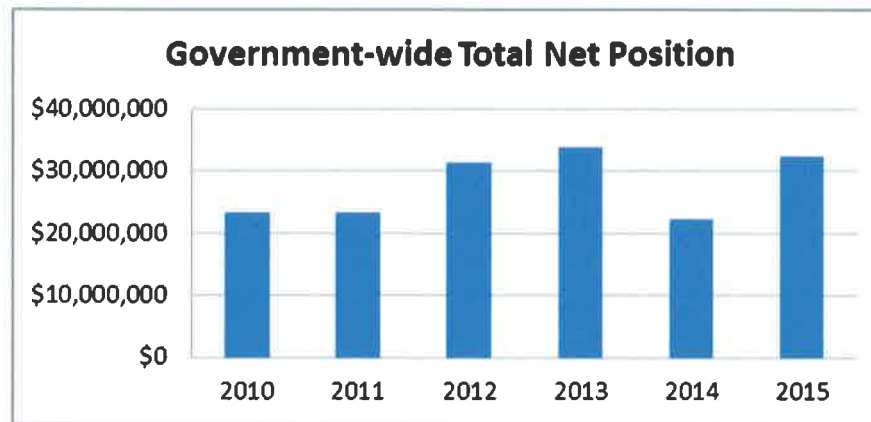
Town of Hooksett Net Position as of June 30th						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 32,482,746	\$ 29,854,370	\$ 3,683,790	\$ 3,919,524	\$ 36,166,536	\$ 33,773,894
Capital assets, net	19,296,147	10,071,639	14,916,017	15,509,777	34,212,164	25,581,416
Total assets	\$ 51,778,893	\$ 39,926,009	\$ 18,599,807	\$ 19,429,301	\$ 70,378,700	\$ 59,355,310
Deferred outflows of Resources	\$ 1,459,962	\$ 1,524,650	\$ 39,413	\$ 31,522	\$ 1,499,375	\$ 1,556,172
Current liabilities	\$ 15,444,433	\$ 14,091,249	\$ 473,602	\$ 623,779	\$ 15,918,035	\$ 14,715,028
Long-term liabilities	15,376,424	16,982,482	5,837,961	6,135,892	21,214,385	23,118,374
Total liabilities	\$ 30,820,857	\$ 31,073,731	\$ 6,311,563	\$ 6,759,671	\$ 37,132,420	\$ 37,833,402
Deferred inflows of Resources	\$ 1,954,695	\$ 283,046	\$ 531,447	\$ 488,782	\$ 2,486,142	\$ 771,828
Net Position						
Net Investment in capital assets	\$ 18,969,913	\$ 9,896,796	\$ 9,535,791	\$ 9,835,938	\$ 28,505,704	\$ 19,732,734
Restricted	2,144,999	2,425,126	-	-	2,144,999	2,425,126
Unrestricted (Deficit)	(651,609)	(2,228,040)	2,260,419	2,376,432	1,608,810	148,392
Total net position	\$ 20,463,303	\$ 10,093,882	\$ 11,796,210	\$ 12,212,370	\$ 32,259,513	\$ 22,306,252

*2014 amounts reflect the prior period adjustments as described in Note 16 to the financial statements.

The largest portion of the government's net position, \$28,505,704 (88%), reflects investment in assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any outstanding related debt used to acquire those assets. The Town accepted 8 roads from developers adding \$9,161,219 in capital assets. These assets are used to provide services to citizens; consequently, they are not available for future spending.

An additional portion of net position, \$2,144,999 (7%) represents resources that are subject to external restrictions on how they may be use.

The remaining balance of unrestricted net position \$1,608,810 (5%) may be used to meet the government's operating needs and ongoing obligations. The deficit in the Governmental unrestricted net position is \$651,609. The largest component of the deficit is due to the cumulative effect of the implementation of GASB 68, specifically the net pension liability recorded as of June 30, 2015 of \$12,911,189.



The government-wide total net position has increased from \$23,308,820 as of June 30, 2010 to \$32,259,513 as of June 30, 2015.

The following is a summary of the information presented in the Statement of Activities for the current and prior years.

Town of Hooksett Statement of Changes in Net Position						
Revenues	Governmental Activities		Business-type Activities		Combined Totals	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Program revenues:						
Charges for services	\$ 921,753	\$ 916,265	\$ 1,844,889	\$ 2,047,416	\$ 2,766,642	\$ 2,963,681
Operating grants and contributions	266,153	672,807	-	-	266,153	672,807
General revenues:						
Property and other taxes	10,143,263	10,635,850	-	-	10,143,263	10,635,850
Licenses and permits	3,315,769	3,185,807	-	-	3,315,769	3,185,807
Grants and contributions	695,057	823,571	-	-	695,057	823,571
Investment earnings	34,263	28,688	16,459	136	50,722	28,824
Miscellaneous	627,572	831,443	18,669	17,935	646,241	849,378
Special item - donated infrastructure	9,161,219	-	-	-	9,161,219	-
Extraordinary item	-	-	-	1,000,000	-	1,000,000
Total revenues	\$ 25,165,049	\$ 17,094,431	\$ 1,880,017	\$ 3,065,487	\$ 27,045,066	\$ 20,159,918
Expenses						
General government	\$ 2,577,166	\$ 2,866,210	\$ -	\$ -	\$ 2,577,166	\$ 2,866,210
Public safety	7,901,851	8,174,497	-	-	7,901,851	8,174,497
Highways and streets	2,086,792	2,088,940	-	-	2,086,792	2,088,940
Sanitation	988,192	1,060,920	-	-	988,192	1,060,920
Welfare	157,501	167,807	-	-	157,501	167,807
Culture and recreation	1,026,135	1,142,200	-	-	1,026,135	1,142,200
Conservation	55,372	41,099	-	-	55,372	41,099
Economic development	485	461	-	-	485	461
Interest on long-term debt	2,134	2,920	-	-	2,134	2,920
Sewer Department	-	-	2,296,177	2,208,471	2,296,177	2,208,471
Total expenses	\$ 14,795,628	\$ 15,545,054	\$ 2,296,177	\$ 2,208,471	\$ 17,091,805	\$ 17,753,525
Increase(decrease) in net position	10,369,421	1,549,377	(416,160)	857,016	9,953,261	2,406,393
Net Position, beginning of year as restated	10,093,882	8,544,505	12,212,370	11,355,354	22,306,252	19,899,859
Net Position, end of year	\$ 20,463,303	\$ 10,093,882	\$ 11,796,210	\$ 12,212,370	\$ 32,259,513	\$ 22,306,252
*2014 amounts reflect the prior period adjustments as described in Note 16 to the financial statements.						

Financial Results

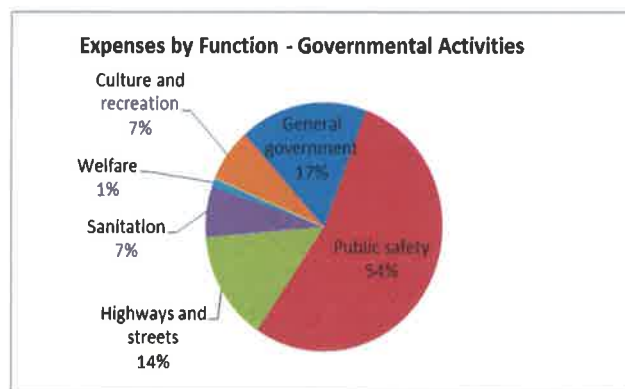
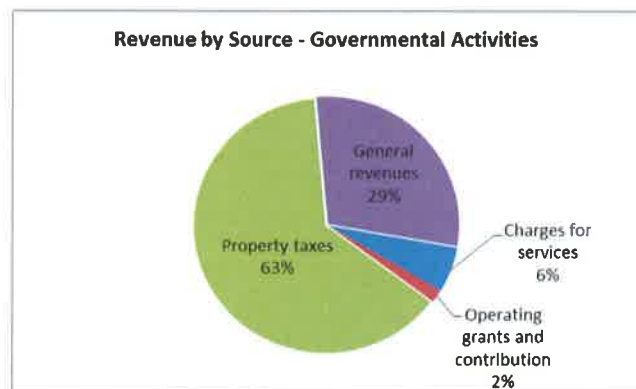
The *governmental activities* increase in net position was \$10,369,421. Key elements of this increase are as follows:

Total Governmental Funds revenues in excess of expenditures	\$ 1,523,471
Depreciation expense in excess of principal debt service	(1,335,155)
Capital assets acquired from current year revenues, net of disposals	10,408,272
Change in net pension liability, net of related deferred inflows	173,046
Change in deferred tax revenues	(250,028)
Increase in net OPEB obligation	(179,731)
Other	29,546
Increase in Governmental Activities Net Position	<u>\$10,369,421.</u>

The total cost of governmental activities this year was \$14,795,628. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property and other taxes was only \$10,143,263 (63%) because those who directly benefited from the programs paid \$921,753 (6%) and other governments and organizations subsidized certain programs in the amount of \$266,153 (2%).

The Town paid for the remaining governmental activities with revenue not specifically targeted for specific programs. 29% of all revenues are known as general revenues, which include: interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 54% of total expenses. Program revenue consisting of grants and charges for services in the amount of \$654,267 was collected to offset these expenses. Public safety is made up of police, fire, ambulance, building inspections and emergency services.



The Sewer fund reported in the *business-type activities* resulted in a decrease to net position of \$416,160 for the year. Key elements of this increase are as follows:

Operating expenses excess revenues	\$ (240,153)
Interest revenue	16,459
Interest expense	(192,466)
Decrease in business-type activities net position	<u>\$ (416,160)</u>

Financial Analysis of the Town's Funds

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

Governmental funds

The governmental fund financial statements for the Town are provided on pages 13-17. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The general fund is the chief operating fund of the Town. As of June 30, 2015 the total unassigned fund balance was \$4,457,616 which is a decrease of \$135,941 from the prior year. The key factors are:

Revenues and transfer collected more than budgeted	\$ 779,482
Excess appropriations unspent by departments	884,084
Increase in nonspendable fund balance	(88,104)
Fund balance used to reduce tax rate	(767,363)
Change in net tax revenue not collected within 60 days	(944,040)
Decrease in general fund unassigned fund balance	<u>\$ (135,941)</u>

At the end of the current year, the governmental funds reported a combined ending fund balance of \$10,834,854, an increase of \$1,523,471, in comparison with the prior year. The general fund increased \$1,736,959 while the other governmental funds decreased by \$213,488. Key elements of these changes are as follows:

<u>General Fund</u>	
Revenues and transfers collected more than budgeted	\$ 779,482
Excess appropriations unspent by departments	884,084
Fund balance used to reduce tax rate	(767,363)
Net change in Encumbrances	517,279
Deferred tax revenue not collected within 60 days	164,819
Change in allowance for uncollectible taxes	(166,172)
Net change in Library	21,396
Net change in Expendable Trusts	304,746
Net change in Heritage Commission	(1,228)
Net change in Head Chapel	(84)
Total General Fund	<u>\$ 1,736,959</u>

<u>Other Governmental Funds</u>	
Conservation revenues	\$ 1,033
Conservation land purchases	(53,948)
Impact Fee revenues	133,158
Impact Fees Fire Station 1 renovations	(399,401)
Impact Fees other purchases	(28,249)
Solid Waste Disposal revenues	98,146
Solid Waste Disposal purchase of Capital Equipment	(180,000)
Net change in Recreation Revolving fund	21,898
Net change in Ambulance Revolving fund	195,963
Drug Forfeiture purchases of police equipment	(7,355)
Net change in Police Special Details fund	3,212
Net change in Fire Special Details fund	1,730
Net change in Permanent fund	325
Total Other Governmental Funds	<u>\$ (213,488)</u>

General Fund Budgetary Highlights

Difference between the original general fund operating budget, removing Sewer and Capital Reserve appropriations, and the final amended budget was \$4,480. The increase in budget represents grants received from the police department during the year.

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

- Licenses and Permits revenues surpassed projections by \$436,289 largely due to the increase in motor vehicle registration and a budget short fall for building permits.
- Charges for Service revenues fell short of estimates by \$119,474. Income from the unfilled engineer's position was not earned.
- Miscellaneous revenues exceeded the budget by \$226,634, primarily due to refunds of health insurance premiums from the Town's provider.

- General government expenditures were under budget by \$226,499. The Town obtained a new carrier for liability insurance, resulting in a savings of under \$100,000. Workers' Compensations cost were under budget by \$36,000 due to staff turnover.
- Public safety expenditures came in below budget by \$541,138. Majority of that savings was in staff turnover in the police department.
- Highway & Streets exceeded appropriations by \$141,989. Council authorized an additional \$171,000 for paving. Repairs to buildings were over spent by \$40,000 and staff turnover lead to a savings of \$70,000 in wages and benefits.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$34,212,164 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, infrastructure and intangible assets.

Capital Assets						
	Governmental Activities		Business-type Activities		Combined Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,333,441	\$ 2,078,776	\$ 300,000	\$ 300,000	\$ 2,633,441	\$ 2,378,776
Infrastructure	102,816,306	93,655,087	11,314,929	11,314,929	114,131,235	104,970,016
Land improvements	162,961	162,961	-	-	162,961	162,961
Buildings and improvements	8,709,433	8,310,032	16,829,953	16,829,953	25,539,386	25,139,985
Vehicles and equipment	8,367,630	7,793,615	850,416	770,487	9,218,046	8,564,102
Construction in progress	172,071	226,194	307,618	307,618	479,689	533,812
Intangible assets	410,935	337,840	-	-	410,935	337,840
Total	122,972,777	112,564,505	29,602,916	29,522,987	152,575,693	142,087,492
Accumulated depreciation	(103,676,630)	(102,492,866)	(14,686,899)	(14,013,210)	(118,363,529)	(116,506,076)
Total capital assets	\$ 19,296,147	\$ 10,071,639	\$ 14,916,017	\$ 15,509,777	\$ 34,212,164	\$ 25,581,416

Major capital asset activity for the governmental activities during the current year included the following:

- Land
 - Conservation purchased additional Clay Pond property adding \$42,165.
 - Conservation open space easement adding \$212,500.
- Construction in progress
 - Petersbrook Field expansion added \$10,549.
 - College Park Drive sidewalks \$1,804.
 - Purchase of new financial software net reduction \$66,476.
- Building and improvements
 - Renovations to Fire Station 1 adding \$399,401.
- Vehicles and equipment
 - Purchased two 2015 police interceptor \$56,735.
 - Purchased Bob Cat sidewalk plow \$44,954.
 - Purchased 2015 Ford F250 for Public Works \$33,992.
 - Purchase Hyundai excavator for Public Works \$234,795.
 - Purchased 2015 mover for Parks \$14,049.
 - Purchased 2015 automated collection truck for Recycling & Transfer \$189,490.
- Infrastructure – Town accepted new roads from developers
 - Pearl Drive adding \$558,898.
 - Quimby Mountain Road adding \$524,481.
 - Post Road adding \$3,682,420.
 - North View Terrace adding \$739,579.
 - University Circle adding \$1,667,000.
 - Campus Drive adding \$540,000.
 - Blackwater Road adding \$1,001,000.
 - Briar Court adding \$447,841.
- Intangible assets
 - Purchased financial software adding \$73,095.

Major capital asset activity for the business-type activities during the current year included the following:

- Vehicles and equipment
 - Purchased 2015 Chevy truck adding \$52,500.
 - Purchased plant equipment adding \$64,539.
 - Disposed a 1998 Chevy truck removing \$37,110.

Debt administration

At the end of the current fiscal year, the Town had total outstanding debt of \$5,380,226 which is related to the wastewater treatment facility upgrades reported in the Sewer Fund and is repaid by the users of the sewer system. An additional \$326,234 is outstanding in capital lease obligations.

Additional information on the debt can be found in Note 12 in the Notes to the Basic Financial Statements.

Economic Factors and the Future:

According to the NH Employment Security, New Hampshire is emerging from the recession. Statistical information available at the NH Employment Security website reports Merrimack County's unemployment rate for November 2015 at 2.8%,(not seasonally adjusted) which is a decrease from a rate of 0.6% in November 2014. This compares to the State's average unemployment rate of 3.2% which continues to be below the national average rate of 4.8%.

For fiscal year 2016, the Town's operating budget totaled \$17,803,925, which represents \$15,209,830 for the general fund budget, \$2,024,095 for Sewer operations, \$470,000 for capital reserves and \$100,000 for Conservation. This budget includes funding for the capital improvement program and the necessary funding to maintain Town services at their current level.

Requests for Information:

This financial report is designed to provide a general overview of the Town of Hooksett's finances for all of the citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Hooksett, Finance Department, 35 Main Street, Hooksett, NH 03106. The Finance Director can also be reached at (603) 485-2017 or at csoucic@hooksett.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,942,603	\$ 82,410	\$ 25,025,013
Investments	2,252,283	2,439,474	4,691,757
Taxes receivables (net)	4,333,820	-	4,333,820
Account receivables (net)	186,192	935,981	1,122,173
Intergovernmental receivable	7,599	-	7,599
Prepaid items	18,881	-	18,881
Tax dedeed property, subject to resale	616,119	-	616,119
Restricted assets:			
Cash and cash equivalents	125,249	23,384	148,633
Investments	-	202,541	202,541
Capital assets:			
Land and construction in progress	2,505,512	607,618	3,113,130
Other capital assets, net of depreciation	16,790,635	14,308,399	31,099,034
Total assets	<u>51,778,893</u>	<u>18,599,807</u>	<u>70,378,700</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	<u>1,459,962</u>	<u>39,413</u>	<u>1,499,375</u>
LIABILITIES			
Accounts payable	288,916	178,620	467,536
Accrued salaries and benefits	638,398	9,612	648,010
Retainage payable	-	195,933	195,933
Accrued interest payable	8,237	59,464	67,701
Intergovernmental payable	14,383,633	-	14,383,633
Escrow and performance deposits	125,249	29,973	155,222
Long-term liabilities:			
Due within one year	100,722	298,767	399,489
Due in more than one year	2,364,513	5,174,481	7,538,994
Net pension liability	12,911,189	364,713	13,275,902
Total liabilities	<u>30,820,857</u>	<u>6,311,563</u>	<u>37,132,420</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - future service agreements	-	484,782	484,782
Unavailable revenue - donations	286,929	-	286,929
Amounts related to pensions	1,667,766	46,665	1,714,431
Total deferred inflows of resources	<u>1,954,695</u>	<u>531,447</u>	<u>2,486,142</u>
NET POSITION			
Net investment in capital assets	18,969,913	9,535,791	28,505,704
Restricted	2,144,999	-	2,144,999
Unrestricted	(651,609)	2,260,419	1,608,810
Total net position	<u>\$ 20,463,303</u>	<u>\$ 11,796,210</u>	<u>\$ 32,259,513</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 2,577,166	\$ 86,503	\$ -	\$ (2,490,663)	\$ -	\$ (2,490,663)
Public safety	7,901,851	645,431	8,836	(7,247,584)	-	(7,247,584)
Highways and streets	2,086,792	13,930	256,533	(1,816,329)	-	(1,816,329)
Sanitation	988,192	97,015	-	(891,177)	-	(891,177)
Welfare	157,501	-	-	(157,501)	-	(157,501)
Culture and recreation	1,026,135	78,874	-	(947,261)	-	(947,261)
Conservation	55,372	-	784	(54,588)	-	(54,588)
Economic development	485	-	-	(485)	-	(485)
Interest on long-term debt	2,134	-	-	(2,134)	-	(2,134)
Total governmental activities	<u>14,795,628</u>	<u>921,753</u>	<u>266,153</u>	<u>(13,607,722)</u>	<u>-</u>	<u>(13,607,722)</u>
Business-type activities:						
Sewer	2,296,177	1,844,889	-	-	(451,288)	(451,288)
Total	<u>\$ 17,091,805</u>	<u>\$ 2,766,642</u>	<u>\$ 266,153</u>	<u>(13,607,722)</u>	<u>(451,288)</u>	<u>(14,059,010)</u>
General revenues:						
Taxes:						
Property				9,737,084	-	9,737,084
Other				406,179	-	406,179
Motor vehicle permit fees				3,199,773	-	3,199,773
Licenses and other fees				115,996	-	115,996
Grants and contributions not restricted to specific programs				695,057	-	695,057
Unrestricted investment earnings				34,263	16,459	50,722
Miscellaneous				627,572	18,669	646,241
Special item - donated infrastructure				9,161,219	-	9,161,219
Total general revenues and special item				<u>23,977,143</u>	<u>35,128</u>	<u>24,012,271</u>
Change in net position				<u>10,369,421</u>	<u>(416,160)</u>	<u>9,953,261</u>
Net position, beginning, as restated (see Note 16)				<u>10,093,882</u>	<u>12,212,370</u>	<u>22,306,252</u>
Net position, ending				<u>\$ 20,463,303</u>	<u>\$ 11,796,210</u>	<u>\$ 32,259,513</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 22,186,941	\$ 2,755,662	\$ 24,942,603
Investments	1,591,698	660,585	2,252,283
Receivables, net of allowance for uncollectible:			
Accounts	60,357	125,835	186,192
Taxes	5,019,626	-	5,019,626
Intergovernmental	7,599	-	7,599
Interfund receivable	5,160	-	5,160
Voluntary tax liens	350,170	-	350,170
Voluntary tax liens reserved until collected	(350,170)	-	(350,170)
Prepaid items	18,881	-	18,881
Tax decded property, subject to resale	616,119	-	616,119
Restricted assets:			
Cash and cash equivalents	125,249	-	125,249
Total assets	<u>\$ 29,631,630</u>	<u>\$ 3,542,082</u>	<u>\$ 33,173,712</u>
LIABILITIES			
Accounts payable	\$ 275,396	\$ 13,520	\$ 288,916
Accrued salaries and benefits	627,752	10,646	638,398
Intergovernmental payable	14,383,633	-	14,383,633
Interfund payable	-	5,160	5,160
Escrow and performance deposits	125,249	-	125,249
Total liabilities	<u>15,412,030</u>	<u>29,326</u>	<u>15,441,356</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	6,610,573	-	6,610,573
Unavailable revenue - Donations	286,929	-	286,929
Total deferred inflows of resources	<u>6,897,502</u>	<u>-</u>	<u>6,897,502</u>
FUND BALANCES			
Nonspendable	635,000	196,793	831,793
Restricted	102,541	1,845,665	1,948,206
Committed	1,570,551	-	1,570,551
Assigned	556,390	1,470,298	2,026,688
Unassigned	4,457,616	-	4,457,616
Total fund balances	<u>7,322,098</u>	<u>3,512,756</u>	<u>10,834,854</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,631,630</u>	<u>\$ 3,542,082</u>	<u>\$ 33,173,712</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
TOWN OF HOOKSETT, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 10,834,854
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 122,972,777	
Less accumulated depreciation	<u>(103,676,630)</u>	
		19,296,147
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 1,459,962	
Deferred inflows of resources related to pensions	<u>(1,667,766)</u>	
		(207,804)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (5,160)	
Payables	<u>5,160</u>	
		-
Long term revenue (taxes) is not available to pay current-period expenditures and, therefore, is recorded as deferred inflows of resources in the governmental funds.		6,610,573
Recording of allowance for an estimated uncollectible property tax receivable eliminated as part of entry to remove long term revenue (taxes) not available to pay current-period expenditures.		(685,806)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(8,237)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Capital leases	\$ (326,234)	
Compensated absences	(415,724)	
Accrued landfill postclosure care costs	(130,000)	
Other postemployment benefits	(1,593,277)	
Net pension liability	<u>(12,911,189)</u>	
		(15,376,424)
Net position of governmental activities (Exhibit A)		<u>\$ 20,463,303</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-3
TOWN OF HOOKSETT, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 10,393,291	\$ -	\$ 10,393,291
Licenses and permits	3,312,889	-	3,312,889
Intergovernmental	953,217	784	954,001
Charges for services	76,910	783,315	860,225
Miscellaneous	591,283	142,169	733,452
Total revenues	<u>15,327,590</u>	<u>926,268</u>	<u>16,253,858</u>
EXPENDITURES			
Current:			
General government	2,378,424	1,141	2,379,565
Public safety	7,357,600	828,503	8,186,103
Highways and streets	1,780,167	3,262	1,783,429
Sanitation	1,140,548	-	1,140,548
Welfare	157,501	-	157,501
Culture and recreation	1,194,691	67,660	1,262,351
Conservation	1,252	53,948	55,200
Economic development	485	-	485
Total expenditures	<u>14,010,668</u>	<u>954,514</u>	<u>14,965,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,316,922</u>	<u>(28,246)</u>	<u>1,288,676</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	185,242	-	185,242
Transfers out	-	(185,242)	(185,242)
Capital leases	234,795	-	234,795
Total other financing sources (uses)	<u>420,037</u>	<u>(185,242)</u>	<u>234,795</u>
Net change in fund balances	1,736,959	(213,488)	1,523,471
Fund balances, beginning, as restated (see Note 16)	5,585,139	3,726,244	9,311,383
Fund balances, ending	<u>\$ 7,322,098</u>	<u>\$ 3,512,756</u>	<u>\$ 10,834,854</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
TOWN OF HOOKSETT, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 1,523,471
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 10,481,367	
Depreciation expense	<u>(1,183,764)</u>	
		9,297,603
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$ 1,119,019	
Net pension expense	<u>(945,973)</u>	
		173,046
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) that increase net position.		(73,095)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (185,242)	
Transfers out	<u>185,242</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue for receivables not collected within 60 days of fiscal year-end	\$ (164,819)	
Change in allowance for an estimated uncollectible property tax receivable	166,172	
Change in deferred tax revenue for taxes levied prior to their due date	<u>(251,381)</u>	
		(250,028)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds of capital leases	\$ (234,795)	
Repayment of capital leases	<u>83,404</u>	
		(151,391)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (2,134)	
Decrease in compensated absences payable	16,680	
Increase in postemployment benefits payable	(179,731)	
Decrease in accrued landfill postclosure care costs	<u>15,000</u>	
		(150,185)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 10,369,421</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,167,975	\$ 10,167,975	\$ 10,394,644	\$ 226,669
Licenses and permits	2,876,600	2,876,600	3,312,889	436,289
Intergovernmental	939,949	944,429	953,217	8,788
Charges for services	196,384	196,384	76,910	(119,474)
Miscellaneous	274,400	274,400	501,034	226,634
Total revenues	14,455,308	14,459,788	15,238,694	778,906
EXPENDITURES				
Current:				
General government	2,609,035	2,615,665	2,349,166	266,499
Public safety	7,921,103	7,925,502	7,384,364	541,138
Highways and streets	1,847,790	1,847,790	1,989,779	(141,989)
Sanitation	1,262,076	1,262,076	1,134,586	127,490
Health	2,000	2,000	-	2,000
Welfare	235,381	235,381	157,501	77,880
Culture and recreation	1,166,483	1,166,483	1,155,434	11,049
Conservation	7,801	1,252	1,252	-
Economic development	500	500	485	15
Debt service:				
Interest	1	1	-	1
Capital outlay	1	1	-	1
Total expenditures	15,052,171	15,056,651	14,172,567	884,084
Excess (deficiency) of revenues over (under) expenditures	(596,863)	(596,863)	1,066,127	1,662,990
OTHER FINANCING SOURCES (USES)				
Transfers in	184,500	184,500	185,076	576
Transfers out	(355,000)	(355,000)	(355,000)	-
Total other financing sources (uses)	(170,500)	(170,500)	(169,924)	576
Net change in fund balances	\$ (767,363)	\$ (767,363)	896,203	\$ 1,663,566
Increase in nonspendable fund balance			(88,104)	
Unassigned fund balance, beginning			4,455,586	
Unassigned fund balance, ending			\$ 5,263,685	

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Proprietary Fund
Statement of Net Position
June 30, 2015

	Business-type Activities Enterprise Fund (Sewer)
ASSETS	
Cash and cash equivalents	\$ 82,410
Investments	2,439,474
Receivables, net of allowance for uncollectible	935,981
Restricted assets:	
Cash and cash equivalents	23,384
Investments	202,541
Capital assets, not being depreciated:	
Land	300,000
Construction in progress	307,618
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	10,474,348
Vehicles and equipment	292,025
Infrastructure	3,542,026
Total assets	<u>18,599,807</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	<u>39,413</u>
LIABILITIES	
Current liabilities:	
Accounts payable	178,620
Accrued salaries and benefits	9,612
Retainage payable	195,933
Accrued interest payable	59,464
Escrow and performance deposits	29,973
Noncurrent liabilities:	
Due within one year:	
Notes	298,767
Due in more than one year:	
Notes	5,081,459
Compensated absences	35,634
Other postemployment benefits	57,388
Net pension liability	364,713
Total liabilities	<u>6,311,563</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - future service agreements	484,782
Amounts related to pensions	46,665
Total deferred inflows of resources	<u>531,447</u>
NET POSITION	
Net investment in capital assets	9,535,791
Unrestricted	2,260,419
Total net position	<u>\$ 11,796,210</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-2
TOWN OF HOOKSETT, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Enterprise Fund (Sewer)
Operating revenues:	
User charges	\$ 1,844,889
Miscellaneous	18,669
Total operating revenues	<u>1,863,558</u>
Operating expenses:	
Salaries and wages	637,973
Contractual services	540,444
Materials and supplies	183,321
Operation and maintenance	113,104
Depreciation and amortization	628,869
Total operating expenses	<u>2,103,711</u>
Operating loss	<u>(240,153)</u>
Nonoperating revenue (expenses):	
Interest revenue	16,459
Interest expense	<u>(192,466)</u>
Total nonoperating revenues (expenses)	<u>(176,007)</u>
Change in net position	(416,160)
Net position, beginning, as restated (see Note 16)	<u>12,212,370</u>
Net position, ending	<u><u>\$ 11,796,210</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-3
TOWN OF HOOKSETT, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

Cash flows from operating activities:	
Cash received from customers	\$ 2,891,046
Cash paid to suppliers and employees	(1,508,586)
Net cash provided by operating activities	<u>1,382,460</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds	(293,613)
Acquisition and construction of fixed assets	(117,039)
Interest paid	(192,466)
Net cash used by capital and related financing activities	<u>(603,118)</u>
Cash flows from investing activities:	
Interest received	16,459
Purchase of investments	(1,021,128)
Net cash used by investing activities	<u>(1,004,669)</u>
Net decrease in cash	(225,327)
Cash, beginning	<u>331,121</u>
Cash, ending	<u><u>\$ 105,794</u></u>

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	<u>\$ (240,153)</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation expense	710,799
Decrease in pollution remediation obligation	(274,933)
Decrease in intergovernmental and other receivables	1,031,535
Increase in accounts payable	159,713
Decrease in accrued salaries and benefits	(2,967)
Decrease in accrued interest payable	(2,577)
Decrease in escrow and performance deposits	(47)
Increase in compensated absences	6,268
Increase in other postemployment benefits	4,068
Decrease in net pension liability and deferred inflows and outflows of resources related to pensions	(5,246)
Decrease in deferred inflows of resources	(4,000)
Total adjustments	<u>1,622,613</u>
Net cash provided by operating activities	<u><u>\$ 1,382,460</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT F
TOWN OF HOOKSETT, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
June 30, 2015

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 124,222
Investments	<u>2,419,271</u>
Total assets	<u>2,543,493</u>
LIABILITIES	
Intergovernmental payable	1,666,439
Due to others	<u>877,054</u>
Total liabilities	<u>2,543,493</u>
NET POSITION	<u>\$ -</u>
Held in trust for specific purposes	

The notes to the basic financial statements are an integral part of this statement.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents.....	1-D
Statement of Cash Flows	1-E
Restricted Assets.....	1-F
Investments.....	1-G
Receivables.....	1-H
Interfund Balances	1-I
Prepaid Items	1-J
Capital Assets	1-K
Deferred Outflows/Inflows of Resources	1-L
Property Taxes.....	1-M
Compensated Absences	1-N
Long-term Obligations	1-O
Claims and Judgments	1-P
Interfund Activities.....	1-Q
Net Position/Fund Balance Reporting	1-R
Defined Benefit Pension Plan	1-S
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Change in Accounting Principle	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Receivables	6
Capital Assets.....	7
Interfund Balances and Transfers	8
Intergovernmental Payables.....	9
Deferred Outflows/Inflows of Resources.....	10
Capital Lease Obligations	11
Long-term Liabilities	12
Encumbrances	13
Governmental and Business-type Activities Net Position	14
Governmental Fund Balances	15
Prior Period Adjustments.....	16
Defined Benefit Pension Plan	17
Other Postemployment Benefits (OPEB)	18
Risk Management.....	19

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Contingencies	20
Donation	21
Subsequent Events.....	22

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hooksett, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Hooksett is a municipal corporation governed by an elected 9-member Town Council and Town Administrator. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the 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 Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies, and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Town reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The Town reports the following major proprietary fund:

Sewer Fund – accounts for the operation of the sewer treatment plant, pumping station, and sewer lines.

Additionally, the Town reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

Fiduciary Funds – The Town also reports the following fiduciary funds:

Agency Fund – used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash 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 cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-F Restricted Assets

Cash received for developer's performance bond deposits and unpaid retainage balances are classified as restricted assets on the balance sheet because their use is designated for a specific purpose and therefore not available for immediate and general use by the Town.

1-G Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments for the Town are reported at fair value generally based on quoted market prices.

1-H Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-I Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-J Prepaid Items

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

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

1-K Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of three years. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Governmental activities:	
Land improvements	10-20
Buildings and building improvements	20-40
Vehicles and equipment	5-15
Infrastructure	10-20
Intangible assets	Indefinite
Business-type activities:	
Buildings and building improvements	10-26
Vehicles and equipment	5-21
Infrastructure	10-99

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-L Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-M Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 22, 2014 and November 10, 2014, and due on July 1, 2014 and December 22, 2014, respectively. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials, with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Hooksett School District, and Merrimack County, which are remitted to these entities as required by law.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The Town net assessed valuation as of April 1, 2014 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,508,358,731
For all other taxes	\$ 1,573,447,531

The tax rates and amounts assessed for the year ended June 30, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.49	\$ 10,214,438
School portion:		
State of New Hampshire	\$2.36	3,555,860
Local	\$12.90	20,290,727
County portion	\$3.08	4,854,067
Total		<u>\$ 38,915,092</u>

1-N Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation and compensatory time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

1-O 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 Statement of Net Position.

1-P Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-Q Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

1-R Net Position/Fund Balance Reporting

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of notes that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications – The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council through the budgetary process.

Unassigned – This classification includes the residual fund balance for the general fund.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Town strives to maintain a minimum unassigned fund balance to be used for unanticipated emergencies of approximately 5% of the general fund’s annual budget including Town, School, and County appropriations. This target balance should be achieved over the next five fiscal years.

1-S Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan’s independent auditors, require management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general and sewer funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, \$767,363 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 15,423,770
Adjustment:	
Basis difference:	
Inception of capital leases	234,795
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	90,249
To eliminate transfers between blended funds	166
Change in deferred tax revenue relating to 60-day revenue recognition	164,819
Change in allowance for uncollectible property tax receivable	(166,172)
Per Exhibit C-3 (GAAP basis)	<u>\$ 15,747,627</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 14,527,567
Adjustment:	
Basis differences:	
Encumbrances, beginning	22,907
Encumbrances, ending	(540,186)
Inception of capital leases	234,795
GASB Statement No. 54:	
To record expenditures of the blended funds	124,085
To eliminate transfers between general and expendable trust funds	(358,500)
Per Exhibit C-3 (GAAP basis)	<u>\$ 14,010,668</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the Town calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68, the Town has restated the beginning net position in the government-wide and proprietary fund Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$13,292,039 for the governmental activities and \$377,211 for the business-type activities sewer fund (see Note 16). The reduction accounts for the associated net position liability, deferred inflows of resources, and deferred outflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses and issue in GASB Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$25,297,868 and the bank balances totaled \$25,241,138. Petty cash totaled \$1,685.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 25,173,646
Cash per Statement of Net Position-Fiduciary Funds (Exhibit F)	124,222
Total cash and cash equivalents	<u>\$ 25,297,868</u>

NOTE 4 – INVESTMENTS

Note 1-G describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of short-term maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At June 30, 2015, this Town had the following investments and maturities:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Fair Value
Investments type:				
New Hampshire Public Deposit Investment Pool	\$ 442,844	\$ 1,627,639	\$ 840,637	\$ 2,911,120
Equity funds	314,227	149,209	232,208	695,644
Fixed income funds	1,495,212	865,167	1,346,426	3,706,805
Total fair value	<u>\$ 2,252,283</u>	<u>\$ 2,642,015</u>	<u>\$ 2,419,271</u>	<u>\$ 7,313,569</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy limits investment maturities to 180 days or less, as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as explained in Note 1-G. The Town's investment policy addresses credit risk by limiting the Town's exposure and concentrating its investments in safety securities. In addition, the Town strives to diversify its investment portfolio in order to minimize potential losses, and actively monitors its investment portfolio holdings for ratings changes as well as changing economic and market conditions.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 4,894,298
Investments per Statement of Net Position-Fiduciary Funds (Exhibit F)	2,419,271
Total investments	<u>\$ 7,313,569</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$685,806. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2015	\$ 3,397,994	\$ 3,397,994
Unredeemed (under tax lien):		
Levy of 2014	633,292	633,292
Levy of 2013	344,532	344,532
Levies of 2012 and prior	640,953	640,953
Yield	2,855	2,855
Less: allowance for estimated uncollectible taxes*	(685,806)	-
Net taxes receivable	<u>\$ 4,333,820</u>	<u>\$ 5,019,626</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60 day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – RECEIVABLES

Receivables at June 30, 2015, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2015 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			Business-type Activities
	General Fund	Nonmajor Funds	Total	Sewer Fund
Receivables:				
Accounts	\$ 60,357	\$ 502,736	\$ 563,093	\$ 935,981
Intergovernmental	7,599	-	7,599	-
Liens	350,170	-	350,170	-
Gross receivables	418,126	502,736	920,862	935,981
Less: allowance for uncollectibles	(350,170)	(376,901)	(727,071)	-
Net total receivables	<u>\$ 67,956</u>	<u>\$ 125,835</u>	<u>\$ 193,791</u>	<u>\$ 935,981</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,078,776	\$ 254,665	\$ -	\$ 2,333,441
Construction in progress	226,194	18,972	(73,095)	172,071
Total capital assets not being depreciated	2,304,970	273,637	(73,095)	2,505,512
Being depreciated:				
Land improvements	162,961	-	-	162,961
Buildings and building improvements	8,310,032	399,401	-	8,709,433
Vehicles and equipment	7,793,615	574,015	-	8,367,630
Infrastructure	93,655,087	9,161,219	-	102,816,306
Intangible assets	337,840	73,095	-	410,935
Total capital assets being depreciated	110,259,535	10,207,730	-	120,467,265
Total all capital assets	112,564,505	10,481,367	(73,095)	122,972,777
Less accumulated depreciation:				
Land improvements	(47,449)	(14,428)	-	(61,877)
Buildings and building improvements	(4,301,103)	(198,610)	-	(4,499,713)
Vehicles and equipment	(5,138,545)	(444,717)	-	(5,583,262)
Infrastructure	(92,996,280)	(496,590)	-	(93,492,870)
Intangible assets	(9,489)	(29,419)	-	(38,908)
Total accumulated depreciation	(102,492,866)	(1,183,764)	-	(103,676,630)
Net book value, capital assets being depreciated	7,766,669	9,023,966	-	16,790,635
Net book value, all governmental activities capital assets	\$ 10,071,639	\$ 9,297,603	\$ (73,095)	\$ 19,296,147
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Construction in progress	307,618	-	-	307,618
Total capital assets not being depreciated	607,618	-	-	607,618
Being depreciated:				
Buildings and building improvements	16,829,953	-	-	16,829,953
Vehicles and equipment	770,487	117,039	(37,110)	850,416
Infrastructure	11,314,929	-	-	11,314,929
Total capital assets being depreciated	28,915,369	117,039	(37,110)	28,995,298
Total all capital assets	29,522,987	117,039	(37,110)	29,602,916
Less accumulated depreciation:				
Buildings and building improvements	(5,829,355)	(526,250)	-	(6,355,605)
Vehicles and equipment	(550,743)	(44,758)	37,110	(558,391)
Infrastructure	(7,633,112)	(139,791)	-	(7,772,903)
Total accumulated depreciation	(14,013,210)	(710,799)	37,110	(14,686,899)
Net book value, capital assets being depreciated	14,902,159	(593,760)	-	14,308,399
Net book value, all business-type activities capital assets	\$ 15,509,777	\$ (593,760)	\$ -	\$ 14,916,017

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 44,986
Public safety	654,126
Highways and streets	376,536
Sanitation	69,748
Culture and recreation	38,368
Total depreciation expense	<u>\$ 1,183,764</u>
Business-type activities:	
Sewer	<u>\$ 710,799</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances – The composition of interfund balances as of June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	<u>\$ 5,160</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers – The composition of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Transfers In:</u>
	General
	Fund
Transfers out:	
Nonmajor funds	<u>\$ 185,242</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$16,050,072 at June 30, 2015 consist of the following:

General fund:	
Property taxes levied prior to their due date and payable to:	
Merrimack County	\$ 2,432,489
Hooksett School District	11,950,092
Miscellaneous fees due to the State of New Hampshire	1,052
Total intergovernmental payables due from the general fund	<u>14,383,633</u>
Agency fund:	
Balance of trust funds belonging to the:	
Hooksett School District	347,296
Central Hooksett Water Precinct	595,995
Hooksett Village Water Precinct	723,148
Total intergovernmental payables due from the agency fund	<u>1,666,439</u>
Total intergovernmental payables due	<u>\$ 16,050,072</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2015 consist of the following:

Governmental activities:	
General fund:	
Amounts related to pensions	\$ 1,459,962
Business-type activities:	
Sewer fund:	
Amounts related to pensions	39,413
Total deferred outflows of resources	<u><u>\$ 1,499,375</u></u>

Deferred inflows of resources at June 30, 2015 consist of the following:

Governmental activities:	
General fund:	
Property taxes levied prior to their due date	\$ 5,118,698 *
Property tax receivables not collected within 60 days of the end of the fiscal year	1,491,875 *
Donations received in advance of eligible expenditures being made	286,929
Amounts related to pensions	1,667,766
Total governmental activities	<u><u>8,565,268</u></u>
Business-type activities:	
Sewer fund:	
Future service agreements received in advance of eligible expenditures occurring	484,782
Amounts related to pensions	46,665
Total business-type activities	<u><u>531,447</u></u>
Total deferred inflows of resources	<u><u>\$ 9,096,715</u></u>

**These amounts are eliminated on the Statement of Net Position under the full accrual method.*

NOTE 11 – CAPITAL LEASE OBLIGATIONS

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2015
Capital lease obligations:		
Tanker truck	2.66%	\$ 127,894
Excavator	2.87%	198,340
Total capital lease obligations		<u><u>\$ 326,234</u></u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Tanker truck	\$ 348,000
Excavator	234,795
Total equipment	582,795
Less: accumulated depreciation	(84,275)
Total capital lease equipment	<u><u>\$ 498,520</u></u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The annual requirements to amortize the capital leases payable as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2016	\$ 88,056
2017	88,056
2018	67,473
2019	36,456
2020	36,456
2021	36,455
Total requirements	352,952
Less: interest	(26,718)
Present value of remaining payments	\$ 326,234

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2015:

	Balance July 1, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Capital leases	\$ 174,843	\$ 234,795	\$ (83,404)	\$ 326,234	\$ 78,962
Compensated absences	432,404 *	10,496	(27,176)	415,724	6,760
Accrued landfill postclosure care costs	145,000	-	(15,000)	130,000	15,000
Net other postemployment benefits	1,413,546	179,731	-	1,593,277	-
Total long-term liabilities	\$ 2,165,793	\$ 425,022	\$ (125,580)	\$ 2,465,235	\$ 100,722
Business-type activities:					
Notes payable	\$ 5,673,839	\$ -	\$ (293,613)	\$ 5,380,226	\$ 298,767
Compensated absences	29,366	6,268	-	35,634	-
Net other postemployment benefits	53,320	4,068	-	57,388	-
Total long-term liabilities	\$ 5,756,525	\$ 10,336	\$ (293,613)	\$ 5,473,248	\$ 298,767

* See Note 16 for explanation of restatement.

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2015	Current Portion
Business-type activities:						
Notes payable:						
Water treatment facility upgrade	\$ 3,500,000	2010	2030	3.70%	\$ 2,895,052	\$ 143,444
Water treatment facility upgrade	\$ 3,106,470	2012	2031	3.10%	2,485,174	155,323
Total					\$ 5,380,226	\$ 298,767

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The annual requirements to amortize all *business-type activities* general obligation notes outstanding as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 298,767	\$ 185,068	\$ 483,835
2017	304,115	174,899	479,014
2018	309,662	164,531	474,193
2019	315,415	153,956	469,371
2020	321,384	143,166	464,550
2021-2025	1,704,526	545,904	2,250,430
2026-2030	1,971,028	239,025	2,210,053
2031	155,329	4,821	160,150
Totals	<u>\$ 5,380,226</u>	<u>\$ 1,611,370</u>	<u>\$ 6,991,596</u>

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 1999. Federal and State laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site after closure. A liability has been recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$130,000 as of June 30, 2015. The estimated total current cost of (\$15,000) the landfill postclosure care is based on the total cost that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town has established a capital reserve fund for landfill postclosure care costs. At June 30, 2015, the balance in the landfill capital reserve is \$80,868.

Debt Authorized and Unissued – Debt authorized and unissued in the amount of \$14,424 as of June 30, 2015 was for sewer construction.

NOTE 13 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2015 are as follows:

General government	\$ 10,000
Public safety	37,978
Highways and streets	492,208
Total encumbrances	<u>\$ 540,186</u>

NOTE 14 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION

Governmental and business-type activities net position reported on the government-wide Statement of Net Position at June 30, 2015 include the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net property, buildings, and equipment	\$ 19,296,147	\$ 14,916,017	\$ 34,212,164
Less:			
Capital leases payable	(326,234)	-	(326,234)
Notes payable and other long-term debt	-	(5,380,226)	(5,380,226)
Total net investment in capital assets	<u>18,969,913</u>	<u>9,535,791</u>	<u>\$ 28,505,704</u>

(Continued)

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Governmental and business-type activities net position continued:

	Governmental Activities	Business-type Activities	Total
Restricted net position for:			
Impact fees	1,801,127	-	1,801,127
Library purposes	102,541	-	102,541
Drug forfeiture	18,524	-	18,524
Permanent funds	222,807	-	222,807
Total restricted net position	2,144,999	-	2,144,999
Unrestricted	(651,609)	2,260,419	1,608,810
Total net position	\$ 20,463,303	\$ 11,796,210	\$ 32,259,513

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2015 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 18,881	\$ -	\$ 18,881
Tax deeded property, subject to resale	616,119	-	616,119
Permanent fund - principal balance	-	196,793	196,793
Total nonspendable fund balance	635,000	196,793	831,793
Restricted:			
Library	102,541	-	102,541
Impact fees	-	1,801,127	1,801,127
Drug forfeiture	-	18,524	18,524
Permanent fund - income balance	-	26,014	26,014
Total restricted fund balance	102,541	1,845,665	1,948,206
Committed:			
Expendable trust	1,570,551	-	1,570,551
Assigned:			
Encumbrances	540,186	-	540,186
Heritage commission	12,099	-	12,099
Head's Chapel preservation	4,105	-	4,105
Conservation commission	-	532,387	532,387
Solid waste disposal	-	177,903	177,903
Recreation revolving	-	52,495	52,495
Ambulance revolving	-	535,186	535,186
Police special detail	-	169,620	169,620
Fire detail	-	2,707	2,707
Total assigned fund balance	556,390	1,470,298	2,026,688
Unassigned	4,457,616	-	4,457,616
Total governmental fund balances	\$ 7,322,098	\$ 3,512,756	\$ 10,834,854

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at July 1, 2014 was restated to give retroactive effect to the following prior period adjustments:

	Governmental Activities	Business-type Activities Enterprise Fund (Sewer)	General Fund
To record the net pension liability for implementation of GASB Statement No. 68	\$ (13,292,039)	\$ (377,211)	\$ -
To record compensated absences payable liability	(432,404)	-	-
To adjust prior year deferred inflows for 60-day rule	-	-	(942,688)
Net position/fund balance, as previously reported	23,818,325	12,589,581	6,527,827
Net position/fund balance, as restated	<u>\$ 10,093,882</u>	<u>\$ 12,212,370</u>	<u>\$ 5,585,139</u>

NOTE 17 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was 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 Pension 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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publically available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided: The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2015, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town's contribution rates for 2015 for pension and medical subsidy were 25.30% for police officers, 27.74% for firefighters, and 10.77% for all other employees. The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$961,551, \$1,261,519, and \$1,150,676, respectively, which were paid in full in each year.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015 the Town reported liabilities of \$12,911,189 in the governmental activities and \$364,713 in the business-type activities for its proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2014, the Town's proportions were 0.34396949% in the governmental activities and 0.00971638% in the business-type activities, which were increases of 0.00919539% and 0.00021931%, respectively, from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expenses of \$945,972 in the governmental activities and \$26,411 in the business-type activities. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Governmental activities		Business-type activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 340,943	\$ -	\$ 7,756	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	1,667,766	-	46,665
Contributions subsequent to the measurement date	1,119,019	-	31,657	-
Total	<u>\$ 1,459,962</u>	<u>\$ 1,667,766</u>	<u>\$ 39,413</u>	<u>\$ 46,665</u>

The amounts reported as deferred outflows of resources related to pensions result from the Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2016	\$ (342,426)	\$ (9,983)
2017	(342,426)	(9,983)
2018	(342,426)	(9,983)
2019	42,879	1,024
Totals	<u>\$ (984,399)</u>	<u>\$ (28,925)</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2013, using the following actuarial assumptions which, accordingly apply to both 2014 and 2013 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Following is a table presenting target allocations and long-term rates of return for 2014 and 2013:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return	
		2014	2013
Large Cap Equities	22.50%	3.25%	3.75%
Small/Mid Cap Equities	7.50%	3.25%	4.00%
Total domestic equity	30.00%		
Int'l Equities (unhedged)	13.00%	4.25%	4.75%
Emerging Int'l Equities	7.00%	6.50%	6.75%
Total international equity	20.00%		
Core Bonds	18.00%	(0.47)%	(0.96)%
High-Yield Bonds	1.50%	1.50%	2.00%
Global Bonds (unhedged)	5.00%	(1.75)%	(2.25)%
Emerging Market Debt (external)	0.50%	2.00%	1.00%
Total fixed income	25.00%		
Private equity	5.00%	5.75%	6.00%
Private debt	5.00%	5.00%	5.50%
Real estate	10.00%	3.25%	3.00%
Opportunistic	5.00%	2.50%	2.63%
Total alternative investments	25.00%		
Total	100.00%		

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Governmental activities:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2013	\$ 18,471,302	\$ 14,407,956	\$ 10,992,331
June 30, 2014	\$ 17,006,138	\$ 12,911,190	\$ 9,456,488

Business-type activities:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2013	\$ 524,005	\$ 408,733	\$ 311,837
June 30, 2014	\$ 480,386	\$ 364,713	\$ 267,125

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separated issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate 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 normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

Annual required contribution/OPEB cost	\$ 274,623
Interest	58,675
Adjustment	(62,281)
Contributions made (pay-as-you-go)	(87,218)
Increase in net OPEB obligation	183,799
Net OPEB obligation, beginning	1,466,866
Net OPEB obligation, ending	<u>\$ 1,650,665</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the five preceding years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2015	\$ 271,017	\$ 87,218	32.2%	\$ 1,650,665
June 30, 2014	\$ 299,070	\$ 82,780	27.7%	\$ 1,466,866
June 30, 2013	\$ 299,633	\$ 71,054	23.7%	\$ 1,250,576
June 30, 2012	\$ 303,879	\$ 65,188	21.5%	\$ 1,021,997
June 30, 2011	\$ 312,474	\$ 43,038	13.8%	\$ 783,306
June 30, 2010	\$ 295,192	\$ 32,176	10.9%	\$ 513,870

As of July 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liabilities (AAL) for benefits were \$2,932,482 for the governmental activities and \$67,998 for the business-type activities, with no actuarial value of assets, resulting in unfunded actuarial accrued liabilities (UAAL) of \$2,932,482 and \$67,998, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$5,565,294 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 53.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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 employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of 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, 2014 actuarial valuation, the entry age normal level percentage of pay cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 8.0% initially, reduced by decrements to an ultimate rate of 5.0% for years 2022 and later. The UAAL is being amortized as a level percentage of pay over thirty years based on an open group. The remaining amortization period at June 30, 2015 was 30 years.

NOTE 19 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2015, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation Program. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for its members.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from July 1, 2014 to June 30, 2015 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution billed and paid for the year ended June 30, 2015 was \$149,297 for workers' compensation.

NOTE 20 – CONTINGENCIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 21 – DONATION

The Town received donations of infrastructure totaling \$9,161,219. The value of the donations represent the construction costs related to Pearl Drive, Quimby Mountain Road, Post Road, North View Terrace, University Circle, Campus Drive, Blackwater Road, and Briar Count, which were accepted as public roadways by the Town.

NOTE 22 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through April 1, 2016, the date the June 30, 2015 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2014	\$ -	\$ 3,000,480	\$ 3,000,480	0.0%	\$ 5,565,294	53.9%
July 1, 2012	\$ -	\$ 2,997,356	\$ 2,997,356	0.0%	\$ 5,305,822	56.5%
July 1, 2011	\$ -	\$ 3,005,730	\$ 3,005,730	0.0%	\$ 5,176,412	58.1%
July 1, 2008	\$ -	\$ 1,988,285	\$ 1,988,285	0.0%	\$ 5,622,099	35.4%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT H
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2015

Fiscal Year End	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	July 1, 2014	0.35368587%	\$ 13,275,903	\$ 6,264,872	211.91%	59.81%
June 30, 2014	July 1, 2013	0.34427117%	\$ 14,816,689	\$ 6,024,275	245.95%	66.32%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT I
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of Town Contributions
For the Fiscal Year Ended June 30, 2015

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	July 1, 2014	\$ 1,147,439	\$ 1,147,439	\$ -	\$ 6,264,872	18.32%
June 30, 2014	July 1, 2013	\$ 856,043	\$ 856,043	\$ -	\$ 6,024,275	14.21%

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, Exhibit G represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended June 30, 2015.

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

Eligibility Employees are eligible for retiree health care benefits until Medicare eligibility once they qualify for retirement benefits from New Hampshire Retirement System (NHRS).

NHRS requirement for retirement benefits are as shown below:

1. Group I members hired prior to July 1, 2011, earlier of:
 - a. Age 60 (normal retirement)
 - b. 20 years of service with 70 points (early reduced retirement)
 - c. Age 50 with 10 years of service (early reduced retirement)
2. Group I members hired on/after July 1, 2011, earlier of:
 - a. Age 65 (normal retirement)
 - b. Age 60 with 30 years of service (early reduced retirement)
3. Group II members hired prior to July 1, 2011, earlier of:
 - a. Age 45 with 20 years of service (normal retirement)
 - b. Age 60 (normal retirement)
4. Group II members hired on/after July 1, 2011, earlier of:
 - a. Age 50 with 25 years of service (early reduced retirement)
 - b. Age 52.5 with 25 years of service (normal retirement)
 - c. Age 60 (normal retirement)

Spouse Benefit Surviving spouses of retirees and active employees are eligible for COBRA coverage upon the member's death.

Retiree Cost Sharing Retirees contribute the full cost of coverage.

Medical Benefit Same benefit options are offered to retirees as active employees. The Town's health plans are fully-insured and experience-rated. The monthly premiums by plan effective on January 1, 2015 are as shown below.

	Single	2-Person
Matthew Thornton	\$730.13	\$1,460.25
Blue Choice Tier 2 (10/20/45 Rx)	\$789.25	\$1,578.50
HSA Lumenos	\$574.60	\$1,149.21
Medicomp III	\$496.84	N/A
Medicomp III (no rx)	\$198.69	N/A

Medicare Liabilities There is no GASB liability for Medicare retirees as they pay the full cost of coverage.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits H and I represent the actuarial determined costs associated with the Town's pension plan at June 30, 2015.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 9,849,975	\$ 9,988,465	\$ 138,490
Land use change	10,000	18,255	8,255
Excavation	8,000	-	(8,000)
Interest and penalties on taxes	300,000	387,924	87,924
Total from taxes	10,167,975	10,394,644	226,669
Licenses, permits, and fees:			
Motor vehicle permit fees	2,788,000	3,240,887	452,887
Building permits	75,000	56,689	(18,311)
Other	13,600	15,313	1,713
Total from licenses, permits, and fees	2,876,600	3,312,889	436,289
Intergovernmental:			
State:			
Meals and rental tax distribution	683,437	683,437	-
Highway block grant	254,186	256,533	2,347
State and federal forest land reimbursement	326	521	195
Other	4,342	9,148	4,806
Federal:			
Other	2,138	3,578	1,440
Total from intergovernmental	944,429	953,217	8,788
Charges for services:			
Income from departments	196,384	76,910	(119,474)
Miscellaneous:			
Sale of municipal property	1,200	13,878	12,678
Interest on investments	20,000	33,839	13,839
Rent of property	72,000	72,898	898
Fines and forfeits	2,000	7,645	5,645
Insurance dividends and reimbursements	-	201,684	201,684
Contributions and donations	-	509	509
Other	179,200	170,581	(8,619)
Total from miscellaneous	274,400	501,034	226,634
Other financing sources:			
Transfers in	184,500	185,076	576
Total revenues and other financing sources	14,644,288	\$ 15,423,770	\$ 779,482
Unassigned fund balance used to reduce tax rate	767,363		
Total revenues, other financing sources, and use of fund balance	\$ 15,411,651		

SCHEDULE 2
TOWN OF HOOKSETT, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 338,017	\$ 349,815	\$ -	\$ (11,798)
Election and registration	-	34,273	27,463	-	6,810
Financial administration	-	612,702	595,125	-	17,577
Revaluation of property	-	181,497	157,848	-	23,649
Legal	-	92,000	94,969	-	(2,969)
Personnel administration	-	203,354	160,083	-	43,271
Planning and zoning	-	372,487	265,842	-	106,645
General government buildings	-	433,525	462,198	10,000	(38,673)
Cemeteries	-	850	963	-	(113)
Insurance, not otherwise allocated	-	330,160	233,630	-	96,530
Advertising and regional associations	-	11,800	6,119	-	5,681
Other	14,889	5,000	-	-	19,889
Total general government	14,889	2,615,665	2,354,055	10,000	266,499
Public safety:					
Police	8,018	3,820,811	3,358,093	37,978	432,758
Ambulance	-	1	-	-	1
Fire	-	3,998,228	3,891,817	-	106,411
Building inspection	-	100,962	101,382	-	(420)
Emergency management	-	5,500	3,112	-	2,388
Total public safety	8,018	7,925,502	7,354,404	37,978	541,138
Highways and streets:					
Public works garage	-	210,832	221,595	-	(10,763)
Highways and streets	-	1,411,111	1,035,488	492,208	(116,585)
Street lighting	-	62,000	60,658	-	1,342
Other	-	163,847	179,830	-	(15,983)
Total highways and streets	-	1,847,790	1,497,571	492,208	(141,989)
Sanitation:					
Administration	-	187,037	171,357	-	15,680
Solid waste collection	-	433,656	386,713	-	46,943
Solid waste disposal	-	641,383	576,516	-	64,867
Total sanitation	-	1,262,076	1,134,586	-	127,490
Health:					
Administration	-	2,000	-	-	2,000
Welfare:					
Direct assistance	-	215,761	137,882	-	77,879
Intergovernmental welfare payments	-	19,620	19,619	-	1
Total welfare	-	235,381	157,501	-	77,880
Culture and recreation:					
Parks and recreation	-	552,106	540,501	-	11,605
Library	-	600,682	600,682	-	-
Patriotic purposes	-	2,945	1,445	-	1,500
Other	-	10,750	12,806	-	(2,056)
Total culture and recreation	-	1,166,483	1,155,434	-	11,049
Conservation	-	1,252	1,252	-	-
Economic development	-	500	485	-	15

(Continued)

SCHEDULE 2 (Continued)
TOWN OF HOOKSETT, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Interest on tax anticipation notes	-	1	-	-	1
Capital outlay	-	1	-	-	1
Other financing uses:					
Transfers out	-	355,000	355,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 22,907	\$ 15,411,651	\$ 14,010,288	\$ 540,186	\$ 884,084

SCHEDULE 3
TOWN OF HOOKSETT, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2015

Unassigned fund balance, beginning		\$ 4,455,586
Changes:		
Unassigned fund balance used to reduce 2015 tax rate		(767,363)
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 779,482	
Unexpended balance of appropriations (Schedule 2)	884,084	
2015 Budget surplus		1,663,566
Increase in nonspendable fund balance		(88,104)
Unassigned fund balance, ending		5,263,685
Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(1,491,875)
To eliminate the allowance for doubtful property tax receivables, which is not necessary with the deferral of property taxes not collected within 60 days of fiscal year-end		685,806
Unassigned fund balance, ending (GAAP basis Exhibit C-1)		\$ 4,457,616

SCHEDULE 4
TOWN OF HOOKSETT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds									
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Permanent Fund	Total
ASSETS										
Cash and cash equivalents	\$ 89,941	\$ 1,808,364	\$ 177,903	\$ 55,202	\$ 442,358	\$ 18,524	\$ 150,437	\$ 2,707	\$ 10,226	\$ 2,755,662
Investments	442,844	-	-	-	-	-	-	-	217,741	660,585
Accounts receivable	-	-	-	-	99,284	-	26,551	-	-	125,835
Total assets	\$ 532,785	\$ 1,808,364	\$ 177,903	\$ 55,202	\$ 541,642	\$ 18,524	\$ 176,988	\$ 2,707	\$ 227,967	\$ 3,542,082
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ 7,237	\$ -	\$ 696	\$ 5,587	\$ -	\$ -	\$ -	\$ -	\$ 13,520
Accrued salaries and benefits	398	-	-	2,011	869	-	7,368	-	-	10,646
Interfund payable	-	-	-	-	-	-	-	-	5,160	5,160
Total liabilities	398	7,237	-	2,707	6,456	-	7,368	-	5,160	29,326
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	196,793	196,793
Restricted	-	1,801,127	-	-	-	18,524	-	-	26,014	1,845,665
Assigned	532,387	-	177,903	52,495	535,186	-	169,620	2,707	-	1,470,298
Total fund balances	532,387	1,801,127	177,903	52,495	535,186	18,524	169,620	2,707	222,807	3,512,756
Total liabilities and fund balances	\$ 532,785	\$ 1,808,364	\$ 177,903	\$ 55,202	\$ 541,642	\$ 18,524	\$ 176,988	\$ 2,707	\$ 227,967	\$ 3,542,082

SCHEDULE 5
TOWN OF HOOKSETT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds									
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Permanent Fund	Total
Revenues:										
Intergovernmental	\$ 784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784
Charges for services	-	-	97,015	78,874	347,593	-	246,141	13,692	-	783,315
Miscellaneous	249	133,158	1,131	135	189	97	501	1	6,708	142,169
Total revenues	1,033	133,158	98,146	79,009	347,782	97	246,642	13,693	6,708	926,268
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	1,141	1,141
Public safety	-	413,839	-	-	151,819	7,452	243,430	11,963	-	828,503
Highways and streets	-	3,262	-	-	-	-	-	-	-	3,262
Culture and recreation	-	10,549	-	57,111	-	-	-	-	-	67,660
Conservation	53,948	-	-	-	-	-	-	-	-	53,948
Total expenditures	53,948	427,650	-	57,111	151,819	7,452	243,430	11,963	1,141	954,514
Excess (deficiency) of revenues over (under) expenditures	(52,915)	(294,492)	98,146	21,898	195,963	(7,355)	3,212	1,730	5,567	(28,246)
Other financing uses:										
Transfers out	-	-	(180,000)	-	-	-	-	-	(5,242)	(185,242)
Net change in fund balances	(52,915)	(294,492)	(81,854)	21,898	195,963	(7,355)	3,212	1,730	325	(213,488)
Fund balances, beginning	585,302	2,095,619	259,757	30,597	339,223	25,879	166,408	977	222,482	3,726,244
Fund balances, ending	\$ 532,387	\$ 1,801,127	\$ 177,903	\$ 52,495	\$ 535,186	\$ 18,524	\$ 169,620	\$ 2,707	\$ 222,807	\$ 3,512,756