

TOWN OF HOOKSETT, NEW HAMPSHIRE

Financial Statements

June 30, 2009

and

Independent Auditor's Report

TOWN OF HOOKSETT, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2009

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**TOWN OF HOOKSETT, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The management's discussion and analysis and budgetary comparison information on pages i-viii and 27-29, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hooksett, New Hampshire's basic financial statements. The combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Vachon, Clukay & Company, PC

January 6, 2010

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

- The assets of the Town of Hooksett exceeded its liabilities at the close of the most recent year-end by \$23.3 million (*total net assets*). Of this amount, \$4.1 million (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizens.
- The Town's revenues exceeded expenses by \$164,951, thereby increasing the Town's net assets.
- Total bonds and notes payable at the close of the current fiscal year was \$4.8 million, an increase of \$2,418,933 in comparison to the prior year.

Fund highlights

- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$6.1 million. Approximately 89% (\$5.4 million) of this total amount is available for spending at the Town's discretion (*unreserved, undesignated fund balance*).
- At the end of the current year, unreserved fund balance for the General Fund was \$1,024,068. A decrease of 41% (\$703,548) of the 2008 year end balance.

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 view of the Town's finances. These statements (*Statement of Net Assets* 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 current year even if cash has not been received or paid.

The *Statement of Net Assets* presents information on all of the Town's non-fiduciary assets and liabilities, with the difference of the two reported as net assets. Over time, increases or decreases in the net assets 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 assets changed during the most recent year. All changes in net assets 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 assets* 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, health and welfare, sanitation, culture and recreation, 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 fund is reported here.

The government-wide financial statements can be found on pages 1 and 2 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. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 14 individual governmental funds. Information is presented in the *Governmental Fund Balance Sheet* and in the *Statement of Revenues, Expenditures and Changes in Fund Balances* for the funds can be found on page 3 and 4. The General Fund is considered to be a major fund. The General Fund accounts for governmental service provided to the Town’s residents. Data from the other 13 governmental funds are combined into a single, aggregated presentation termed Nonmajor Governmental Funds. More information can be found on pages 31-33 regarding these nonmajor governmental funds.

Proprietary funds: The Town charges sewer customers for the services it provides; they are reported in proprietary funds, which can be found, on pages 5-7. 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 8 of this report.

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 9.

Required supplementary information: The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund.

Other supplementary information: Other supplementary information includes combining financial statements for non-major governmental funds.

Government-wide Financial Analysis:

The following is a summary of condensed government-wide financial data for the current and prior years. In the case of the Town, assets exceeded liabilities by \$23,378,029 as of June 30, 2009.

Town of Hooksett Net Assets as of June 30, 2009 and 2008						
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,303,518	\$ 24,342,521	\$ 3,544,380	\$ 4,676,153	\$ 29,847,898	\$ 29,018,674
Capital assets, net	7,714,904	7,790,842	11,883,792	7,522,388	19,598,696	15,313,230
Total assets	\$ 34,018,422	\$ 32,133,363	\$ 15,428,172	\$ 12,198,541	\$ 49,446,594	\$ 44,331,904
Current liabilities	\$ 19,417,290	\$ 17,121,356	\$ 1,335,078	\$ 1,300,599	\$ 20,752,368	\$ 18,421,955
Long-term liabilities	1,775,150	1,945,438	3,541,047	751,433	5,316,197	2,696,871
Total liabilities	\$ 21,192,440	\$ 19,066,794	\$ 4,876,125	\$ 2,052,032	\$ 26,068,565	\$ 21,118,826
Net assets:						
Invested in capital assets, net of related debt	\$ 6,975,538	\$ 6,933,199	\$ 8,383,792	\$ 6,811,321	\$ 15,359,330	\$ 13,744,520
Restricted	3,905,317	2,707,828	-	-	3,905,317	2,707,828
Unrestricted	1,945,127	3,425,542	2,168,255	3,335,188	4,113,382	6,760,730
Total net assets	\$ 12,825,982	\$ 13,066,569	\$ 10,552,047	\$ 10,146,509	\$ 23,378,029	\$ 23,213,078

The Town's capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), in the amount of \$15,359,330 less any outstanding related debt used to acquire those assets, are used to provide services to citizens; consequently, these assets are not available for future spending.

The Town reported \$3,905,317 in net assets restricted that represents resources that are subject to external restrictions on how they may be used. This increased \$1.1 million from the prior year, largely due to Impact fees collected from developers.

The balance of unrestricted net assets \$4,113,382 may be used to meet the government's ongoing obligations to citizens and creditors. This decrease \$2,647,348 in the current year. A key factor for this decrease was lower than expected revenues due to the economy. The unrestricted net assets represent 17% of the Town's total net assets.

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

<p style="text-align: center;">Town of Hooksett Changes in Net Asset for year ended June 30, 2009 and 2008</p>						
Revenues	Governmental Activities		Business-type Activities		Combined Totals	
	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$ 297,680	\$ 319,719	\$ 1,324,310	\$ 1,298,642	\$ 1,621,990	\$ 1,618,361
Operating grants and contributions	625,935	552,347	-	-	625,935	552,347
Capital grants and contributions	13,555	-	-	-	13,555	-
General revenues:						
Property and other taxes	8,462,882	9,497,294	-	-	8,462,882	9,497,294
Licenses and permits	2,765,169	2,962,091	-	-	2,765,169	2,962,091
Grants and contributions	760,511	713,876	469,500	316,500	1,230,011	1,030,376
Interest and investment earnings	159,496	556,823	40,322	133,255	199,818	690,078
Miscellaneous	1,366,239	465,944	-	-	1,366,239	465,944
Total revenues	\$ 14,451,467	\$ 15,068,094	\$ 1,834,132	\$ 1,748,397	\$ 16,285,599	\$ 16,816,491
Expenses						
General government	\$ 5,079,540	\$ 4,355,585	\$ -	\$ -	\$ 5,079,540	\$ 4,355,585
Public safety	5,846,644	5,762,062	-	-	5,846,644	5,762,062
Highways and streets	1,474,927	1,564,838	-	-	1,474,927	1,564,838
Health and welfare	201,093	162,907	-	-	201,093	162,907
Sanitation	918,466	954,246	-	-	918,466	954,246
Culture and recreation	990,394	859,320	-	-	990,394	859,320
Economic development	14,847	1,311	-	-	14,847	1,311
Intergovernmental payments	85,000	80,000	-	-	85,000	80,000
Interest and fiscal charges	81,143	94,536	-	-	81,143	94,536
Sewer	-	-	1,428,594	1,350,637	1,428,594	1,350,637
Total expenses	\$ 14,692,054	\$ 13,834,805	\$ 1,428,594	\$ 1,350,637	\$ 16,120,648	\$ 15,185,442
Increase in net assets	(240,587)	1,233,289	405,538	397,760	164,951	1,631,049
Net assets, beginning of year	13,066,569	11,833,280	10,146,509	9,748,749	23,213,078	21,582,029
Net assets, end of year	\$ 12,825,982	\$ 13,066,569	\$ 10,552,047	\$ 10,146,509	\$ 23,378,029	\$ 23,213,078

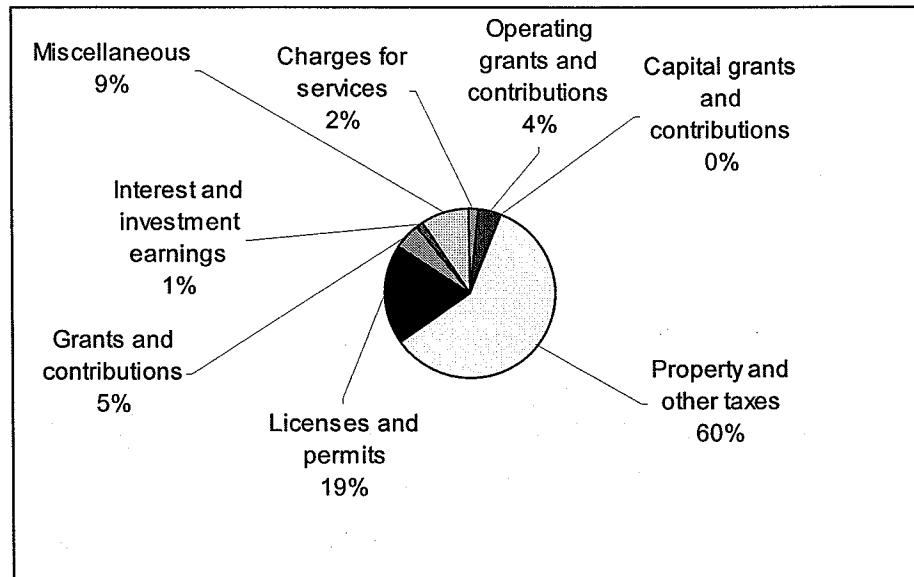
Governmental Activities

The Governmental Activities decrease in net assets was \$240,587, which is inconsistent with prior years. This is largely due to the decrease in Town revenues. Interest earned on town investment was lower than the prior year by \$397,327 due to low interest rates. The Town saw a decrease in building permits and motor vehicles registration, which can be contributed to the downturn in the economy.

The total cost of Governmental Activities this year was \$14,692,054. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$8,462,882 (60%) because those who directly benefited from the programs paid \$297,680 (2%) and other governments and organizations subsidized certain programs in the amount of \$639,490 (4%).

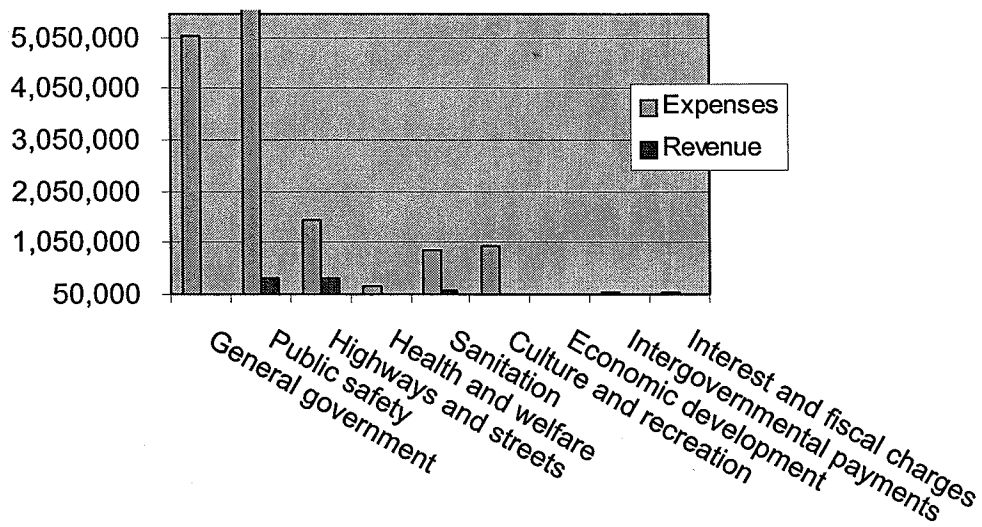
The Town paid for the remaining governmental activities with revenue not specifically targeted for specific programs. 34% of all revenues are known as general revenues, such as: interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

Revenue by Source - Governmental Activities



The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 40% of total expenses. Program revenue mainly consisting in grants in the amount of \$371,186 was collected to offset these expenses. Public safety is made up of police, fire, building inspections and emergency services.

Expense and Program Revenues – Governmental Activities



Business-type Activities

The charges for goods and services for the Sewer business-type activities were inadequate to cover the operating expenses resulting in an operating loss of \$104,284. However, the Sewer fund reported general revenue including interest, investment earnings and capital contributions in the amount of \$509,822. This resulted in the net assets increasing by \$405,538 during the current year.

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 3 and 4. 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the Town's governmental funds reported a combined ending fund balance of \$6,127,224, which increased \$161,483 during the year. Of the \$6,127,224, \$666,606 has been designated for specific use and is not available for new spending because it has already been committed. The remaining fund balance of \$5,460,618 is considered unreserved-undesignated and is available for spending at the Town's discretion subject to budgetary controls.

The General Fund is the primary operating fund of the Town. At the end of the current year, unreserved fund balance of the General Fund was \$1,024,068, while total unreserved fund balance was \$5,460,618. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund expenditures. Unreserved fund balance represents 7% of total General Fund expenditures, while total fund balance represents 37% of total expenditures.

The fund balance of the Nonmajor Governmental Funds increased by \$1,291,519, largely due to Impact Fees paid by developers and revenues collected for land use change tax.

Budgetary Highlights:

During the 2008-09 year, there was an increase of \$3,035 in the original budget, which was offset by the same amount with unanticipated revenues.

The General Fund operating budget returned \$843,383 of appropriations to fund balance. A budget to actual schedule for the General Fund can be found on page 27.

The 2009-10 fiscal year, the taxpayers approved at the Annual Town Meeting a \$22,773,011 operating and capital budget. \$6.2 million will be utilized for the wastewater treatment (sewer) plant expansion.

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, 2009 amounts to \$19,598,696 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment and infrastructure.

Major capital asset activity during the current year included the following:

- Buildings and improvements:
 - Renovations to the Village School building added \$186,665
- Vehicles and equipment:
 - 4 police cars were purchased adding \$92,681
 - 2 fire defibrillators were purchased adding \$34,677
 - Bullard camera for fire was purchased adding \$13,555
 - Plow truck for the highway was leased adding \$127,432
 - Van for the town maintenance department was purchased adding \$22,751
 - Pickups were purchased for the highway and parks adding \$95,762
 - John Deere tractor for parks were purchased adding \$54,836

Additional information on the capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

Capital Assets

	Governmental Activities		Business-type Activities		Combined Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Buildings and improvements	8,310,032	8,123,367	3,833,567	3,833,567	12,143,599	11,956,934
Vehicles and equipment	6,554,351	6,276,144	567,844	539,760	7,122,195	6,815,904
Construction in progress	-	-	6,547,889	1,892,499	6,547,889	1,892,499
Infrastructure	-	-	11,314,929	11,314,929	11,314,929	11,314,929
Total	14,864,383	14,399,511	22,564,229	17,880,755	37,428,612	32,280,266
Accumulated depreciation	(7,149,479)	(6,608,669)	(10,680,437)	(10,358,367)	(17,829,916)	(16,967,036)
Total capital assets	\$ 7,714,904	\$ 7,790,842	\$ 11,883,792	\$ 7,522,388	\$ 19,598,696	\$ 15,313,230

Debt administration

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$4,870,000 of which \$3,500,000 was related to the Sewer Fund and \$1,370,000 is backed by specified revenue sources. In addition, the Town had \$409,366 of capital lease obligation outstanding.

The Sewer fund withdrew \$2,788,933 from the State Revolving Loan Fund in the current year for upgrades to the Sewer Treatment plant.

Additional information on the debt can be found in Note 7 in the Notes to the Basic Financial Statements.

Outstanding Debt

	Governmental Activities		Business-type Activities		Combined Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 1,370,000	\$ 1,740,000	\$ 3,500,000	\$ 711,067	\$ 4,870,000	\$ 2,451,067
Capital leases	409,366	417,643	-	-	409,366	417,643
Total debt outstanding	1,779,366	2,157,643	3,500,000	711,067	5,279,366	2,868,710
Less: current portion	(511,601)	(482,205)	-	-	(511,601)	(482,205)
Total long-term debt	\$ 1,267,765	\$ 1,675,438	\$ 3,500,000	\$ 711,067	\$ 4,767,765	\$ 2,386,505

Economic Factors and the Future:

Statistical information available at the NH Employment Security website reports Merrimack County's unemployment rate for August 2009 at 5.9%, which is an increase from a rate of 3.6% a year ago. This compares to the State's average unemployment rate of 6.8% and the national average rate of 9.6%.

Throughout the year Hooksett has increased its commercial and industrial growth. The Town's departments, along with the dedicated service of the individuals from the various land use and development boards, continue to promote economic development to make Hooksett an even better place to live and do business. Hooksett welcomes the following new or expanded business:

The Elliot at Hooksett
ENCO Evaporator Manufacturing
FIFE Packaging
Lowe's Improvement Center
Southern NH University Dining Hall & Academic buildings
Wal-Mart

The Town does not expect revenues to improve over the next year and are currently reviewing fees for services.

To reduce the tax rate for 2009 the Town applied \$875,000 dollars from the General Fund unreserved fund balance.

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
(603) 485-2017

EXHIBIT A
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Net Assets
June 30, 2009

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 16,684,059	\$ 232,994	\$ 16,917,053
Investments	4,366,822	2,555,707	6,922,529
Taxes receivable, net	4,992,656		4,992,656
Accounts receivable, net	65,211	41,428	106,639
Unbilled charges for service		714,251	714,251
Prepaid expenses	53,964		53,964
Total Current Assets	<u>26,162,712</u>	<u>3,544,380</u>	<u>29,707,092</u>
Noncurrent Assets:			
Tax deeded property	140,806		140,806
Non-depreciable capital assets		6,847,889	6,847,889
Depreciable capital assets, net	7,714,904	5,035,903	12,750,807
Total Noncurrent Assets	<u>7,855,710</u>	<u>11,883,792</u>	<u>19,739,502</u>
Total Assets	<u>\$ 34,018,422</u>	<u>\$ 15,428,172</u>	<u>\$ 49,446,594</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 727,888	\$ 289,285	\$ 1,017,173
Accrued expenses	554,861	55,613	610,474
Retainage payable		226,335	226,335
Deferred revenue	17,444,123	725,782	18,169,905
Deposits	165,317	38,063	203,380
Current portion of bonds payable	370,000		370,000
Current portion of capital leases payable	141,601		141,601
Current portion of estimated liability for landfill postclosure care costs	13,500		13,500
Total Current Liabilities	<u>19,417,290</u>	<u>1,335,078</u>	<u>20,752,368</u>
Noncurrent Liabilities:			
Bonds payable	1,000,000		1,000,000
Notes payable		3,500,000	3,500,000
Capital leases payable	267,765		267,765
Estimated liability for other post-employment benefits	250,885		250,885
Estimated liability for landfill postclosure care costs	256,500		256,500
Compensated absences		41,047	41,047
Total Noncurrent Liabilities	<u>1,775,150</u>	<u>3,541,047</u>	<u>5,316,197</u>
Total Liabilities	<u>21,192,440</u>	<u>4,876,125</u>	<u>26,068,565</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,975,538	8,383,792	15,359,330
Restricted	3,905,317		3,905,317
Unrestricted	1,945,127	2,168,255	4,113,382
Total Net Assets	<u>12,825,982</u>	<u>10,552,047</u>	<u>23,378,029</u>
Total Liabilities and Net Assets	<u>\$ 34,018,422</u>	<u>\$ 15,428,172</u>	<u>\$ 49,446,594</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 5,079,540	\$ 57,646			\$ (5,021,894)		\$ (5,021,894)
Public safety	5,846,644	91,031	\$ 266,600	\$ 13,555	(5,475,458)		(5,475,458)
Highways and streets	1,474,927	14,865	354,335		(1,105,727)		(1,105,727)
Health and welfare	201,093				(201,093)		(201,093)
Sanitation	918,466	110,396			(808,070)		(808,070)
Culture and recreation	990,394	23,742	5,000		(961,652)		(961,652)
Economic development	14,847				(14,847)		(14,847)
Intergovernmental payments	85,000				(85,000)		(85,000)
Interest and fiscal charges	81,143				(81,143)		(81,143)
Total governmental activities	<u>14,692,054</u>	<u>297,680</u>	<u>625,935</u>	<u>13,555</u>	<u>(13,754,884)</u>	<u>\$ -</u>	<u>(13,754,884)</u>
Business-type activities:							
Sewer	<u>1,428,594</u>	<u>1,324,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,284)</u>	<u>(104,284)</u>
Total business-type activities	<u>1,428,594</u>	<u>1,324,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,284)</u>	<u>(104,284)</u>
Total primary government	<u>\$ 16,120,648</u>	<u>\$ 1,621,990</u>	<u>\$ 625,935</u>	<u>\$ 13,555</u>	<u>(13,754,884)</u>	<u>(104,284)</u>	<u>(13,859,168)</u>
General revenues:							
Property and other taxes					8,462,882		8,462,882
Licenses and permits					2,765,169		2,765,169
Grants and contributions					760,511	469,500	1,230,011
Interest and investment earnings					159,496	40,322	199,818
Miscellaneous					1,361,139		1,361,139
Contributions to permanent fund principal					5,100		5,100
Total general revenues					<u>13,514,297</u>	<u>509,822</u>	<u>14,024,119</u>
Change in net assets					<u>(240,587)</u>	<u>405,538</u>	<u>164,951</u>
Net assets - beginning					<u>13,066,569</u>	<u>10,146,509</u>	<u>23,213,078</u>
Net assets - ending					<u>\$ 12,825,982</u>	<u>\$ 10,552,047</u>	<u>\$ 23,378,029</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF HOOKSETT, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 16,279,646	\$ 404,413	\$ 16,684,059
Investments	62,197	4,304,625	4,366,822
Taxes receivable, net	4,992,656		4,992,656
Accounts receivable, net	57,987	7,224	65,211
Due from other funds	40,175	123,960	164,135
Prepaid expenses	53,964		53,964
Tax dedeed property	140,806		140,806
Total Assets	<u>\$ 21,627,431</u>	<u>\$ 4,840,222</u>	<u>\$ 26,467,653</u>
LIABILITIES			
Accounts payable	\$ 423,597	\$ 43,340	\$ 466,937
Accrued expenses	521,441		521,441
Due to other funds	384,911	40,175	425,086
Deposits		165,317	165,317
Deferred revenue	18,761,648		18,761,648
Total Liabilities	<u>20,091,597</u>	<u>248,832</u>	<u>20,340,429</u>
FUND BALANCES			
Reserved for encumbrances	316,996		316,996
Reserved for tax dedeed property	140,806		140,806
Reserved for endowments		154,840	154,840
Unreserved, reported in:			
General fund	1,078,032		1,078,032
Special revenue funds		4,408,050	4,408,050
Permanent funds		28,500	28,500
Total Fund Balances	<u>1,535,834</u>	<u>4,591,390</u>	<u>6,127,224</u>
Total Liabilities and Fund Balances	<u>\$ 21,627,431</u>	<u>\$ 4,840,222</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 7,714,904

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis 1,317,525

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Bonds payable	(1,370,000)
Capital leases payable	(409,366)
Other post-employment benefits	(250,885)
Accrued interest on long-term obligations	(33,420)
Other long-term obligations	(270,000)
Net assets of governmental activities	<u>\$ 12,825,982</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 8,440,077	\$ 496,832	\$ 8,936,909
Licenses and permits	2,765,169		2,765,169
Intergovernmental	1,381,446	5,000	1,386,446
Charges for services	123,902	173,778	297,680
Investment income	97,115	62,381	159,496
Miscellaneous	180,612	1,186,827	1,367,439
Total Revenues	<u>12,988,321</u>	<u>1,924,818</u>	<u>14,913,139</u>
Expenditures:			
Current operations:			
General government	4,836,814	300	4,837,114
Public safety	5,508,211	29,083	5,537,294
Highways and streets	1,173,863		1,173,863
Health and welfare	201,093		201,093
Sanitation	839,251		839,251
Culture and recreation	343,662	526,821	870,483
Economic development	14,847		14,847
Capital outlay	437,598	294,209	731,807
Intergovernmental payments		85,000	85,000
Debt service:			
Principal retirement	482,205		482,205
Interest and fiscal charges	82,627		82,627
Total Expenditures	<u>13,920,171</u>	<u>935,413</u>	<u>14,855,584</u>
Excess revenues over (under) expenditures	<u>(931,850)</u>	<u>989,405</u>	<u>57,555</u>
Other financing sources (uses):			
Proceeds from capital lease	103,928		103,928
Transfers in	318,075	620,463	938,538
Transfers out	(620,463)	(318,075)	(938,538)
Total other financing sources (uses)	<u>(198,460)</u>	<u>302,388</u>	<u>103,928</u>
Net change in fund balances	<u>(1,130,310)</u>	<u>1,291,793</u>	<u>161,483</u>
Fund balances at beginning of year	<u>2,666,144</u>	<u>3,299,597</u>	<u>5,965,741</u>
Fund balances at end of year	<u>\$ 1,535,834</u>	<u>\$ 4,591,390</u>	<u>\$ 6,127,224</u>

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 Year Ended June 30, 2009	
Net Change in Fund Balances--Total Governmental Funds	\$ 161,483
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(69,117)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(460,472)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net loss on the disposal of capital assets reduced by the actual proceeds received from the sale of capital assets.	(20,376)
Proceeds from capital leases are an other financing source in the funds, but a capital lease increases long-term liabilities in the statement of net assets.	(103,928)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	482,205
In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due.	7,003
Some expenses reported in the statement of activities, such as the estimated liability for landfill postclosure care costs and other post- employment benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(237,385)
Change in Net Assets of Governmental Activities	\$ (240,587)

EXHIBIT E
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Sewer <u>Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 232,994
Investments	2,555,707
Accounts receivable, net	41,428
Unbilled charges for service	<u>714,251</u>
Total Current Assets	<u>3,544,380</u>
Noncurrent Assets:	
Capital assets, net	<u>11,883,792</u>
Total Noncurrent Assets	<u>11,883,792</u>
Total Assets	<u><u>\$ 15,428,172</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 289,285
Accrued expenses	55,613
Retainage payable	226,335
Deferred revenue	725,782
Deposits	<u>38,063</u>
Total Current Liabilities	<u>1,335,078</u>
Noncurrent Liabilities:	
Notes payable	3,500,000
Compensated absences	<u>41,047</u>
Total Noncurrent Liabilities	<u>3,541,047</u>
Total Liabilities	<u>4,876,125</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,383,792
Unrestricted	<u>2,168,255</u>
Total Net Assets	<u>10,552,047</u>
Total Liabilities and Net Assets	<u><u>\$ 15,428,172</u></u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Sewer <u>Fund</u>
Operating revenues:	
Charges for services	\$ 1,324,310
Total operating revenues	<u>1,324,310</u>
Operating expenses:	
Personnel services	546,869
Contractual services	33,715
Materials and supplies	152,248
Utilities	171,158
Depreciation	322,070
Miscellaneous	<u>202,534</u>
Total operating expenses	<u>1,428,594</u>
Operating (loss)	<u>(104,284)</u>
Non-operating revenues (expenses):	
Interest revenue	<u>40,322</u>
Net non-operating revenues (expenses)	<u>40,322</u>
Income before capital contributions	(63,962)
Capital contributions	<u>469,500</u>
Change in net assets	405,538
Total net assets at beginning of year	<u>10,146,509</u>
Total net assets at end of year	<u>\$ 10,552,047</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,226,354
Cash paid to suppliers and employees	<u>(856,294)</u>
Net cash provided by operating activities	<u>370,060</u>
Cash flows from capital and related financing activities:	
Capital contributions	46,500
Purchases of capital assets	(4,457,139)
Proceeds of long-term debt	<u>3,068,283</u>
Net cash used for capital and related financing activities	<u>(1,342,356)</u>
Cash flows from investing activities:	
Net increase in investments	549,090
Interest on investments	<u>40,322</u>
Net cash provided from investing activities	<u>589,412</u>
Net decrease in cash and cash equivalents	(382,884)
Cash and cash equivalents at beginning of year	<u>615,878</u>
Cash and cash equivalents at end of year	<u>\$ 232,994</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (104,284)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Bad debt expense	6,854
Depreciation expense	322,070
Changes in assets and liabilities:	
Decrease in accounts receivable, net	18,358
(Increase) in unbilled charges for service	(104,763)
Increase in accounts payable	249,673
(Decrease) in accrued expenses	(6,297)
(Decrease) in deposits	<u>(11,551)</u>
Net cash provided by operating activities	<u>\$ 370,060</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Investments	\$ 2,715,224
Due from other funds	<u>260,951</u>
Total assets	<u><u>\$ 2,976,175</u></u>
LIABILITIES	
Due to other governments	\$ 1,674,954
Due to developers	<u>1,301,221</u>
Total liabilities	<u><u>\$ 2,976,175</u></u>

See accompanying notes to the basic financial statements

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hooksett, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Hooksett, New Hampshire (the Town) was incorporated in 1822. The Town operates under the Town Meeting/Town Council form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Town Council and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basic Financial Statement Presentation

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Town's major governmental fund:

The General Fund is the operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following is the Town's major proprietary fund:

The Sewer Fund accounts for all revenues and expenses pertaining to the Town's wastewater operation. The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The Town maintains one category of fiduciary funds known as agency funds. The Town's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The Town's agency fund accounts for the capital reserve funds of the Hooksett School District, the Central Hooksett Water Precinct and the Hooksett Village Water Precinct, which are held by the Town as required by State law. Other agency funds consist of escrow funds from developers which are held by the Town.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

1. Revenues – Exchange and Non-exchange Transactions:

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal 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 fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: interest on investments and property taxes received during the availability period.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Council may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2009, the Town applied \$1,500,000 of its unappropriated fund balance to reduce taxes.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	<u>Cash</u>
Proprietary Funds:	
Sewer Fund	<u>\$ 232,994</u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2009 are recorded as receivables net of reserves for estimated uncollectibles of \$571,674.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

Capital Assets

General capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, water purification and distribution system, sewer collection and treatment system, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	50-100
Furniture and equipment	5-15
Vehicles	8

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy and collective bargaining agreements, employees may accumulate up to 30 days of unused vacation pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the sewer fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2--PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,595,105,965 as of April 1, 2008) and are due in two installments on July 1, 2008 and December 30, 2008. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Hooksett School District and Merrimack County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$20,229,305 and \$4,240,638, for the Hooksett School District and Merrimack County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 3--RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2009, the Town was a member of the Local Government Center (LGC). The Town currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

LGC provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

The Trust agreement permits the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2009.

NOTE 4--DEPOSITS AND INVESTMENTS

The Town has combined the cash resources of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 16,917,053
Investments	6,922,529
Statement of Fiduciary Net Assets:	
Investments	<u>2,715,224</u>
Total cash and investments	<u>\$ 26,554,806</u>

Deposits and investments at June 30, 2009 consist of the following:

Cash on hand	\$ 1,573
Deposits with financial institutions	19,334,368
Investments	<u>7,218,865</u>
Total cash and investments	<u>\$ 26,554,806</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

The Town limits its investments to demand deposits, money market accounts, certificates of deposit, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Years)</u>	
		<u>0-1 Years</u>	<u>1-5 Years</u>
Federal agency securities	\$ 45,721	\$ 45,721	
U.S. Treasury notes	50,682	20,179	\$ 30,503
	<u>\$ 96,403</u>	<u>\$ 65,900</u>	<u>\$ 30,503</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The federal agency securities and the U.S. Treasury notes are the only rated investments and their credit risk is AAA.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Currently, the Town has no investment policy for assurance against custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$18,708,390 was collateralized by securities held by the bank in the bank's name. As of June 30, 2009, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

	<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury notes		\$ 50,682
Federal agency securities		45,721
Mutual funds		46,038
Equity securities		6,235
Money market funds		37,720
		<u>\$ 186,396</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 5--CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2009</u>
Governmental activities:				
Capital assets not depreciated:				
Construction in process	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Infrastructure	92,754,515			92,754,515
Buildings and improvements	8,123,367	186,665		8,310,032
Vehicles and equipment	6,276,144	441,694	(163,487)	6,554,351
Total other capital assets at historical cost	107,154,026	628,359	(163,487)	107,618,898
Less accumulated depreciation for:				
Infrastructure	(92,754,515)			(92,754,515)
Buildings and improvements	(3,141,213)	(202,695)		(3,343,908)
Vehicles and equipment	(3,467,456)	(481,226)	143,111	(3,805,571)
Total accumulated depreciation	(99,363,184)	(683,921)	143,111	(99,903,994)
Total other capital assets, net	7,790,842	(55,562)	(20,376)	7,714,904
Total capital assets, net	<u>\$ 7,790,842</u>	<u>\$ (55,562)</u>	<u>\$ (20,376)</u>	<u>\$ 7,714,904</u>

Depreciation expense was charged to governmental functions as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

General government	\$ 41,960
Public safety	374,192
Highways and streets	155,933
Sanitation	51,273
Culture and recreation	60,563
Total governmental activities depreciation expense	<u>\$ 683,921</u>

The balance of the assets acquired through capital leases as of June 30, 2009 is as follows:

Vehicles and equipment	\$ 924,466
Less accumulated depreciation for:	
Vehicles and equipment	<u>(263,134)</u>
	<u>\$ 661,332</u>

The following is a summary of changes in capital assets in the proprietary funds:

	Balance 7/1/2008	Additions	Reductions	Balance 6/30/2009
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 300,000			\$ 300,000
Construction in process	1,892,499	\$ 4,683,474	\$ (28,084)	6,547,889
Total capital assets not being depreciated	<u>2,192,499</u>	<u>4,683,474</u>	<u>(28,084)</u>	<u>6,847,889</u>
Other capital assets:				
Infrastructure	11,314,929			11,314,929
Buildings and improvements	3,833,567			3,833,567
Vehicles and equipment	539,760	28,084		567,844
Total other capital assets at historical cost	<u>15,688,256</u>	<u>28,084</u>	<u>-</u>	<u>15,716,340</u>
Less accumulated depreciation for:				
Infrastructure	(6,779,758)	(149,399)		(6,929,157)
Buildings and improvements	(3,105,042)	(149,990)		(3,255,032)
Vehicles and equipment	(473,567)	(22,681)		(496,248)
Total accumulated depreciation	<u>(10,358,367)</u>	<u>(322,070)</u>	<u>-</u>	<u>(10,680,437)</u>
Total other capital assets, net	<u>5,329,889</u>	<u>(293,986)</u>	<u>-</u>	<u>5,035,903</u>
Total capital assets, net	<u>\$ 7,522,388</u>	<u>\$ 4,389,488</u>	<u>\$ (28,084)</u>	<u>\$ 11,883,792</u>

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	<u>\$ 322,070</u>
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NOTE 6--DEFINED BENEFIT PENSION PLAN

Plan Descriptions

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit postemployment healthcare plan (OPEB) and a cost-sharing multiple-employer defined benefit pension (DBP) plan administered by the NHRS Board of Trustees. The OPEB plan

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

provides medical benefits to retired employees of participating towns and the DBP plan provides service, disability, death and vested retirement allowances to plan members. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policies

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 11.84%, 15.92% and 8.74% respectively. The Town contributes 65% of the employer cost for police officers and fire employees, and the State contributes the remaining 35% of the employer cost. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB Statement #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$266,600 have been reported as a revenue and expenditure in the General Fund in these financial statements.

Under NHRSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending June 30, 2009, 2008, and 2007 were \$708,442, \$675,997, and \$536,468, respectively, equal to the required contributions for each year

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS

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

Annual OPEB Costs

The Town's fiscal 2009 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town's annual OPEB cost for the year ending June 30, 2009 including the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2008 is as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Annual Required Contribution (ARC)	\$ 278,129
Interest on net OPEB obligation	-
Annual OPEB cost	278,129
Contributions made	(27,244)
Increase in net OPEB obligation	250,885
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 250,885</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ended June 30, 2009 are as follows:

Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2009	\$278,129	9.8%	\$250,885

Funded Status and Funding Progress for OPEB

The funded status of the plan as of July 1, 2008, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 1,988,285
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,988,285</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 5,622,099
UAAL as a percentage of covered payroll	35.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town 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 Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2008 actuarial valuation the entry age method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return. The amortization costs for the initial Unfunded Actuarial Accrued

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Liability (UAAL) is a level percentage of payroll for a period of thirty years on an open group basis. This has been calculated assuming the amortization payment increases at an annual rate of 3.5%.

NOTE 8--LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended June 30, 2009 are as follows:

	<u>Balance</u> <u>7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 1,740,000		\$ (370,000)	\$ 1,370,000	\$ 370,000
Capital leases payable	417,643	\$ 127,432	(135,709)	409,366	141,601
Other post-employment benefits		278,129	(27,244)	250,885	
Total governmental activities	<u>\$ 2,157,643</u>	<u>\$ 405,561</u>	<u>\$ (532,953)</u>	<u>\$ 2,030,251</u>	<u>\$ 511,601</u>
Business-type activities:					
State Revolving Loan Funds	\$ 711,067	\$ 2,788,933		\$ 3,500,000	
Compensated absences	40,366	681		41,047	
Total business-type activities	<u>\$ 751,433</u>	<u>\$ 2,789,614</u>	<u>\$ -</u>	<u>\$ 3,541,047</u>	<u>\$ -</u>

Payments on the general obligation bonds and capital leases are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

Bonds payable at June 30, 2009 are comprised of the following individual issues:

	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>at</u> <u>6/30/2009</u>
Governmental Activities:			
Safety Center Bond	5.625%-5.75%	8/2011	\$ 330,000
TIF District	3.5%-4.0%	8/2012	<u>1,040,000</u>
			<u>\$ 1,370,000</u>

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2009 are as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Year Ending June 30,	Principal	Interest	Totals
2010	\$ 370,000	\$ 48,935	\$ 418,935
2011	370,000	33,537	403,537
2012	370,000	18,113	388,113
2013	260,000	5,200	265,200
	<u>\$ 1,370,000</u>	<u>\$ 105,785</u>	<u>\$ 1,475,785</u>

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2009 was \$81,143 on general obligation debt for governmental activities.

Tax Increment Financing

The Town has pledged a portion of future tax increment financing revenues to repay the debt issued to finance infrastructure and facilities within the Exit 10 Tax Increment Financing District. The bonds are payable solely from the tax increment financing taxes. Incremental taxes were projected to, and do, produce in excess of 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,117,350, payable through 2013. For the current year, principal and interest paid and total tax increment revenues were \$302,250 and \$296,832 respectively.

Notes Payable

As of June 30, 2009, the Sewer Fund had drawn down on a State Revolving Loan Fund a total amount of \$3,500,000. The loan is not scheduled to be repaid until the project is completed and all of the funds needed have been drawn down. The State Revolving Loan Fund was fully drawn down on as of June 30, 2009. The draw downs will be converted to a loan effective January 1, 2010 with the first payment due January 1, 2011.

The following is a schedule of notes payable at June 30, 2009:

State Revolving Loan Fund payable #CS-330187-04	<u>\$ 3,500,000</u>
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Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the individual capital lease obligations at June 30, 2009:

	Interest Rate	Final Maturity Date	Balance at 6/30/2009
Governmental Activities:			
Equipment, sweeper	4.44%	11/2009	\$ 28,895
Equipment, pumper trucks	4.27%	10/2011	276,543
Equipment, plow truck	4.50%	12/2012	103,928
			<u>\$ 409,366</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

Debt service requirements to retire capital lease obligations outstanding for governmental and business-type activities at June 30, 2009 are as follows:

Governmental activities:

Year Ending June 30,	Principal	Interest	Totals
2010	\$ 141,601	\$ 17,632	\$ 159,233
2011	117,571	11,485	129,056
2012	122,645	6,410	129,055
2013	27,549	1,116	28,665
	<u>\$ 409,366</u>	<u>\$ 36,643</u>	<u>\$ 446,009</u>

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2009:

Sewer Construction	\$ 14,424
Wastewater Treatment Plant	3,500,000
TIF District	<u>2,000,000</u>
	<u>\$ 5,514,424</u>

NOTE 9--LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. During 1999, a final cover was placed on the landfill. An estimated liability has been recorded based on the future postclosure care costs that will be incurred after the date the landfill no longer accepts waste. The estimated liability for postclosure care costs has a balance of \$270,000 as of June 30, 2009. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of June 30, 2009. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The Town has established a landfill capital reserve to finance the postclosure costs. At June 30, 2009, the balance in the landfill capital reserve is \$121,700.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended June 30, 2009:

Balance - July 1, 2008	\$ 283,500
Expenditures recognized in Landfill Capital Reserve Fund	(34,609)
Net change in estimated liability for postclosure care costs	<u>21,109</u>
Balance - June 30, 2009	<u>\$ 270,000</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

NOTE 10--INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2009 are as follows:

	Due from		
	General	Nonmajor	
	Fund	Governmental	
		Funds	Totals
Due to General Fund		\$ 40,175	\$ 40,175
Nonmajor Governmental Funds	\$ 123,960		123,960
Agency Funds	260,951		260,951
	<u>\$ 384,911</u>	<u>\$ 40,175</u>	<u>\$ 425,086</u>

During the year, several interfund transactions occurred between funds. The various operating transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2009 are as follows:

	Transfer from		
	General	Nonmajor	
	Fund	Governmental	
		Funds	Totals
Transfer to General Fund		\$ 318,075	\$ 318,075
Nonmajor Governmental Funds	\$ 620,463		620,463
	<u>\$ 620,463</u>	<u>\$ 318,075</u>	<u>\$ 938,538</u>

NOTE 11--RESTRICTED NET ASSETS

Net assets are restricted for specific purposes as follows:

	Governmental
	Activities
Endowments	\$ 154,840
Capital Reserve	737,153
Conservation	1,259,201
Other special purposes	1,754,123
	<u>\$ 3,905,317</u>

NOTE 12--PERMANENT FUNDS

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. Principal and income balances at June 30, 2009 are as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2009

	<u>Principal</u>	<u>Income</u>	<u>Total</u>
Cemetery Funds	\$ 149,784	\$ 24,233	\$ 174,017
Library Funds	5,056	4,267	9,323
	<u>\$ 154,840</u>	<u>\$ 28,500</u>	<u>\$ 183,340</u>

NOTE 13--TOP FIVE TAXPAYERS

The following are the five major taxpayers as they relate to the 2008 assessed property valuation of \$1,595,105,965:

<u>Taxpayer</u>	<u>2008 Property Valuation</u>	<u>Percentage of Total Valuation</u>
Public Service Company	\$ 42,822,824	2.68%
WP Hooksett Associates	25,287,800	1.59%
Southern NH University	24,130,632	1.51%
Manchester Sand & Gravel	19,986,497	1.25%
Target	16,124,500	1.01%

NOTE 14--COMMITMENTS AND CONTINGENCIES

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

SCHEDULE 1

TOWN OF HOOKSETT, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 8,342,470	\$ 8,342,470	\$ 7,966,050	\$ (376,420)
Licenses and permits	2,687,200	2,687,200	2,765,169	77,969
Intergovernmental	1,118,292	1,096,262	1,114,846	18,584
Charges for services	121,000	121,000	123,902	2,902
Interest income	375,000	375,000	97,115	(277,885)
Miscellaneous	112,463	131,458	180,612	49,154
Total Revenues	<u>12,756,425</u>	<u>12,753,390</u>	<u>12,247,694</u>	<u>(505,696)</u>
Expenditures:				
Current:				
General government	4,716,206	4,718,206	4,684,158	34,048
Public safety	5,504,601	5,532,288	5,147,778	384,510
Highways and streets	1,252,036	1,297,900	1,112,341	185,559
Health and welfare	192,554	192,554	201,093	(8,539)
Sanitation	1,001,860	1,007,047	817,251	189,796
Culture and recreation	398,603	400,142	282,825	117,317
Economic development	1,000	1,000	47,194	(46,194)
Capital outlay	320,410	235,098	248,213	(13,115)
Debt service:				
Principal retirement	370,000	370,000	370,000	-
Interest and fiscal charges	64,265	64,265	64,264	1
Lease payments	<u>130,568</u>	<u>130,568</u>	<u>130,568</u>	<u>-</u>
Total Expenditures	<u>13,952,103</u>	<u>13,949,068</u>	<u>13,105,685</u>	<u>843,383</u>
Excess revenues over (under) expenditures	<u>(1,195,678)</u>	<u>(1,195,678)</u>	<u>(857,991)</u>	<u>337,687</u>
Other financing sources (uses):				
Transfers in	315,142	315,142	318,075	2,933
Transfers out	<u>(619,464)</u>	<u>(619,464)</u>	<u>(620,463)</u>	<u>(999)</u>
Total other financing sources (uses)	<u>(304,322)</u>	<u>(304,322)</u>	<u>(302,388)</u>	<u>1,934</u>
Net change in fund balances	(1,500,000)	(1,500,000)	(1,160,379)	339,621
Fund balances at beginning of year				
- Budgetary Basis	<u>3,696,742</u>	<u>3,696,742</u>	<u>3,696,742</u>	<u>-</u>
Fund balances at end of year				
- Budgetary Basis	<u>\$ 2,196,742</u>	<u>\$ 2,196,742</u>	<u>\$ 2,536,363</u>	<u>\$ 339,621</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF HOOKSETT, NEW HAMPSHIRE

Schedule of Funding Progress for Other Post-Employment Benefits

For the Year Ended June 30, 2009

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 1,988,285	\$ 1,988,285	0.0%	\$ 5,622,099	35.4%

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2009

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Budgetary information in these financial statements has been presented only for the General Fund as it is neither practical nor meaningful for other funds. Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances, capital leases and on-behalf payments for fringe benefits.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Exhibit D	\$ 13,410,324	\$ 14,540,634
Difference in property taxes meeting susceptible to accrual criteria	(474,027)	
Encumbrances, June 30, 2008		(760,954)
Encumbrances, June 30, 2009		316,996
Capital lease	(103,928)	(103,928)
On-behalf fringe benefits	(266,600)	(266,600)
Schedule 1	<u>\$ 12,565,769</u>	<u>\$ 13,726,148</u>

NOTE 2—ENCUMBRANCES

Functional encumbrances at June 30, 2009 are as follows:

General government	\$ 193,657
Public safety	53,964
Highways and streets	37,028
Economic development	32,347
	<u>\$ 316,996</u>

NOTE 3--UNRESERVED DESIGNATED FUND BALANCES

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. At year end, continuing appropriations are reported as a component of the General Fund's unreserved fund balance and are detailed as follows:

Public safety	\$ 2,208
Capital outlay - FEMA grants	99,140
	<u>101,348</u>
Less: revenues not susceptible to accrual	<u>(101,348)</u>
	<u>\$ -</u>

SCHEDULE A
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2009

	Special Revenue Funds	Permanent Funds	Combining Totals
ASSETS			
Cash and cash equivalents	\$ 401,981	\$ 2,432	\$ 404,413
Investments	4,118,229	186,396	4,304,625
Accounts receivable	7,224		7,224
Due from other funds	123,960		123,960
Total Assets	<u>\$ 4,651,394</u>	<u>\$ 188,828</u>	<u>\$ 4,840,222</u>
LIABILITIES			
Accounts payable	\$ 43,340		\$ 43,340
Due to other funds	34,687	\$ 5,488	40,175
Deposits	165,317		165,317
Total Liabilities	<u>243,344</u>	<u>5,488</u>	<u>248,832</u>
FUND BALANCES			
Reserved for endowments		154,840	154,840
Unreserved, reported in:			
Special revenue funds	4,408,050		4,408,050
Permanent funds		28,500	28,500
Total Fund Balances	<u>4,408,050</u>	<u>183,340</u>	<u>4,591,390</u>
Total Liabilities and Fund Balances	<u>\$ 4,651,394</u>	<u>\$ 188,828</u>	<u>\$ 4,840,222</u>

SCHEDULE A-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2009

	Library Fund	Heritage Commission	Head's Chapel Preservation	TIF District	Conservation Commission	Impact Fees	Solid Waste Disposal Fund	Recreation Revolving Fund	DARE Fund	Drug Forfeiture Fund	Police Special Details Fund	Fire Special Details Fund	Capital Reserve Fund	Combining Totals
ASSETS														
Cash	\$ 82,918	\$ 7,387	\$ 9,237	\$ 31	\$ 1,432,504	\$ 1,587,933	\$ 319,063	\$ 23,833			\$ 68,331	\$ 2,052	\$ 743,933	\$ 401,981
Investments							242,988				7,224			4,118,229
Accounts receivable		2,127			409	112,070		40	\$ 3,804	\$ 5,198	312			7,224
Due from other funds		\$ 9,514	\$ 9,237	\$ 31	\$ 1,432,913	\$ 1,700,003	\$ 562,051	\$ 23,873	\$ 3,804	\$ 5,198	\$ 75,867	\$ 2,052	\$ 743,933	123,960
Total Assets	\$ 82,918	\$ 9,514	\$ 9,237	\$ 31	\$ 1,432,913	\$ 1,700,003	\$ 562,051	\$ 23,873	\$ 3,804	\$ 5,198	\$ 75,867	\$ 2,052	\$ 743,933	\$ 4,651,394
LIABILITIES														
Accounts payable						\$ 43,340	\$ 8,918				\$ 4,332		\$ 6,780	\$ 43,340
Due to other funds		\$ 481	\$ 363	\$ 5,418	\$ 8,395									34,687
Deposits					165,317		8,918							165,317
Total Liabilities	\$ -	\$ 481	\$ 363	\$ 5,418	\$ 173,712	\$ 43,340	\$ 8,918				\$ 4,332		\$ 6,780	\$ 243,344
FUND BALANCES														
Unreserved (deficit), reported in:														
Special revenue funds	82,918	9,033	8,874	(5,387)	1,259,201	1,656,663	553,133	23,873	3,804	5,198	71,535	2,052	737,153	4,408,050
Total Fund Balances	82,918	9,033	8,874	(5,387)	1,259,201	1,656,663	553,133	23,873	3,804	5,198	71,535	2,052	737,153	4,408,050
Total Liabilities and Fund Balances	\$ 82,918	\$ 9,514	\$ 9,237	\$ 31	\$ 1,432,913	\$ 1,700,003	\$ 562,051	\$ 23,873	\$ 3,804	\$ 5,198	\$ 75,867	\$ 2,052	\$ 743,933	\$ 4,651,394

SCHEDULE B

TOWN OF HOOKSETT, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended June 30, 2009

	Special Revenue Funds	Permanent Funds	Combining Totals
Revenues:			
Taxes	\$ 496,832		\$ 496,832
Intergovernmental	5,000		5,000
Charges for services	173,778		173,778
Investment income	61,419	\$ 962	62,381
Miscellaneous	1,181,727	5,100	1,186,827
Total Revenues	<u>1,918,756</u>	<u>6,062</u>	<u>1,924,818</u>
Expenditures:			
Current operations:			
General government		300	300
Public safety	29,083		29,083
Culture and recreation	526,821		526,821
Capital outlay	294,209		294,209
Intergovernmental payments	85,000		85,000
Total Expenditures	<u>935,113</u>	<u>300</u>	<u>935,413</u>
Excess of revenues over (under) expenditures	<u>983,643</u>	<u>5,762</u>	<u>989,405</u>
Other financing sources (uses):			
Transfers in	620,463		620,463
Transfers out	(312,587)	(5,488)	(318,075)
Total other financing sources (uses)	<u>307,876</u>	<u>(5,488)</u>	<u>302,388</u>
Net change in fund balances	1,291,519	274	1,291,793
Fund balances at beginning of year	<u>3,116,531</u>	<u>183,066</u>	<u>3,299,597</u>
Fund balances at end of year	<u>\$ 4,408,050</u>	<u>\$ 183,340</u>	<u>\$ 4,591,390</u>

SCHEDULE B-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

	Library Fund	Grants Fund	Heritage Commission	Head's Chapel Preservation	TIF District	Conservation Commission	Impact Fees	Solid Waste Disposal Fund	Recreation Revolving Fund	DARE Fund	Drug Forfeiture Fund	Police Special Details Fund	Fire Special Details Fund	Capital Reserve Fund	Combining Totals
Revenues:															
Taxes				\$ 5,000	\$ 296,832	\$ 200,000									\$ 496,832
Intergovernmental															5,000
Charges for services															173,778
Investment income	\$ 4,894		\$ 86	189			\$ 11,071	\$ 110,396	\$ 23,742					\$ 24,956	61,419
Miscellaneous	37,114	\$ 1,179	4,633				1,088,701	5,244	131						1,181,727
Total Revenues	42,008	1,179	4,719	5,189	296,832	264,227	1,099,772	115,640	23,873					24,956	1,918,756
Expenditures:															
Current operations:															
Public safety		1,179													29,083
Culture and recreation	474,937		3,315	17,794		30,775	43,340					21,282	6,622		526,821
Capital outlay	6,930					48,850	85,000							195,089	294,209
Intergovernmental payments															85,000
Total Expenditures	481,867	1,179	3,315	17,794		79,625	128,340					21,282	6,622	195,089	935,113
Excess of revenues over (under) expenditures	(439,859)	-	1,404	(12,605)	296,832	184,602	971,432	115,640	23,873			10,405	2,052	(170,133)	983,643
Other financing sources:															
Transfers in	442,553		1,000		(302,250)	6,910		(8,918)						170,000	620,463
Transfers out	442,553		1,000		(302,250)	6,910		(8,918)						(1,419)	(312,587)
Total other financing sources														168,581	307,876
Net change in fund balances	2,694	-	2,404	(12,605)	(5,418)	191,512	971,432	106,722	23,873			10,405	2,052	(1,552)	1,291,519
Fund balances at beginning of year	80,224		6,629	21,479	31	1,067,689	685,231	446,411		3,804	5,198	61,130		738,705	3,116,531
Fund balances (deficit) at end of year	\$ 82,918	\$ -	\$ 9,033	\$ 8,874	\$ (5,387)	\$ 1,259,201	\$ 1,656,663	\$ 553,133	\$ 23,873	\$ 3,804	\$ 5,198	\$ 71,535	\$ 2,052	\$ 737,153	\$ 4,408,050