

TOWN OF HOOKSETT, NEW HAMPSHIRE

Financial Statements

June 30, 2019

and

Independent Auditor's Report

TOWN OF HOOKSETT, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2019

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FINANCIAL STATEMENTS
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hooksett, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hooksett, New Hampshire, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hooksett, New Hampshire, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages i-viii and 42-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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 governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Vashon Clukay & Company PC

Manchester, New Hampshire
June 5, 2020

Management's Discussion and Analysis

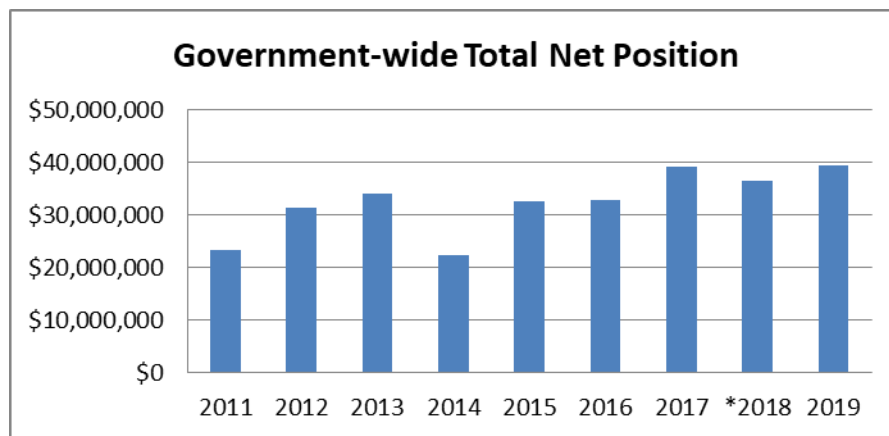
As management of the Town of Hooksett (Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

This 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 Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of the most recent year by \$39,446,369 (*net position*), an increase of \$3,069,072 in comparison to the prior year.



*2018 Net Posostion was restated.

- At year end, the Town reported a combined net pension liability of \$16,069,677 for all of its governmental and business-type activities.

Fund highlights

- At the close of the current year, the Town's governmental funds reported a combined balance of all funds of \$11,850,402, an increase of \$985,191 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,807,821 and is available for spending at the Annual Town Meeting's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government- wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The basic financial statements present two (2) different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

Government-wide financial statements

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

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

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

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

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

The government-wide financial statements can be found on pages 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. Reconciliations found on page 4 and 6 are provided for both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented in the *Governmental Funds Balance Sheet* and in the *Statement of Revenues, Expenditures and Changes in Fund Balances* for these funds. They can be found on page 3 and 5.

The General Fund is considered to be a major fund. The General Fund accounts for governmental services provided to the Town's residents. As of June 30, 2011, to comply with GASB Statement 54, the Town moved the Library,

Heritage Commission, Head's Chapel Preservation, and the Expendable Trust funds into the General Fund from the Other Governmental Funds.

Data from the other nine governmental funds are combined into a single, aggregated presentation termed Nonmajor Governmental Funds. More information can be found on pages 50-55 regarding these nonmajor governmental funds.

Proprietary funds: The Town charges sewer customers for the services it provides; they are reported in the proprietary fund, which can be found, on pages 7-9. Proprietary funds are reported in the same way that all business-type activities are reported in the governmental-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 10.

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 fund financial statements.

Other information

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

Government-wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior years. The Town's combined net position (government and business-type activities) totaled \$39,446,369 at the end of 2019, which increased by \$3,096,668.

Net position of the Governmental Activities and Business-type Activities as of July 1, 2018 have been restated. See footnote 14 – *Restatement of New Position* for more information.

Town of Hooksett Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 30,411,620	\$ 30,991,520	\$ 10,824,787	\$ 10,999,241	\$ 41,236,407	\$ 41,990,761
Capital assets	26,721,774	24,459,475	13,993,004	13,326,345	40,714,778	37,785,820
Total assets	57,133,394	55,450,995	24,817,791	24,325,586	81,951,185	79,776,581
Deferred outflows of Resources	3,153,744	3,403,381	82,146	92,295	3,235,890	3,495,676
Current Liabilities	1,235,162	3,372,146	781,161	918,346	2,016,323	4,290,492
Non Current Liabilities	20,690,610	34,036,937	5,384,280	4,767,191	26,074,890	38,804,128
Total liabilities	21,925,772	37,409,083	6,165,441	5,685,537	28,091,213	43,094,620
Deferred inflows of Resources	17,615,341	3,478,986	34,152	321,950	17,649,493	3,800,936
Net position:						
Net investment in capital assets	25,846,223	24,356,099	8,871,269	8,858,663	34,717,492	33,214,762
Restricted	1,956,580	2,401,380	-	-	1,956,580	2,401,380
Unrestricted	(7,056,778)	(8,791,172)	9,829,075	9,551,731	2,772,297	760,559
Total net position, as restated	\$ 20,746,025	\$ 17,966,307	\$ 18,700,344	\$ 18,410,394	\$ 39,446,369	\$ 36,376,701

The largest portion of the government's net position, \$34,717,492 (88%), reflects investment in assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any outstanding related debt used to acquire those assets. These assets are used to provide services to citizens; consequently, they are not available for future spending.

An additional portion of net position, \$1,793,620 (5%) represents resources that are subject to external restrictions on how they may be use.

The remaining balance of unrestricted net position \$2,935,257 (7%) may be used to meet the government's operating needs and ongoing obligations. The deficit in the Governmental Activities unrestricted net position is \$6,893,818. The largest component of the deficit is due to the cumulative effect of the implementation of GASB 68, specifically the net pension liability and related deferred outflows and deferred inflows which have a combined effect of reducing the net position by \$13,808,567 as of June 30, 2019.

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

Town of Hooksett Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 990,439	\$ 3,703,592	\$ 1,971,971	\$ 2,272,289	\$ 2,962,410	\$ 5,975,881
Operating grants and contributions	345,861	2,031,781	-	-	345,861	2,031,781
Capital grants and contributions	2,427,172	777,333	-	-	2,427,172	777,333
General revenues	18,280,837	14,304,242	496,634	160,117	18,777,471	14,464,359
Total revenues	22,044,309	20,816,948	2,468,605	2,432,406	24,512,914	23,249,354
Expenses:						
General government	2,736,045	2,362,318	-	-	2,736,045	2,362,318
Public safety	10,091,936	9,601,930	-	-	10,091,936	9,601,930
Highway and streets	3,622,578	2,750,486	-	-	3,622,578	2,750,486
Sanitation	1,072,529	1,088,019	-	-	1,072,529	1,088,019
Health and welfare	124,114	120,465	-	-	124,114	120,465
Culture and recreation	1,547,896	2,330,240	-	-	1,547,896	2,330,240
Conservation	46,120	31,530	-	-	46,120	31,530
Economic development	658	656	-	-	658	656
Interest and fiscal charges	22,715	2,304	-	-	22,715	2,304
Wastewater	-	-	2,178,655	2,624,329	2,178,655	2,624,329
Total expenses	19,264,591	18,287,948	2,178,655	2,624,329	21,443,246	20,912,277
Change in net position	2,779,718	2,529,000	289,950	(191,923)	3,069,668	2,337,077
Net position -beginning as restated	17,966,307	15,437,307	18,410,394	18,602,317	36,376,701	34,039,624
Net position - ending	<u>\$ 20,746,025</u>	<u>\$ 17,966,307</u>	<u>\$ 18,700,344</u>	<u>\$ 18,410,394</u>	<u>\$ 39,446,369</u>	<u>\$ 36,376,701</u>

Financial Results

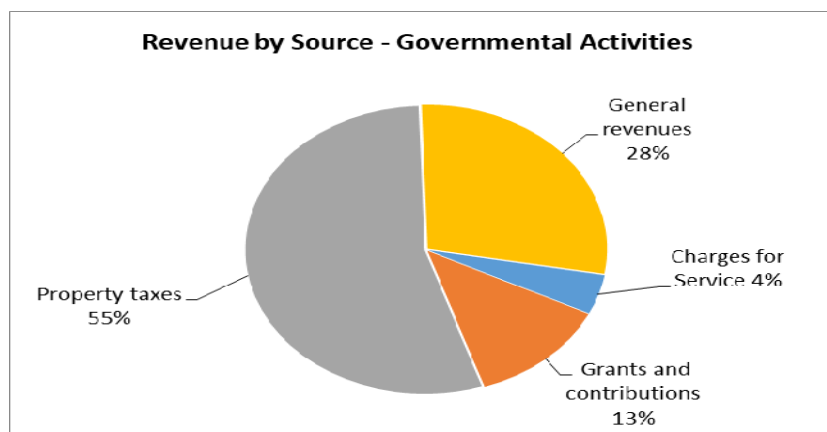
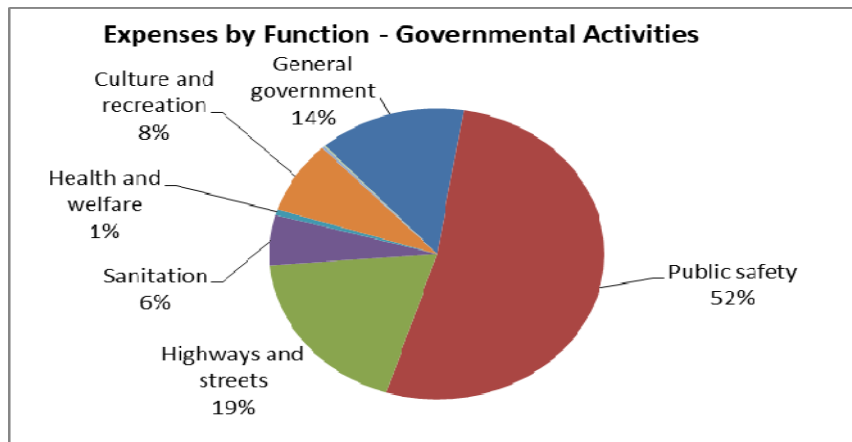
The *governmental activities* increase in net position was \$2,779,718. Key elements of this increase are as follows:

Governmental Activities	
General Fund	\$ 70,798
Nonmajor Funds	914,393
Revenues that do not provide current financial resources	2,462,519
Depreciation expense in excess of capital outlays	(164,873)
Leased debt repayment	33,488
Change in compensated absences, accrued interest expense and accrued landfill post closure care costs	41,796
Change in net pension and OPEB liability	(578,403)
Increase in Governmental Activities Net Position	<u>\$ 2,779,718.</u>

The total cost of governmental activities this year was \$19,264,591. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property and other taxes was only \$12,036,404 (62%) because those who directly benefited from the programs paid \$990,439 (5%) and other governments and organizations subsidized certain programs in the amount of \$2,773,033 (14%).

The Town paid for the remaining governmental activities with revenue not specifically targeted for specific programs. 28% of all revenues are known as general revenues, which include: interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 52% of total expenses. Program revenue consisting of grants and charges for services in the amount of \$806,083 was collected to offset these expenses. Public safety is made up of police, fire, ambulance, building inspections and emergency services.



The Wastewater fund reported in the *business-type activities* resulted in an increase to net position of \$289,950 for the year. Key elements of this increase are as follows:

Operating expenses excess revenues	\$ (33,322)
Interest revenue	474,243
Interest expense	(150,971)
Increase in business-type activities net position	<u>\$ 289,950</u>

Financial Analysis of the Town's Funds

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

Governmental funds

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

The general fund is the chief operating fund of the Town. As of June 30, 2019, the total unassigned fund balance was \$3,807,821, while the total fund balance was \$8,128,292. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to the total fund expenditures. Unassigned fund balance represents 22% of total general fund expenditures, while total fund balance represents 46% of that same amount.

At the end of the current year, the governmental funds reported a combined ending fund balance of \$11,850,402, an increase of \$985,191, in comparison with the prior year. The general fund increased \$70,798 while the nonmajor governmental funds increased by \$914,393. Key elements of these changes are as follows:

General Fund

Revenues and transfers collected more than budgeted	\$1,022,904
Excess appropriations unspent by departments	417,401
Fund balance used to reduce tax rate	(300,000)
Bond proceeds budgeted for and received in prior year	(1,132,500)
Net change in encumbrances	(111,562)
Deferred tax revenue not collected within 60 days	35,347
Other items	(22,275)
Net change in Library	19,286
Net change in Expendable Trusts	137,709
Net change in Heritage Commission	4,421
Net change in Head Chapel	67
Total General Fund	<u>\$ (70,798)</u>

Nonmajor Governmental Funds

Net change in Conservation Fund	\$ 71,328
Impact Fee revenues	326,195
Impact Fees Police station renovations	(24,208)
Impact Fees Fire radios	(19,229)
Impact Fees Fire forestry truck upgrades	(30,000)
Impact Fees other purchases and refunds	(4,476)
Net change in Solid Waste Disposal fund	77,644
Net change in Recreation Revolving fund	1,029
Net change in Ambulance Revolving fund	29,100
Net change in Drug Forfeiture fund	(1,585)
Net change in Police Special Details fund	20,186
Net change in Fire Special Details fund	(1,541)
Net change in Route 3A Infrastructure TIF fund	425,546
Net change in Private Trust funds	47,246
Net change in Permanent fund	(2,842)
Total Nonmajor Governmental Funds	<u>\$ 914,393</u>

General Fund Budgetary Highlights

Difference between the original general fund operating budget, removing Sewer and Capital Reserve appropriations, and the final amended budget was (\$923,562). The decrease in the budget represents nonlapsing warrant articles and funds accepted as unanticipated revenues which the Town has yet to spend, most notably the improvements to the safety center and the purchase of the rescue pumper, which were both bonded warrant articles.

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

- Licenses and Permits revenues surpassed projections by \$542,479 largely due to the increase in motor vehicle registrations.
- Charges for Service revenues fell short of estimates by \$39,492. Income from engineer's position was not earned.
- General government expenditures were under budget by \$116,235. There was savings in Assessing's professional services line due to the revaluation of the community. There was also saving related to wages and benefits due to staff turnover in Administration and Community Development
- Public safety expenditures came in below budget by \$261,127. 55% of that savings was in staff turnover in the police department and 45% was in fire rescue department.
- Highway & Streets exceeded appropriations by \$225,872. Council authorized an additional \$260,243 from the SB 38 Block Grant received the prior year for a new sidewalk tractor and mini excavator.
- Sanitation expenditures were under budget by \$118,169. This is related to unfilled positions.
- Welfare returned \$73,686 of the budget. The improved economy has lowered the need for assistance.
- Culture and recreation is returning \$62,868 due to vacant positions in the parks division.

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, 2019 amounts to \$40,714,778 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, infrastructure and intangible assets.

	Capital Asset					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,434,929	\$ 2,434,929	\$ 300,000	\$ 300,000	\$ 2,734,929	\$ 2,734,929
Easements	254,269	254,269	-	-	254,269	254,269
Construction in Progress	954,332	43,223	2,124,402	757,167	3,078,734	800,390
Intangibles	205,935	205,935	-	-	205,935	205,935
Infrastructure	792,990	792,990	24,354,281	24,354,281	25,147,271	25,147,271
Land Improvements	111,222,984	108,795,812	-	-	111,222,984	108,795,812
Building and Improvements	9,179,763	9,179,763	3,731,807	3,731,807	12,911,570	12,911,570
Vehicles and Equipment	9,906,155	9,997,942	1,008,959	997,041	155,555,692	10,994,983
Total	134,951,357	131,704,863	31,519,449	30,140,296	166,470,806	161,845,159
Accumulated Depreciation	(108,229,583)	(107,245,388)	(17,526,445)	(16,812,722)	(125,756,028)	(124,058,110)
Total Capital Assets	\$ 26,721,774	\$ 24,459,475	\$ 13,993,004	\$ 13,327,574	\$ 40,714,778	\$ 37,787,049

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

- Construction in progress
 - Police station renovations \$495,007.
 - Rescue pumper down payment \$350,000.
- Vehicles and equipment
 - Purchased 2018 Holder C270 for public works adding \$157,950.
 - Purchased 2019 Volvo EC6E excavator for public works adding \$72,177.
 - Purchased 2020 International dump truck for public works adding \$174,650.
- Infrastructure
 - Accepted University Circle and Crawford Lane as Town roads adding \$2,129,712.
 - Accepted Hills Road Extension as a Town road adding \$297,460.

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

- Construction in Progress
 - Plant expansion \$551,764.
 - Route 3A sewer line extension \$745,728

Debt administration

Governmental Activities: At the end of the current fiscal year, the Town had outstanding bonds of \$1,108,346, capital leases of \$69,888 and postclosure costs related to the landfill of \$45,750.

Business-type Activities: At the end of the current fiscal year, the Wastewater Fund had outstanding notes payable of \$4,152,266 which is related to the wastewater treatment facility upgrades. This note is repaid by the users of the sewer system. Additionally, the Wastewater fund has \$947,917 of State Revolving Loans which upon completion of the associated projects will be converted to a note payable.

Additional information on the debt can be found in Note 4 in the Notes to the Basic Financial Statements.

Economic Factors and the Future:

The response to the Novel Coronavirus 2019 has presented a devastating impact on the State's economy. To slow the spread of the virus, Governor Sununu order all non-essential business to close and required Granite Starters to stay at home in March 2020. This led to a rise in unemployment and threatened the financial security for many residents and business in the State. In late May 2020, Governor Sununu started taking steps to reopen New Hampshire's economy gradually.

For fiscal year 2020, the Town's operating budget totaled \$22,918,497 which represents \$17,323,344 for the general fund budget, \$2,075,153 for Sewer operations, \$705,000 for capital reserves, \$80,000 from Solid Waste Fund, \$2,500,000 bonds for Sewer and other infrastructure and \$235,000 for capital purchases. This budget includes funding for the capital improvement program and the necessary funding to maintain Town services at their current level with improved services in the public safety.

Requests for Information:

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

EXHIBIT A
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 22,421,899	\$ 721,594	\$ 23,143,493
Investments	5,764,125	9,057,857	14,821,982
Taxes receivable, net	1,011,148		1,011,148
Accounts receivable, net	186,725	78,136	264,861
Unbilled charges		967,702	967,702
Due from other governments	351,836		351,836
Internal balances	502	(502)	-
Prepaid expenses	90,600		90,600
Tax deeded property	584,785		584,785
Total Current Assets	<u>30,411,620</u>	<u>10,824,787</u>	<u>41,236,407</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	3,643,530	2,424,402	6,067,932
Depreciable capital assets, net	<u>23,078,244</u>	<u>11,568,602</u>	<u>34,646,846</u>
Total Noncurrent Assets	<u>26,721,774</u>	<u>13,993,004</u>	<u>40,714,778</u>
Total Assets	<u>57,133,394</u>	<u>24,817,791</u>	<u>81,951,185</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	374,313	5,568	379,881
Deferred outflows related to pension	<u>2,779,431</u>	<u>76,578</u>	<u>2,856,009</u>
Total Deferred Outflows of Resources	<u>3,153,744</u>	<u>82,146</u>	<u>3,235,890</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	572,746	55,933	628,679
Accrued expenses	367,636	60,616	428,252
Retainage payable		21,552	21,552
Due to other governments	1,370		1,370
Deposits payable	151,101	19,676	170,777
Advances from grantors	1,539		1,539
Unearned connection fees		302,000	302,000
Current portion of bonds payable	101,750		101,750
Current portion of notes payable		321,384	321,384
Current portion of capital leases payable	34,450		34,450
Current portion of accrued landfill postclosure care costs	<u>4,570</u>		<u>4,570</u>
Total Current Liabilities	<u>1,235,162</u>	<u>781,161</u>	<u>2,016,323</u>
Noncurrent Liabilities:			
Bonds payable	985,614		985,614
Notes payable		3,830,882	3,830,882
Capital leases payable	35,438		35,438
State of New Hampshire revolving loan		947,917	947,917
Compensated absences payable	418,648	42,454	461,102
Accrued landfill postclosure care costs	41,180		41,180
OPEB liability	3,577,657	125,423	3,703,080
Net pension liability	<u>15,632,073</u>	<u>437,604</u>	<u>16,069,677</u>
Total Noncurrent Liabilities	<u>20,690,610</u>	<u>5,384,280</u>	<u>26,074,890</u>
Total Liabilities	<u>21,925,772</u>	<u>6,165,441</u>	<u>28,091,213</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	16,615,514		16,615,514
Deferred inflows related to OPEB	43,902	2,448	46,350
Deferred inflows related to pension	<u>955,925</u>	<u>31,704</u>	<u>987,629</u>
Total Deferred Inflows of Resources	<u>17,615,341</u>	<u>34,152</u>	<u>17,649,493</u>
NET POSITION			
Net investment in capital assets	25,846,223	8,871,269	34,717,492
Restricted	1,956,580		1,956,580
Unrestricted (deficit)	<u>(7,056,778)</u>	<u>9,829,075</u>	<u>2,772,297</u>
Total Net Position	<u>\$ 20,746,025</u>	<u>\$ 18,700,344</u>	<u>\$ 39,446,369</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 2,736,045	\$ 23,456			\$ (2,712,589)		\$ (2,712,589)
Public safety	10,091,936	771,299	\$ 34,784		(9,285,853)		(9,285,853)
Highways and streets	3,622,578	3,300	311,077	\$ 2,427,172	(881,029)		(881,029)
Sanitation	1,072,529	102,745			(969,784)		(969,784)
Health and welfare	124,114				(124,114)		(124,114)
Culture and recreation	1,547,896	89,639			(1,458,257)		(1,458,257)
Conservation	46,120				(46,120)		(46,120)
Economic development	658				(658)		(658)
Interest and fiscal charges	22,715				(22,715)		(22,715)
Total governmental activities	<u>19,264,591</u>	<u>990,439</u>	<u>345,861</u>	<u>2,427,172</u>	<u>(15,501,119)</u>	<u>\$ -</u>	<u>(15,501,119)</u>
Business-type activities:							
Wastewater	2,178,655	1,971,971				(206,684)	(206,684)
Total business-type activities	<u>2,178,655</u>	<u>1,971,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,684)</u>	<u>(206,684)</u>
Total primary government	<u>\$ 21,443,246</u>	<u>\$ 2,962,410</u>	<u>\$ 345,861</u>	<u>\$ 2,427,172</u>	<u>(15,501,119)</u>	<u>(206,684)</u>	<u>(15,707,803)</u>
General revenues:							
Property and other taxes					12,036,404		12,036,404
Licenses and permits					4,158,118		4,158,118
Grants and contributions:							
Rooms and meals tax distribution					744,417		744,417
State railroad tax					1,214		1,214
State & federal forest land reimbursement					596		596
Interest and investment earnings					431,969	474,243	906,212
Miscellaneous					906,619	22,391	929,010
Contributions to permanent fund principal					<u>1,500</u>		<u>1,500</u>
Total general revenues and contributions to permanent fund principal					<u>18,280,837</u>	<u>496,634</u>	<u>18,777,471</u>
Change in net position					<u>2,779,718</u>	<u>289,950</u>	<u>3,069,668</u>
Net position - beginning, as restated					<u>17,966,307</u>	<u>18,410,394</u>	<u>36,376,701</u>
Net position - ending					<u>\$ 20,746,025</u>	<u>\$ 18,700,344</u>	<u>\$ 39,446,369</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF HOOKSETT, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2019

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 21,423,358	\$ 998,541	\$ 22,421,899
Investments	5,455,336	308,789	5,764,125
Taxes receivable, net	971,548	39,600	1,011,148
Accounts receivable, net	32,760	153,965	186,725
Due from other governments	351,836		351,836
Due from other funds	118,806	2,358,390	2,477,196
Prepaid expenses	90,600		90,600
Tax dedeed property	584,785		584,785
Total Assets	<u>29,029,029</u>	<u>3,859,285</u>	<u>32,888,314</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,029,029</u>	<u>\$ 3,859,285</u>	<u>\$ 32,888,314</u>
LIABILITIES			
Accounts payable	\$ 351,775	\$ 12,072	\$ 363,847
Accrued expenses	340,643	7,409	348,052
Due to other governments	1,370		1,370
Due to other funds	2,567,289	118,304	2,685,593
Deposits	151,101		151,101
Advances from grantors	1,539		1,539
Total Liabilities	<u>3,413,717</u>	<u>137,785</u>	<u>3,551,502</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	16,615,514		16,615,514
Uncollected property taxes	870,896		870,896
Total Deferred Inflows of Resources	<u>17,486,410</u>	<u>-</u>	<u>17,486,410</u>
FUND BALANCES			
Nonspendable	675,385	224,952	900,337
Restricted	469,613	1,543,716	2,013,329
Committed	2,251,474	1,952,832	4,204,306
Assigned	924,609		924,609
Unassigned	3,807,821		3,807,821
Total Fund Balances	<u>8,128,902</u>	<u>3,721,500</u>	<u>11,850,402</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,029,029</u>	<u>\$ 3,859,285</u>	<u>\$ 32,888,314</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 11,850,402
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,721,774
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Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	870,896
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Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.

Deferred outflows of resources related to OPEB liability	374,313
Deferred outflows of resources related to net pension liability	2,779,431
Deferred inflows of resources related to OPEB liability	(43,902)
Deferred inflows of resources related to net pension liability	(955,925)

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	(1,087,364)
Capital leases payable	(69,888)
Accrued interest on long-term obligations	(19,584)
Compensated absences payable	(418,648)
Accrued landfill postclosure care costs	(45,750)
OPEB liability	(3,577,657)
Net pension liability	<u>(15,632,073)</u>

Net Position of Governmental Activities (Exhibit A)	<u>\$ 20,746,025</u>
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EXHIBIT D
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 11,488,767	\$ 512,290	\$ 12,001,057
Licenses and permits	4,153,829	4,289	4,158,118
Intergovernmental	1,092,088		1,092,088
Charges for services	55,835	934,604	990,439
Interest and investment income	376,906	55,063	431,969
Miscellaneous	506,010	402,109	908,119
Total Revenues	<u>17,673,435</u>	<u>1,908,355</u>	<u>19,581,790</u>
Expenditures:			
Current operations:			
General government	2,625,501		2,625,501
Public safety	8,575,325	733,271	9,308,596
Highways and streets	3,071,713		3,071,713
Sanitation	1,009,502		1,009,502
Health and welfare	124,114		124,114
Culture and recreation	1,335,834	91,632	1,427,466
Conservation	1,277	44,843	46,120
Economic development	658		658
Capital outlay	882,730	77,913	960,643
Debt service:			
Interest and fiscal charges	22,286		22,286
Total Expenditures	<u>17,648,940</u>	<u>947,659</u>	<u>18,596,599</u>
Excess revenues over (under) expenditures	<u>24,495</u>	<u>960,696</u>	<u>985,191</u>
Other financing sources (uses):			
Transfers in	51,987	5,684	57,671
Transfers out	(5,684)	(51,987)	(57,671)
Total other financing sources (uses)	<u>46,303</u>	<u>(46,303)</u>	<u>-</u>
Net change in fund balances	70,798	914,393	985,191
Fund balances at beginning of year, as restated	<u>8,058,104</u>	<u>2,807,107</u>	<u>10,865,211</u>
Fund balances at end of year	<u>\$ 8,128,902</u>	<u>\$ 3,721,500</u>	<u>\$ 11,850,402</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

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, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 985,191
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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 expense exceeded capital outlays in the current period.	(164,873)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

	2,462,519
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Repayment of principal on capital leases is an expenditure in the governmental funds when due, but the repayment reduces long-term liabilities in the statement of net position.

	33,488
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Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.

	15,136
--	--------

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.

	(15,565)
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Some expenses reported in the statement of activities, such as compensated absences and landfill postclosure care costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	42,225
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Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	(537,601)
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Net changes in pension	(40,802)
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Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 2,779,718</u>
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See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities Wastewater Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 721,594
Investments	9,057,857
Accounts receivable, net	78,136
Unbilled charges	967,702
Total Current Assets	10,825,289
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	2,424,402
Depreciable capital assets, net	11,568,602
Total Noncurrent Assets	13,993,004
Total Assets	24,818,293
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	5,568
Deferred outflows related to pension	76,578
Total Deferred Outflows of Resources	82,146
LIABILITIES	
Current Liabilities:	
Accounts payable	55,933
Accrued expenses	60,616
Retainage payable	21,552
Deposits payable	19,676
Due to other funds	502
Unearned connection fees	302,000
Current portion of notes payable	321,384
Total Current Liabilities	781,663
Noncurrent Liabilities:	
Notes payable	3,830,882
State of New Hampshire revolving loan	947,917
Compensated absences payable	42,454
OPEB liability	125,423
Net pension liability	437,604
Total Noncurrent Liabilities	5,384,280
Total Liabilities	6,165,943
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	2,448
Deferred inflows related to pension	31,704
Total Deferred Inflows of Resources	34,152
NET POSITION	
Net investment in capital assets	8,871,269
Unrestricted	9,829,075
Total Net Position	\$ 18,700,344

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities
	<u>Wastewater Fund</u>
Operating revenues:	
Charges for services	\$ 1,971,971
Miscellaneous	<u>22,391</u>
Total operating revenues	<u>1,994,362</u>
Operating expenses:	
Personnel services	711,868
Contractual services	29,814
Materials and supplies	60,843
Repairs and maintenance	201,675
Utilities	206,007
Depreciation	713,723
Miscellaneous	<u>103,754</u>
Total operating expenses	<u>2,027,684</u>
Operating loss	<u>(33,322)</u>
Non-operating revenue (expenses):	
Interest revenue	474,243
Interest expense	<u>(150,971)</u>
Total non-operating revenue (expenses)	<u>323,272</u>
Change in net position	289,950
Net position - beginning, as restated	<u>18,410,394</u>
Net position - ending	<u>\$ 18,700,344</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, 2019

	Business-type Activities Wastewater Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,984,021
Cash paid to suppliers	(827,714)
Cash paid to employees	(452,015)
Net cash provided by operating activities	<u>704,292</u>
Cash flows from capital financing activities:	
Purchases of capital assets	(1,383,451)
Proceeds received from State revolving loans	947,917
Principal paid on notes payable	(315,416)
Interest paid on long-term debt	(153,956)
Net cash used for capital financing activities	<u>(904,906)</u>
Cash flows from investing activities:	
Interest on investments	474,243
Purchases of investments	(703,586)
Net cash used by investing activities	<u>(229,343)</u>
Net decrease in cash and cash equivalents	(429,957)
Cash and cash equivalents at beginning of year	<u>1,151,049</u>
Cash and cash equivalents at end of year	<u>\$ 721,092</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (33,322)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	713,723
Change in deferred outflows related to OPEB	(4,512)
Change in deferred outflows related to pension	14,661
Change in deferred inflows related to OPEB	(331)
Change in deferred inflows related to pension	14,533
Changes in assets and liabilities:	
Accounts receivable, net	(5,774)
Accounts payable	24,944
Accrued expenses	2,123
Deposits payable	(4,567)
Compensated absences payable	(799)
OPEB liability	13,478
Net pension liability	(29,865)
Net cash provided by operating activities	<u>\$ 704,292</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF HOOKSETT, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds
ASSETS	
Investments	\$ 2,699,477
Due from other funds	<u>208,899</u>
Total Assets	<u>\$ 2,908,376</u>
LIABILITIES	
Accounts payable	\$ 46,574
Due to others	857,199
Due to other governments	<u>2,004,603</u>
Total Liabilities	<u>\$ 2,908,376</u>

See accompanying notes to the basic financial statements

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 as 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).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position presents the financial condition of the governmental and business-type 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 and business-type 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 focus of governmental and proprietary fund financial statements is on major funds. Each major fund is

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following is the Town's major governmental fund:

The *General Fund* is the main 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 position, 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 *Wastewater Fund* accounts for all revenues and expenses pertaining to the Town's wastewater treatment operations.

The Wastewater 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 position and changes in net position. The Town's fiduciary fund category is comprised solely of agency funds. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of school impact fees and developer's escrow funds which are all held by the Town, and the capital reserve funds of the Hooksett School District, Central Hooksett Water Precinct and the Hooksett Village Water Precinct which are held by the Town as required by State law.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Measurement Focus

1. Government-Wide Financial Statements:

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

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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 and in the presentation of expenses versus expenditures.

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.

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 11). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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: property taxes, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

2. 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. Town 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, 2019, the Town applied \$300,000 of its unappropriated fund balance to reduce taxes.

Cash and Cash Equivalents

The Town maintains separate cash accounts for its governmental and proprietary funds. The General Fund pays for certain items throughout the year and is subsequently reimbursed by the Wastewater Fund. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Wastewater Fund
Cash and cash equivalents	\$ 721,594
Due to other funds	(502)
Total cash and cash equivalents	<u>\$ 721,092</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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, 2019 are recorded as receivables net of reserves for estimated uncollectibles of \$1,174,316 in the General Fund.

Accounts Receivable

Charges for services billed during the current fiscal year and prior and uncollected at June 30, 2019 are recorded as receivables net of reserves for estimated uncollectibles of \$390,072 in the Nonmajor Governmental Funds.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, wastewater 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.

All reported capital assets except for land, easements with an indefinite life, and construction in process 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>
Intangibles		7
Land improvements		10-20
Infrastructure		10-99
Buildings and improvements		10-40
Vehicles and equipment		5-21

Compensated Absences and Retirement Benefits

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 (subject to certain limitations) unused vacation and sick leave earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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 and proprietary fund financial statements.

Bond Premiums

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the external resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned Fund Balance*: Amounts the Town intends to use for a specific purpose; intent can be expressed by Town Council or by an official or body to which Town Council delegates the authority. For all governmental funds other than the General Fund, any remaining positive balances are to be classified as 'Assigned'.
- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund.

The Town Council delegates to the Town Administrator the authority to assign amounts to be used for specific purposes.

Spending Prioritizations

The Town's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned.

Minimum Fund Balance

The Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-17% of total annual appropriations of the Town (includes Town, County, School District and Precincts). The Town Council has the authority to apply the Town's beginning unassigned fund balance in order to balance the budget and to reduce the subsequent fiscal year property tax rate.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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 on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the wastewater 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—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 23,143,493
Investments	14,821,982
Statement of fiduciary net position:	
Investments	<u>2,699,477</u>
Total deposits and investments	<u>\$ 40,664,952</u>

Deposits and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 2,035
Deposits with financial institutions	27,173,886
Investments	<u>13,489,031</u>
Total deposits and investments	<u>\$ 40,664,952</u>

The Town's investment policy for governmental and proprietary fund types requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

federal depository insurance programs. The Town limits its investments to demand deposits, short-term governmental securities or obligations, 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 and Library Funds is with the Trustees of Trust Funds and Library Trustees, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more its fair value becomes sensitive to changes in market interest rates. The Town's investment policy regarding interest rate risk indicates that safety and liquidity are the primary objectives. Investments shall be limited to those with maturity dates which meet projected cash flow needs, 180 days or under.

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>Fair Value</u>	Remaining Maturity (In Years)		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Bond mutual funds	\$ 10,239,368	\$ -	\$ 10,095,177	\$ 144,191

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 Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The Town limits its investments to U.S. Treasury securities, U.S. Government agencies, Certificates of Deposit, Overnight Investments, and the New Hampshire Public Deposit Investment Pool.

The following is the actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	Ratings as of Year End	
		<u>AAAm</u>	<u>Not Rated</u>
State investment pool	\$ 1,248,716	\$ 1,248,716	
Bond mutual funds	10,239,368		\$ 10,239,368
Equity mutual funds	1,904,692		1,904,692
Money market funds	96,255		96,255
	<u>\$ 13,489,031</u>	<u>\$ 1,248,716</u>	<u>\$ 12,240,315</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

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.

In accordance with the Town's investment policy, all security transactions must be secured by collateral having a value at least 102% of the cash deposit in each case. The collateral shall only consist of securities in which Towns may invest, as provided in New Hampshire State law (RSA 368:57).

Of the Town's deposits with financial institutions at year end, \$25,753,069 was collateralized by securities held by the bank in the bank's name. As of June 30, 2019, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

	<u>Investment Type</u>	<u>Reported Amount</u>
Bond mutual funds		\$ 10,239,368
Equity mutual funds		1,904,692
Money market funds		96,255
		<u>\$ 12,240,315</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. 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. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

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.

Fair Value Measurement of Investments

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

As of June 30, 2019, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
Bond mutual funds	\$ 10,239,368			\$ 10,239,368
Equity mutual funds	1,904,692			1,904,692
	<u>\$ 12,144,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,144,060</u>

Bond and equity mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 3—CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2019</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 2,434,929			\$ 2,434,929
Easements	254,269			254,269
Construction in process	43,223	\$ 911,109		954,332
Total capital assets not being depreciated	<u>2,732,421</u>	<u>911,109</u>	<u>\$ -</u>	<u>3,643,530</u>
Other capital assets:				
Intangibles	205,935			205,935
Land improvements	792,990			792,990
Infrastructure	108,795,812	2,427,172		111,222,984
Buildings and improvements	9,179,763			9,179,763
Vehicles and equipment	9,997,942	526,497	(618,284)	9,906,155
Total other capital assets at historical cost	<u>128,972,442</u>	<u>2,953,669</u>	<u>(618,284)</u>	<u>131,307,827</u>
Less accumulated depreciation for:				
Intangibles	(122,898)	(29,420)		(152,318)
Land improvements	(186,786)	(77,433)		(264,219)
Infrastructure	(95,133,533)	(726,057)		(95,859,590)
Buildings and improvements	(5,127,619)	(213,672)		(5,341,291)
Vehicles and equipment	(6,674,552)	(555,897)	618,284	(6,612,165)
Total accumulated depreciation	<u>(107,245,388)</u>	<u>(1,602,479)</u>	<u>618,284</u>	<u>(108,229,583)</u>
Total other capital assets, net	<u>21,727,054</u>	<u>1,351,190</u>	<u>-</u>	<u>23,078,244</u>
Total capital assets, net	<u>\$ 24,459,475</u>	<u>\$ 2,262,299</u>	<u>\$ -</u>	<u>\$ 26,721,774</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Depreciation was charged to governmental functions as follows:

General government	\$ 53,284
Public safety	437,627
Highways and streets	909,146
Sanitation	87,572
Culture and recreation	114,850
Total governmental activities depreciation expense	<u>\$ 1,602,479</u>

The balance of the assets acquired through capital leases as of June 30, 2019, is as follows:

	<u>Vehicles and equipment</u>
Cost	\$ 234,795
Less: accumulated depreciation	<u>(132,072)</u>
	<u>\$ 102,723</u>

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

	Balance 7/1/2018, <u>as restated</u>	<u>Additions</u>	<u>Reductions</u>	Balance 6/30/2019
Business-type activities:				
Capital asset not depreciated:				
Land	\$ 300,000			\$ 300,000
Construction in process	<u>757,167</u>	<u>\$ 1,367,235</u>		<u>2,124,402</u>
Total capital assets not being depreciated	<u>1,057,167</u>	<u>1,367,235</u>	<u>\$ -</u>	<u>2,424,402</u>
Other capital assets:				
Infrastructure	24,354,281			24,354,281
Buildings and improvements	3,731,807			3,731,807
Vehicles and equipment	<u>997,041</u>	<u>11,918</u>		<u>1,008,959</u>
Total other capital assets at historical cost	<u>29,083,129</u>	<u>11,918</u>	<u>-</u>	<u>29,095,047</u>
Less accumulated depreciation for:				
Infrastructure	(12,321,425)	(140,722)		(12,462,147)
Buildings and improvements	(3,720,187)	(526,250)		(4,246,437)
Vehicles and equipment	<u>(771,110)</u>	<u>(46,751)</u>		<u>(817,861)</u>
Total accumulated depreciation	<u>(16,812,722)</u>	<u>(713,723)</u>	<u>-</u>	<u>(17,526,445)</u>
Total other capital assets, net	<u>12,270,407</u>	<u>(701,805)</u>	<u>-</u>	<u>11,568,602</u>
Total capital assets, net	<u>\$ 13,327,574</u>	<u>\$ 665,430</u>	<u>\$ -</u>	<u>\$ 13,993,004</u>

Depreciation was charged to proprietary funds as follows:

Wastewater fund	<u>\$ 713,723</u>
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TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

NOTE 4—LONG-TERM OBLIGATIONS

General Long-term Obligations

The changes in the Town's long-term obligations for the year ended June 30, 2019 are as follows:

	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2019</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 976,750			\$ 976,750	\$ 101,750
Unamortized bond premium	125,750		\$ (15,136)	110,614	
Total Bonds payable	1,102,500	\$ -	(15,136)	1,087,364	101,750
Capital leases payable	103,376		(33,488)	69,888	34,450
Compensated absences	421,623	72,223	(75,198)	418,648	
Total governmental activities	<u>\$ 1,627,499</u>	<u>\$ 72,223</u>	<u>\$ (123,822)</u>	<u>\$ 1,575,900</u>	<u>\$ 136,200</u>
Business-type activities:					
Notes payable	\$ 4,467,682		\$ (315,416)	\$ 4,152,266	\$ 321,384
State of New Hampshire revolving loan		\$ 947,917		947,917	
Compensated absences	43,253	4,454	(5,253)	42,454	
Total business-type activities	<u>\$ 4,510,935</u>	<u>\$ 952,371</u>	<u>\$ (320,669)</u>	<u>\$ 5,142,637</u>	<u>\$ 321,384</u>

Payments on the general obligation bonds, capital leases and compensated absences of the governmental activities are paid out of the General Fund. Payments on the notes payable and compensated absences of the business-type activities are paid out of the Wastewater Fund.

General Obligation Bonds

Governmental Activities

Bonds payable at June 30, 2019 are comprised of the following individual issue:

	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>6/30/2019</u>
2018 Series B	2.56%	August 2028	\$ 976,750
		Add: <i>Unamortized Bond Premium</i>	110,614
		Total Bonds Payable	<u>\$ 1,087,364</u>

Debt service requirements to retire general obligation bonds outstanding at June 30, 2019 are as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 101,750	\$ 47,220	\$ 148,970
2021	105,000	41,947	146,947
2022	100,000	36,720	136,720
2023	100,000	31,620	131,620
2024	95,000	26,648	121,648
2025-2029	475,000	60,562	535,562
Total	976,750	244,717	1,221,467
Add: <i>Unamortized Bond Premium</i>	110,614		110,614
Total Bonds payable	<u>\$ 1,087,364</u>	<u>\$ 244,717</u>	<u>\$ 1,332,081</u>

Notes Payable

Business-type Activities

Notes payable at June 30, 2019 are comprised of the following individual issues:

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance at 6/30/2019</u>
<u>Wastewater Fund:</u>			
Wastewater treatment plant upgrade	3.73%	January 2030	\$ 2,288,384
Wastewater treatment facility upgrade	3.10%	June 2031	1,863,882
			<u>\$ 4,152,266</u>

Debt service requirements to retire notes payable for business-type activities at June 30, 2019 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 321,384	\$ 143,166	\$ 464,550
2021	327,575	132,154	459,729
2022	333,996	120,911	454,907
2023	340,657	109,429	450,086
2024	347,567	97,698	445,265
2025-2029	1,850,830	303,176	2,154,006
2030-2031	630,257	26,379	656,636
Total	<u>\$ 4,152,266</u>	<u>\$ 932,913</u>	<u>\$ 5,085,179</u>

Capital Lease Obligations

Governmental Activities

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. The following are the individual capital lease obligations of the governmental activities at June 30, 2019:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

	Interest Rate	Final Maturity Date	Balance at 6/30/2019
Equipment	2.87%	December 2020	<u>\$ 69,888</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2019 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 34,450	\$ 2,006	\$ 36,456
2021	<u>35,438</u>	<u>1,017</u>	<u>36,455</u>
Total	<u>\$ 69,888</u>	<u>\$ 3,023</u>	<u>\$ 72,911</u>

State of New Hampshire Revolving Loan

The Town has drawn \$947,917 of \$954,284 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the wastewater treatment facility upgrade and wastewater collection system asset management projects. Payments on the State of New Hampshire revolving loan balance are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the project within the following year.

As authorized by the Water Pollution Control Revolving Fund Program, the Town shall be provided federal financial assistance, whereby a portion of the principal sum will be forgiven. The principal forgiveness will be applied at the time of the initial loan repayment.

NOTE 5—OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	Deferred Outflows	OPEB Liability	Deferred Inflows	OPEB Expense
Cost-Sharing Multiple Employer Plan	\$ 316,441	\$ 1,768,224	\$ 5,618	\$ 618,587
Single Employer Plan	<u>63,440</u>	<u>1,934,856</u>	<u>40,732</u>	<u>166,119</u>
Total	<u>\$ 379,881</u>	<u>\$ 3,703,080</u>	<u>\$ 46,350</u>	<u>\$ 784,706</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$333,531.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

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 at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees and political subdivision employees were 4.10% and 0.30%, respectively, for the year ended June 30, 2019. Contributions to the OPEB plan for the Town were \$178,343 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town reported a liability of \$1,768,224 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2017. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Town's proportion was approximately 0.3862 percent, which was an increase of 0.1312 percentage points from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$618,587. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 10,379	
Net difference between projected and actual earnings on OPEB plan investments		\$ 5,618
Changes in proportion and differences between Town contributions and proportionate share of contributions	127,719	
Town contributions subsequent to the measurement date	<u>178,343</u>	
Totals	<u>\$ 316,441</u>	<u>\$ 5,618</u>

The Town reported \$178,343 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2019	\$ 136,345
2020	(1,753)
2021	(1,753)
2022	<u>(359)</u>
	<u>\$ 132,480</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 1,840,375	\$ 1,768,224	\$ 1,566,114

SINGLE EMPLOYER PLAN

Plan Description

The Town of Hooksett, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides medical benefits to its eligible retirees and their covered dependents. To qualify for these benefits general employees hired prior to July 1, 2011 must reach age 60, reach age 50 with 10 years of service, or age plus service years equal 70. General employees hired on or after July 1, 2011 must reach age 65 with no service requirement or reach age 60 with 30 years of service to qualify for this benefit. Public safety employees hired prior to July 1, 2011 are required to reach age 45 with 20 years of service or reach age 60 with no service requirement to qualify for this benefit. Public safety employees hired on or after July 1, 2011 must reach age 50 or 52.5 with 25 years of service or reach age 60 with no service to qualify for this benefit. Eligible retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered By Benefit Terms

As of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	119
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>16</u>
	<u><u>135</u></u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Total OPEB Liability

The Town's total OPEB liability of \$1,934,856 was measured as of June 30, 2019 and was determined by a roll forward of the actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the July 1, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 percent
Discount rate	3.58 percent
Healthcare cost trend rates	9.00% for 2017, decreasing 0.50% per year to an ultimate rate of 5.00% for 2025 and later years.

The discount rate was based on the Bond Buyers 20 Bond Index as of the measurement date.

Mortality rates were based on the RPH-2014 Total Dataset Headcount-weighted Mortality Table with projection scale MP-2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 1,759,672
Changes for the year:	
Service cost	93,401
Interest	70,561
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	71,350
Benefit payments	(60,128)
Net changes	<u>175,184</u>
Balance at June 30, 2019	<u><u>\$ 1,934,856</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate of 3.87% at June 30, 2018 to 3.50% at June 30, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 2,144,506	\$ 1,934,856	\$ 1,749,218

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rate:

	1% Decrease (7.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.50% decreasing to 5.00%)	1% Increase (9.50% decreasing to 6.00%)
Total OPEB Liability	\$ 1,688,630	\$ 1,934,856	\$ 2,229,596

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$166,119. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 63,440	\$ 40,732
Totals	<u>\$ 63,440</u>	<u>\$ 40,732</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>June 30,</u>	
2020	\$ 2,157
2021	2,157
2022	2,157
2023	2,157
2024	2,157
Thereafter	11,923
	<u>\$ 22,708</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. 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.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is $1/60$ or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at $1/66$ or 1.515% of AFC multiplied by years of creditable service.

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $1/4$ of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

<u>Years of Creditable Service as of</u> <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum</u> <u>Service</u>	<u>Benefit</u> <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively of their covered salary, whereas general employees are required to contribute 7.0% 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 25.33%, 27.79%, and 11.08%, respectively. The Town contributes 100% of the employer cost for police officers, fire employees, and general employees of the Town.

Per RSA-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 year ending June 30, 2019 were \$1,462,153.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported a liability of \$16,069,677 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2017. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Town's proportion was approximately 0.3337 percent, which was an increase of 0.0001 percentage points from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$1,502,283. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 128,265	\$ 130,117
Net difference between projected and actual earnings on pension plan investments		371,867
Changes of assumptions	1,112,101	
Changes in proportion and differences between Town contributions and proportionate share of contributions	153,490	485,645
Town contributions subsequent to the measurement date	<u>1,462,153</u>	
Totals	<u>\$ 2,856,009</u>	<u>\$ 987,629</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$1,868,380. The Town reported \$1,462,153 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the measurement periods as follows:

<u>June 30,</u>	
2019	\$ 525,383
2020	365,615
2021	(424,441)
2022	<u>(60,330)</u>
	<u>\$ 406,227</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 21,380,838	\$ 16,069,677	\$ 11,618,763

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

NOTE 7—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 November 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. The estimated liability for landfill post-closure care costs has a balance of \$45,750 as of June 30, 2019. 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 will finance the post closure costs by making an annual appropriation.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended June 30, 2019:

Balance - July 1, 2018	\$ 85,000
Expenditures recognized in the General Fund	(7,377)
Net change in estimated liability	<u>(31,873)</u>
Balance - June 30, 2019	<u>\$ 45,750</u>

NOTE 8—RESTRICTED NET POSITION

Net position is restricted for specific purposes at June 30, 2019 as follows:

	Governmental <u>Activities</u>
Permanent Funds - Principal	\$ 224,952
Permanent Funds - Income	20,765
Impact fees	1,028,789
Police asset forfeitures	11,800
Route 3A tax increment financing	435,116
SB 38 Highway block grant funding	24,952
Library operations	162,960
Private trusts	47,246
	<u>\$ 1,956,580</u>

NOTE 9—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 recorded in the specific fund as an interfund balance. Interfund balances at June 30, 2019 are as follows:

	Due from			<u>Totals</u>
	<u>General Fund</u>	Nonmajor Governmental <u>Funds</u>	Wastewater <u>Fund</u>	
General Fund		\$ 118,304	\$ 502	\$ 118,806
Nonmajor Governmental Funds	\$ 2,358,390			2,358,390
Agency Funds	208,899			2,894,994
	<u>\$ 2,567,289</u>	<u>\$ 118,304</u>	<u>\$ 502</u>	<u>\$ 5,372,190</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2019 are as follows:

Transfer in	Transfer from		
	General	Nonmajor	
	<u>Fund</u>	Governmental	<u>Totals</u>
		<u>Funds</u>	
General Fund		\$ 51,987	\$ 51,987
Nonmajor Governmental Funds	\$ 5,684		5,684
	<u>\$ 5,684</u>	<u>\$ 51,987</u>	<u>\$ 57,671</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at June 30, 2019, are as follows:

	General	Nonmajor	Total
	<u>Fund</u>	Governmental	Governmental
		<u>Funds</u>	<u>Funds</u>
Nonspendable for:			
Prepaid expenses	\$ 90,600		\$ 90,600
Tax deeded property	584,785		584,785
Permanent Funds - principal		\$ 224,952	224,952
Restricted for:			
Safety center improvements	281,701		281,701
SB 38 Highway block grant	24,952		24,952
Permanent Funds - income		20,765	20,765
Impact fees		1,028,789	1,028,789
Police asset forfeiture		11,800	11,800
Route 3A tax increment financing		435,116	435,116
Private trusts		47,246	47,246
Library operations	162,960		162,960
Committed for:			
Capital reserves	1,878,614		1,878,614
Carryforward appropriations	372,860		372,860
Conservation		640,520	640,520
Solid waste		515,981	515,981
Recreation		162,325	162,325
Ambulance		406,782	406,782
Police		224,951	224,951
Fire		2,273	2,273
Assigned for:			
Encumbrances	486,203		486,203
Heritage	32,146		32,146
Compensated absences	406,260		406,260
Unassigned:			
Unassigned - General operations	3,807,821		3,807,821
	<u>\$ 8,128,902</u>	<u>\$ 3,721,500</u>	<u>\$ 11,850,402</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,999,450,889 as of April 1, 2018) and are due in two installments on July 2, 2018 and December 21, 2018. Taxes paid after the due dates accrue interest at 8% 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 for liens levied prior to April 1, 2019 and 14% per annum on liens levied thereafter. If the property is not redeemed within a two year redemption period, the property may be 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 education taxes for the State of New Hampshire which are remitted directly to the school district. Total taxes appropriated during the year were \$26,682,051 and \$5,683,008 for the Hooksett District and Merrimack County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 12—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 fiscal year ended June 30, 2019, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust 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, 2019.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Worker's Compensation

The Trust 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.

NOTE 13—CONTINGENT LIABILITIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, 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.

NOTE 14—RESTATEMENT OF EQUITY

During the year ended June 30, 2019, it was determined that tax deeded property, OPEB liability and deferred inflows of resources of the Governmental Activities were understated, while taxes receivable and deferred outflows of resources were overstated. Additionally, it was determined that OPEB liability and deferred outflows of resources of the Business-type Activities were understated, while capital assets and deferred inflows of resources were overstated.

Government-Wide Statements

Net position of the Governmental Activities and Business-type Activities as of July 1, 2018 have been restated as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net Position, July 1, 2018 (as previously reported)	\$ 23,301,979	\$ 18,815,275
Amount of restatement due to:		
Understatement of tax deeded property	607,012	
Understatement of OPEB liability	(1,153,851)	(11,920)
Understatement of deferred inflows of resources	(938,617)	
Understatement of deferred outflows of resources		36,864
Overstatement of taxes receivable	(3,808,296)	
Overstatement of capital assets		(473,530)
Overstatement of deferred outflows of resources	(41,920)	
Overstatement of deferred inflows of resources		43,705
Net Position, July 1, 2018 - as restated	<u>\$ 17,966,307</u>	<u>\$ 18,410,394</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

Governmental Funds

In addition to the above restatements, it was determined that compensated absences of the General Fund were overstated. Also, interfund balances between the General Fund and Nonmajor Governmental Funds were understated and overstated, respectively. The impacts of the restatements on the governmental funds as of July 1, 2018 are as follows:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
Fund balance - July 1, 2018 (as previously reported)	\$ 6,323,108	\$ 2,030,557
Amount of restatement due to:		
Overstatement of taxes receivable	(811,387)	
Understatement of tax deeded property	607,012	
Understatement of interfund balances	3,957	(3,957)
Overstatement of compensated absences	421,623	
Overstatement of deferred inflows of resources	<u>1,513,791</u>	<u>780,507</u>
Fund balance - July 1, 2018, as restated	<u>\$ 8,058,104</u>	<u>\$ 2,807,107</u>

Proprietary Fund

The impact of the restatements on the proprietary fund as of July 1, 2018 are as follows:

	Wastewater <u>Fund</u>
Net Position, July 1, 2018 (as previously reported)	\$ 18,815,275
Amount of restatement due to:	
Overstatement of capital assets	(473,530)
Understatement of deferred outflows of resources	36,864
Understatement of OPEB liability	(11,920)
Overstatement of deferred inflows of resources	<u>43,705</u>
Net Position, July 1, 2018 - as restated	<u>\$ 18,410,394</u>

NOTE 15—SUBSEQUENT EVENTS

Consolidated Communications Settlement

During November 2019, the Town settled the telephone pole tax abatement case with Consolidated Communications for the tax years 2011 through 2018. Terms of the settlement require the Town to refund Consolidated Communications \$303,191 through a combination of tax credits and refunds, which will be split over the 2019 and 2020 tax years.

Debt Issuance

During December 2019, as authorized by the March 2019 annual Town meeting, the Town issued a \$2,500,000 bond for sewer and other infrastructure improvements on Route 3A within the Tax Increment Financing District.

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2019

NOTE 16—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, which the Town is required to implement in the fiscal year ending June 30, 2020. Management believes that this pronouncement will have a potentially significant impact on the Town's financial statements, wherein certain funds currently reported as Fiduciary Funds will require classification as a Governmental Fund. Additionally, certain balances currently reported within the Town's Governmental Funds will require classification within the Fiduciary Funds. Lastly, Agency Funds will be known as Custodial Funds and the Town will be required to report on the additions to and deductions from the Custodial Funds.

SCHEDULE 1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Taxes	\$ 11,442,736	\$ 11,442,736	\$ 11,524,114	\$ 81,378
Licenses and permits	3,611,350	3,611,350	4,153,829	542,479
Intergovernmental	1,057,750	1,057,750	1,092,088	34,338
Charges for services	95,327	95,327	55,835	(39,492)
Interest income	125,000	125,000	256,393	131,393
Miscellaneous	151,754	189,214	448,027	258,813
Total Revenues	<u>16,483,917</u>	<u>16,521,377</u>	<u>17,530,286</u>	<u>1,008,909</u>
Expenditures:				
Current operations:				
General government	2,682,807	2,682,807	2,566,572	116,235
Public safety	8,752,420	8,767,549	8,506,422	261,127
Highways and streets	2,763,608	2,477,692	2,703,564	(225,872)
Sanitation	1,111,567	1,111,567	993,398	118,169
Health and welfare	197,800	197,800	124,114	73,686
Culture and recreation	571,471	571,471	508,603	62,868
Conservation	1,277	1,277	1,277	-
Economic development	500	500	658	(158)
Capital outlay	1,557,407	904,632	882,730	21,902
Debt service:				
Interest and fiscal charges	<u>17,501</u>	<u>17,501</u>	<u>22,286</u>	<u>(4,785)</u>
Total Expenditures	<u>17,656,358</u>	<u>16,732,796</u>	<u>16,309,624</u>	<u>423,172</u>
Excess revenues over (under) expenditures	<u>(1,172,441)</u>	<u>(211,419)</u>	<u>1,220,662</u>	<u>1,432,081</u>
Other financing sources (uses):				
Proceeds from bond issuance	1,132,500	1,132,500	-	(1,132,500)
Transfers in	319,500	37,992	51,987	13,995
Transfers out	<u>(1,210,654)</u>	<u>(1,210,654)</u>	<u>(1,216,425)</u>	<u>(5,771)</u>
Total other financing sources (uses)	<u>241,346</u>	<u>(40,162)</u>	<u>(1,164,438)</u>	<u>(1,124,276)</u>
Net change in fund balance	(931,095)	(251,581)	56,224	307,805
Fund balance at beginning of year				
- Budgetary Basis	<u>6,383,651</u>	<u>6,383,651</u>	<u>6,383,651</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 5,452,556</u>	<u>\$ 6,132,070</u>	<u>\$ 6,439,875</u>	<u>\$ 307,805</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF HOOKSETT, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended June 30, 2019

<u>Measurement Period Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2018	0.38620507%	\$ 1,768,224	\$ 7,212,186	24.52%	7.53%
June 30, 2017	0.25496169%	\$ 1,165,771	\$ 6,805,386	17.13%	7.91%
June 30, 2016	0.26770334%	\$ 1,295,966	\$ 6,718,349	19.29%	5.21%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended June 30, 2019

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	\$ 178,343	\$ (178,343)	\$ -	\$ 7,456,013	2.39%
June 30, 2018	\$ 170,830	\$ (170,830)	\$ -	\$ 7,212,186	2.37%
June 30, 2017	\$ 151,116	\$ (151,116)	\$ -	\$ 6,805,386	2.22%

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF HOOKSETT, NEW HAMPSHIRE**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**

For the Year Ended June 30, 2019

Single Employer Plan Information Only		
	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 93,401	\$ 96,766
Interest	70,561	63,420
Changes of benefit terms	-	-
Changes of assumptions or other inputs	71,350	(52,238)
Differences between expected and actual experience	-	-
Benefit payments	<u>(60,128)</u>	<u>(45,617)</u>
Net change in total OPEB liability	175,184	62,331
Total OPEB liability - beginning	<u>1,759,672</u>	<u>1,697,341</u>
Total OPEB liability - ending	<u>\$ 1,934,856</u>	<u>\$ 1,759,672</u>
Covered employee payroll	\$ 6,200,946	\$ 6,049,703
Total OPEB liability as a percentage of covered employee payroll	31.20%	29.09%

Significant Actuarial Assumptions		
Discount rate	3.50%	3.87%
Health cost trend rates		
Initial	9.0% - 2017	9.0% - 2017
Ultimate	5.0% - 2025	5.0% - 2025
Mortality improvement scale	MP-2014	MP-2014
Salary increase rate	3.50%	3.50%

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF HOOKSETT, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2019

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2018	0.33372798%	\$ 16,069,677	\$ 7,212,186	222.81%	64.73%
June 30, 2017	0.33357614%	\$ 16,405,250	\$ 6,805,386	241.06%	62.66%
June 30, 2016	0.34560942%	\$ 18,378,110	\$ 6,718,349	273.55%	58.30%
June 30, 2015	0.34184351%	\$ 13,542,223	\$ 6,582,012	205.75%	65.47%
June 30, 2014	0.35368587%	\$ 13,275,903	\$ 6,631,475	200.20%	66.32%
June 30, 2013	0.34427117%	\$ 14,816,689	\$ 6,308,421	234.87%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 6
TOWN OF HOOKSETT, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended June 30, 2019

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	\$ 1,462,153	\$ (1,462,153)	\$ -	\$ 7,456,013	19.61%
June 30, 2018	\$ 1,410,527	\$ (1,410,527)	\$ -	\$ 7,212,186	19.56%
June 30, 2017	\$ 1,222,034	\$ (1,222,034)	\$ -	\$ 6,805,386	17.96%
June 30, 2016	\$ 1,237,555	\$ (1,237,555)	\$ -	\$ 6,718,349	18.42%
June 30, 2015	\$ 1,146,844	\$ (1,146,844)	\$ -	\$ 6,582,012	17.42%

See accompanying notes to the required supplementary information

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) 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). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, non-budgetary revenues and expenditures, non-budgetary transfers out and budgetary transfers out as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 17,725,422	\$ 17,654,624
Difference in property taxes meeting susceptible to accrual criteria	35,347	
Encumbrances - June 30, 2018		(597,765)
Encumbrances - June 30, 2019		486,203
Non-budgetary revenues and expenditures	(178,496)	(1,227,754)
Non-budgetary transfers out		(5,684)
Budgetary transfers out		1,216,425
Per Schedule 1	<u>\$ 17,582,273</u>	<u>\$ 17,526,049</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund are as follows:

Nonspendable for:	
Prepaid expenses	\$ 90,600
Tax deeded property	584,785
Restricted for:	
SB 38 Highway block grant	24,952
Safety center improvements	281,701
Committed for:	
Carryforward appropriations	372,860
Assigned for:	
Compensated absences	406,260
Unassigned for:	
General operations	4,678,717
	<u>\$ 6,439,875</u>

TOWN OF HOOKSETT, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended June 30, 2019

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability, and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S TOTAL OPEB LIABILITY AND RELATED RATIOS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s total OPEB liability and related ratios. The Town implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 5—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability, and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2019

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 998,541		\$ 998,541
Investments	44,577	\$ 264,212	308,789
Taxes receivable, net	39,600		39,600
Accounts receivable, net	153,965		153,965
Due from other funds	2,358,390		2,358,390
Total Assets	<u>3,595,073</u>	<u>264,212</u>	<u>3,859,285</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,595,073</u>	<u>\$ 264,212</u>	<u>\$ 3,859,285</u>
LIABILITIES			
Accounts payable	\$ 12,072		\$ 12,072
Accrued expenses	7,409		7,409
Due to other funds	99,809	\$ 18,495	118,304
Total Liabilities	<u>119,290</u>	<u>18,495</u>	<u>137,785</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		224,952	224,952
Restricted	1,522,951	20,765	1,543,716
Committed	1,952,832		1,952,832
Total Fund Balances	<u>3,475,783</u>	<u>245,717</u>	<u>3,721,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,595,073</u>	<u>\$ 264,212</u>	<u>\$ 3,859,285</u>

SCHEDULE A-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2019

	Conservation Commission <u>Fund</u>	Impact Fees <u>Fund</u>	Solid Waste Disposal <u>Fund</u>	Recreation Revolving <u>Fund</u>	Ambulance Service <u>Fund</u>	Drug Forfeiture <u>Fund</u>
ASSETS						
Cash and cash equivalents	\$ 604,727				\$ 393,814	
Investments						
Taxes receivable, net	39,600					
Accounts receivable, net					119,261	
Due from other funds		\$ 1,034,004	\$ 515,981	\$ 164,096		\$ 11,800
Total Assets	<u>644,327</u>	<u>1,034,004</u>	<u>515,981</u>	<u>164,096</u>	<u>513,075</u>	<u>11,800</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 644,327</u>	<u>\$ 1,034,004</u>	<u>\$ 515,981</u>	<u>\$ 164,096</u>	<u>\$ 513,075</u>	<u>\$ 11,800</u>
LIABILITIES						
Accounts payable		\$ 5,215		\$ 1,771	\$ 4,935	
Accrued expenses					5,356	
Due to other funds	\$ 3,807				96,002	
Total Liabilities	<u>3,807</u>	<u>5,215</u>	<u>\$ -</u>	<u>1,771</u>	<u>106,293</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted		1,028,789				11,800
Committed	640,520		515,981	162,325	406,782	
Total Fund Balances	<u>640,520</u>	<u>1,028,789</u>	<u>515,981</u>	<u>162,325</u>	<u>406,782</u>	<u>11,800</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 644,327</u>	<u>\$ 1,034,004</u>	<u>\$ 515,981</u>	<u>\$ 164,096</u>	<u>\$ 513,075</u>	<u>\$ 11,800</u>

(continued)

SCHEDULE A-1
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2019
(continued)

	Police Special Details Fund	Fire Special Details Fund	Route 3A Infrastructure Tax Increment Financing Fund	Private Trust Funds	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents					\$ 998,541
Investments				\$ 44,577	44,577
Taxes receivable, net					39,600
Accounts receivable, net	\$ 34,408	\$ 296			153,965
Due from other funds	192,747	1,977	\$ 435,116	2,669	2,358,390
Total Assets	<u>227,155</u>	<u>2,273</u>	<u>435,116</u>	<u>47,246</u>	<u>3,595,073</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 227,155</u>	<u>\$ 2,273</u>	<u>\$ 435,116</u>	<u>\$ 47,246</u>	<u>\$ 3,595,073</u>
LIABILITIES					
Accounts payable	\$ 151				\$ 12,072
Accrued expenses	2,053				7,409
Due to other funds					99,809
Total Liabilities	<u>2,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>119,290</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted			435,116	47,246	1,522,951
Committed	224,951	2,273			1,952,832
Total Fund Balances	<u>224,951</u>	<u>2,273</u>	<u>435,116</u>	<u>47,246</u>	<u>3,475,783</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 227,155</u>	<u>\$ 2,273</u>	<u>\$ 435,116</u>	<u>\$ 47,246</u>	<u>\$ 3,595,073</u>

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, 2019

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Taxes	\$ 512,290		\$ 512,290
Licenses and permits	4,289		4,289
Charges for services	934,604		934,604
Interest and investment income	40,792	\$ 14,271	55,063
Miscellaneous	400,609	1,500	402,109
Total Revenues	<u>1,892,584</u>	<u>15,771</u>	<u>1,908,355</u>
Expenditures:			
Current operations:			
Public safety	733,271		733,271
Culture and recreation	91,514	118	91,632
Conservation	44,843		44,843
Capital outlay	77,913		77,913
Total Expenditures	<u>947,541</u>	<u>118</u>	<u>947,659</u>
Excess revenues over (under) expenditures	<u>945,043</u>	<u>15,653</u>	<u>960,696</u>
Other financing sources (uses):			
Transfers in	5,684		5,684
Transfers out	(33,492)	(18,495)	(51,987)
Total other financing sources (uses)	<u>(27,808)</u>	<u>(18,495)</u>	<u>(46,303)</u>
Net change in fund balances	917,235	(2,842)	914,393
Fund balances at beginning of year, as restated	<u>2,558,548</u>	<u>248,559</u>	<u>2,807,107</u>
Fund balances at end of year	<u>\$ 3,475,783</u>	<u>\$ 245,717</u>	<u>\$ 3,721,500</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, 2019

	Conservation Commission <u>Fund</u>	Impact Fees <u>Fund</u>	Solid Waste Disposal <u>Fund</u>	Recreation Revolving <u>Fund</u>	Ambulance Service <u>Fund</u>	Drug Forfeiture <u>Fund</u>
Revenues:						
Taxes	\$ 91,280					
Licenses and permits	4,289					
Charges for services			\$ 102,745	\$ 89,639	\$ 533,392	
Interest and investment income	1,472	\$ 15,467	8,391	2,904	186	\$ 225
Miscellaneous	19,130	310,728				
Total Revenues	<u>116,171</u>	<u>326,195</u>	<u>111,136</u>	<u>92,543</u>	<u>533,578</u>	<u>225</u>
Expenditures:						
Current operations:						
Public safety					504,478	1,810
Culture and recreation				91,514		
Conservation	44,843					
Capital outlay	<u>44,843</u>	<u>77,913</u>	<u>-</u>	<u>91,514</u>	<u>504,478</u>	<u>1,810</u>
Total Expenditures	<u>44,843</u>	<u>77,913</u>	<u>-</u>	<u>91,514</u>	<u>504,478</u>	<u>1,810</u>
Excess revenues over (under) expenditures	<u>71,328</u>	<u>248,282</u>	<u>111,136</u>	<u>1,029</u>	<u>29,100</u>	<u>(1,585)</u>
Other financing sources (uses):						
Transfers in						
Transfers out	<u>-</u>	<u>-</u>	<u>(33,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	71,328	248,282	77,644	1,029	29,100	(1,585)
Fund balances at beginning of year, as restated	<u>569,192</u>	<u>780,507</u>	<u>438,337</u>	<u>161,296</u>	<u>377,682</u>	<u>13,385</u>
Fund balances at end of year	<u>\$ 640,520</u>	<u>\$ 1,028,789</u>	<u>\$ 515,981</u>	<u>\$ 162,325</u>	<u>\$ 406,782</u>	<u>\$ 11,800</u>

(continued)

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, 2019

(continued)

	Police Special Details <u>Fund</u>	Fire Special Details <u>Fund</u>	Route 3A Infrastructure Tax Increment Financing <u>Fund</u>	Private Trust <u>Funds</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:					
Taxes			\$ 421,010		\$ 512,290
Licenses and permits					4,289
Charges for services	\$ 204,358	\$ 4,470			934,604
Interest and investment income	2,990	54	4,536	\$ 4,567	40,792
Miscellaneous				70,751	400,609
Total Revenues	<u>207,348</u>	<u>4,524</u>	<u>425,546</u>	<u>75,318</u>	<u>1,892,584</u>
Expenditures:					
Current operations:					
Public safety	187,162	6,065		33,756	733,271
Culture and recreation					91,514
Conservation					44,843
Capital outlay					77,913
Total Expenditures	<u>187,162</u>	<u>6,065</u>	<u>-</u>	<u>33,756</u>	<u>947,541</u>
Excess revenues over (under) expenditures	<u>20,186</u>	<u>(1,541)</u>	<u>425,546</u>	<u>41,562</u>	<u>945,043</u>
Other financing sources (uses):					
Transfers in				5,684	5,684
Transfers out					(33,492)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,684</u>	<u>(27,808)</u>
Net change in fund balances	20,186	(1,541)	425,546	47,246	917,235
Fund balances at beginning of year, as restated	<u>204,765</u>	<u>3,814</u>	<u>9,570</u>	<u>-</u>	<u>2,558,548</u>
Fund balances at end of year	<u>\$ 224,951</u>	<u>\$ 2,273</u>	<u>\$ 435,116</u>	<u>\$ 47,246</u>	<u>\$ 3,475,783</u>

SCHEDULE C
TOWN OF HOOKSETT, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Agency Funds
June 30, 2019

	Central Hooksett Water Precinct <u>Agency Fund</u>	Hooksett Village Water Precinct <u>Agency Fund</u>	Hooksett School District <u>Agency Fund</u>	Escrow Agency Funds	School Impact Fee <u>Agency Fund</u>	Combining Totals
ASSETS						
Investments	\$ 614,969	\$ 537,595	\$ 649,140	\$ 897,773		\$ 2,699,477
Due from other funds				6,000	\$ 202,899	208,899
Total Assets	<u>\$ 614,969</u>	<u>\$ 537,595</u>	<u>\$ 649,140</u>	<u>\$ 903,773</u>	<u>\$ 202,899</u>	<u>\$ 2,908,376</u>
LIABILITIES						
Accounts payable				\$ 46,574		\$ 46,574
Due to others				857,199		857,199
Due to other governments	\$ 614,969	\$ 537,595	\$ 649,140		\$ 202,899	2,004,603
Total Liabilities	<u>\$ 614,969</u>	<u>\$ 537,595</u>	<u>\$ 649,140</u>	<u>\$ 903,773</u>	<u>\$ 202,899</u>	<u>\$ 2,908,376</u>