

**TOWN OF HOOKSETT, NEW HAMPSHIRE**

**Financial Statements**

**June 30, 2020**

**and**

**Independent Auditor's Report**

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2020**

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**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2020**

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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, 2020, 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, 2020, 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 40-47 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  
March 1, 2021

## Management's Discussion and Analysis

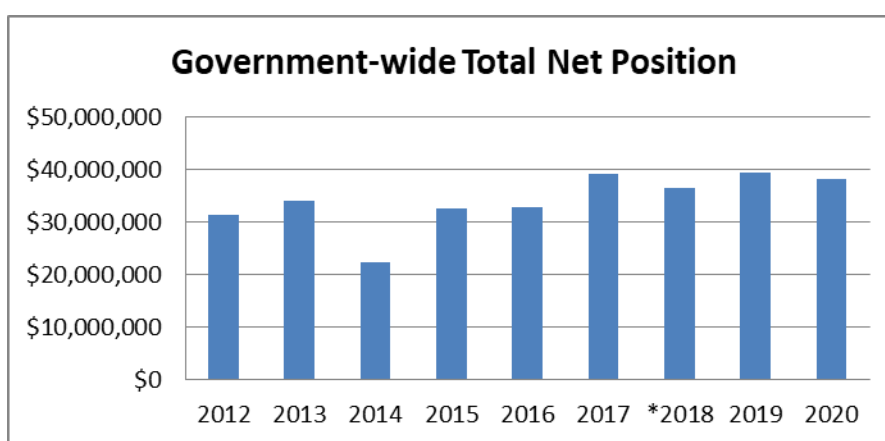
As management of the Town of Hooksett (Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

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 \$38,329,945 (*net position*), a decrease of \$1,116,424 in comparison to the prior year.



\*2018 Net Posostion was restated.

- At year end, the Town reported a combined net pension liability of \$16,163,409 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 \$13,082,243, an increase of \$1,231,841 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,200,959, a decrease of \$606,862 in comparison to the prior year.
- Total bonds and notes payable at the close of the current fiscal year was \$8,011,223, an increase of \$2,771,593 in comparison to the prior year.

### 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 11 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.

The Route 3A Infrastructure Tax Increment Funding Fund is also considered to be a major fund. This fund is used to account for financial resources related to the development of infrastructure improvements along the Route 3A corridor section between exit 10 and exit 11.

Data from the other nine governmental funds are combined into a single, aggregated presentation termed Other Governmental Funds. More information can be found on pages 48-53 regarding these other governmental funds.

**Proprietary funds:** The Town charges sewer customers for the services it provides; they are reported in the proprietary fund, which can be found, on pages 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 \$38,329,945 at the end of 2020, which decreased by \$1,116,424.

Town of Hooksett Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Combined Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 18,840,951	\$ 30,411,620	\$ 10,746,530	\$ 10,824,787	\$ 29,587,481	\$ 41,236,407
Capital assets	27,421,537	26,721,774	14,033,147	13,993,004	41,454,684	40,714,778
Total assets	46,262,488	57,133,394	24,779,677	24,817,791	71,042,165	81,951,185
Deferred outflows of Resources	2,466,516	3,153,744	72,526	82,146	2,539,042	3,235,890
Current Liabilities	1,947,193	1,235,162	1,451,107	781,161	3,398,300	2,016,323
Non Current Liabilities	23,019,868	20,690,610	4,553,227	5,384,280	27,573,095	26,074,890
Total liabilities	24,967,061	21,925,772	6,004,334	6,165,441	30,971,395	28,091,213
Deferred inflows of Resources	4,254,337	17,615,341	25,530	34,152	4,279,867	17,649,493
Net position:						
Net investment in capital assets	26,048,378	25,846,223	9,016,697	8,871,269	35,065,075	34,717,492
Restricted	2,612,020	1,956,580	-	-	2,612,020	1,956,580
Unrestricted	(9,152,792)	(7,056,778)	9,805,642	9,829,075	652,850	2,772,297
Total net position	<u>\$ 19,507,606</u>	<u>\$ 20,746,025</u>	<u>\$ 18,822,339</u>	<u>\$ 18,700,344</u>	<u>\$ 38,329,945</u>	<u>\$ 39,446,369</u>

The largest portion of the government's net position, \$35,065,075 (91%), 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, \$2,612,020 (7%) represents resources that are subject to external restrictions on how they may be use.

The remaining balance of unrestricted net position \$652,850 (2%) may be used to meet the government's operating needs and ongoing obligations. The deficit in the Governmental Activities unrestricted net position is \$9,152,792. The largest component of the deficit is due to the cumulative effect of the implementation of GASB 68, specifically the net pension liability recorded as of June 30, 2020 of \$15,718,423.

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

Town of Hooksett Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Combined Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 18,840,951	\$ 30,411,620	\$ 10,746,530	\$ 10,824,787	\$ 29,587,481	\$ 41,236,407
Capital assets	27,421,537	26,721,774	14,033,147	13,993,004	41,454,684	40,714,778
Total assets	46,262,488	57,133,394	24,779,677	24,817,791	71,042,165	81,951,185
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Deferred inflows of Resources	4,254,337	17,615,341	25,530	34,152	4,279,867	17,649,493
Net position:						
Net investment in capital assets	26,048,378	25,846,223	9,016,697	8,871,269	35,065,075	34,717,492
Restricted	2,612,020	1,956,580	-	-	2,612,020	1,956,580
Unrestricted	(9,152,792)	(7,056,778)	9,805,642	9,829,075	652,850	2,772,297
Total net position	\$ 19,507,606	\$ 20,746,025	\$ 18,822,339	\$ 18,700,344	\$ 38,329,945	\$ 39,446,369

## Financial Results

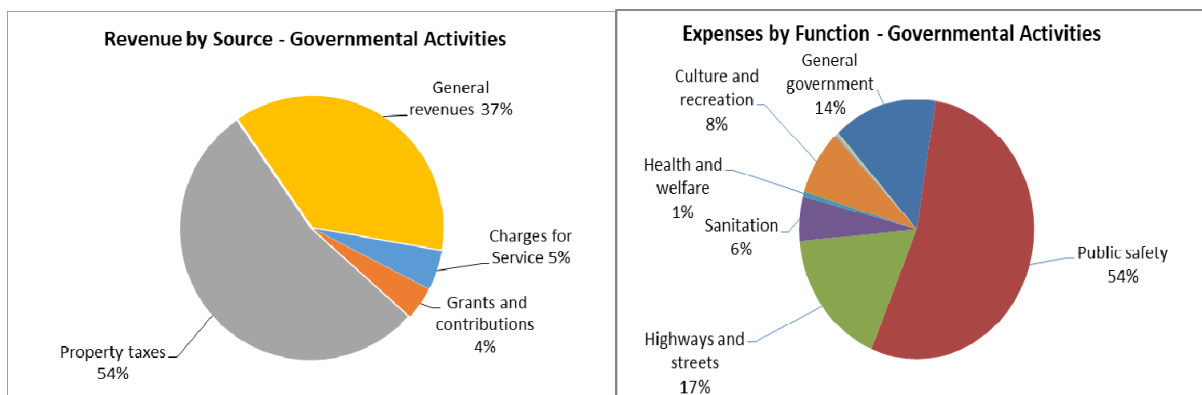
The *governmental activities* decrease in net position was \$1,238,419. Key elements of this increase are as follows:

Governmental Activities	
General fund	\$ (1,171,001)
Route 3A Infrastructure Tax Increment Finance fund	2,589,659
Special revenue funds	(170,095)
Permanent funds	(16,722)
Revenues that do not provide current financial resources	93,698
Depreciation expense in excess of capital outlays	795,849
Leased debt repayment	34,450
Disposal of capital assets	(96,086)
Proceeds for bonds and notes	(2,529,856)
Repayment of bonds and issuance costs	123,093
Change in compensated absences, accrued interest expense and accrued landfill post closure care costs	(116,515)
Change in net OPEB obligation	(623,297)
Tax abatement	(151,596)
Decrease in Governmental Activities Net Position	<u><u>\$(1,238,419)</u></u>

The total cost of governmental activities this year was \$20,354,018. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property and other taxes was only \$10,940,270 (54%) because those who directly benefited from the programs paid \$986,613 (5%) and other governments and organizations subsidized certain programs in the amount of \$819,804 (4%).

The Town paid for the remaining governmental activities with revenue not specifically targeted for specific programs. 37% of all revenues are known as general revenues, which include: interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 54% of total expenses. Program revenue consisting of grants and charges for services in the amount of \$1,222,806 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 \$121,995 for the year. Key elements of this increase are as follows:

Operating expenses in excess of revenues	\$ (235,588)
Interest revenue	403,088
Interest expense	(167,861)
Capital contributions	<u>122,356</u>
Increase in business-type activities net position	<u>\$ 121,995</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.

At the end of the current year, the governmental funds reported a combined ending fund balance of \$13,082,243, a increase of \$1,231,841, in comparison with the prior year. The general fund decreased \$1,171,001, the Route3A Infrastructure Tax Increment Financing fund increased \$2,589,659, and the other governmental funds decreased by \$186,817. Key elements of these changes are as follows:

<b><u>General Fund</u></b>	
Revenues and transfers collected less than budgeted	\$ (157,773)
Excess appropriations unspent by departments	1,074,490
Fund balance used to reduce tax rate	(1,385,094)
Net change in Encumbrances	(298,579)
Deferred tax revenue not collected within 60 days	93,698
Expenditures on carryforward appropriations and other items	(468,535)
Net change in Library	18,014
Net change in Expendable Trusts	(51,843)
Net change in Heritage Commission	<u>4,621</u>
Total General Fund	<u><u>\$(1,171,001)</u></u>

Route 3A Infrastructure Tax Increment Financing Fund

Revenues from tax increment district	\$ 89,659
Bond proceeds	<u>2,500,000</u>
Total Route 3A Infrastructure Tax Increment Financing Fund	<u>\$ 2,589,659</u>

Other Governmental Funds

Conservation revenues	\$ 1,645
Conservation land improvements	(305,644)
Impact Fee revenues	446,194
Impact Fees Police equipment	(31,813)
Impact Fees Fire equipment	(26,200)
Impact Fees Catch Basin Cleaner	(206,148)
Impact Fees other purchases and refunds	(4,166)
Solid Waste Disposal revenues	36,758
Net change in Recreation Revolving fund	(2,460)
Net change in Ambulance Revolving fund	(192,223)
Drug Forfeiture interest revenue	140
Net change in Police Special Details fund	77,830
Net change in Fire Special Details fund	(1,992)
Net change in Private Trust funds	37,984
Net change in Permanent fund	<u>(16,722)</u>
Total Other Governmental Funds	<u>\$ (186,817)</u>

The general fund is the chief operating fund of the Town. As of June 30, 2020 the total unassigned fund balance was \$3,200,959, while the total fund balance was \$6,957,901. 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 17% of total general fund expenditures, while total fund balance represents 37% of that same amount.

**General Fund Budgetary Highlights**

Difference between the original general fund operating budget, removing Wastewater and Capital Reserve appropriations, and the final amended budget was \$124,078. The increase in budget represents unanticipated revenues which the Town has not spent.

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

- Tax revenues was lower than the budgeted amount by \$276,352 largely due to interest on delinquent taxes not collected during the deed process. The Town delayed deeding property due to the COVID-19 pandemic.
- Licenses and Permits revenues surpassed projections by \$114,038 largely due to the increase in motor vehicle registrations.
- Miscellaneous revenues were higher than anticipated by \$129,195, due to donations from Southern NH University for the ladder truck.
- Public safety expenditures came in below budget by \$384,413. 73% of that savings was in staff turnover in the police department and 27% was in fire rescue department.
- Highway & Streets lower than appropriations by \$221,781. Two major areas under spent was paving \$95,538 and building maintenance \$66,739.
- Salaries and benefits were budget by \$170,919, primarily as a result of staff turnover and vacant positions in Sanitation.
- Interest on note was lower than budget due to timing of the note.

## 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, 2020 amounts to \$41,454,684 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, infrastructure and intangible assets.

<b>Town of Hooksett</b>							
<b>Capital Assets</b>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Combined Totals</b>		
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
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	373,450	954,332	1,869,642	2,124,402	2,243,092	3,078,734	
Intangible assets	237,135	205,935	-	-	237,135	205,935	
Land improvements	1,049,974	792,990	17,750	-	1,067,724	792,990	
Infrastructure	111,222,984	111,222,984	24,372,720	24,372,720	135,595,704	135,595,704	
Buildings and improvements	10,102,438	9,179,763	4,752,218	3,759,891	14,854,656	12,939,654	
Vehicles and equipment	10,088,011	9,906,155	996,159	962,436	11,084,170	10,868,591	
Total	135,763,190	134,951,357	32,308,489	31,519,449	168,071,679	166,470,806	
Accumulated depreciation	(108,341,653)	(108,229,583)	(18,275,342)	(17,526,445)	(126,616,995)	(125,756,028)	
<b>Total capital assets</b>	<b>\$ 27,421,537</b>	<b>\$ 26,721,774</b>	<b>\$ 14,033,147</b>	<b>\$ 13,993,004</b>	<b>\$ 41,454,684</b>	<b>\$ 40,714,778</b>	

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

- Construction in progress
  - Removed police station renovations \$538,230.
  - Removed replacement of the scale at the recycling station \$33,492.
  - Removed down payment for ladder truck and rescue pumper \$382,610.
  - Added engineering cost for infrastructure on Route 3A \$373,450.
- Intangible
  - Vision V8 software upgraded added \$31,200.
- Land Improvements
  - Phase II completed of the Hooksett Riverwalk Trail added \$256,984.
- Building and improvements
  - Safety Center Renovations added \$824,875.
  - Scale for Recycling Station added \$71,000.
  - Pump station for concession stand at Donati Park added \$26,800.
- Vehicles and equipment
  - Purchased 2019 Ford Explorer for police \$39,320.
  - Purchased 2019 Chevy Tahoe for police \$35,432.
  - Purchased Radio Antenna for \$28,749.
  - Removed 2005 Chevy Impala from police \$16,075.
  - Removed 1998 American Rescue Pumper from fire \$285,000.
  - Removed 2003 KME Aerial Ladder from fire \$586,009.
  - Removed 2004 Ford Expedition from fire \$26,400.
  - Removed 2005 Ford Expedition from fire \$36,746.
  - Removed 2010 International Ambulance from fire \$274,937.
  - Removed 2008 HME Silver Fox from fire \$253,589.
  - Purchased 2007 Pierce Ladder for fire \$326,206.
  - Purchased 2019 Chevy Tahoe for fire \$50,743.
  - Purchased 2019 Ford F-550 Ambulance for fire \$247,767.
  - Purchased 2019 Rosenbauer Pumper for fire \$655,655.
  - Removed 2005 Freightliner Street Sweeper from public works \$177,000.
  - Removed 2002 Ford F250 from public works \$22,144.
  - Removed 2008 Ford F250 from public works \$30,701.
  - Removed 2009 Ford F350 from public works \$36,528.
  - Removed 1988 Melroe Bobcat from public works \$20,000.
  - Removed 1999 Chevy Tahoe from public works \$29,000.
  - Removed 2007 Ford Crown Victoria from public works \$23,400.
  - Purchased 2019 Falcon Asphalt Hot Box for public works \$27,424.

Purchased 2020 Freightliner Catch Basin/Street Sweeper for public works \$291,001.  
Purchased 2020 International Dump truck for public works \$179,995.  
Purchased two 2020 Ford F350 trucks for public works \$80,244.  
Removed 2004 Spectra Live Bottom Trailer from public works \$43,280.  
Purchased 2020 Summit Live Bottom Trailer for public works \$80,129.

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

- Construction of renewable energy system \$572,198
- Construction of Main Street pump dryer \$117,787
- Purchased 2020 Chevy Silverado \$31,719

### **Debt administration**

At the end of the current fiscal year, the Town's governmental activities had total outstanding bonds of \$3,464,271, loan of \$29,856 and capital lease obligation of \$35,438.

The Wastewater fund had outstanding notes payable of \$4,502,364 as of June 30, 2020, which are related to the upgrades of the wastewater treatment facility. Additionally, the Wastewater fund has \$14,729 of State Revolving Loans which upon completion of associated projects will be converted to notes. These notes are repaid by the users of the sewer system.

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 Town's financial position remains stable. The Town has sufficient cash flow to meet its current obligations. As of September 2020, unemployment was 5.6% for the Manchester area, which compares to the state of 6% and the national averages 7.9%. Hooksett continues to see growth in its commercial and residential tax base. The town believes it is well positioned in terms of its capital reserves and low outstanding debt obligations to be able to meet its needs of our residents for the foreseeable future.

The Town's voters adopted the 2020-2021 operating budget of \$21,487,652, which represents \$17,974,780 for the general fund budget, \$2,329,482 for wastewater operations, \$825,000 for capital reserves, \$115,000 for a new salt shed, \$150,000 from Solid Waste Fund for a new truck, and \$93,390 for reserves for a Pavilion. 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](mailto:csoucic@hooksett.org).

EXHIBIT A  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Statement of Net Position**  
June 30, 2020

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 13,658,656	\$ 2,060,620	\$ 15,719,276
Investments	2,764,662	7,707,154	10,471,816
Taxes receivable, net	1,120,782		1,120,782
Accounts receivable, net	169,465	71,216	240,681
Unbilled charges		907,955	907,955
Due from other governments	483,322		483,322
Internal balances	415	(415)	-
Prepaid expenses	58,864		58,864
Tax deeded property	584,785		584,785
Total Current Assets	<u>18,840,951</u>	<u>10,746,530</u>	<u>29,587,481</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	3,062,648	2,169,642	5,232,290
Depreciable capital assets, net	<u>24,358,889</u>	<u>11,863,505</u>	<u>36,222,394</u>
Total Noncurrent Assets	<u>27,421,537</u>	<u>14,033,147</u>	<u>41,454,684</u>
Total Assets	<u>46,262,488</u>	<u>24,779,677</u>	<u>71,042,165</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	274,886	2,653	277,539
Deferred outflows related to pension	<u>2,191,630</u>	<u>69,873</u>	<u>2,261,503</u>
Total Deferred Outflows of Resources	<u>2,466,516</u>	<u>72,526</u>	<u>2,539,042</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	728,956	566,846	1,295,802
Accrued expenses	521,485	67,653	589,138
Retainage payable		8,925	8,925
Due to other governments	1,494		1,494
Deposits payable	114,573	21,147	135,720
Advances from grantors	1,539		1,539
Unearned connection fees		296,000	296,000
Tax abatement settlement	151,596		151,596
Current portion of bonds payable	105,000		105,000
Current portion of tax increment financing bond payable	250,000		250,000
Current portion of notes payable		490,536	490,536
Current portion of capital leases payable	35,438		35,438
Current portion of compensated absences payable	31,492		31,492
Current portion of accrued landfill postclosure care costs	<u>5,620</u>		<u>5,620</u>
Total Current Liabilities	<u>1,947,193</u>	<u>1,451,107</u>	<u>3,398,300</u>
Noncurrent Liabilities:			
Bonds payable	859,271		859,271
Tax increment financing bond payable	2,250,000		2,250,000
Notes payable		4,011,828	4,011,828
State of New Hampshire revolving loan	29,856	14,729	44,585
Compensated absences payable	469,245	45,241	514,486
Accrued landfill postclosure care costs	44,960		44,960
OPEB liability	3,648,113	36,443	3,684,556
Net pension liability	<u>15,718,423</u>	<u>444,986</u>	<u>16,163,409</u>
Total Noncurrent Liabilities	<u>23,019,868</u>	<u>4,553,227</u>	<u>27,573,095</u>
Total Liabilities	<u>24,967,061</u>	<u>6,004,334</u>	<u>30,971,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes collected in advance	3,475,247		3,475,247
Deferred inflows related to OPEB	39,458	466	39,924
Deferred inflows related to pension	<u>739,632</u>	<u>25,064</u>	<u>764,696</u>
Total Deferred Inflows of Resources	<u>4,254,337</u>	<u>25,530</u>	<u>4,279,867</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,048,378	9,016,697	35,065,075
Restricted	2,612,020		2,612,020
Unrestricted (deficit)	<u>(9,152,792)</u>	<u>9,805,642</u>	<u>652,850</u>
Total Net Position	<u>\$ 19,507,606</u>	<u>\$ 18,822,339</u>	<u>\$ 38,329,945</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, 2020

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities:							
General government	\$ 2,902,000	\$ 27,577	\$ 91,287		\$ (2,783,136)		\$ (2,783,136)
Public safety	10,928,895	810,917	203,871	\$ 208,018	(9,706,089)		(9,706,089)
Highways and streets	3,509,121	14,200	316,628		(3,178,293)		(3,178,293)
Sanitation	1,131,855	127,769			(1,004,086)		(1,004,086)
Health and welfare	123,837				(123,837)		(123,837)
Culture and recreation	1,648,172	6,150			(1,642,022)		(1,642,022)
Conservation	51,439				(51,439)		(51,439)
Economic development	700				(700)		(700)
Interest and fiscal charges	57,999				(57,999)		(57,999)
Total governmental activities	<u>20,354,018</u>	<u>986,613</u>	<u>611,786</u>	<u>208,018</u>	<u>(18,547,601)</u>	<u>\$ -</u>	<u>(18,547,601)</u>
Business-type activities:							
Wastewater	2,459,051	2,042,122		122,356		(294,573)	(294,573)
Total business-type activities	<u>2,459,051</u>	<u>2,042,122</u>	<u>-</u>	<u>122,356</u>	<u>-</u>	<u>(294,573)</u>	<u>(294,573)</u>
Total primary government	<u>\$ 22,813,069</u>	<u>\$ 3,028,735</u>	<u>\$ 611,786</u>	<u>\$ 330,374</u>	<u>(18,547,601)</u>	<u>(294,573)</u>	<u>(18,842,174)</u>
General revenues:							
Property and other taxes					10,940,270		10,940,270
Licenses and permits					4,376,488		4,376,488
Grants and contributions:							
Rooms and meals tax distribution					744,020		744,020
Municipal aid					152,393		152,393
State railroad tax					1,278		1,278
State & federal forest land reimbursement					574		574
Interest and investment earnings					375,970	403,088	779,058
Miscellaneous					812,475	13,480	825,955
Contributions to permanent fund principal					1,800		1,800
Loss on disposal of capital assets					(96,086)		(96,086)
Total general revenues, contributions to permanent fund principal, and loss on disposal of capital assets					<u>17,309,182</u>	<u>416,568</u>	<u>17,725,750</u>
Change in net position					(1,238,419)	121,995	(1,116,424)
Net Position at beginning of year					<u>20,746,025</u>	<u>18,700,344</u>	<u>39,446,369</u>
Net Position at end of year					<u>\$ 19,507,606</u>	<u>\$ 18,822,339</u>	<u>\$ 38,329,945</u>

See accompanying notes to the basic financial statements

EXHIBIT C  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2020

	General Fund	Route 3A Infrastructure Tax Increment Financing Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,004,609	\$ 2,199,778	\$ 454,269	\$ 13,658,656
Investments	2,433,242		331,420	2,764,662
Taxes receivable, net	1,120,782			1,120,782
Accounts receivable, net	731		168,734	169,465
Due from other governments	468,478		14,844	483,322
Due from other funds	43,214	887,511	2,192,451	3,123,176
Prepaid items	58,864			58,864
Tax deeded property	584,785			584,785
Total Assets	<u>15,714,705</u>	<u>3,087,289</u>	<u>3,161,718</u>	<u>21,963,712</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 15,714,705</u>	<u>\$ 3,087,289</u>	<u>\$ 3,161,718</u>	<u>\$ 21,963,712</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 452,996	\$ 62,514	\$ 7,390	\$ 522,900
Accrued expenses	460,343		11,962	472,305
Due to other governments	1,494			1,494
Due to other funds	3,286,018		42,799	3,328,817
Deposits	114,573			114,573
Advances from grantors	1,539			1,539
Total Liabilities	<u>4,316,963</u>	<u>62,514</u>	<u>62,151</u>	<u>4,441,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes collected in advance	3,475,247			3,475,247
Uncollected property taxes	964,594			964,594
Total Deferred Inflows of Resources	<u>4,439,841</u>	<u>-</u>	<u>-</u>	<u>4,439,841</u>
<b>FUND BALANCES</b>				
Nonspendable	643,649		207,679	851,328
Restricted	180,974	3,024,775	1,325,142	4,530,891
Committed	2,207,191		1,566,746	3,773,937
Assigned	725,128			725,128
Unassigned	3,200,959			3,200,959
Total Fund Balances	<u>6,957,901</u>	<u>3,024,775</u>	<u>3,099,567</u>	<u>13,082,243</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,714,705</u>	<u>\$ 3,087,289</u>	<u>\$ 3,161,718</u>	<u>\$ 21,963,712</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, 2020

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 13,082,243
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.	27,421,537
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	964,594
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	274,886
Deferred outflows of resources related to net pension liability	2,191,630
Deferred inflows of resources related to OPEB liability	(39,458)
Deferred inflows of resources related to net pension liability	(739,632)
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:	
Tax abatement settlement	(151,596)
Bonds payable	(964,271)
Tax increment financing bond payable	(2,500,000)
Capital leases payable	(35,438)
State of NH revolving loan	(29,856)
Accrued interest on long-term obligations	(49,180)
Compensated absences payable	(500,737)
Accrued landfill postclosure care costs	(50,580)
OPEB liability	(3,648,113)
Net pension liability	<u>(15,718,423)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 19,507,606</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2020

	General Fund	Route 3A Infrastructure Tax Increment Financing Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 10,552,728	\$ 445,440		\$ 10,998,168
Licenses and permits	4,376,488			4,376,488
Intergovernmental	1,480,286		\$ 35,196	1,515,482
Charges for services	61,486		925,127	986,613
Interest and investment income	332,405	17,669	25,896	375,970
Miscellaneous	510,246		506,616	1,016,862
Total Revenues	<u>17,313,639</u>	<u>463,109</u>	<u>1,492,835</u>	<u>19,269,583</u>
Expenditures:				
Current operations:				
General government	2,814,481		600	2,815,081
Public safety	9,530,731		1,026,139	10,556,870
Highways and streets	2,641,053		207,883	2,848,936
Sanitation	1,030,453			1,030,453
Health and welfare	123,837			123,837
Culture and recreation	1,507,445		10,683	1,518,128
Conservation	2,779		305,644	308,423
Economic development	700			700
Capital outlay	840,224	373,450		1,213,674
Debt service:				
Principal retirement	101,750			101,750
Interest and fiscal charges	49,746			49,746
Total Expenditures	<u>18,643,199</u>	<u>373,450</u>	<u>1,550,949</u>	<u>20,567,598</u>
Excess revenues over (under) expenditures	<u>(1,329,560)</u>	<u>89,659</u>	<u>(58,114)</u>	<u>(1,298,015)</u>
Other financing sources (uses):				
Bond issuance		2,500,000		2,500,000
State of NH revolving loan issuance	29,856			29,856
Transfers in	128,703			128,703
Transfers out			(128,703)	(128,703)
Total Other financing sources (uses)	<u>158,559</u>	<u>2,500,000</u>	<u>(128,703)</u>	<u>2,529,856</u>
Net change in fund balances	(1,171,001)	2,589,659	(186,817)	1,231,841
Fund Balances at beginning of year	<u>8,128,902</u>	<u>435,116</u>	<u>3,286,384</u>	<u>11,850,402</u>
Fund Balances at end of year	<u>\$ 6,957,901</u>	<u>\$ 3,024,775</u>	<u>\$ 3,099,567</u>	<u>\$ 13,082,243</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, 2020

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 1,231,841
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 capital outlays exceeded depreciation expense in the current period.	795,849
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net loss of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	(96,086)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	93,698
Repayment of bond principal is an expenditure in the governmental funds when due, but the repayment reduces long-term liabilities in the statement of net position.	101,750
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.	34,450
Proceeds from bond issuances are other financing sources in the funds, but bond issuances increase long-term liabilities in the statement of net position.	(2,500,000)
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.	21,343
Proceeds from state revolving loan funds are reported as other financing sources in the governmental funds, but state revolving loan funds increase long-term liabilities in the statement of net position.	(29,856)
Governmental funds only report payments on tax abatement settlements when payments are due, whereas in the statement of net position a long-term liability is recognized once a settlement agreement is reached.	(151,596)
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.	(29,596)
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.	(86,919)
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	(165,439)
Net changes in pension	(457,858)
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (1,238,419)</u>

*See accompanying notes to the basic financial statements*

EXHIBIT E  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2020

	Business-type Activities Wastewater Fund
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 2,060,620
Investments	7,707,154
Accounts receivable, net	71,216
Unbilled charges	907,955
Total Current Assets	<u>10,746,945</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	2,169,642
Depreciable capital assets, net	11,863,505
Total Noncurrent Assets	<u>14,033,147</u>
Total Assets	<u>24,780,092</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	2,653
Deferred outflows related to pension	69,873
Total Deferred Outflows of Resources	<u>72,526</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	566,846
Accrued expenses	67,653
Retainage payable	8,925
Deposits payable	21,147
Due to other funds	415
Unearned connection fees	296,000
Current portion of notes payable	490,536
Total Current Liabilities	<u>1,451,522</u>
Noncurrent Liabilities:	
Notes payable	4,011,828
State of New Hampshire revolving loan	14,729
Compensated absences payable	45,241
OPEB liability	36,443
Net pension liability	444,986
Total Noncurrent Liabilities	<u>4,553,227</u>
Total Liabilities	<u>6,004,749</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	466
Deferred inflows related to pension	25,064
Total Deferred Inflows of Resources	<u>25,530</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,016,697
Unrestricted	9,805,642
Total Net Position	<u>\$ 18,822,339</u>

*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, 2020

	Business-type Activities
	<u>Wastewater Fund</u>
Operating revenues:	
Charges for services	\$ 2,042,122
Miscellaneous	13,480
Total Operating revenues	<u>2,055,602</u>
Operating expenses:	
Personnel services	741,623
Contractual services	57,936
Materials and supplies	105,131
Repairs and maintenance	285,009
Utilities	217,740
Depreciation	762,397
Miscellaneous	121,354
Total Operating expenses	<u>2,291,190</u>
Operating loss	<u>(235,588)</u>
Non-operating revenue (expenses):	
Interest revenue	403,088
Interest expense	<u>(167,861)</u>
Total Non-operating revenue (expenses)	<u>235,227</u>
Loss before capital contributions	(361)
Capital contributions	<u>122,356</u>
Change in net position	121,995
Net Position at beginning of year	<u>18,700,344</u>
Net Position at end of year	<u>\$ 18,822,339</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, 2020

	Business-type Activities Wastewater Fund
Cash flows from operating activities:	
Cash received from customers	\$ 2,117,740
Cash paid to suppliers	(1,109,495)
Cash paid to employees	(477,234)
Net cash provided by operating activities	<u>531,011</u>
Cash flows from capital financing activities:	
Purchases of capital assets	(324,735)
Proceeds received from state revolving loans	20,860
Principal paid on notes payable	(481,594)
Interest paid on long-term debt	(159,805)
Net cash used for capital financing activities	<u>(945,274)</u>
Cash flows from investing activities:	
Interest on investments	403,088
Redemptions of investments	1,350,703
Net cash provided by investing activities	<u>1,753,791</u>
Net decrease in cash and cash equivalents	1,339,528
Cash and cash equivalents at beginning of year	<u>721,092</u>
Cash and cash equivalents at end of year	<u>\$ 2,060,620</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (235,588)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	762,397
Change in deferred outflows related to OPEB	2,915
Change in deferred outflows related to pension	6,705
Change in deferred inflows related to OPEB	(1,982)
Change in deferred inflows related to pension	(6,640)
Changes in assets and liabilities:	
Accounts receivable, net	66,667
Accounts payable	20,481
Accrued expenses	(1,019)
Deposits payable	1,471
Due to other funds	415
Unearned connection fees	(6,000)
Compensated absences payable	2,787
OPEB liability	(88,980)
Net pension liability	<u>7,382</u>
Net cash provided by operating activities	<u>\$ 531,011</u>
Noncash transactions affecting financial position:	
Principal forgiveness on notes payable	<u>\$ 122,356</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, 2020

	Agency <u>Funds</u>
ASSETS	
Investments	\$ 2,470,744
Due from other funds	<u>206,056</u>
Total Assets	<u><u>\$ 2,676,800</u></u>
LIABILITIES	
Accounts payable	\$ 6,260
Due to others	644,541
Due to other governments	<u>2,025,999</u>
Total Liabilities	<u><u>\$ 2,676,800</u></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, 2020

**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, 2020

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 are the Town's major governmental funds:

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.

The *Route 3A Infrastructure Tax Increment Financing Fund* is used to account for financial resources related to the development of infrastructure improvements along the Route 3A corridor section between exit 10 and exit 11.

**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, 2020

***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, 2020

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, taxes receivable 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, 2020, the Town applied \$1,385,094 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	<u>\$ 2,060,620</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

***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, 2020 are recorded as receivables net of reserves for estimated uncollectibles of \$1,180,727 in the General Fund.

***Accounts Receivable***

Charges for services billed during the current fiscal year and prior and uncollected at June 30, 2020 are recorded as receivables net of reserves for estimated uncollectibles of \$523,480 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, 2020

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, 2020

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***

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, 2020

***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, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 15,719,276
Investments	10,471,816
Statement of fiduciary net position:	
Investments	<u>2,470,744</u>
Total deposits and investments	<u>\$ 28,661,836</u>

Deposits and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 2,035
Deposits with financial institutions	16,747,552
Investments	<u>11,912,249</u>
Total deposits and investments	<u>\$ 28,661,836</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, 2020

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	\$ 9,190,542	\$ -	\$ 9,000,649	\$ 189,893

***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	\$ 1,000,906	\$ 1,000,906	
Bond mutual funds	9,190,542		\$ 9,190,542
Equity mutual funds	1,636,321		1,636,321
Money market funds	84,480		84,480
	<u>\$ 11,912,249</u>	<u>\$ 1,000,906</u>	<u>\$ 10,911,343</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, 2020

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, \$15,199,404 was collateralized by securities held by the bank in the bank's name. As of June 30, 2020, 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		\$ 9,190,542
Equity mutual funds		1,636,321
Money market funds		<u>84,480</u>
		<u>\$ 10,911,343</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](http://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***

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, 2020

As of June 30, 2020, 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	\$ 9,190,542			\$ 9,190,542
Equity mutual funds	1,636,321			1,636,321
	<u>\$ 10,826,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,826,863</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>7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2020</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 2,434,929			\$ 2,434,929
Easements	254,269			254,269
Construction in process	954,332	\$ 373,450	\$ (954,332)	373,450
Total capital assets not being depreciated	<u>3,643,530</u>	<u>373,450</u>	<u>(954,332)</u>	<u>3,062,648</u>
Other capital assets:				
Intangibles	205,935	31,200		237,135
Land improvements	792,990	256,984		1,049,974
Infrastructure	111,222,984			111,222,984
Buildings and improvements	9,179,763	922,675		10,102,438
Vehicles and equipment	9,906,155	2,042,626	(1,860,770)	10,088,011
Total other capital assets at historical cost	<u>131,307,827</u>	<u>3,253,485</u>	<u>(1,860,770)</u>	<u>132,700,542</u>
Less accumulated depreciation for:				
Intangibles	(152,318)	(31,648)		(183,966)
Land improvements	(264,219)	(77,400)		(341,619)
Infrastructure	(95,859,590)	(786,736)		(96,646,326)
Buildings and improvements	(5,341,291)	(225,428)		(5,566,719)
Vehicles and equipment	(6,612,165)	(641,642)	1,650,784	(5,603,023)
Total accumulated depreciation	<u>(108,229,583)</u>	<u>(1,762,854)</u>	<u>1,650,784</u>	<u>(108,341,653)</u>
Total other capital assets, net	<u>23,078,244</u>	<u>1,490,631</u>	<u>(209,986)</u>	<u>24,358,889</u>
Total capital assets, net	<u>\$ 26,721,774</u>	<u>\$ 1,864,081</u>	<u>\$ (1,164,318)</u>	<u>\$ 27,421,537</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

Depreciation was charged to governmental functions as follows:

General government	\$ 55,512
Public safety	468,110
Highways and streets	1,024,248
Sanitation	93,467
Culture and recreation	121,517
Total governmental activities depreciation expense	<u>\$ 1,762,854</u>

The balance of the assets acquired through capital leases as of June 30, 2020, is as follows:

	Vehicles and <u>equipment</u>
Cost	\$ 234,795
Less: accumulated depreciation	<u>(161,422)</u>
	<u>\$ 73,373</u>

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

	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2020</u>
Business-type activities:				
Capital asset not depreciated:				
Land	\$ 300,000			\$ 300,000
Construction in process	<u>2,124,402</u>	<u>\$ 737,194</u>	<u>\$ (991,954)</u>	<u>1,869,642</u>
Total capital assets not being depreciated	<u>2,424,402</u>	<u>737,194</u>	<u>(991,954)</u>	<u>2,169,642</u>
Other capital assets:				
Land improvements		17,750		17,750
Infrastructure	24,372,720			24,372,720
Buildings and improvements	3,759,891	992,327		4,752,218
Vehicles and equipment	<u>962,436</u>	<u>47,223</u>	<u>(13,500)</u>	<u>996,159</u>
Total other capital assets at historical cost	<u>29,095,047</u>	<u>1,057,300</u>	<u>(13,500)</u>	<u>30,138,847</u>
Less accumulated depreciation for:				
Land improvements				-
Infrastructure	(12,986,073)	(664,647)		(13,650,720)
Buildings and improvements	(3,750,595)	(43,104)		(3,793,699)
Vehicles and equipment	<u>(789,777)</u>	<u>(54,646)</u>	<u>13,500</u>	<u>(830,923)</u>
Total accumulated depreciation	<u>(17,526,445)</u>	<u>(762,397)</u>	<u>13,500</u>	<u>(18,275,342)</u>
Total other capital assets, net	<u>11,568,602</u>	<u>294,903</u>	<u>-</u>	<u>11,863,505</u>
Total capital assets, net	<u>\$ 13,993,004</u>	<u>\$ 1,032,097</u>	<u>\$ (991,954)</u>	<u>\$ 14,033,147</u>

Depreciation was charged to proprietary funds as follows:

Wastewater fund	<u>\$ 762,397</u>
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**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

**NOTE 4—LONG-TERM OBLIGATIONS**

***General Long-term Obligations***

The changes in the Town's long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds	\$ 976,750		\$ (101,750)	\$ 875,000	\$ 105,000
Unamortized bond premium	110,614		(21,343)	89,271	
Total General obligation bonds payable	1,087,364	\$ -	(123,093)	964,271	105,000
Tax increment financing bond		2,500,000		2,500,000	250,000
State of New Hampshire revolving loan		29,856		29,856	
Capital leases payable	69,888		(34,450)	35,438	35,438
Compensated absences	418,648	93,078	(10,989)	500,737	31,492
Total governmental activities	<u>\$ 1,575,900</u>	<u>\$ 2,622,934</u>	<u>\$ (168,532)</u>	<u>\$ 4,030,302</u>	<u>\$ 421,930</u>
Business-type activities:					
Notes payable	\$ 4,152,266	\$ 954,048	\$ (603,950)	\$ 4,502,364	\$ 490,536
State of New Hampshire revolving loan	947,917	20,860	(954,048)	14,729	
Compensated absences	42,454	17,981	(15,194)	45,241	
Total business-type activities	<u>\$ 5,142,637</u>	<u>\$ 992,889</u>	<u>\$ (1,573,192)</u>	<u>\$ 4,562,334</u>	<u>\$ 490,536</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 tax increment financing bond payable are paid out of the Route 3A Infrastructure Tax Increment Financing 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, 2020 are comprised of the following individual issue:

	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>at</u> <u>6/30/2020</u>
2018 Series B	2.56%	August 2028	\$ 875,000
Add: <i>Unamortized Bond Premium</i>			89,271
Total Bonds Payable			<u>\$ 964,271</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

Debt service requirements to retire general obligation bonds outstanding at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	95,000	21,803	116,803
2026-2029	380,000	38,760	418,760
Total	875,000	197,498	1,072,498
Add: <i>Unamortized Bond Premium</i>	89,271		89,271
Total Bonds payable	<u>\$ 964,271</u>	<u>\$ 197,498</u>	<u>\$ 1,161,769</u>

***Tax Increment Financing Bond***

The tax increment financing bond payable at June 30, 2020 is comprised of the following individual issue:

	Interest Rate	Final Maturity Date	Balance at 6/30/2020
2019 Route 3A Bond	2.55%	December 2029	<u>\$ 2,500,000</u>

Debt service requirements to retire the tax increment financing bond for governmental activities at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 250,000	\$ 63,750	\$ 313,750
2022	250,000	57,375	307,375
2023	250,000	51,000	301,000
2024	250,000	44,625	294,625
2025	250,000	38,250	288,250
2026-2030	1,250,000	95,625	1,345,625
Total	<u>\$ 2,500,000</u>	<u>\$ 350,625</u>	<u>\$ 2,850,625</u>

The Town has pledged a portion of future tax increment financing revenues to repay \$2,500,000 in tax increment bonds issued in December 2019 to finance infrastructure improvements within the Route 3A Corridor. The bonds are payable solely from the tax increment financing taxes. Incremental taxes were projected to produce in excess of 100% of the debt service requirements over the life of the bonds. For the current year total tax increment finance revenues were \$445,440.

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

***Notes Payable***

Business-type Activities

Notes payable at June 30, 2020 are comprised of the following individual issues:

	Interest Rate	Final Maturity Date	Balance at 6/30/2020
<u>Wastewater Fund:</u>			
Wastewater treatment plant upgrade	3.73%	January 2030	\$ 2,122,324
Wastewater treatment facility upgrade	3.10%	June 2031	1,708,558
Wastewater treatment facility phase 3	2.00%	Setpmeber 2023	671,482
			<u>\$ 4,502,364</u>

Debt service requirements to retire notes payable for business-type activities at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 490,536	\$ 145,587	\$ 636,123
2022	500,217	131,085	631,302
2023	510,202	116,279	626,481
2024	520,323	101,157	621,480
2025	354,733	85,710	440,443
2026-2030	1,971,030	239,023	2,210,053
2031	155,323	4,821	160,144
Total	<u>\$ 4,502,364</u>	<u>\$ 823,662</u>	<u>\$ 5,326,026</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, 2020:

	Interest Rate	Final Maturity Date	Balance at 6/30/2020
Equipment	2.87%	December 2020	<u>\$ 35,438</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	<u>\$ 35,438</u>	<u>\$ 1,017</u>	<u>\$ 36,455</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

***State of New Hampshire Revolving Loans***

The Town has drawn \$14,729 of \$3,465,716 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the wastewater treatment facility phase 3A capital improvements project. 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.

The Town has drawn \$29,856 of \$30,000 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the stormwater collection system asset management program. 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 the principal sum of amounts drawn 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	\$ 161,648	\$ 1,712,337	\$ 4,945	\$ 257,613
Single Employer Plan	<u>115,891</u>	<u>1,972,219</u>	<u>34,979</u>	<u>100,962</u>
Total	<u>\$ 277,539</u>	<u>\$ 3,684,556</u>	<u>\$ 39,924</u>	<u>\$ 358,575</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 \$237,615.

**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.

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

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](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. 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 3.66% and 0.29%, respectively, for the year ended June 30, 2020. Contributions to the OPEB plan for the Town were \$159,480 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2020, the Town reported a liability of \$1,712,337 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the Town's proportion was approximately 0.3906 percent, which was an increase of 0.0044 percentage points from its proportion measured as of June 30, 2018.



**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

For the year ended June 30, 2020, the Town recognized OPEB expense of \$257,613. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 2,979
Net difference between projected and actual earnings on OPEB plan investments		1,925
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 2,168	41
Town contributions subsequent to the measurement date	<u>159,480</u>	
Totals	<u>\$ 161,648</u>	<u>\$ 4,945</u>

The Town reported \$159,480 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, 2020. 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>	
2020	\$ (2,128)
2021	(1,277)
2022	133
2023	<u>495</u>
	<u>\$ (2,777)</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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.

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

The actuarial assumptions used in the June 30, 2018 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>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. 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.

***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	\$ 1,857,291	\$ 1,712,337	\$ 1,586,383

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

**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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	123
	<u>146</u>

***Total OPEB Liability***

The Town's total OPEB liability of \$1,972,219 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	2.44%
Healthcare cost trend rates	7.00% for 2021, decreasing 0.25% per year to an ultimate rate of 4.50% for 2031 and later years.

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

The discount rate was based on an average of three 20-year bond indices as of June 30, 2020.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality Tables with the Society of Actuaries Mortality Improvement Scale MP-2019.

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at June 30, 2019	\$ 1,934,856
Changes for the year:	
Service cost	45,598
Interest	45,724
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	67,844
Benefit payments	<u>(121,803)</u>
Net changes	<u>37,363</u>
Balance at June 30, 2020	<u><u>\$ 1,972,219</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate of 3.50% at June 30, 2019 to 2.44% at June 30, 2020. Additionally, the mortality table and mortality improvement scale assumptions were updated.

***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:

	1% Decrease (1.44%)	Current Discount Rate (2.44%)	1% Increase (3.44%)
Total OPEB Liability	\$ 2,120,181	\$ 1,972,219	\$ 1,837,689

***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 (6.00 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.50 percent) than the current healthcare cost trend rate:

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB Liability	\$ 1,812,947	\$ 1,972,219	\$ 2,153,885

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$100,962. At June 30, 2020, 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	\$ 115,891	\$ 34,979
Totals	<u>\$ 115,891</u>	<u>\$ 34,979</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>	
2021	\$ 9,640
2022	9,640
2023	9,640
2024	9,640
2025	9,640
Thereafter	32,712
	<u>\$ 80,912</u>

**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.

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

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.

***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 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%

***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 24.77%, 26.43%, and 10.88%, respectively, for the year ended June 30, 2020. The Town contributes 100% of the employer cost for police officers, fire employees, and general employees of the Town.

Per RSA-100-A: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, 2020 were \$1,436,915.

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

At June 30, 2020, the Town reported a liability of \$16,163,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2018. 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, 2019, the Town's proportion was approximately 0.3359 percent, which was an increase of 0.0018 percentage points from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,901,939. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 89,369	\$ 347,559
Net difference between projected and actual earnings on pension plan investments		132,032
Changes of assumptions	579,937	
Changes in proportion and differences between Town contributions and proportionate share of contributions	155,282	285,105
Town contributions subsequent to the measurement date	<u>1,436,915</u>	
Totals	<u>\$ 2,261,503</u>	<u>\$ 764,696</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$1,496,807. The Town reported \$1,436,915 as deferred outflows of resources related to pension 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

<u>June 30,</u>	
2020	\$ 410,528
2021	(384,784)
2022	(18,947)
2023	<u>53,095</u>
	<u>\$ 59,892</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, 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.

The actuarial assumptions used in the June 30, 2018 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>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
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



**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

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	\$ 21,643,471	\$ 16,163,409	\$ 11,634,181

**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 postclosure care costs has a balance of \$50,580 as of June 30, 2020. 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, 2020:

Balance - July 1, 2019	\$ 45,750
Expenditures recognized in the General Fund	(3,214)
Net change in estimated liability	<u>8,044</u>
Balance - June 30, 2020	<u>\$ 50,580</u>

**NOTE 8—RESTRICTED NET POSITION**

Net position is restricted for specific purposes at June 30, 2020 as follows:

	Governmental <u>Activities</u>
Permanent Funds - Principal	\$ 207,679
Permanent Funds - Income	21,316
Impact fees	1,206,656
Police asset forfeitures	11,940
Route 3A tax increment financing	898,225
Library operations	180,974
Private trusts	<u>85,230</u>
	<u>\$ 2,612,020</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, 2020 are as follows:

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

	General Fund	Due from Nonmajor Governmental		Totals
		Funds	Wastewater Fund	
General Fund		\$ 42,799	\$ 415	\$ 43,214
Route 3A Infrastructure Tax Increment				
Due to Financing Fund	\$ 887,511			887,511
Nonmajor Governmental Funds	2,192,451			2,192,451
Agency Funds	206,056			206,056
	<u>\$ 3,286,018</u>	<u>\$ 42,799</u>	<u>\$ 415</u>	<u>\$ 3,329,232</u>

During the year, the Nonmajor Governmental Funds transferred \$128,703 to the General Fund. The transfers were made in accordance with budgetary authorizations.

**NOTE 10—COMPONENTS OF FUND BALANCE**

The components of the Town's fund balance for its governmental funds at June 30, 2020, are as follows:

	General Fund	Route 3A Infrastructure Tax Increment Financing Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable for:</b>				
Prepaid expenses	\$ 58,864			\$ 58,864
Tax deeded property	584,785			584,785
Permanent Funds - principal			\$ 207,679	207,679
<b>Restricted for:</b>				
Permanent Funds - income			21,316	21,316
Impact fees			1,206,656	1,206,656
Police asset forfeiture			11,940	11,940
Route 3A tax increment financing		\$ 3,024,775		3,024,775
Private trusts			85,230	85,230
Library operations	180,974			180,974
<b>Committed for:</b>				
Capital reserves	1,826,771			1,826,771
Carryforward appropriations	380,420			380,420
Conservation			336,521	336,521
Solid waste			552,739	552,739
Recreation			159,865	159,865
Ambulance			214,559	214,559
Police			302,781	302,781
Fire			281	281
<b>Assigned for:</b>				
Encumbrances	187,624			187,624
Heritage	36,767			36,767
Compensated absences	500,737			500,737
<b>Unassigned:</b>				
Unassigned - General operations	3,200,959			3,200,959
	<u>\$ 6,957,901</u>	<u>\$ 3,024,775</u>	<u>\$ 3,099,567</u>	<u>\$ 13,082,243</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

**NOTE 11—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,030,759,417 as of April 1, 2019) and are due in two installments on July 1, 2019 and December 23, 2019. 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. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. 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 \$26,903,326 and \$5,456,880 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, 2020, 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, 2020.

***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, 2020

***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.

***Consolidated Communications Tax Abatement 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 to be split over 2019 and 2020 tax years. At June 30, 2020 the remaining balance due to Consolidated Communications is \$151,596.

**NOTE 14—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, 2021. 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 10,829,080	\$ 10,829,080	\$ 10,552,728	\$ (276,352)
Licenses and permits	4,262,450	4,262,450	4,376,488	114,038
Intergovernmental	1,214,950	1,472,651	1,480,286	7,635
Charges for services	88,520	88,520	61,486	(27,034)
Interest income	250,000	250,000	196,704	(53,296)
Miscellaneous	164,750	419,699	548,894	129,195
Total Revenues	<u>16,809,750</u>	<u>17,322,400</u>	<u>17,216,586</u>	<u>(105,814)</u>
Expenditures:				
Current operations:				
General government	2,727,869	2,852,217	2,769,260	82,957
Public safety	9,057,196	9,326,236	8,941,823	384,413
Highways and streets	2,752,355	2,594,349	2,372,568	221,781
Sanitation	1,207,158	1,192,158	1,021,239	170,919
Health and welfare	163,328	168,878	123,837	45,041
Culture and recreation	640,447	625,199	578,293	46,906
Conservation	1,277	1,277	1,278	(1)
Economic development	700	700	700	-
Capital outlay	979,677	893,071	840,224	52,847
Debt service:				
Principal retirement	101,750	101,750	101,750	-
Interest and fiscal charges	111,221	111,221	49,746	61,475
Total Expenditures	<u>17,742,978</u>	<u>17,867,056</u>	<u>16,800,718</u>	<u>1,066,338</u>
Excess revenues over (under) expenditures	<u>(933,228)</u>	<u>(544,656)</u>	<u>415,868</u>	<u>960,524</u>
Other financing sources (uses):				
State of NH revolving loan issuance	30,000	30,000	29,856	(144)
Transfers in	430,008	430,008	378,049	(51,959)
Transfers out	(1,573,289)	(1,581,441)	(1,573,289)	8,152
Total Other financing sources (uses)	<u>(1,113,281)</u>	<u>(1,121,433)</u>	<u>(1,165,384)</u>	<u>(43,951)</u>
Net change in fund balance	(2,046,509)	(1,666,089)	(749,516)	916,573
Fund Balance at beginning of year				
- Budgetary Basis	<u>6,439,875</u>	<u>6,439,875</u>	<u>6,439,875</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 4,393,366</u>	<u>\$ 4,773,786</u>	<u>\$ 5,690,359</u>	<u>\$ 916,573</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, 2020

<u>Measurement Period Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<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, 2019	0.39057804%	\$ 1,712,337	\$ 7,456,023	22.97%	7.75%
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, 2020

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<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, 2020	\$ 159,480	\$ (159,480)	\$ -	\$ 7,696,734	2.07%
June 30, 2019	\$ 178,343	\$ (178,343)	\$ -	\$ 7,456,023	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%
June 30, 2016	\$ 155,552	\$ (155,552)	\$ -	\$ 6,718,349	2.32%

*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, 2020

<b>Single Employer Plan Information Only</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 45,598	\$ 93,401	\$ 96,766
Interest	45,724	70,561	63,420
Changes of benefit terms	-	-	-
Changes of assumptions or other inputs	67,844	71,350	(52,238)
Differences between expected and actual experience	-	-	-
Benefit payments	<u>(121,803)</u>	<u>(60,128)</u>	<u>(45,617)</u>
Net change in total OPEB liability	37,363	175,184	62,331
Total OPEB liability at beginning of year	<u>1,934,856</u>	<u>1,759,672</u>	<u>1,697,341</u>
Total OPEB liability at end of year	<u>\$ 1,972,219</u>	<u>\$ 1,934,856</u>	<u>\$ 1,759,672</u>
Covered employee payroll	\$ 8,649,246	\$ 6,200,946	\$ 6,049,703
Total OPEB liability as a percentage of covered employee payroll	22.80%	31.20%	29.09%

<b>Significant Actuarial Assumptions</b>			
Discount rate	2.44%	3.50%	3.87%
Health cost trend rates:			
Initial	7.0% - 2021	9.0% - 2017	9.0% - 2017
Ultimate	4.5% - 2031	5.0% - 2025	5.0% - 2025
Mortality improvement scale	MP-2019	MP-2014	MP-2014
Salary increase rate	3.50%	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, 2020

<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, 2019	0.33592205%	\$ 16,163,409	\$ 7,456,023	216.78%	65.59%
June 30, 2018	0.33409581%	\$ 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, 2020

<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, 2020	\$ 1,436,915	\$ (1,436,915)	\$ -	\$ 7,696,734	18.67%
June 30, 2019	\$ 1,462,153	\$ (1,462,153)	\$ -	\$ 7,456,023	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%
June 30, 2014	\$ 1,147,439	\$ (1,147,439)	\$ -	\$ 6,631,475	17.30%
June 30, 2013	\$ 856,043	\$ (856,043)	\$ -	\$ 6,308,421	13.57%

*See accompanying notes to the required supplementary information*

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2020

**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, and budgetary transfers in and out as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 17,472,198	\$ 18,643,199
Difference in property taxes meeting susceptible to accrual criteria	93,698	
Encumbrances - June 30, 2019		(486,203)
Encumbrances - June 30, 2020		187,624
Non-budgetary revenues and expenditures	(190,751)	(1,543,902)
Budgetary transfers in and out	249,346	1,573,289
Per Schedule 1	<u>\$ 17,624,491</u>	<u>\$ 18,374,007</u>

***Major Special Revenue Fund***

The Town adopts its budgets under regulations of the New Hampshire Department of Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Route 3A Infrastructure Tax Increment Financing Fund, as the information is neither practical nor meaningful.

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund as of June 30, 2020 are as follows:

<b>Nonspendable:</b>	
Prepaid expenses	\$ 58,864
Tax deeded property	584,785
<b>Committed for:</b>	
Carryforward appropriations	380,420
<b>Assigned for:</b>	
Compensated absences	500,737
<b>Unassigned:</b>	
General operations	4,165,553
	<u>\$ 5,690,359</u>

**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
For the Year Ended June 30, 2020

**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, 2020

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 454,269		\$ 454,269
Investments	85,230	\$ 246,190	331,420
Accounts receivable, net	168,734		168,734
Due from other governments	14,844		14,844
Due from other funds	2,192,451		2,192,451
Total Assets	<u>2,915,528</u>	<u>246,190</u>	<u>3,161,718</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,915,528</u>	<u>\$ 246,190</u>	<u>\$ 3,161,718</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,390		\$ 7,390
Accrued expenses	11,962		11,962
Due to other funds	25,604	\$ 17,195	42,799
Total Liabilities	<u>44,956</u>	<u>17,195</u>	<u>62,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable		207,679	207,679
Restricted	1,303,826	21,316	1,325,142
Committed	1,566,746		1,566,746
Total Fund Balances	<u>2,870,572</u>	<u>228,995</u>	<u>3,099,567</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,915,528</u>	<u>\$ 246,190</u>	<u>\$ 3,161,718</u>

SCHEDULE A-1  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
June 30, 2020

	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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 336,051				\$ 118,218
Investments					
Accounts receivable, net					117,672
Due from other governments					14,844
Due from other funds	490	\$ 1,206,656	\$ 552,739	\$ 161,772	
Total Assets	<u>336,541</u>	<u>1,206,656</u>	<u>552,739</u>	<u>161,772</u>	<u>250,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 336,541</u>	<u>\$ 1,206,656</u>	<u>\$ 552,739</u>	<u>\$ 161,772</u>	<u>\$ 250,734</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 20			\$ 1,907	\$ 4,904
Accrued expenses					5,667
Due to other funds					25,604
Total Liabilities	<u>20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,907</u>	<u>36,175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted		1,206,656			
Committed	336,521		552,739	159,865	214,559
Total Fund Balances	<u>336,521</u>	<u>1,206,656</u>	<u>552,739</u>	<u>159,865</u>	<u>214,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 336,541</u>	<u>\$ 1,206,656</u>	<u>\$ 552,739</u>	<u>\$ 161,772</u>	<u>\$ 250,734</u>

(continued)

SCHEDULE A-1  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
June 30, 2020  
(continued)

	Drug Forfeiture <u>Fund</u>	Police Special Details <u>Fund</u>	Fire Special Details <u>Fund</u>	Private Trust <u>Funds</u>	Total Nonmajor Special Revenue <u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents					\$ 454,269
Investments				\$ 85,230	85,230
Accounts receivable, net		\$ 51,062			168,734
Due from other governments					14,844
Due from other funds	\$ 11,940	258,573	\$ 281		2,192,451
Total Assets	<u>11,940</u>	<u>309,635</u>	<u>281</u>	<u>85,230</u>	<u>2,915,528</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,940</u>	<u>\$ 309,635</u>	<u>\$ 281</u>	<u>\$ 85,230</u>	<u>\$ 2,915,528</u>
<b>LIABILITIES</b>					
Accounts payable		\$ 559			\$ 7,390
Accrued expenses		6,295			11,962
Due to other funds					25,604
Total Liabilities	<u>\$ -</u>	<u>6,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>44,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	11,940			85,230	1,303,826
Committed		302,781	281		1,566,746
Total Fund Balances	<u>11,940</u>	<u>302,781</u>	<u>281</u>	<u>85,230</u>	<u>2,870,572</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,940</u>	<u>\$ 309,635</u>	<u>\$ 281</u>	<u>\$ 85,230</u>	<u>\$ 2,915,528</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, 2020

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Intergovernmental	\$ 35,196		\$ 35,196
Charges for services	925,127		925,127
Interest and investment income (loss)	26,492	\$ (596)	25,896
Miscellaneous	<u>504,816</u>	<u>1,800</u>	<u>506,616</u>
Total Revenues	<u>1,491,631</u>	<u>1,204</u>	<u>1,492,835</u>
Expenditures:			
Current operations:			
General government		600	600
Public safety	1,026,139		1,026,139
Highways and streets	207,883		207,883
Culture and recreation	10,552	131	10,683
Conservation	<u>305,644</u>		<u>305,644</u>
Total Expenditures	<u>1,550,218</u>	<u>731</u>	<u>1,550,949</u>
Excess revenues over (under) expenditures	<u>(58,587)</u>	<u>473</u>	<u>(58,114)</u>
Other financing sources (uses):			
Transfers out	<u>(111,508)</u>	<u>(17,195)</u>	<u>(128,703)</u>
Total Other financing sources (uses)	<u>(111,508)</u>	<u>(17,195)</u>	<u>(128,703)</u>
Net change in fund balances	(170,095)	(16,722)	(186,817)
Fund Balances at beginning of year	<u>3,040,667</u>	<u>245,717</u>	<u>3,286,384</u>
Fund Balances at end of year	<u>\$ 2,870,572</u>	<u>\$ 228,995</u>	<u>\$ 3,099,567</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, 2020

	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>
Revenues:					
Intergovernmental					\$ 35,196
Charges for services			\$ 127,769	\$ 6,150	520,132
Interest and investment income	\$ 995	\$ 13,296	6,100	1,942	138
Miscellaneous	650	432,898	14,397		
Total Revenues	<u>1,645</u>	<u>446,194</u>	<u>148,266</u>	<u>8,092</u>	<u>555,466</u>
Expenditures:					
Current operations:					
Public safety		60,444			747,689
Highways and streets		207,883			
Culture and recreation				10,552	
Conservation	305,644				
Total Expenditures	<u>305,644</u>	<u>268,327</u>	<u>-</u>	<u>10,552</u>	<u>747,689</u>
Excess revenues over (under) expenditures	<u>(303,999)</u>	<u>177,867</u>	<u>148,266</u>	<u>(2,460)</u>	<u>(192,223)</u>
Other financing sources (uses):					
Transfers out			(111,508)		
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(111,508)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(303,999)	177,867	36,758	(2,460)	(192,223)
Fund Balances at beginning of year	<u>640,520</u>	<u>1,028,789</u>	<u>515,981</u>	<u>162,325</u>	<u>406,782</u>
Fund Balances at end of year	<u>\$ 336,521</u>	<u>\$ 1,206,656</u>	<u>\$ 552,739</u>	<u>\$ 159,865</u>	<u>\$ 214,559</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, 2020

(continued)

	Drug Forfeiture <u>Fund</u>	Police Special Details <u>Fund</u>	Fire Special Details <u>Fund</u>	Private Trust <u>Funds</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:					
Intergovernmental					\$ 35,196
Charges for services		\$ 268,737	\$ 2,339		925,127
Interest and investment income	\$ 140	2,487	16	\$ 1,378	26,492
Miscellaneous				56,871	504,816
Total Revenues	<u>140</u>	<u>271,224</u>	<u>2,355</u>	<u>58,249</u>	<u>1,491,631</u>
Expenditures:					
Current operations:					
Public safety		193,394	4,347	20,265	1,026,139
Highways and streets					207,883
Culture and recreation					10,552
Conservation					305,644
Total Expenditures	<u>-</u>	<u>193,394</u>	<u>4,347</u>	<u>20,265</u>	<u>1,550,218</u>
Excess revenues over (under) expenditures	<u>140</u>	<u>77,830</u>	<u>(1,992)</u>	<u>37,984</u>	<u>(58,587)</u>
Other financing sources (uses):					
Transfers out					(111,508)
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,508)</u>
Net change in fund balances	140	77,830	(1,992)	37,984	(170,095)
Fund Balances at beginning of year	<u>11,800</u>	<u>224,951</u>	<u>2,273</u>	<u>47,246</u>	<u>3,040,667</u>
Fund Balances at end of year	<u>\$ 11,940</u>	<u>\$ 302,781</u>	<u>\$ 281</u>	<u>\$ 85,230</u>	<u>\$ 2,870,572</u>

SCHEDULE C  
**TOWN OF HOOKSETT, NEW HAMPSHIRE**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds - All Agency Funds**  
June 30, 2020

	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
<b>ASSETS</b>						
Investments	\$ 511,385	\$ 518,155	\$ 796,663	\$ 644,541		\$ 2,470,744
Due from other funds				6,260	\$ 199,796	206,056
Total Assets	<u>\$ 511,385</u>	<u>\$ 518,155</u>	<u>\$ 796,663</u>	<u>\$ 650,801</u>	<u>\$ 199,796</u>	<u>\$ 2,676,800</u>
<b>LIABILITIES</b>						
Accounts payable				\$ 6,260		\$ 6,260
Due to others				644,541		644,541
Due to other governments	\$ 511,385	\$ 518,155	\$ 796,663		\$ 199,796	2,025,999
Total Liabilities	<u>\$ 511,385</u>	<u>\$ 518,155</u>	<u>\$ 796,663</u>	<u>\$ 650,801</u>	<u>\$ 199,796</u>	<u>\$ 2,676,800</u>