

TOWN OF HOOKSETT, NEW HAMPSHIRE

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' 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, the major fund, and the aggregate remaining fund information of the Town of Hooksett, New Hampshire, (the Town), as of and for the year ended June 30, 2017, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risk 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, the major fund, and the aggregate remaining fund information of the Town of Hooksett, New Hampshire, as of and for the year ended June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, the Schedule of Funding Progress on page 52, the Schedule of Proportionate Share of the Net Pension Liability on page 53, and the Schedule of Contributions on page 54, 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.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Town's basic financial statements. The combining schedule of nonmajor funds is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of nonmajor funds is the responsibility of management and is 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 schedule of nonmajor funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Angel & company LLC

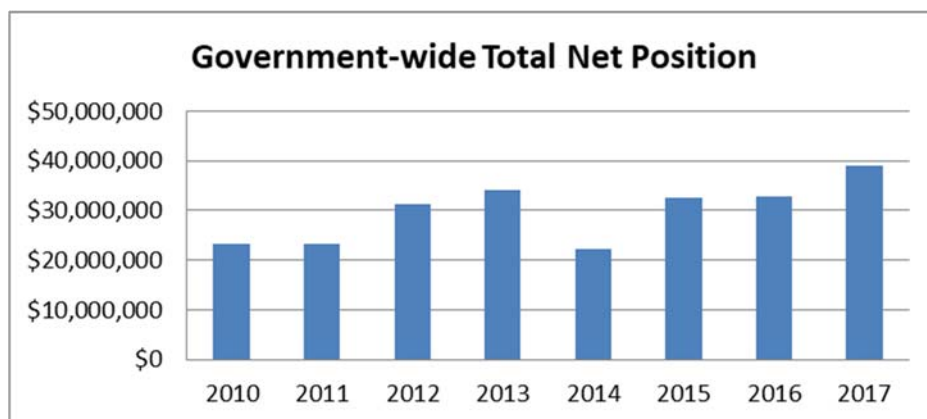
Ashland, New Hampshire
December 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Hooksett, New Hampshire (Town), we offer readers of the Town's Financial Statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

1. Financial Highlights

- The Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of the most recent year by \$39,086,983 (*net position*). Of this amount, \$7,900,990 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.



- The Town's total net position changed by \$8,731,729.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$8,346,770, a change of \$149,816 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,877,743 and is *available for spending* at the Annual Town Meeting's discretion.
- The Town's total bonded debt for the wastewater fund changed by \$(304,115) during the current fiscal year. This change represents repayment of principal debt service.
- At year end, the Town reported a combined net pension liability of \$18,379,851 for all of its governmental and business-type activities.

2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental, proprietary, and fiduciary funds.

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

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

The Town maintains ten individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other funds are combined into a single, aggregated presentation.

The Town adopted an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintained one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the governmental-wide financial statements. The Town uses enterprise funds to account for its wastewater operation.

Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for wastewater operation, which is considered to be a major fund.

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

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 *required supplementary information* that is required to be disclosed by accounting principles generally accepted in the United States of America.

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$39,086,983 (*net position*) at the close of the most recent fiscal year.

The largest portion of the Town's net position (75.29 percent) reflects its investment in capital assets (e.g., land improvements, building and improvements, vehicles and equipment, infrastructure, and intangible assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (4.50 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,900,990 or 20.21 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

Town of Hooksett, New Hampshire's Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 34,390,379	\$ 32,471,043	\$ 10,959,021	\$ 4,293,807	\$ 45,349,400	\$ 36,764,850
Capital assets	20,786,444	19,536,700	13,585,679	14,221,193	34,372,123	33,757,893
Total assets	55,176,823	52,007,743	24,544,700	18,515,000	79,721,523	70,522,743
Deferred outflows	5,030,312	1,328,978	100,283	39,850	5,130,595	1,368,828
Long-term liabilities outstanding	2,678,506	15,300,331	4,881,050	5,549,335	7,559,556	20,849,666
Other liabilities	34,658,034	15,919,578	647,196	421,029	35,305,230	16,340,607
Total liabilities	37,336,540	31,219,909	5,528,246	5,970,364	42,864,786	37,190,273
Deferred inflows	2,411,523	1,340,293	488,826	502,864	2,900,349	1,843,157
Net position:						
Net investment in capital assets	20,620,300	19,289,428	8,808,335	9,139,734	29,428,635	28,429,162
Restricted	1,757,358	2,193,722	-	-	1,757,358	2,193,722
Unrestricted	(1,918,586)	(706,631)	9,819,576	2,941,888	7,900,990	2,235,257
Total net position	\$ 20,459,072	\$ 20,776,519	\$ 18,627,911	\$ 12,081,622	\$ 39,086,983	\$ 32,858,141

Town of Hooksett, New Hampshire's Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,020,036	\$ 920,564	\$ 1,988,463	\$ 1,866,618	\$ 4,008,499	\$ 2,787,182
Operating grants and contributions	540,562	393,515	-	-	540,562	393,515
General revenues	16,240,702	14,154,716	6,921,229	762,808	23,161,931	14,917,524
Total revenues	18,801,300	15,468,795	8,909,692	2,629,426	27,710,992	18,098,221
Expenses:						
General government	2,809,183	2,711,773	-	-	2,809,183	2,711,773
Public safety	9,369,523	7,887,236	-	-	9,369,523	7,887,236
Highways and streets	1,982,735	2,334,022	-	-	1,982,735	2,334,022
Sanitation	989,181	1,129,467	-	-	989,181	1,129,467
Welfare	145,508	117,551	-	-	145,508	117,551
Culture and recreation	1,312,327	1,191,234	-	-	1,312,327	1,191,234
Conservation	7,108	199,739	-	-	7,108	199,739
Economic development	295	281	-	-	295	281
Wastewater	-	-	2,363,403	2,344,014	2,363,403	2,344,014
Total expenses	16,615,860	15,571,303	2,363,403	2,344,014	18,979,263	17,915,317
Change in net position	2,185,440	(102,508)	6,546,289	285,412	8,731,729	182,904
Net position - Beginning of year, as adjusted	18,273,632	20,879,027	12,081,622	11,796,210	30,355,254	32,675,237
Net position - End of year	\$ 20,459,072	\$ 20,776,519	\$ 18,627,911	\$ 12,081,622	\$ 39,086,983	\$ 32,858,141

Note: Beginning net position for the current year has been adjusted to reflect various changes. However, prior year results are reported without restatement. See footnote 22 - *Restatement* for more information.

Governmental activities. As noted above, governmental activities changed the Town's net position changed by \$2,185,440. Key elements of this change are as follows:

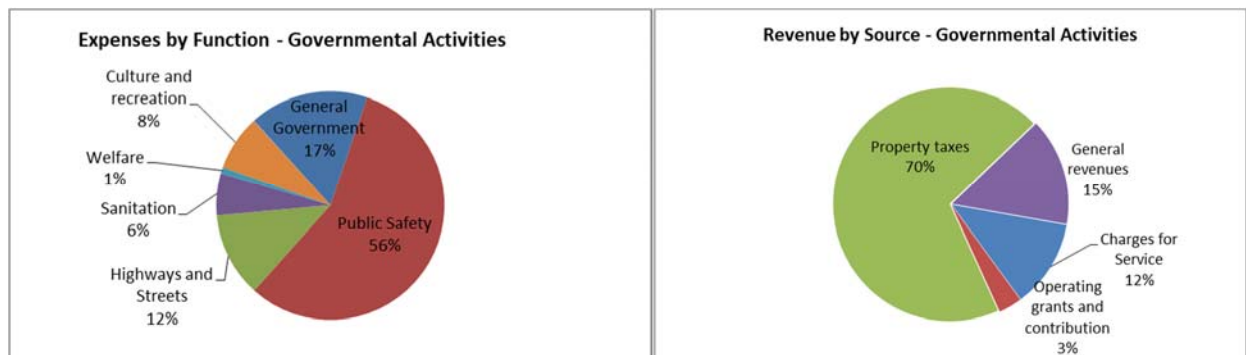
Governmental Activities:

General Fund	\$ 271,389
Nonmajor Funds	(121,573)
Depreciation expense, net of capital asset purchases	1,249,744
Financial resources, such as deferred tax and grant revenue, met the revenue recognition criteria	1,331,076
Leased debt repayment	81,128
Change in net pension obligation, net of deferred resources	(497,361)
Other GAAP accruals	(128,963)
Total	<u>\$ 2,185,440</u>

The total cost of governmental activities this year was \$16,615,860. 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 \$11,572,359 (70%) because those who directly benefited from the programs paid \$2,020,036 (12%) and other governments and organizations subsidized certain programs in the amount of \$540,562 (3%).

The Town paid for the remaining governmental activities with revenue not specifically targeted for specific programs. 15% 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 55% of total expenses. Program revenue consisting of grants and charges for services in the amount of \$919,301 was collected to offset these expenses. Public safety is made up of police, fire, ambulance, building inspections, and emergency services.



Business-type activities. The Town's Business-type activities net position changed by \$6,546,289 from its wastewater operations and an extraordinary item. Key elements of this change are as follows:

Business-type Activities:	
Operating expenses over revenue	\$ (202,815)
Miscellaneous and interest income	94,988
Interest expense	(172,125)
Extraordinary item (Disk cleanup settlement revenue)	<u>6,826,241</u>
Total	\$ <u>6,546,289</u>

4. **Financial Analysis of the Government's Funds**

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

Governmental funds. The focus of 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 fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,346,770, which is a change of \$149,816 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 271,389
Nonmajor Funds	<u>(121,573)</u>
Total	\$ <u>149,816</u>

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,877,743, while the total fund balance was \$6,589,412. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.24 percent of total general fund expenditures, while total fund balance represents 41.75 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$271,389 during the current fiscal year. Key elements of this change are as follows:

Revenue greater than budget	\$ 346,884
Expenditures less than budget	1,035,935
Deferred revenues recognized in current year	(123,559)
Use of fund balance as a funding source	(4,285,940)
Change in encumbrances	3,152,642
Transfer to other funds	<u>145,427</u>
Total	\$ <u>271,389</u>

5. General Fund Budgetary Highlights

There are no differences between the original general fund operating budget, removing wastewater and capital reserve fund appropriations, and the final amended budget.

The Town's general fund operating budget was \$20,048,995. Significant budget to actual variances for the general fund revenue and expenditures include the following:

- Licenses, permits, and fees surpass projections by \$213,800 largely due to the increase in motor vehicle registrations and business licenses.
- Miscellaneous revenues were higher than budgeted by \$156,904 due to elderly and welfare lien payoffs.
- Public Safety expenditures came in below budget by \$377,592. This savings is due to staff turnover in the Police Department.
- Highway and Streets were under budget by \$313,512. This savings is due to unfilled positions. Additionally, Town Council moved \$241,372 from this budget to next year's budget for road paving projects.
- Solid Waste had \$153,327 remaining in the budget from positions that were not filled.

The Town Council has the authority to transfer appropriation transfers between line items pursuant to RSA 32:10. The following transfers between budgeted appropriations were made during the fiscal year:

Transaction Number	Description	Amount	Transfer To	Transfer From
2017-1	Transfer funds from an unfilled position to "Old Home Days."	\$3,000	Parks and Recreation – Old Home Day	Parks and Recreation – Full-time Employees
2017-2	Transfer health insurance between departments.	\$42,000	Various	Various
2017-3	Vehicle maintenance costs associated with Ladder truck and Engine 4	\$15,000	Public Safety - Fire Department Vehicle Maintenance	Public Safety - Police Department Fuel

6. Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets, as of June 30, 2017, amounted to \$20,786,444 and \$13,585,679 (net of accumulated depreciation), for its governmental and business-type activities, respectively. This investment in capital assets includes land improvements, building and improvements, vehicles and equipment, infrastructure, and intangible assets.

Major capital asset events during the current fiscal year included the following:

	Governmental Activities	Business- Type Activities
Capital asset additions:		
Land improvements:		
Merrimack Riverfront Trail	\$ 372,446	\$ -
Petersbrook Field Expansion	257,583	-
Building and improvements:		
Hooksett Public Library elevator	100,950	-
Vehicles and equipment:		
Three Police Ford Explorers with equipment	90,601	-
Video recorder system for the Police Station	61,042	-
Computer Servers for Police	11,633	-
Two Physio-Control Lifepak 15 cardiac monitors for Fire-Rescue	56,644	-
LUCAS Chest Compression System for Fire-Rescue	14,992	-
Ambulance for Fire-Rescue	258,151	-
Stretcher for Fire-Rescue	20,838	-
2016 Ford F550 plow truck for Public Works	73,662	-
2017 International plow truck for Public Works	171,894	-
2017 Ford F350 plow truck for Public Works	42,674	-
2017 Live bottom trailer for Public Works	67,186	-
Replacement vehicle	-	27,961
Infrastructure:		
Martins Ferry Road, roadway improvements	299,544	-
Martins Ferry Road, sidewalk improvements	122,340	-
Martins Ferry Footbridge	50,410	-
Main Street, roadway improvements	199,356	-
Main Street, sidewalk improvements	76,915	-
Collection system upgrades	-	46,523
Intangible Assets:		
Two conservation easements	37,855	-
Construction in Progress:		
College Park Drive, sidewalk	5,849	-
Lilac Pedestrian Bridge	411,459	-

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the Town had total outstanding debt of \$4,777,344, which is related to the wastewater treatment facility upgrades reported in the Wastewater Fund. This amount is to be repaid by the users of the sewer system. Governmental activities has \$166,144 outstanding in capital lease obligations.

7. Economic Factors and the Future

According to the NH Employment Security, New Hampshire is emerging from the "great recession." Statistical information available at the NH Employment Security website reports Merrimack County's

unemployment rate for October 2017 at 2.1% (not seasonally adjusted), which remains stable from 2016. This compares to the State's average unemployment rate of 2.4% which continues to be below the national average rate of 3.9%.

For fiscal year 2018, the Town's operating budget totaled \$19,347,997 which represents \$16,514,656 for the general fund budget, \$2,093,341 for wastewater operations, \$540,000 for capital reserves, \$100,000 Sewer and/or other infrastructure plan on the west side, \$50,000 for a new Fire-Rescue command vehicle and \$50,000 to refurbish Fire Engine 5. 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.

8. Request 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.

TOWN OF HOOKSETT, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current:			
Cash and short-term investments	\$ 26,103,201	\$ 1,791,308	\$ 27,894,509
Investment	1,687,943	8,198,413	9,886,356
Receivables, net of allowance for uncollectible:			
Taxes	5,642,719	-	5,642,719
User fees	-	969,300	969,300
Intergovernmental	8,634	-	8,634
Other	376,390	-	376,390
Other assets	35,788	-	35,788
Noncurrent:			
Receivables, net of allowance for uncollectible:			
Taxes	535,704	-	535,704
Capital assets:			
Land and construction in progress	2,906,544	607,618	3,514,162
Other capital assets, net of accumulated depreciation	<u>17,879,900</u>	<u>12,978,061</u>	<u>30,857,961</u>
TOTAL ASSETS	55,176,823	24,544,700	79,721,523
DEFERRED OUTFLOW OF RESOURCES	5,030,312	100,283	5,130,595
LIABILITIES			
Current:			
Accounts payable	383,051	39,541	422,592
Due to other governments	15,646,451	-	15,646,451
Other liabilities	613,151	98,692	711,843
Internal balances	138,956	5,537	144,493
Current portion of long-term liabilities:			
Bonds payable	-	309,662	309,662
Other liabilities	261,996	4,978	266,974
Noncurrent:			
Bonds payable, net of current portion	-	4,467,682	4,467,682
Other liabilities, net of current portion	2,416,510	98,728	2,515,238
Net pension liability, net of current portion	<u>17,876,425</u>	<u>503,426</u>	<u>18,379,851</u>
TOTAL LIABILITIES	37,336,540	5,528,246	42,864,786
DEFERRED INFLOWS OF RESOURCES	2,411,523	488,826	2,900,349
NET POSITION			
Net investment in capital assets	20,620,300	8,808,335	29,428,635
Restricted for:			
Grants and other statutory restrictions	1,516,277	-	1,516,277
Permanent Funds:			
Nonexpendable	202,431	-	202,431
Expendable	38,650	-	38,650
Unrestricted	<u>(1,918,586)</u>	<u>9,819,576</u>	<u>7,900,990</u>
TOTAL NET POSITION	\$ 20,459,072	\$ 18,627,911	\$ 39,086,983

See independent auditor's report.

The accompanying notes are an integral part of these financial statements

TOWN OF HOOKSETT, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 2,809,183	\$ 140,270	\$ 11,527	\$ (2,657,386)	\$ -	\$ (2,657,386)
Public safety	9,369,523	825,313	93,988	(8,450,222)	-	(8,450,222)
Highway and streets	1,982,735	202,976	306,278	(1,473,481)	-	(1,473,481)
Sanitation	989,181	102,404	-	(886,777)	-	(886,777)
Welfare	145,508	262,448	-	116,940	-	116,940
Culture and recreation	1,312,327	458,872	-	(853,455)	-	(853,455)
Conservation	7,108	27,753	128,769	149,414	-	149,414
Economic development	295	-	-	(295)	-	(295)
Total Governmental Activities	\$ 16,615,860	\$ 2,020,036	\$ 540,562	(14,055,262)	-	(14,055,262)
Business-Type Activities:						
Wastewater	\$ 2,363,403	\$ 1,988,463	\$ -	-	(374,940)	(374,940)
Total Business-Type Activities	\$ 2,363,403	\$ 1,988,463	\$ -	-	(374,940)	(374,940)
General Revenues:						
Taxes				11,572,359	-	11,572,359
Licenses and fees				3,498,968	-	3,498,968
Grants and contributions not restricted to specific programs				751,402	-	751,402
Other				417,973	94,988	512,961
Extraordinary item				-	6,826,241	6,826,241
Total general revenues				16,240,702	6,921,229	23,161,931
Change in net position				2,185,440	6,546,289	8,731,729
Net position:						
Beginning of year, as adjusted				18,273,632	12,081,622	30,355,254
End of year				\$ 20,459,072	\$ 18,627,911	\$ 39,086,983

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 25,040,040	\$ 1,063,161	\$ 26,103,201
Investments	1,452,470	235,473	1,687,943
Receivables:			
Taxes	6,990,027	22,010	7,012,037
Intergovernmental	8,634	-	8,634
Other	285,855	90,535	376,390
Due from other funds	34,228	1,983,785	2,018,013
Other assets	35,788	-	35,788
TOTAL ASSETS	\$ 33,847,042	\$ 3,394,964	\$ 37,242,006
LIABILITIES			
Accounts payable	\$ 348,340	\$ 34,711	\$ 383,051
Due to other governments	15,646,451	-	15,646,451
Due to other funds	2,152,636	4,333	2,156,969
Other Liabilities	1,095,186	11,899	1,107,085
TOTAL LIABILITIES	19,242,613	50,943	19,293,556
DEFERRED INFLOW OF RESOURCES	8,015,017	1,586,663	9,601,680
FUND BALANCES			
Nonspendable	35,788	202,431	238,219
Restricted	90,661	66,227	156,888
Committed	1,510,124	1,488,700	2,998,824
Assigned	2,075,096	-	2,075,096
Unassigned	2,877,743	-	2,877,743
TOTAL FUND BALANCES	6,589,412	1,757,358	8,346,770
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,847,042	\$ 3,394,964	\$ 37,242,006

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2017

Total governmental fund balances	\$ 8,346,770
● Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,786,444
● Revenues are reported on the accrual basis of accounting and are not deferred until collection.	11,386,855
● In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(3,662)
● Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
- Lease payable	(166,144)
- Landfill liability	(100,000)
- OPEB liability	(1,914,766)
- Net pension liability	<u>(17,876,425)</u>
Net position of governmental activities	\$ <u>20,459,072</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,480,695	\$ 128,769	\$ 10,609,464
Licenses, permits, and fees	3,717,831	505,537	4,223,368
Intergovernmental	1,154,327	8,868	1,163,195
Charges for service	137,565	814,561	952,126
Miscellaneous	498,283	23,788	522,071
Total Revenues	15,988,701	1,481,523	17,470,224
Expenditures:			
Current			
General government	2,612,000	-	2,612,000
Public safety	7,940,809	832,235	8,773,044
Highway and streets	2,541,167	185,906	2,727,073
Sanitation	916,819	-	916,819
Welfare	145,508	-	145,508
Culture and recreation	1,212,543	291,278	1,503,821
Conservation	847	229,774	230,621
Economic development	295	-	295
Capital outlay	411,227	-	411,227
Total Expenditures	15,781,215	1,539,193	17,320,408
Excess (deficiency) of revenues over expenditures	207,486	(57,670)	149,816
Other Financing Sources (Uses):			
Transfers in	64,333	430	64,763
Transfers out	(430)	(64,333)	(64,763)
Total Other Financing Sources (Uses)	63,903	(63,903)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	271,389	(121,573)	149,816
Fund Balances, at Beginning of Year, as adjusted	6,318,023	1,878,931	8,196,954
Fund Balances, at End of Year	\$ 6,589,412	\$ 1,757,358	\$ 8,346,770

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

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, 2017

Net changes in fund balances - total governmental funds	\$	149,816
<ul style="list-style-type: none"> Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense: 		
Depreciation		(1,301,206)
Capital asset purchase, net of disposals		2,550,950
<ul style="list-style-type: none"> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in deferred revenue. 		1,331,076
<ul style="list-style-type: none"> The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: 		
- Other post employment benefits		(145,120)
- Repayment of lease principal debt service		81,128
- Landfill monitoring costs		15,000
<ul style="list-style-type: none"> Net pension liability affects financial resources when accrued: 		
- Change in net pension liability		(4,708,012)
- Change in deferred inflow of resources		509,317
- Change in deferred outflow of resources		3,701,334
<ul style="list-style-type: none"> In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, interest is not reported until due. 		1,157
Change in net position of governmental activities	\$	<u>2,185,440</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget Positive (Negative)
Revenues and Other Sources:				
Taxes	\$ 10,693,292	\$ 10,693,292	\$ 10,604,254	\$ (89,038)
Licenses, permits, and fees	3,504,031	3,504,031	3,717,831	213,800
Intergovernmental	1,102,308	1,102,308	1,154,327	52,019
Charges for service	123,699	123,699	137,565	13,866
Miscellaneous	334,725	334,725	491,629	156,904
Transfers In	5,000	5,000	4,333	(667)
Use of Fund Balance	4,285,940	4,285,940	4,285,940	-
Total Revenues and Other Sources	20,048,995	20,048,995	20,395,879	346,884
Expenditures and Other Uses:				
General government	2,689,771	2,699,771	2,651,466	48,305
Public safety	8,279,296	8,275,296	7,897,704	377,592
Highway and streets	6,007,960	6,010,960	5,697,448	313,512
Solid Waste	1,070,146	1,070,146	916,819	153,327
Welfare	195,823	195,823	145,508	50,315
Culture and recreation	1,289,221	1,280,221	1,212,543	67,678
Conservation	1,276	1,276	847	429
Economic development	500	500	295	205
Debt service	1	1	-	1
Transfers Out	515,001	515,001	490,430	24,571
Total Expenditures and Other Uses	20,048,995	20,048,995	19,013,060	1,035,935
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,382,819	\$ 1,382,819

See accompanying Independent Auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities <u>Enterprise Funds</u>
	<u>Wastewater</u>
ASSETS	
Current assets:	
Cash and short-term investments	\$ 1,791,308
Investments	8,198,413
Receivables, net of allowance for uncollectibles:	
User fees	<u>969,300</u>
Total current assets	10,959,021
Noncurrent assets:	
Capital assets:	
Land and construction in progress	607,618
Other capital assets, net of depreciation	<u>12,978,061</u>
Total noncurrent assets	<u>13,585,679</u>
TOTAL ASSETS	24,544,700
DEFERRED OUTFLOW OF RESOURCES	<u>100,283</u>
TOTAL ASSETS DEFERRED AND OUTFLOW OF RESOURCES	<u>\$ 24,644,983</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 39,541
Due to other funds	5,537
Other Liabilities	98,692
Current portion of long-term liabilities	
Bonds payable	309,662
Other liabilities	<u>4,978</u>
Total current liabilities	458,410
Noncurrent:	
Bonds payable, net of current portion	4,467,682
Other Liabilities, net of current portion	98,728
Net pension liability, net of current portion	<u>503,426</u>
Total noncurrent liabilities	<u>5,069,836</u>
TOTAL LIABILITIES	5,528,246
DEFERRED INFLOW OF RESOURCES	488,826
NET POSITION	
Net investment in capital assets	8,808,335
Unrestricted	<u>9,819,576</u>
TOTAL NET POSITION	<u>18,627,911</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 24,644,983</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities <u>Enterprise Funds</u>
	<u>Wastewater</u>
Operating revenues:	
Charges for service	\$ <u>1,988,463</u>
Total Operating Revenues	1,988,463
Operating Expenses:	
Operating expenses	1,474,277
Depreciation	<u>717,001</u>
Total Operating Expenses	2,191,278
Operating Income (Loss)	(202,815)
Nonoperating Revenues (Expenses):	
Miscellaneous	29,650
Investment income	65,338
Interest expense	<u>(172,125)</u>
Total Nonoperating Revenues (Expenses), net	(77,137)
Income (Loss) Before Transfers	(279,952)
Extraordinary item:	
Settlement revenue	<u>6,826,241</u>
Change in Net Position	6,546,289
Net Position, at Beginning of Year	<u>12,081,622</u>
Net Position, at End of Year	\$ <u><u>18,627,911</u></u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities Enterprise Funds
	<u>Wastewater</u>
Cash Flows From Operating Activities:	
Receipts from customers and users	\$ 1,976,589
Payments to vendors and employees	<u>(1,757,073)</u>
Net Cash Provided By (Used For) Operating Activities	219,516
Cash Flows From Noncapital Financing Activities:	
Interfund borrowing	(4,004,705)
Other noncapital financing	<u>6,881,387</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	2,876,682
Cash Flows From Capital and Related Financing Activities:	
Proceeds from capital debt	9,639
Acquisition and construction of capital assets, net	(81,487)
Principals payments on bonds and notes	(304,115)
Interest expense	<u>(172,125)</u>
Net Cash Provided By (Used For) Capital and Financing Activities	(548,088)
Cash Flows from Investing Activities:	
Purchases of investments	(6,577,784)
Investment income	<u>94,988</u>
Net Cash Provided By (Used For) Investing Activities	(6,482,796)
Net Change in Cash and Short-Term Investments	(3,934,686)
Cash and Short-Term Investments, at Beginning of Year	<u>5,725,994</u>
Cash and Short-Term Investments, at End of Year	\$ <u>1,791,308</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (loss)	\$ (202,815)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:	
Depreciation	717,001
Changes in assets and liabilities:	
User fees	(11,874)
Accounts payable	(77,631)
Other liabilities	<u>(205,165)</u>
Net Cash Provided By (Used For) Operating Activities	\$ <u>219,516</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and short-term investments	\$ 1,001,053
Investments	1,770,708
Due from other funds	<u>144,493</u>
TOTAL ASSETS	2,916,254
LIABILITIES	
Other Liabilities	<u>2,916,254</u>
TOTAL LIABILITIES	<u>2,916,254</u>
NET POSITION	
Total net assets held in trust	\$ <u>-</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE
Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Hooksett, New Hampshire ("Town") conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of significant policies.

A. Basis of presentation

The Town of Hooksett, New Hampshire's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements (Statements and Interpretations).

B. Reporting Entity

The Town is a municipal corporation governed by an elected nine-member Town Council. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that elected officials are accountable. Management has concluded that there are no component units required to be reported within its reporting entity.

C. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the Town as a whole. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the

Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The Town's fiduciary funds are Agency. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All remaining governmental funds are aggregated and presented in a single column as nonmajor funds.

The Town reports the following major fund:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

During the course of operations, the Town has activity or transfers of resources between funds for various purposes. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. Any residual balances outstanding at year-end are reported as due from/to other funds. While these transfers and balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources

are reported as general revenues rather than as program revenues. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. An exception to this is federal and state grants collected on a reimbursement basis, which are recognized as revenue when reimbursable expenditures are made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are requirements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

E. Cash and cash equivalents

The Town consolidates its deposits and investments that are available for use by all funds, except those required by statute and fiduciary funds. Fiduciary fund's deposits and investments are held separately from the other funds. Interest earnings are recorded in each fund.

Pursuant to RSA 41:29(II), the treasurer shall deposit Town moneys in the public deposit investment pool (PDIP) established pursuant to RSA 383:22 or in federal insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types: (a) United States government obligations, (b) United States government agency obligations, or (c) Obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.

F. Investments

State statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution without collateralization. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year

or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

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

G. Receivables

Accounts receivables represent amounts due from taxpayers, ratepayers, state and federal granting agencies. Allowances are netted with accounts receivable and revenues. Allowances for property taxes, and wastewater user fees are reported when accounts are expected to be uncollectible.

H. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Interfund Transactions

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Positions.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as Interfund transfers. For the purpose of the statement of activities, all Interfund transfers between individual governmental funds have been eliminated.

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets, are reported in the applicable governmental activities column in the government-wide financial statements. Purchased capital assets are reported at costs where historical records are available and at estimated historical cost if no historical records exist. Donated assets are recorded at estimated fair value as of the date received. The Town has established a threshold of \$10,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over the following estimated lives:

Assets	Years	
	Governmental Activities	Business-type Activities
Buildings and improvements	20-40	10-26
Land Improvements	10-20	N/A
Infrastructure	10-20	10-99
Vehicles and equipment	5-15	5-21
Intangible assets	7	N/A

K. Long-term Obligations

In the governmental-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities.

L. Compensated Absences

General leave for the Town includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned at varying amounts during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned as set forth by the personnel policy or by union contract.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

M. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified inventories and prepaid items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or

(b) imposed by law through constitutional provisions or enabling legislation. The Town classified local grants as being restricted.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purposes, unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the Town through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds, except otherwise classified.
- Unassigned: This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N. Unbilled Services Receivable

Wastewater revenue is recorded when earned. Customers are billed quarterly, but transitioned to monthly billing after year-end. The estimated value of services provided but unbilled at year-end has been included as revenue in the accompanying financial statements.

O. 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 (System) and additions to/deductions from the System's fiduciary net pension have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

P. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use of recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed

periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

2. **Stewardship, Compliance, and Accountability**

A. **Budgetary Information**

In accordance with the budgetary process defined by State Statute, the annual budget for the Town's general and proprietary funds are adopted at the Town's annual Town Meeting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

B. **Budget Reconciliation**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements, and encumbrances.

The major differences between the budget basis and GAAP basis are as follows:

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenue/Expenditures (GAAP basis)	\$ 15,988,701	\$ 15,781,215
Other financing sources/uses (GAAP basis)	64,333	430
	<u>16,053,034</u>	<u>15,781,645</u>
Adjust tax revenue to the budgetary basis of accounting	123,559	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(625,154)
Add end-of-year appropriation carryforwards from expenditures	-	3,777,796
Reverse the effects of capital reserve fund activity and sewer debt service	(66,654)	78,773
Recognize the use of fund balance as a funding source	<u>4,285,940</u>	<u>-</u>
Budgetary basis	\$ <u><u>20,395,879</u></u>	\$ <u><u>19,013,060</u></u>

3. **Cash**

\$464,761 of the Town's deposits were not covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. As of year-end, the carrying amount of the Town's demand deposit was \$28,895,562 and bank balances totaled \$28,614,942.

The Town has a formally adopted deposit and investment policy that limits the government's allowable deposits or investments and addresses the specific types of risks which the government is exposed to.

4. Investments

Town policy for eligible investments are governed by State statutes which, in general, allow the Town to invest in obligations of the United States or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), or in obligations of any State or political subdivision rated within any nationally recognized rating service.

The Town categorizes its investments in a three-level hierarchy of inputs that are used to measure fair value. *Level 1* inputs are unadjusted quoted prices in active markets for identical assets or liabilities. *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, *Level 3* inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The Town maintains a portfolio of short-term maturity investments, including money market investments, which are reported at amortized cost. The portfolio includes intermediate maturity investments that are reported at fair value, based on quoted market prices. As of June 30, 2017, the Town had the following investments:

	Level 1			
	Govern- mental Activities	Business- type Activities	Fiduciary Funds	Total
Corporate securities	\$ 1,383,196	\$ -	\$ -	\$ 1,383,196
U.S. Government agencies	154,086	8,198,413	1,770,708	10,123,207
Mutual funds (corporate equity)	32,672	-	-	32,672
Mutual funds (corporate and governmental bonds)	117,989	-	-	117,989
Total	\$ <u>1,687,943</u>	\$ <u>8,198,413</u>	\$ <u>1,770,708</u>	\$ <u>11,657,064</u>

Concentrations: The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial credit risk: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's custodial credit risk policies for investments requires a tri-party collateral arrangement.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value

losses arising from increasing interest rates. Information about the exposure of the Town's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5 Years	6 -10 Years	Over 10 Years
Bond Mutual Fund	\$ 117,989	\$ 117,989	\$ -	\$ -	\$ -

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating required for each type debt investment.

Average Rating	Bond Mutual Fund
AAA	\$ -
Aa Thru Aa3	-
A Through A3	-
Unrated	117,989
Total	\$ 117,989

5. **Accounts Receivable**

Accounts receivables represent amounts due from taxpayers, ratepayers, state and federal granting agencies.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar.

Lien Date	April 1
Levy Date	April 1 to March 31
Due Dates	July 5 1st installment, December 14, 2nd installment
Delinquent Dates	Immediately after due date.

Receivables for the Town's governmental and proprietary fund types, including an allowance for doubtful accounts, are as follows:

Receivables:	Governmental Funds		Proprietary Funds
	General Fund	Nonmajor Funds	Wastewater
Real estate taxes:			
2016	\$ 5,170,998	\$ -	\$ -
Real estate tax liens:			
2015	1,693,177	-	-
2014		-	-
2013 and prior		-	-

(Continued)

	Governmental Funds		Proprietary Funds
	General Fund	Nonmajor Funds	Wastewater
Receivables:			
Land use tax	-	22,010	-
Elderly tax deferral	123,307	-	-
Gravel tax	428	-	-
Timber tax	2,117	-	-
Total taxes	6,990,027	22,010	-
User fees	-	-	969,300
Intergovernmental	8,634	-	-
Other:			
Ambulance	-	475,844	-
Welfare liens	237,832	-	-
Police detail	-	21,263	-
Other	48,023	-	-
Less: Allowance for doubtful accounts			
Ambulance	-	(406,572)	-
Total Other	\$ 285,855	\$ 90,535	\$ -

6. Other Assets

Other assets represent prepaid expenditures.

7. Capital Assets

The Town's capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 162,961	\$ 630,029	\$ -	\$ 792,990
Buildings and improvements	9,068,433	100,950	-	9,169,383
Vehicles and equipment	8,797,823	869,317	(295,628)	9,371,512
Infrastructure	103,292,429	748,565	-	104,040,994
Intangible assets	410,935	37,855	-	448,790
Total capital assets, being depreciated	121,732,581	2,386,716	(295,628)	123,823,669
Less accumulated depreciation for:				
Land improvements	(76,305)	(33,050)	-	(109,355)
Buildings and improvements	(4,701,315)	(212,633)	-	(4,913,948)
Vehicles and equipment	(6,056,124)	(483,941)	272,773	(6,267,292)
Infrastructure	(94,013,266)	(546,430)	-	(94,559,696)

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(Continued)	Beginning Balance	Increases	Decreases	Ending Balance
Intangible assets	<u>(68,327)</u>	<u>(25,151)</u>	<u>-</u>	<u>(93,478)</u>
Total accumulated depreciation	<u>(104,915,337)</u>	<u>(1,301,205)</u>	<u>272,773</u>	<u>(105,943,769)</u>
Total capital assets, being depreciated, net	16,817,244	1,085,511	(22,855)	17,879,900
Capital assets, not being depreciated:				
Land	2,434,929	-	-	2,434,929
Construction in progress	<u>284,527</u>	<u>417,308</u>	<u>(230,220)</u>	<u>471,615</u>
Total capital assets, not being depreciated	<u>2,719,456</u>	<u>417,308</u>	<u>(230,220)</u>	<u>2,906,544</u>
Governmental activities capital assets, net	\$ <u>19,536,700</u>	\$ <u>1,502,819</u>	\$ <u>(253,075)</u>	\$ <u>20,786,444</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and building improvements	\$ 16,829,953	\$ -	\$ -	\$ 16,829,953
Vehicles and equipment	868,166	34,961	(21,790)	881,337
Infrastructure	<u>11,314,929</u>	<u>46,523</u>	<u>-</u>	<u>11,361,452</u>
Total capital assets, being depreciated	29,013,048	81,484	(21,790)	29,072,742
Less accumulated depreciation for:				
Buildings and building improvements	(6,881,855)	(526,251)	-	(7,408,106)
Vehicles	(604,924)	(50,029)	21,790	(633,163)
Infrastructure	<u>(7,912,694)</u>	<u>(140,718)</u>	<u>-</u>	<u>(8,053,412)</u>
Total accumulated depreciation	<u>(15,399,473)</u>	<u>(716,998)</u>	<u>21,790</u>	<u>(16,094,681)</u>
Total capital assets, being depreciated, net	13,613,575	(635,514)	-	12,978,061
Capital assets, not being depreciated:				
Land	300,000	-	-	300,000
Construction in progress	<u>307,618</u>	<u>-</u>	<u>-</u>	<u>307,618</u>
Total capital assets, not being depreciated	<u>607,618</u>	<u>-</u>	<u>-</u>	<u>607,618</u>
Business-Type activities capital assets, net	\$ <u>14,221,193</u>	\$ <u>(635,514)</u>	\$ <u>-</u>	\$ <u>13,585,679</u>

Depreciation expense is charged to functions as follows:

Governmental Activities:	Amount
General government	\$ 45,815
Public safety	400,953
Highway and streets	713,225
Sanitation	71,867
Culture and recreation	69,345
Total depreciation expense	\$ <u>1,301,205</u>

Business-type Activities:	Amount
Wastewater	\$ <u>716,998</u>
Total depreciation expense	\$ <u>716,998</u>

8. Accounts Payable

Accounts payable represents short-term liabilities to vendors that are due after year-end.

9. Due to Other Governments

Due to other governments represent intergovernmental payables that are due to other governments as follows:

	Governmental Funds
	General Fund
Hooksett School District	\$ 15,646,451

10. Interfund Receivables/Payables

Individual fund receivables/payable balances at June 30, 2017 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	\$ 34,228	\$ 2,152,636
Nonmajor Governmental Funds	1,983,785	4,333
Proprietary Funds:		
Wastewater	-	5,537
Fiduciary Funds:		
Agency Funds	144,493	-
Total	\$ <u>2,162,506</u>	\$ <u>2,162,506</u>

11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating lease expiring in various years through 2021.

Lease arrangements currently outstanding are as follows:

Lease payables:	Maturity Date	Interest Rate(s) %	Amount Outstanding as of 06/30/17
Governmental Activities:			
Tanker truck	07/18/2017	2.66%	\$ 30,214
Excavator	12/1/2020	2.87%	135,930
Total lease payable			<u>\$ 166,144</u>

Future minimum lease payments under the capital and operating lease consisted of the following as of June 30, 2017:

Fiscal Year	Capital Leases
2018	\$ 67,473
2019	36,456
2020	36,456
2021	<u>36,455</u>
Total minimum lease payments	176,840
Less amounts representing interest	<u>10,696</u>
Present Value of Minimum Lease Payments	<u>\$ 166,144</u>

12. Long-term Obligations

A. Notes Payable

The Town issued notes through the State of New Hampshire's Revolving Loan Program for facility upgrades of the water treatment facility. Notes currently outstanding are as follows:

Long-term Notes:	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 06/30/17
Business-Type Activities:			
Water treatment facility upgrade	01/01/2030	3.73%	\$ 2,602,814
Water treatment facility upgrade	06/30/2031	3.10%	2,174,530
Total notes payable			<u>\$ 4,777,344</u>

B. Future Debt Service

The annual payments to retire all notes payable outstanding as of June 30, 2017 are as follows:

Business-Type	Principal	Interest	Total
2018	\$ 309,662	\$ 164,531	\$ 474,193
2019	315,415	153,956	469,371
2020	321,385	143,166	464,551
2021	327,575	132,153	459,728

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<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	333,997	120,911	454,908
2023 - 2027	1,775,002	427,213	2,202,215
2028 - 2031	1,394,308	109,466	1,503,774
Total	<u>\$ 4,777,344</u>	<u>\$ 1,251,396</u>	<u>\$ 6,028,740</u>

C. Changes in General Long-Term Liabilities

Long-term obligation activity for the year ended June 30, 2017 is as follows:

	<u>06/30/2016 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/2017 Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Net pension obligation	\$ 13,168,413	\$ 4,708,012	\$ -	\$ 17,876,425	\$ -
Other Liabilities:					
Leases payable	247,272	-	(81,128)	166,144	62,768
Landfill liability	115,000	-	(15,000)	100,000	15,000
Compensated absences	386,716	110,880	-	497,596	49,759
Other postemployment benefits	<u>1,769,646</u>	<u>145,120</u>	<u>-</u>	<u>1,914,766</u>	<u>134,469</u>
Total Long-term Obligations	<u>\$ 15,687,047</u>	<u>\$ 4,971,380</u>	<u>\$ (96,128)</u>	<u>\$ 20,554,931</u>	<u>\$ 261,996</u>
<u>Business-Type Activities:</u>					
Bonds payable	\$ 5,081,459	\$ -	\$ (304,115)	\$ 4,777,344	\$ 309,662
Net pension obligation	373,809	129,617	-	503,426	-
Other Liabilities:					
Compensated absences	30,547	2,271	-	32,818	-
Other Postemployment Benefits	<u>63,520</u>	<u>7,368</u>	<u>-</u>	<u>70,888</u>	<u>4,978</u>
Total Long-term Obligations	<u>\$ 5,549,335</u>	<u>\$ 9,639</u>	<u>\$ (304,115)</u>	<u>\$ 5,384,476</u>	<u>\$ 314,640</u>

13. Landfill Postclosure Care Costs

This liability reported is based on what it would cost to perform postclosure care using costs from fiscal year 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Outflows of Resources and Deferred Inflows of Resources

For year ended June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources in connection with its property tax revenue, local grants, and pension plan, as follows:

	<u>Govern- mental Funds</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>
Deferred outflow of resources:			
Resources related to pensions	\$ -	\$ 5,030,312	\$ 100,283

(Continued)

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	Govern- mental Funds	Govern- mental Activities	Business- type Activities
Total	\$ <u>-</u>	\$ <u>5,030,312</u>	\$ <u>100,283</u>
Deferred inflow of resources:			
Property tax revenue	\$ 7,370,144	\$ -	\$ -
Welfare liens	237,832	-	-
Elderly liens	123,307	-	-
Donations	283,734	282,207	-
Impact fees	1,586,663	1,586,663	-
Future service agreements received in advance of eligible expenditures	-	-	475,000
Resources related to pensions	-	542,653	13,826
Total	\$ <u>9,601,680</u>	\$ <u>2,411,523</u>	\$ <u>488,826</u>

15. Interfund Transfers

A summary of Interfund transfers are as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 64,333	\$ 430
Nonmajor Governmental Funds	430	64,333
Total	\$ <u>64,763</u>	\$ <u>64,763</u>

16. Encumbrances and commitments

The Town utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported as expenditures in the current year. Generally all unencumbered appropriations lapse at year-end, except those for capital project funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance as appropriate.

Total encumbrances of \$2,052,772 of the general fund's fund balance was assigned.

17. Fund Balances – Governmental Funds

As of June 30, 2017, fund balance components other and unassigned fund balances consist of the following:

	<u>Non- spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Prepaid items	\$ 35,788	\$ -	\$ -	\$ -
Encumbrances	-	-	-	2,052,772
Heritage funds	-	-	-	22,324
Library	-	90,661	-	-
Capital Reserve	-	-	1,510,124	-
Nonmajor funds:				
Grants	-	66,227	-	-
Revolving funds	-	-	1,488,700	-
Permanent trust funds	<u>202,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>238,219</u>	\$ <u>156,888</u>	\$ <u>2,998,824</u>	\$ <u>2,075,096</u>

Fund Balance – Tax Rate Setting Purposes:

The State of New Hampshire, Department of Revenue requires certain modifications of the Town's general fund unassigned fund balance. This modified unassigned fund balance is used to determine whether there are sufficient funds to either 1) retain, 2) return to the taxpayers through a reduction in the tax rate, or 3) appropriate according to the Town Meeting's wishes.

	<u>Amount</u>
Unassigned fund balance, general fund (GAAP)	\$ 2,877,743
Tax deferral, net of 60-day rule (GAAP adjustment)	1,620,620
Allowance for doubtful accounts (GAAP adjustment)	(833,614)
Encumbrance related to the Lilac Pedestrian Bridge project	<u>(1,725,023)</u>
Tax Rate Setting Purposes - Unassigned fund balance, general fund	\$ <u>1,939,726</u>

18. Contingencies

The Town is a party to legal proceedings, which normally occur in governmental operations. Management is of the position that any litigation present at year-end is not material to the financial statements taken as a whole.

The Town receives significant financial assistance from the state and federal governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the granting agencies. Any disallowance as a result of these audits could become a liability to the Town. The Town is unable to estimate what liabilities may result from such audits.

The Town was notified by the New Hampshire Department of Environmental Services (NH DES) that it exceeded its Wetlands and Non-Site Specific Permit related to the Lilac Bridge. This matter is in a preliminary stage, where management is unable to determine whether the Town will be subject to any liability that may result from this notice.

19. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the Town purchases commercial insurance. For the past year, settled claims have not exceeded the commercial coverage and there has not been a reduction in coverage.

20. Other Postemployment Benefits Plan

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

Plan Description

The Town provides its eligible retirees, including in some cases their beneficiaries (as governed by RSA 100-A:50), the ability to purchase health, dental, and prescription insurance at the Town's group rates. Although the Town does not supplement the cost of these plans, GASB Statement 45 requires the Town to recognize the liability for inclusion of any implicit rate subsidy afforded its retirees. This subsidy is generated as a result of the basic nature of insurance – one risk group subsidizes another to arrive at a blended premium. Therefore, current employees who are young and healthy subsidize the older retirees. As of June 30, 2017, there were 12 retiree subscribers, including eligible spouses and dependents, and 53 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Benefits Provided

The Town provides medical, dental, and prescription drug to retirees and their covered beneficiaries. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

Retirees contribute 100% of the costs of the plan, as determined by the Town. The Town contributes the remainder of the plan costs on a pay-as-you-go basis.

Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover

the normal cost per year and amortize the unfunded liability over a period of thirty years. The following table shows the components of the Town's annual OPEB costs for the year ended June 30, 2017, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an alternative measurement method valuation as of June 30, 2017.

Annual Required Contribution (ARC)	\$ 274,623
Interest on net OPEB obligation	73,081
Adjustment to ARC	<u>(83,707)</u>
Annual OPEB cost	263,997
Contributions made	<u>(111,509)</u>
Increase (decrease) in net OPEB obligation	152,488
Net OPEB Obligation - beginning of year	<u>1,833,166</u>
Net OPEB Obligation - end of year	\$ <u>1,985,654</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percent Contributed	Net OPEB Obligation
2017	\$ 274,623	\$ 111,509	40.6%	\$ 1,985,654
2016	270,564	94,195	34.8%	1,833,166
2015	271,017	87,218	32.2%	1,650,665
2014	299,070	82,780	27.7%	1,466,866
2013	299,633	71,054	23.7%	1,250,576
2012	303,879	65,188	21.5%	1,021,997
2011	312,474	43,038	13.8%	783,306
2010	295,192	32,176	10.9%	513,870

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017, the date of the most recent valuation was as follows:

	Govern- mental Activities	Business- Type Activities Wastewater
Actuarial accrued liability (AAL)	\$ 1,914,766	\$ 70,888
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>1,914,766</u>	\$ <u>70,888</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 6,250,742	\$ 402,808

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	<u>Govern- mental Activities</u>	<u>Business- Type Activities Wastewater</u>
UAAL as a percentage of covered payroll	31%	18%

Valuations of an ongoing plan involves estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the projected unit credit cost method was used. The value of assets was not determined as the Town has not advanced funded its obligation. The assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits for years 2022 and later. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. The remaining amortization period at June 30, 2017 was 30 years.

21. Retirement System

Description of Plan: The Town participates in the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer plan that covers eligible State and local government employees. The plan was established on July 1, 1967 as a contributory, public employee defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code (Code) and funded through a trust which is exempt from tax under Code section 501(a). The plan provides lifetime pension benefits that are determined at retirement under formulas prescribed by law; the pension benefit is not based on investment returns or contributions.

Benefits Provided: The retirement system provides service, early service, disability, and vested deferred retirement benefits, as well as pre- and post-retirement death benefits. It also provides a post-retirement Medical Subsidy to eligible members and beneficiaries.

NHRS does not provide health insurance for retirees or their beneficiaries.

The New Hampshire General Court (State Legislature) with Governor approval, have the authority to establish and amend benefit formulas and eligibility requirements, which are codified at RSA 100-A. The retirement system is also governed by administrative rules, policies adopted by the NHRS Board of Trustees, and the Internal Revenue Code.

NHRS benefits are funded by member contributions, employer contributions, and net investment returns.

Retirement system members are state, county and municipal employees, teachers, police officers, and firefighters. The membership consists of two groups, Group I (Employee and Teacher) and Group II (Police and Fire).

Funding: NHRS benefits are funded by member contributions, employer contributions, and net investment returns. Member rates are set by statute. Group I (Employee and Teacher) members contribute 7 percent of their salary to the retirement system. Group II (Police and Fire) members contribute 11.55 percent and 11.80 percent, respectively, of their salary to the retirement system. While member contributions are broken down by Group I and Group II, employer contributions are assessed at five different rates, one each for State Employees, Political Subdivision Employees, Teachers, Police, and Fire. Employer rates are certified by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted, which are listed in the following table.

	Employee Percentage	Employer Percentage		
	Percentage	Pension Percentage	Medical Subsidy Percentage	Total
Group I				
Employees	7.00%	10.86%	0.31%	11.17%
Teachers	7.00%	12.72%	2.95%	15.67%
Group II				
Police	11.55%	22.54%	3.84%	26.38%
Fire	11.80%	25.32%	3.84%	29.16%

The valuation is a model of expected liabilities based on reasonable actuarial assumptions, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and the projected life expectancies of members and retirees. State law requires that NHRS trustees use this valuation to set employer contribution rates at a level necessary to keep the retirement system on track to meet its constitutional long-term obligations.

The Town's contributions to the NHRS for the years ended June 30, 2017, 2016, and 2015 were \$1,344,614, \$1,323,214, and \$1,150,676, respectively. The payroll for employees covered by NHRS for the year ended June 30, 2017 was \$6,653,550.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a total liability of \$18,379,851 for its proportionate share of the net pension liability, as follows:

	<u>Amount</u>
Governmental Activities:	
Town	\$ 17,419,495
Library	456,930
Business-type Activities	
Wastewater	<u>503,426</u>
Total	<u>\$ 18,379,851</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the Town's proportion was 0.34560942%, which was a decrease of (0.00376591)% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Town recognized pension expense of \$2,037,430. The Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,073	\$ 232,070
Change of assumptions	2,261,762	-
Net difference between projected and actual earnings on pension plan investments	1,149,829	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	322,963	324,409
Town's contributions subsequent to the measurement date	<u>1,344,968</u>	<u>-</u>
Total	<u>\$ 5,130,595</u>	<u>\$ 556,479</u>

The Town reported \$1,344,968 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of

resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Governmental Activities	Business- Type Activities
2017	\$ 627,127	\$ 17,107
2018	627,127	17,107
2019	1,003,034	27,815
2020	841,708	23,241
2021	43,695	1,187
Thereafter	-	-
Total	\$ 3,142,691	\$ 86,457

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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:

Asset class	Target Allocation	2016 Weighted average long-term expected real rate of return
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50	4.50
Total domestic equity	30.00	
Int'l Equities (unhedged)	13.00	4.75
Emerging Int'l Equities	7.00	6.25
Total international equity	20.00	
Core Bonds	5.00	0.64

(Continued)

(Continued)

Asset class	Target Allocation	2016 Weighted average long-term expected real rate of return
Short Duration	2.00	(0.25)
Global Multi-Sector Fixed Income	11.00	1.71
Absolute return fixed income	7.00	1.08
Unconstrained Fixed Income	-	-
Total fixed income	25.00	
Private equity	5.00	6.25
Private debt	5.00	4.75
Opportunistic	5.00	3.68
Total alternative investments	15.00	
Real estate	10.00	3.25
Total	100.00%	

Discount Rate: the discount rate used to measure the collective total 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 service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity Analysis: the following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Town's proportionate share of the net pension liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town	\$ 22,380,628	\$ 17,419,495	\$ 13,301,837
Library	587,124	456,930	348,955
Wastewater	646,869	503,426	384,464
Total	\$ 23,614,621	\$ 18,379,851	\$ 14,035,256

The retirement system issues a publicly available financial report that can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8507.

22. Restatement

The Town restated beginning fund equity for governmental funds and governmental activities. The impact of this restatement on fund equity/net position is as follows:

	Governmental Funds		Governmental
	General Fund	Nonmajor Funds	Activities
Fund Equity, June 30, 2016, as previously reported	\$ 6,983,354	\$ 3,716,487	\$ 20,776,519
Adjust noncurrent assets according to GASB 34	(634,446)	-	(665,331)
Record Library compensated absences	(30,885)	-	-
Record effect of recording revenue according to GASB 62	-	(1,837,556)	(1,837,556)
Fund Equity/Net Position at June 30, 2016, as restated	<u>\$ 6,318,023</u>	<u>\$ 1,878,931</u>	<u>\$ 18,273,632</u>

23. Commitments and Contingencies

Grants:

The Town recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial

Lawsuits:

The Town is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the Town, such loss has been accrued in the accompanying financial statements. Litigation where loss to the Town is reasonable possible has not been accrued, however, Town management and Counsel estimate outcome of claims cannot be determined at this time.

New Hampshire Department of Environmental Services (NH DES) notified the Town that it did not issue a permit to construct a causeway into the Merrimack River for construction of the Lilac Pedestrian Bridge. NH DES has referred this matter to the New Hampshire Attorney General's Office. Since NH DES has recently notified the Town of this matter, the Town has not determined whether it is subject to liability.

24. Settlement Revenue

The Sewer Commission recognized settlement proceeds of \$6,826,241 related to claims for failure to meet the capacity requirements for the Hooksett Wastewater Treatment Facility. The settlement proceeds are specifically for improving that capacity and are not subject to any potential claims by third parties against the Town or the Hooksett Sewer Commission.

25. Implementation of New GASB Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have been implemented in the current fiscal year; however, several other pronouncements have effective dates that may impact future financial presentations. Management's determination, if any, of the impact of implementing the following statements on the financial statements are as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the fiscal year ended June 30, 2018. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement replaces GASB Statement No. 45 and establishes standards for recognizing and measuring liabilities, deferred outflow of resources, deferred inflow of resources, and expense/expenditures. Management has considered this pronouncement, which will have a significant reporting impact on the Town's basic financial statements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for the fiscal year ended June 30, 2018. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Management's assessment of this pronouncement is that it will not have an impact on the Town's financial statements.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective for the fiscal year ended June 30, 2017. Requirements relating to the selection of assumptions when the employer's pension liability is measured as of a date other than the employer's most recent fiscal year end are effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management's assessment of this pronouncement is that it will not have an impact on the Town's basic financial statements.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the fiscal year ended June 30, 2019. Requirements relating accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with retirement of tangible capital assets. Management's assessment of this pronouncement is that it will not have an impact on the Town's basic financial statements.
- GASB Statement No. 84, *Fiduciary Activities*, will be effective for the fiscal year ended June 30, 2020. The objective of this guidance is to provide improved guidance regarding identification of fiduciary activities for accounting and financial reporting purposes. Management's assessment of this pronouncement is that it will not have an impact on the Town's basic financial statements.

- GASB Statement No. 85, *Omnibus 2017*, will be effective for the fiscal year ended June 30, 2019. This Statement will address various issues including blending component units, goodwill, fair value measurement and application, and postemployment benefits. Management has considered this pronouncement, which will have a significant reporting impact on the Town's basic financial statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the fiscal year ended June 30, 2018. The objective of this guidance is to provide improved guidance regarding refunding of debt. Management's assessment of this pronouncement is that it will not have an impact on the Town's basic financial statements.
- GASB Statement No. 87, *Leases*, will be effective for the fiscal year ended June 30, 2021. The objective of this guidance is to provide improved guidance regarding recognition of certain lease assets and liabilities that were previously classified as operating leases. Management's assessment of this pronouncement is that it will not have an impact on the Town's basic financial statements.

TOWN OF HOOKSETT, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

Special Revenue Funds										
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Permanent Trust Fund	Total
ASSETS										
Cash and short-term investments	\$ 398,251	\$ -	\$ -	\$ -	\$ 654,969	\$ -	\$ -	\$ -	\$ 9,941	\$ 1,063,161
Investments	-	-	-	-	-	-	-	-	235,473	235,473
Receivables:										
Taxes	22,010	-	-	-	-	-	-	-	-	22,010
Other	-	-	-	-	69,272	-	21,263	-	-	90,535
Due from other funds	81,980	1,608,451	314,705	123,401	(354,350)	27,577	178,632	3,389	-	1,983,785
TOTAL ASSETS	\$ 502,241	\$ 1,608,451	\$ 314,705	\$ 123,401	\$ 369,891	\$ 27,577	\$ 199,895	\$ 3,389	\$ 245,414	\$ 3,394,964
LIABILITIES										
Accounts payable	\$ -	\$ 21,788	\$ -	\$ 2,666	\$ 10,257	\$ -	\$ -	\$ -	\$ -	\$ 34,711
Due to other funds	-	-	-	-	-	-	-	-	4,333	4,333
Other liabilities	-	-	-	8,053	2,067	-	1,779	-	-	11,899
TOTAL LIABILITIES	-	21,788	-	10,719	12,324	-	1,779	-	4,333	50,943
DEFERRED INFLOW OF RESOURCES	-	1,586,663	-	-	-	-	-	-	-	1,586,663
FUND BALANCE										
Nonspendable	-	-	-	-	-	-	-	-	202,431	202,431
Restricted	-	-	-	-	-	27,577	-	-	38,650	66,227
Committed	502,241	-	314,705	112,682	357,567	-	198,116	3,389	-	1,488,700
TOTAL FUND BALANCES	502,241	-	314,705	112,682	357,567	27,577	198,116	3,389	241,081	1,757,358
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 502,241	\$ 1,608,451	\$ 314,705	\$ 123,401	\$ 369,891	\$ 27,577	\$ 199,895	\$ 3,389	\$ 245,414	\$ 3,394,964

See accompanying independent Auditors' Report.

TOWN OF HOOKSETT, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

Special Revenue Funds											
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Permanent Trust Fund	Total	
Revenues:											
Taxes	\$ 128,769	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ 128,769	
Licenses, permits, and fees	82,001	423,536	-	-	-	-	-	-	-	505,537	
Intergovernmental	-	-	-	-	-	8,868	-	-	-	8,868	
Charges for service	-	-	100,729	149,022	412,336	-	144,649	7,825	-	814,561	
Miscellaneous	4,898	-	1,675	459	301	131	937	19	15,368	23,788	
Total Revenues	215,668	423,536	102,404	149,481	412,637	8,999	145,586	7,844	15,368	1,481,523	
Expenditures:											
Current											
Public safety	-	37,988	-	-	656,217	-	129,200	8,830	-	832,235	
Highway and streets	-	185,906	-	-	-	-	-	-	-	185,906	
Culture and recreation	-	199,642	-	91,636	-	-	-	-	-	291,278	
Conservation	229,774	-	-	-	-	-	-	-	-	229,774	
Total Expenditures	229,774	423,536	-	91,636	656,217	-	129,200	8,830	-	1,539,193	
Excess (deficiency) of revenues over expenditures	(14,106)	-	102,404	57,845	(243,580)	8,999	16,386	(986)	15,368	(57,670)	
Other Financing Sources (Uses):											
Transfers in	430	-	-	-	-	-	-	-	-	430	
Transfers out	-	-	(60,000)	-	-	-	-	-	(4,333)	(64,333)	
Total Other Financing Sources (Uses)	430	-	(60,000)	-	-	-	-	-	(4,333)	(63,903)	
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,676)	-	42,404	57,845	(243,580)	8,999	16,386	(986)	11,035	(121,573)	
Fund Equity, at Beginning of Year, as adjusted	515,917	-	272,301	54,837	601,147	18,578	181,730	4,375	230,046	1,878,931	
Fund Equity, at End of Year	\$ 502,241	\$ -	\$ 314,705	\$ 112,682	\$ 357,567	\$ 27,577	\$ 198,116	\$ 3,389	\$ 241,081	\$ 1,757,358	

See accompanying independent Auditors' Report.

TOWN OF HOOKSETT, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017
(Unaudited)

Other Post-Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
July 1, 2014	-	3,000,480	3,000,480	0.00	5,565,294	53.9%
July 1, 2012	-	2,997,356	2,997,356	0.00	5,305,822	56.5%
July 1, 2011	-	3,005,730	3,005,730	0.00	5,176,412	58.1%
July 1, 2008	-	1,988,285	1,988,285	0.00	5,622,099	35.4%

TOWN OF HOOKSETT, NEW HAMPSHIRE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Pension Plan

Last 10 Fiscal Years *

Fiscal Year End June 30,	Town's proportion of the net pension liability (asset)		Town's proportionate share of the net pension liability (asset)		Town's covered- employee payroll	Town's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.34560942%	\$	13,542,223	\$	6,653,550	203.53%	58.30%
2016	0.34184351%		13,542,222		6,361,062	212.89%	65.47%
2015	0.35368587%		13,275,903		6,264,872	211.91%	59.81%
2014	0.34427117%		14,816,689		6,024,275	245.95%	66.32%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report

TOWN OF HOOKSETT, NEW HAMPSHIRE
SCHEDULE OF THE TOWN CONTRIBUTIONS

Pension Plan

Last 10 Fiscal Years *

June 30,	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Town's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2017	\$ 1,344,614	\$ 1,344,614	\$ -	\$ 6,653,550	20.21%
2016	1,146,845	1,146,845	-	6,361,062	18.03%
2015	1,147,439	1,147,439	-	6,264,872	18.32%
2014	856,043	856,043	-	6,024,275	14.21%

* - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

See accompanying Independent Auditors' report