

TOWN OF HOOKSETT, NEW HAMPSHIRE

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018, 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, 2018 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 4-11, the Schedule of Changes in Total OPEB Liability and Related Ratios 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 31, 2018 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

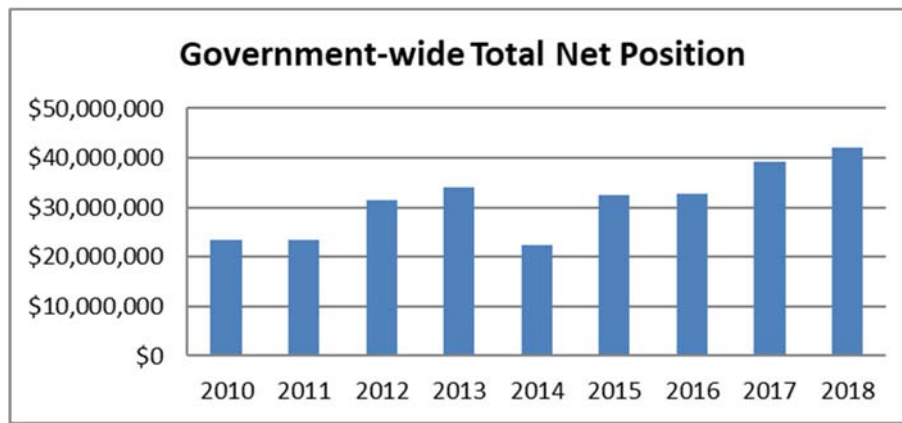
Ashland, New Hampshire  
December 31, 2018

## 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, 2018. 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 \$42,117,254 (*net position*). Of this amount, \$6,254,731 (*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 \$2,741,958.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$8,353,665, a change of \$6,895 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,710,665 and is *available for spending* at the Annual Town Meeting's discretion.
- The Town issued \$976,750 of general obligation bonds for Safety Center Improvements and a new Fire Pumper. Total bonded debt for the wastewater fund changed by \$(309,662) during the current fiscal year, which represents repayment of principal debt service.
- At year end, the Town reported a combined net pension liability of \$16,405,251 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 includes 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 eleven 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 operations.

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 operations, 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 \$42,117,254 (*net position*) at the close of the most recent fiscal year.

The largest portion of the Town's net position (79.99 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 (5.16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,254,731 or 14.85 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 34,192,804	\$ 34,390,379	\$ 10,999,241	\$ 10,959,021	\$ 45,192,045	\$ 45,349,400
Capital assets	24,459,475	20,786,444	13,799,875	13,585,679	38,259,350	34,372,123
Total assets	58,652,279	55,176,823	24,799,116	24,544,700	83,451,395	79,721,523
Deferred outflows	3,445,301	5,030,312	55,431	100,283	3,500,732	5,130,595
Long-term liabilities outstanding	3,372,146	2,678,506	4,610,960	4,881,050	7,983,106	7,559,556
Other liabilities	32,883,086	34,658,034	1,062,657	647,196	33,945,743	35,305,230
Total liabilities	36,255,232	37,336,540	5,673,617	5,528,246	41,928,849	42,864,786
Deferred inflows	2,540,369	2,411,523	365,655	488,826	2,906,024	2,900,349
Net position:						
Net investment in capital assets	24,356,099	20,620,300	9,332,193	8,808,335	33,688,292	29,428,635
Restricted	2,174,231	1,757,358	-	-	2,174,231	1,757,358
Unrestricted	(3,228,351)	(1,918,586)	9,483,082	9,819,576	6,254,731	7,900,990
Total net position	\$ 23,301,979	\$ 20,459,072	\$ 18,815,275	\$ 18,627,911	\$ 42,117,254	\$ 39,086,983

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,703,592	\$ 2,020,036	\$ 2,272,289	\$ 1,988,463	\$ 5,975,881	\$ 4,008,499
Operating grants and contributions	2,031,781	540,562	-	-	2,031,781	540,562
Capital grants and contribution	777,333	-	-	-	777,333	-
General revenues	14,304,242	16,240,702	160,117	6,921,229	14,464,359	23,161,931
Total revenues	20,816,948	18,801,300	2,432,406	8,909,692	23,249,354	27,710,992
Expenses:						
General government	2,362,318	2,809,183	-	-	2,362,318	2,809,183
Public safety	9,601,930	9,369,523	-	-	9,601,930	9,369,523
Highways and streets	2,750,486	1,982,735	-	-	2,750,486	1,982,735
Sanitation	1,088,019	989,181	-	-	1,088,019	989,181
Welfare	120,465	145,508	-	-	120,465	145,508
Culture and recreation	2,330,240	1,312,327	-	-	2,330,240	1,312,327
Conservation	31,530	7,108	-	-	31,530	7,108
Economic development	656	295	-	-	656	295
Interest expense	2,304	-	-	-	2,304	-
Wastewater	-	-	2,219,448	2,363,403	2,219,448	2,363,403
Total expenses	18,287,948	16,615,860	2,219,448	2,363,403	20,507,396	18,979,263
Change in net position	2,529,000	2,185,440	212,958	6,546,289	2,741,958	8,731,729
Net position - Beginning of year, as adjusted	20,772,979	18,273,632	18,602,317	12,081,622	39,375,296	30,355,254
Net position - End of year	\$ 23,301,979	\$ 20,459,072	\$ 18,815,275	\$ 18,627,911	\$ 42,117,254	\$ 39,086,983

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 21 - *Restatement* for more information.

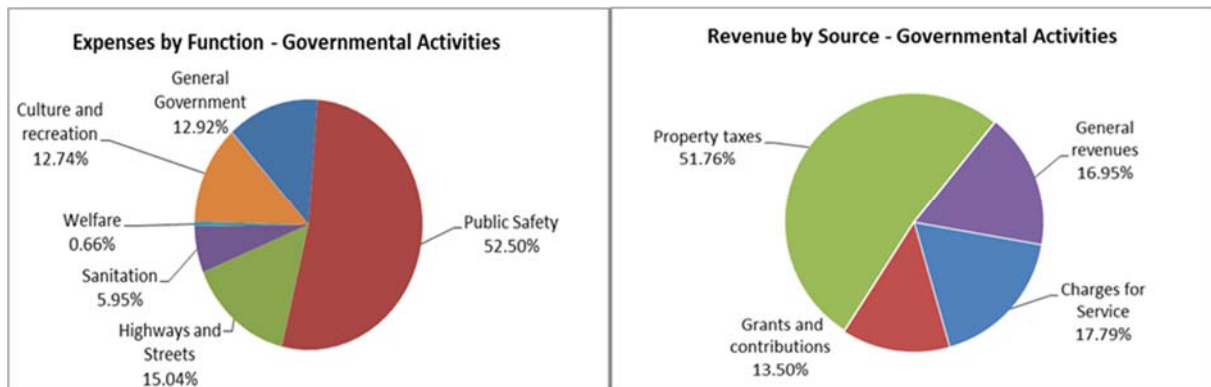
**Governmental activities.** As noted above, governmental activities changed the Town's net position changed by \$2,529,000. Key elements of this change are as follows:

Governmental Activities:

General Fund	\$ (266,304)
Nonmajor Funds	273,199
Capital asset purchases, net of depreciation	3,673,031
Financial resources, such as deferred tax and grant revenue, met the revenue recognition criteria	143,946
General obligation bond issue, net of bond premium	(1,102,500)
Leased debt repayment	62,768
Change in net pension obligation, net of deferred resources	(210,177)
Other GAAP accruals	(44,963)
Total	<u>\$ 2,529,000</u>

The total cost of governmental activities this year was \$18,287,948. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property and other taxes was only \$10,774,843 (51.76%) because those who directly benefited from the programs paid \$3,703,592 (17.79%) and other governments and organizations subsidized certain programs in the amount of \$2,809,114 (13.50%). \$3,529,399 (16.95%) of all revenues are known as general revenue, which include: interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 52.50% of total expenses. Program revenue consisting of grants and charges for services in the amount of \$1,245,781 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 \$212,958 from its wastewater operations and an extraordinary item. Key elements of this change are as follows:

Business-type Activities:	
Operating expenses over revenue	\$ 214,494
Miscellaneous and interest income	160,117
Interest expense	<u>(161,653)</u>
Total	\$ <u>212,958</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 \$8,353,665, which is a change of \$6,895 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (266,304)
Nonmajor Funds	<u>273,199</u>
Total	\$ <u>6,895</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 \$2,710,665, while the total fund balance was \$6,323,108. 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 13.06 percent of total general fund expenditures, while total fund balance represents 30.47 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$(266,304) during the current fiscal year. Key elements of this change are as follows:

Revenue greater than budget	\$ 2,543,116
Expenditures less than budget	(172,737)
Deferred revenues recognized in current year	(113,273)
Use of fund balance as a funding source	(1,100,000)
Change in encumbrances	(3,087,625)
Capital reserve fund activity	634,452
Bond proceeds	976,750
Other	<u>53,013</u>
Total	\$ <u>(266,304)</u>

## 5. General Fund Budgetary Highlights

The only difference between the original general fund operating budget (removing wastewater and capital reserve fund appropriations) and the final amended budget are transfers approved by the Town Council.

The Town's general fund operating budget was \$17,254,656. Significant budget to actual variances for the general fund revenue and expenditures include the following:

- Intergovernmental revenues were higher than budget by \$1,661,260 largely due to the State and Federal grants for projects such as the pedestrian bridge and college park drive sidewalk.
- Transfers in, surpassed projections by \$655,935 for the Wastewater's share of the pedestrian bridge project.
- Public Safety expenditures came in below budget by \$295,470. This savings is due to staff turnover in the police department.
- Highway and Streets are over budget by \$792,343 due to additional paving projects and delays in the pedestrian bridge project.

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
2018-01	Reallocate health insurance	\$252,713	Various	Administration, Community Development, and Code Enforcement
2018-02	Discretionary wage adjustment	47,606	Various	Various
2018-04	Public safety vehicle maintenance	131,000	Fire Dept. vehicle maintenance, and rental and lease	Police and Fire Dept. health insurance.
2018-05	Reallocate Public Works Department budget	220,298	Roadway resurfacing and fleet maintenance	Various
2018-06	Reallocate Administration department budget	55,750	Legal services, IT support, and office supplies	Various

## 6. Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets, as of June 30, 2018, amounted to \$24,459,476 and \$13,799,875 (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 additions during the current fiscal year included the following:

	Governmental Activities
Vehicles and equipment:	
2017 Ford Explorer and equipment	\$ 38,805
2017 Ford Explorer and equipment	38,805
2017 Chevrolet Tahoe and equipment	50,049
2018 International 7400 dump truck	175,000
42 interoperability radios	204,177
Rescue boat with motor and trailer	36,936
2002 Steward-Stephens forestry truck	75,000
Public safety building renovations	43,223
Total Station	31,106
Infrastructure:	
Pedestrian bridge (placed into service)	4,289,166
College Park Drive sidewalks (placed into service)	465,651
Intangible Assets:	
Conservation easements	11,414

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

**Debt Administration.** During the current fiscal year, governmental activities had issued bonded debt of \$976,750 for Safety Complex Improvements and a Fire Pumper and leased debt of \$103,376 for an excavator. The Town received a bond premium of \$125,750, which will be amortized over the outstanding bonds. Governmental activities bonded and leased debt outstanding will be repaid by general taxation.

The Wastewater Fund had \$4,467,682 of outstanding bonded debt related to the wastewater treatment facility upgrades. This amount is to be repaid by the users of the sewer system.

## 7. Economic Factors and the Future

Statistical information available at the NH Employment Security website reports Merrimack County's unemployment rate for October 2018 at 1.8% (not seasonally adjusted), which remains stable from October 2017 at 2%. This compares to the State's average unemployment rate of 2.1% which continues to be below the national average rate of 3.5%.

For fiscal year 2019, the Town's operating budget totaled \$24,861,418 which represents \$16,328,417 for the general fund budget, \$6,643,001 for wastewater operations, \$762,500 for Safety Center Renovations, \$607,500 for a new fire pumper, \$65,000 for a new scale at the transfer station, \$30,000 for a new stormwater asset management program, and \$425,000 for capital reserves. 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](mailto:csoucic@hooksett.org).

## TOWN OF HOOKSETT, NEW HAMPSHIRE

## STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current:			
Cash and short-term investments	\$ 26,697,111	\$ 1,604,906	\$ 28,302,017
Investment	2,012,665	8,354,271	10,366,936
Receivables, net of allowance for uncollectible:			
Taxes	3,444,829	-	3,444,829
User fees	-	1,040,064	1,040,064
Intergovernmental	445,452	-	445,452
Other	402,039	-	402,039
Other assets	53,406	-	53,406
Noncurrent:			
Receivables, net of allowance for uncollectible:			
Taxes	1,137,302	-	1,137,302
Capital assets:			
Land and construction in progress	2,478,152	1,529,469	4,007,621
Other capital assets, net of accumulated depreciation	<u>21,981,323</u>	<u>12,270,406</u>	<u>34,251,729</u>
<b>TOTAL ASSETS</b>	58,652,279	24,799,116	83,451,395
<b>DEFERRED OUTFLOW OF RESOURCES</b>	3,445,301	55,431	3,500,732
<b>LIABILITIES</b>			
Current:			
Accounts payable	333,662	29,760	363,422
Due to other governments	16,021,382	-	16,021,382
Other liabilities	1,044,117	111,571	1,155,688
Internal balances	(453,857)	453,857	-
Current portion of long-term liabilities:			
Bonds payable	33,486	315,415	348,901
Other liabilities	147,361	7,743	155,104
Noncurrent:			
Bonds payable, net of current portion	1,069,014	4,152,267	5,221,281
Other liabilities, net of current portion	2,122,285	135,535	2,257,820
Net pension liability, net of current portion	<u>15,937,782</u>	<u>467,469</u>	<u>16,405,251</u>
<b>TOTAL LIABILITIES</b>	36,255,232	5,673,617	41,928,849
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,540,369	365,655	2,906,024
<b>NET POSITION</b>			
Net investment in capital assets	24,356,099	9,332,193	33,688,292
Restricted for:			
Grants and other statutory restrictions	1,908,330	-	1,908,330
Permanent Funds:			
Nonexpendable	204,879	-	204,879
Expendable	61,022	-	61,022
Unrestricted	<u>(3,228,351)</u>	<u>9,483,082</u>	<u>6,254,731</u>
<b>TOTAL NET POSITION</b>	<u>\$ 23,301,979</u>	<u>\$ 18,815,275</u>	<u>\$ 42,117,254</u>

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, 2018

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 2,362,318	\$ 1,403,121	\$ 1,446,737	\$ -	\$ 487,540	\$ -	\$ 487,540
Public safety	9,601,930	1,055,665	190,116	-	(8,356,149)	-	(8,356,149)
Highway and streets	2,750,486	103,974	307,428	777,333	(1,561,751)	-	(1,561,751)
Sanitation	1,088,019	123,632	-	-	(964,387)	-	(964,387)
Welfare	120,465	9,616	-	-	(110,849)	-	(110,849)
Culture and recreation	2,330,240	986,466	-	-	(1,343,774)	-	(1,343,774)
Conservation	31,530	21,118	27,500	-	17,088	-	17,088
Economic development	656	-	60,000	-	59,344	-	59,344
Interest expense	2,304	-	-	-	(2,304)	-	(2,304)
Total Governmental Activities	<u>\$ 18,287,948</u>	<u>\$ 3,703,592</u>	<u>\$ 2,031,781</u>	<u>\$ 777,333</u>	(11,775,242)	-	(11,775,242)
<b>Business-Type Activities:</b>							
Wastewater	\$ 2,219,448	\$ 2,272,289	\$ -	\$ -	-	52,841	52,841
Total Business-Type Activities	<u>\$ 2,219,448</u>	<u>\$ 2,272,289</u>	<u>\$ -</u>	<u>\$ -</u>	-	52,841	52,841
General Revenues:							
Taxes					10,774,843	-	10,774,843
Licenses and fees					3,524,723	-	3,524,723
Other					4,676	160,117	164,793
Total general revenues					<u>14,304,242</u>	<u>160,117</u>	<u>14,464,359</u>
Change in net position					2,529,000	212,958	2,741,958
Net position:							
Beginning of year, as restated					<u>20,772,979</u>	<u>18,602,317</u>	<u>39,375,296</u>
End of year					<u>\$ 23,301,979</u>	<u>\$ 18,815,275</u>	<u>\$ 42,117,254</u>

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, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and short-term investments	\$ 25,729,848	\$ 967,263	\$ 26,697,111
Investments	1,762,918	249,747	2,012,665
Receivables:			
Taxes	5,393,518	-	5,393,518
Intergovernmental	445,452	-	445,452
Other	283,742	118,297	402,039
Due from other funds	29,308	1,690,755	1,720,063
Other assets	53,406	-	53,406
<b>TOTAL ASSETS</b>	<b>\$ 33,698,192</b>	<b>\$ 3,026,062</b>	<b>\$ 36,724,254</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 322,522	\$ 11,140	\$ 333,662
Due to other governments	16,021,382	-	16,021,382
Due to other funds	1,175,336	90,870	1,266,206
Other Liabilities	1,451,615	10,106	1,461,721
<b>TOTAL LIABILITIES</b>	<b>18,970,855</b>	<b>112,116</b>	<b>19,082,971</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>8,404,229</b>	<b>883,389</b>	<b>9,287,618</b>
<b>FUND BALANCES</b>			
Nonspendable	53,406	204,879	258,285
Restricted	143,674	61,022	204,696
Committed	2,697,534	1,764,656	4,462,190
Assigned	717,829	-	717,829
Unassigned	2,710,665	-	2,710,665
<b>TOTAL FUND BALANCES</b>	<b>6,323,108</b>	<b>2,030,557</b>	<b>8,353,665</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 33,698,192</b>	<b>\$ 3,026,062</b>	<b>\$ 36,724,254</b>

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, 2018

<b>Total governmental fund balances</b>	\$ 8,353,665
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li> </ul>	24,459,475
<ul style="list-style-type: none"> <li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li> </ul>	7,043,195
<ul style="list-style-type: none"> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li> </ul>	(4,019)
<ul style="list-style-type: none"> <li>• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds                             <ul style="list-style-type: none"> <li>- Bonds payable</li> <li>- Bonds premium</li> <li>- Lease payable</li> <li>- Landfill liability</li> <li>- OPEB liability</li> <li>- Net pension liability</li> </ul> </li> </ul>	<div> <div>(976,750)</div> <div>(125,750)</div> <div>(103,376)</div> <div>(85,000)</div> <div>(1,660,465)</div> <div><u>(13,598,996)</u></div> </div>
Net position of governmental activities	\$ <u>23,301,979</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, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 10,748,499	\$ 37,070	\$ 10,785,569
Licenses, permits, and fees	3,679,202	881,751	4,560,953
Intergovernmental	2,715,614	66,000	2,781,614
Charges for service	922,687	860,618	1,783,305
Miscellaneous	<u>847,888</u>	<u>39,423</u>	<u>887,311</u>
Total Revenues	18,913,890	1,884,862	20,798,752
<b>Expenditures:</b>			
Current			
General government	2,512,040	-	2,512,040
Public safety	8,443,719	867,822	9,311,541
Highway and streets	6,502,630	-	6,502,630
Sanitation	1,088,019	-	1,088,019
Welfare	120,465	-	120,465
Culture and recreation	2,085,088	105,224	2,190,312
Conservation	1,277	41,667	42,944
Economic development	<u>656</u>	<u>-</u>	<u>656</u>
Total Expenditures	20,753,894	1,014,713	21,768,607
Excess (deficiency) of revenues over expenditures	(1,840,004)	870,149	(969,855)
<b>Other Financing Sources (Uses):</b>			
Bond proceeds	976,750	-	976,750
Transfers in	596,950	-	596,950
Transfers out	<u>-</u>	<u>(596,950)</u>	<u>(596,950)</u>
Total Other Financing Sources (Uses)	1,573,700	(596,950)	976,750
Excess (deficiency) of revenues and other sources over expenditures and other uses	(266,304)	273,199	6,895
Fund Balances, at Beginning of Year	<u>6,589,412</u>	<u>1,757,358</u>	<u>8,346,770</u>
Fund Balances, at End of Year	\$ <u><u>6,323,108</u></u>	\$ <u><u>2,030,557</u></u>	\$ <u><u>8,353,665</u></u>

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, 2018

Net changes in fund balances - total governmental funds		\$	6,895																								
<ul style="list-style-type: none"><li>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:<table><tr><td>Depreciation</td><td>(1,384,519)</td></tr><tr><td>Capital asset purchase, net of disposals</td><td>5,057,550</td></tr></table></li><li>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.<table><tr><td></td><td>143,946</td></tr></table></li><li>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:<table><tr><td>- General obligation bond</td><td>(976,750)</td></tr><tr><td>- Bond premium from general obligation bond</td><td>(125,750)</td></tr><tr><td>- Other post employment benefits, net of deferred inflows and outflows</td><td>(59,606)</td></tr><tr><td>- Repayment of lease principal debt service</td><td>62,768</td></tr><tr><td>- Landfill monitoring costs</td><td>15,000</td></tr></table></li><li>Net pension liability affects financial resources when accrued:<table><tr><td>- Change in net pension liability</td><td>1,938,643</td></tr><tr><td>- Change in deferred inflow of resources</td><td>(520,785)</td></tr><tr><td>- Change in deferred outflow of resources</td><td>(1,628,035)</td></tr></table></li><li>In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, interest is not reported until due.<table><tr><td></td><td>(357)</td></tr></table></li></ul>				Depreciation	(1,384,519)	Capital asset purchase, net of disposals	5,057,550		143,946	- General obligation bond	(976,750)	- Bond premium from general obligation bond	(125,750)	- Other post employment benefits, net of deferred inflows and outflows	(59,606)	- Repayment of lease principal debt service	62,768	- Landfill monitoring costs	15,000	- Change in net pension liability	1,938,643	- Change in deferred inflow of resources	(520,785)	- Change in deferred outflow of resources	(1,628,035)		(357)
Depreciation	(1,384,519)																										
Capital asset purchase, net of disposals	5,057,550																										
	143,946																										
- General obligation bond	(976,750)																										
- Bond premium from general obligation bond	(125,750)																										
- Other post employment benefits, net of deferred inflows and outflows	(59,606)																										
- Repayment of lease principal debt service	62,768																										
- Landfill monitoring costs	15,000																										
- Change in net pension liability	1,938,643																										
- Change in deferred inflow of resources	(520,785)																										
- Change in deferred outflow of resources	(1,628,035)																										
	(357)																										
Change in net position of governmental activities		\$	2,529,000																								

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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget Positive (Negative)
<b>Revenues and Other Sources:</b>				
Taxes	\$ 11,058,404	\$ 11,058,404	\$ 10,861,772	\$ (196,632)
Licenses, permits, and fees	3,560,501	3,560,501	4,272,195	711,694
Intergovernmental	1,054,354	1,054,354	2,715,614	1,661,260
Charges for service	115,644	115,644	91,416	(24,228)
Miscellaneous	360,753	360,753	688,833	328,080
Transfers In	5,000	5,000	67,942	62,942
Use of Fund Balance	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>
Total Revenues and Other Sources	17,254,656	17,254,656	19,797,772	2,543,116
<b>Expenditures and Other Uses:</b>				
General government	3,015,881	2,811,929	2,617,297	194,632
Public safety	8,793,980	8,795,109	8,499,639	295,470
Highway and streets	2,237,500	2,461,485	3,253,828	(792,343)
Solid Waste	1,108,040	1,108,040	1,088,019	20,021
Welfare	196,951	196,496	120,465	76,031
Culture and recreation	1,360,525	1,339,618	1,305,882	33,736
Conservation	1,277	1,277	1,277	-
Economic development	500	700	656	44
Debt service	1	1	-	1
Capital outlay	1	1	-	1
Transfers Out	<u>540,000</u>	<u>540,000</u>	<u>540,330</u>	<u>(330)</u>
Total Expenditures and Other Uses	<u>17,254,656</u>	<u>17,254,656</u>	<u>17,427,393</u>	<u>(172,737)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,370,379</u>	\$ <u>2,370,379</u>

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, 2018

	Business-type Activities <u>Enterprise Funds</u>
	<u>Wastewater</u>
<b>ASSETS</b>	
Current assets:	
Cash and short-term investments	\$ 1,604,906
Investments	8,354,271
Receivables, net of allowance for uncollectibles:	
User fees	<u>1,040,064</u>
Total current assets	10,999,241
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,529,469
Other capital assets, net of depreciation	<u>12,270,406</u>
Total noncurrent assets	<u>13,799,875</u>
TOTAL ASSETS	24,799,116
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>55,431</u>
<b>TOTAL ASSETS DEFERRED AND OUTFLOW OF RESOURCES</b>	<u>\$ 24,854,547</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 29,760
Due to other funds	453,857
Other Liabilities	111,571
Current portion of long-term liabilities	
Bonds payable	315,415
Other liabilities	<u>7,743</u>
Total current liabilities	918,346
Noncurrent:	
Bonds payable, net of current portion	4,152,267
Other Liabilities, net of current portion	135,535
Net pension liability, net of current portion	<u>467,469</u>
Total noncurrent liabilities	<u>4,755,271</u>
TOTAL LIABILITIES	5,673,617
<b>DEFERRED INFLOW OF RESOURCES</b>	365,655
<b>NET POSITION</b>	
Net investment in capital assets	9,332,193
Unrestricted	<u>9,483,082</u>
TOTAL NET POSITION	<u>18,815,275</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 24,854,547</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, 2018

	Business-type Activities <u>Enterprise Funds</u>
	<u>Wastewater</u>
<b>Operating revenues:</b>	
Charges for service	\$ <u>2,272,289</u>
Total Operating Revenues	2,272,289
<b>Operating Expenses:</b>	
Operating expenses	1,339,756
Depreciation	<u>718,039</u>
Total Operating Expenses	2,057,795
Operating Income (Loss)	214,494
<b>Nonoperating Revenues (Expenses):</b>	
Miscellaneous	151,705
Investment income	8,412
Interest expense	<u>(161,653)</u>
Total Nonoperating Revenues (Expenses), net	(1,536)
Change in Net Position	212,958
Net Position, at Beginning of Year, as restated	<u>18,602,317</u>
Net Position, at End of Year	\$ <u>18,815,275</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, 2018

	Business-type Activities <u>Enterprise Funds</u>
	<u>Wastewater</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers and users	\$ 2,201,525
Payments to vendors and employees	<u>(1,562,505)</u>
Net Cash Provided By (Used For) Operating Activities	639,020
<b>Cash Flows From Noncapital Financing Activities:</b>	
Other noncapital financing	<u>151,705</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	151,705
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Proceeds from capital debt	125,549
Acquisition and construction of capital assets, net	(932,236)
Principals payments on bonds and notes	(309,662)
Interest expense	<u>(161,653)</u>
Net Cash Provided By (Used For) Capital and Financing Activities	(1,278,002)
<b>Cash Flows from Investing Activities:</b>	
Purchases of investments	292,463
Investment income	<u>8,412</u>
Net Cash Provided By (Used For) Investing Activities	300,875
Net Change in Cash and Short-Term Investments	(186,402)
Cash and Short-Term Investments, at Beginning of Year	<u>1,791,308</u>
Cash and Short-Term Investments, at End of Year	<u>\$ 1,604,906</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</b>	
Operating Income (loss)	\$ 214,494
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:	
Depreciation	718,039
Changes in assets and liabilities:	
User fees	(70,764)
Accounts payable	(9,781)
Other liabilities	<u>(212,968)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 639,020</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, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and short-term investments	\$ 1,027,479
Investments	<u>1,875,549</u>
<b>TOTAL ASSETS</b>	2,903,028
<b>LIABILITIES</b>	
Other Liabilities	<u>2,903,028</u>
<b>TOTAL LIABILITIES</b>	<u>2,903,028</u>
<b>NET POSITION</b>	
Total net assets held in trust	\$ <u><u>-</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 funds. 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.

Q. Accounting Changes

The Town's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2018, the Town implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**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:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
General Fund		
Revenue/Expenditures (GAAP basis)	\$ 18,913,890	\$ 20,753,894
Other financing sources/uses (GAAP basis)	1,573,700	-
	<u>20,487,590</u>	<u>20,753,894</u>
Adjust tax revenue to the budgetary basis of accounting	113,273	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(3,777,796)
Add end-of-year appropriation carryforwards from expenditures	-	690,171
Reverse the effects of capital reserve fund activity and Library activity	(926,341)	(238,876)
Reverse the effects of bond issue for next fiscal year	(976,750)	-
Recognize the use of fund balance as a funding source	<u>1,100,000</u>	<u>-</u>
Budgetary basis	<u>\$ 19,797,772</u>	<u>\$ 17,427,393</u>

### 3. Cash

\$4,142,890 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 \$29,329,496 and bank balances totaled \$28,446,715.

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, 2018, the Town had the following investments:

	Level 1			Total
	Govern- mental Activities	Business- type Activities	Fiduciary Funds	
Mutual funds (corporate equity)	\$ 262,067	\$ 1,087,803	\$ 244,214	\$ 1,594,084
Mutual funds (corporate and governmental bonds)	<u>1,750,598</u>	<u>7,266,468</u>	<u>1,631,335</u>	<u>10,648,401</u>
Total	<u>\$ 2,012,665</u>	<u>\$ 8,354,271</u>	<u>\$ 1,875,549</u>	<u>\$ 12,242,485</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	\$ 10,648,401	\$ 10,648,401	\$ -	\$ -	\$ -

**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	10,648,401
Total	\$ 10,648,401

## 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: 2018	\$ 3,441,555	\$ -	\$ -

(Continued)

(Continued)

	Governmental Funds		Proprietary Funds
	General Fund	Nonmajor Funds	Wastewater
Receivables:			
Real estate tax liens:			
2017	590,964	-	-
2016	360,418	-	-
2015 and prior	868,590	-	-
Land use tax	-	-	-
Elderly tax deferral	128,717	-	-
Gravel tax	-	-	-
Timber tax	3,274	-	-
Total taxes	5,393,518	-	-
User fees	-	-	1,040,064
Intergovernmental	445,452	-	-
Other:			
Ambulance	-	566,978	-
Welfare liens	237,867	-	-
Police detail	-	36,841	-
Other	45,875	-	-
Less: Allowance for doubtful accounts			
Ambulance	-	(485,522)	-
Total Other	\$ 283,742	\$ 118,297	\$ -

## 6. Other Assets

Other assets represent prepaid expenditures.

## 7. Capital Assets

The Town's capital asset activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 792,990	\$ -	\$ -	\$ 792,990
Buildings and improvements	9,169,383	10,380	-	9,179,763
Vehicles and equipment	9,371,512	709,330	(82,900)	9,997,942
Infrastructure	104,040,994	4,754,818	-	108,795,812

(Continued)

(Continued)	Beginning Balance	Increases	Decreases	Ending Balance
Intangible assets	<u>448,790</u>	<u>11,414</u>	<u>-</u>	<u>460,204</u>
Total capital assets, being depreciated	123,823,669	5,485,942	(82,900)	129,226,711
Less accumulated depreciation for:				
Land improvements	(109,355)	(77,431)	-	(186,786)
Buildings and improvements	(4,913,948)	(213,671)	-	(5,127,619)
Vehicles and equipment	(6,267,292)	(490,160)	82,900	(6,674,552)
Infrastructure	(94,559,696)	(573,837)	-	(95,133,533)
Intangible assets	<u>(93,478)</u>	<u>(29,419)</u>	<u>-</u>	<u>(122,897)</u>
Total accumulated depreciation	<u>(105,943,769)</u>	<u>(1,384,518)</u>	<u>82,900</u>	<u>(107,245,387)</u>
Total capital assets, being depreciated, net	17,879,900	4,101,424	-	21,981,324
Capital assets, not being depreciated:				
Land	2,434,929	-	-	2,434,929
Construction in progress	<u>471,615</u>	<u>43,223</u>	<u>(471,615)</u>	<u>43,223</u>
Total capital assets, not being depreciated	<u>2,906,544</u>	<u>43,223</u>	<u>(471,615)</u>	<u>2,478,152</u>
Governmental activities capital assets, net	\$ <u>20,786,444</u>	\$ <u>4,144,647</u>	\$ <u>(471,615)</u>	\$ <u>24,459,476</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	881,337	28,822	-	910,159
Infrastructure	<u>11,361,452</u>	<u>-</u>	<u>(18,438)</u>	<u>11,343,014</u>
Total capital assets, being depreciated	29,072,742	28,822	(18,438)	29,083,126
Less accumulated depreciation for:				
Buildings and building improvements	(7,408,106)	(526,250)	-	(7,934,356)
Vehicles	(633,163)	(51,068)	-	(684,231)
Infrastructure	<u>(8,053,412)</u>	<u>(140,721)</u>	<u>-</u>	<u>(8,194,133)</u>
Total accumulated depreciation	<u>(16,094,681)</u>	<u>(718,039)</u>	<u>-</u>	<u>(16,812,720)</u>
Total capital assets, being depreciated, net	12,978,061	(689,217)	(18,438)	12,270,406
Capital assets, not being depreciated:				
Land	300,000	-	-	300,000

(Continued)

(Continued)	Beginning Balance	Increases	Decreases	Ending Balance
Construction in progress	307,618	921,851	-	1,229,469
Total capital assets, not being depreciated	607,618	921,851	-	1,529,469
Business-Type activities capital assets, net	\$ 13,585,679	\$ 232,634	\$ (18,438)	\$ 13,799,875

Depreciation expense is charged to functions as follows:

Governmental Activities:	Amount
General government	\$ 46,853
Public safety	408,787
Highway and streets	721,649
Sanitation	93,505
Culture and recreation	113,724
Total depreciation expense	\$ 1,384,518

Business-type Activities:	Amount
Wastewater	\$ 718,039
Total depreciation expense	\$ 718,039

#### 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	\$ 13,252,460
Merrimack County	2,767,917
State of New Hampshire	1,005
Total	\$ 16,021,382

#### 10. Interfund Receivables/Payables

Individual fund receivables/payable balances at June 30, 2018 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	\$ 29,308	\$ 1,175,336
Nonmajor Governmental Funds	1,690,755	90,870
Proprietary Funds:		

(Continued)

(Continued)		
	Interfund Receivables	Interfund Payables
Wastewater	-	453,857
Total	\$ 1,720,063	\$ 1,720,063

# **11. Capital Lease Obligations**

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

Lease arrangements currently outstanding are as follows:

Lease payables:	Maturity Date	Interest Rate(s) %	Amount Outstanding as of 06/30/18
Governmental Activities:			
Excavator	12/1/2020	2.87%	\$ 103,376
Total lease payable			\$ 103,376

Future minimum lease payments under the capital and operating lease consisted of the following as of June 30, 2018:

Fiscal Year	Capital Leases
2019	\$ 36,456
2020	36,456
2021	36,455
Total minimum lease payments	109,367
Less amounts representing interest	5,991
Present Value of Minimum Lease Payments	\$ 103,376

# **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 06/30/18
Governmental Activities:			
Safety Center Improvements	08/15/2028	5.10%	\$ 666,350
Fire Pumper	08/15/2028	5.10%	310,400
Total Governmental Activities			\$ 976,750

(Continued)

(Continued)

Long-term Notes:	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 06/30/18
Business-Type Activities:			
Water treatment facility upgrade	01/01/2030	3.73%	\$ 2,448,475
Water treatment facility upgrade	06/30/2031	3.10%	2,019,207
Total Business-Type Activities			<u>4,467,682</u>
			<u>\$ 5,444,432</u>

**B. Future Debt Service**

The annual payments to retire all notes payable outstanding as of June 30, 2018 are as follows:

Governmental Activities	Principal	Interest	Total
2019	\$ -	\$ 33,486	\$ 33,486
2020	101,750	47,220	148,970
2021	105,000	41,948	146,948
2022	100,000	36,720	136,720
2023	100,000	31,620	131,620
2024 - 2028	475,000	84,788	559,788
2029	95,000	2,423	97,423
Total	<u>\$ 976,750</u>	<u>\$ 278,205</u>	<u>\$ 1,254,955</u>

Business-Type	Principal	Interest	Total
2019	\$ 315,415	\$ 153,956	\$ 469,371
2020	321,385	143,166	464,551
2021	327,575	132,153	459,728
2022	333,997	120,911	454,908
2023	340,658	109,429	450,087
2024 - 2028	1,812,221	365,887	2,178,108
2029 - 2031	1,016,431	61,363	1,077,794
Total	<u>\$ 4,467,682</u>	<u>\$ 1,086,865</u>	<u>\$ 5,554,547</u>

**C. Changes in General Long-Term Liabilities**

Long-term obligation activity for the year ended June 30, 2018 is as follows:

	06/30/17 Balance	Additions	Reductions	06/30/18 Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable, net	\$ -	\$ 1,102,500	\$ -	\$ 1,102,500	\$ 33,486
Net pension obligation	17,876,415	-	(1,938,633)	15,937,782	-

(Continued)

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	06/30/17 Balance	Additions	Reductions	06/30/18 Balance	Due Within One Year
Other Liabilities:					
Leases payable	166,144	-	(62,768)	103,376	33,489
Landfill liability	100,000	-	(15,000)	85,000	15,000
Compensated absences	497,596	-	(75,973)	421,623	42,162
Other postemployment benefits	1,600,859	58,788	-	1,659,647	56,710
Total Long-term Obligations	\$ 20,241,014	\$ 1,161,288	\$ (2,092,374)	\$ 19,309,928	180,847
<b>Business-Type Activities:</b>					
Bonds payable	\$ 4,777,344	\$ -	\$ (309,662)	\$ 4,467,682	\$ 315,415
Net pension obligation	503,426	-	(35,957)	467,469	-
Other Liabilities:		-			
Compensated absences	32,818	10,435	-	43,253	4,325
Other Postemployment Benefits	70,888	-	(41,751)	29,137	3,418
Total Long-term Obligations	\$ 5,384,476	\$ 10,435	\$ (387,370)	\$ 5,007,541	\$ 323,158

### 13. Landfill Postclosure Care Costs

This liability reported is based on what it would cost to perform postclosure care using costs from fiscal year 2018. 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, 2018, 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:

	Govern- mental Funds	Govern- mental Activities	Business- type Activities
Deferred outflow of resources:			
Resources related to pensions	\$ -	\$ 3,306,087	\$ 52,838
Resources related to other postemployment benefits	-	139,214	2,593
Total	\$ -	\$ 3,445,301	\$ 55,431
Deferred inflow of resources:			
Property tax revenue	\$ 7,487,998	\$ -	\$ -
Welfare liens	237,867	-	-
Elderly liens	128,717	-	-
Donations and grants	549,647	549,647	-
Impact fees	883,389	883,389	-

(Continued)

(Continued)	Governmental Funds	Governmental Activities	Business- type Activities
Future service agreements received in advance of eligible expenditures	-	-	302,000
Resources related to pensions	-	1,063,491	17,171
Resources related to other postemployment benefits	-	43,842	46,484
Total	\$ 9,287,618	\$ 2,540,369	\$ 365,655

### 15. Interfund Transfers

A summary of Interfund transfers are as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 596,950	\$ -
Nonmajor Governmental Funds	-	596,950
Total	\$ 596,950	\$ 596,950

### 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 \$690,171 of the general fund's fund balance was assigned.

### 17. Fund Balances – Governmental Funds

As of June 30, 2018, fund balance components other and unassigned fund balances consist of the following:

	Non- spendable	Restricted	Committed	Assigned
General Fund:				
Prepaid items	\$ 53,406	\$ -	\$ -	\$ -
Encumbrances	-	-	-	690,171
Heritage funds	-	-	-	27,658
Library	-	143,674	-	-
Unspent bond funds	-	-	970,450	-
Capital Reserve	-	-	1,727,084	-

(Continued)

(Continued)

	Non- spendable	Restricted	Committed	Assigned
Nonmajor funds:				
Grants	-	61,022	-	-
Revolving funds	-	-	1,764,656	-
Permanent trust funds	204,879	-	-	-
Total	\$ 258,285	\$ 204,696	\$ 4,462,190	\$ 717,829

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.

	Amount
Unassigned fund balance, general fund (GAAP)	\$ 2,710,665
Tax deferral, net of 60-day rule (GAAP adjustment)	1,669,082
Allowance for doubtful accounts (GAAP adjustment)	(811,387)
Less Heritage funds	(27,658)
Other GAAP adjustments	(173,066)
Tax Rate Setting Purposes - Unassigned fund balance, general fund	\$ 3,367,636

**18. 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.

**19. Other Postemployment Benefits Plan**

Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires governments to account for other post-employment benefits (OPEB), primarily health care, 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. 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 New Hampshire 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 No. 75 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, 2018, there were

16 retiree subscribers, 8 eligible spouses, and 119 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.

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

Discount Rate: 3.87% based on the Bond Buyer's 20 Bond Index.  
Mortality: The mortality rates are from the RPH-2014 Total Dataset Headcount-weighted Mortality Table with projection scale MP-2014.  
Retirement Rates: It was assumed that the following percentage of eligible employees would retire each year:

Hired prior to 7/1/2011			Hired on or after to 7/1/2011		
Age	Male	Female	Age	Male	Female
45-46	10.0%	10.0%	45-46	N/A	N/A
47-48	10.0%	15.0%	47-48	N/A	N/A
49-53	10.0%	10.0%	49-53	N/A	N/A
54	10.0%	15.0%	54	N/A	N/A
55	20.0%	25.0%	55	N/A	N/A
56	25.0%	35.0%	56	N/A	N/A
57	25.0%	30.0%	57	N/A	N/A
58	35.0%	40.0%	58	N/A	N/A
59	50.0%	55.0%	59	N/A	N/A
60-61	12.0%	12.0%	60-61	12.0%	12.0%
62	17.0%	15.0%	62	17.0%	15.0%
63	16.0%	15.0%	63	16.0%	15.0%
64	15.0%	15.0%	64	15.0%	15.0%
65	15.0%	20.0%	65	46.0%	45.0%
66	25.0%	20.0%	66	46.0%	45.0%
67	20.0%	20.0%	67	20.0%	20.0%
68	20.0%	16.0%	68	20.0%	16.0%
69	20.0%	17.0%	69	20.0%	17.0%
70+	100.0%	100.0%	70+	100.0%	100.0%

**Group II:**

Hired prior to 7/1/2011			Hired on or after to 7/1/2011		
Age	Fire	Police	Age	Fire	Police
45	15.0%	25.0%	45	N/A	N/A
46-49	12.0%	25.0%	46-49	N/A	N/A

Retirement Rates:

(Continued)

**Group II:**

Hired prior to 7/1/2011			Hired on or after to 7/1/2011		
50-52	15.0%	25.0%	50-52	32.0%	50.0%
53	25.0%	30.0%	53	25.0%	35.0%
54	20.0%	30.0%	54	20.0%	35.0%
Age	Fire	Police	Age	Fire	Police
55	30.0%	30.0%	55	30.0%	35.0%
56	30.0%	25.0%	56	30.0%	25.0%
57	25.0%	25.0%	57	25.0%	25.0%
58	25.0%	30.0%	58	25.0%	30.0%
59-60	25.0%	25.0%	59-60	25.0%	25.0%
61	40.0%	20.0%	61	40.0%	20.0%
62	30.0%	20.0%	62	30.0%	20.0%
63-64	30.0%	25.0%	63-64	30.0%	25.0%
65	100.0%	25.0%	65	100.0%	25.0%
66+	100.0	100.0%	66+	100.0%	100.0%

Disability Rates:

None assumed.

Termination Rates:

**Group I:**

Years of Service	Age	Male	Female
0	All	32.0%	30.0%
1	All	22.0%	22.0%
2	All	16.0%	16.0%
3	All	12.0%	12.0%
4	All	8.0%	8.0%
5+	20	5.0%	8.0%
	30	5.0%	8.0%
	40	5.0%	5.6%
	50	5.0%	4.4%
	60+	5.0%	4.0%

**Group II:**

Years of Service	Age	Male	Female
0	8.0%	30.0%	40.0%
1	6.0%	15.0%	17.0%
2	4.5%	9.0%	14.0%
3	3.0%	6.0%	11.0%
4	2.0%	4.0%	9.0%
5+	1.5%	4.0%	4.0%

Health Care Trend Rates:

It was assumed that health care costs would increase in accordance with the trend rates in the following table:

Year	Current valuation*	Prior valuation
2017	9.0%	7.5%
2018	8.5%	7.0%
2019	8.0%	6.5%
2020	7.5%	6.0%
2021	7.0%	5.5%

Health Care Trend  
Rates:  
(Continued)

Year	Current valuation*	Prior valuation
2022	6.5%	5.0%
2023	6.0%	5.0%
2024	5.5%	5.0%
2025+	5.0%	5.0%

\*Medicare Eligible Premium assumed to increase at 5.0% per annum.

Participation Rate:

It was assumed that 80% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

Percent Married:

It was assumed that 70% of the male and 60% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Per Capita Claims  
Cost:

Based on the premium levels of the plans utilized. Actual premiums were used as an approximate to claims experience. Aging factors were then applied to the plan premiums to produce age-related per capita claims rates.

Insurance Policies:

AB20IPDED10/25/40/3k			ABSOS20/40/1KDED		
Age	Male	Female	Age	Male	Female
50	\$9,765	\$11,264	50	\$7,936	9,155
55	11,856	12,303	55	9,636	9,999
60	14,299	13,707	60	11,622	11,140
64	15,967	14,950	64	12,977	12,151
65	8,141	7,621	65	6,616	6,194
70	8,989	8,422	70	7,306	6,845
75	9,925	9,300	75	8,067	7,559
80	10,434	9,768	80	8,480	7,939
85	10,968	10,269	85	8,914	8,346
90	11,524	10,792	90	9,366	8,771
95	12,112	11,348	95	9,844	9,223
100	12,730	11,926	100	10,347	9,693

Actuarial value of  
assets:

N/A

Administrative  
expenses:

Included in premiums used.

Participant salary  
increases:

3.50% annually

Payroll growth rate:

2.50% annually

Change in Total OPEB Liability:

Balance at 06/30/2017	\$ 1,697,341
Changes for the year:	
Service Cost	96,766
Interest	63,420
Changes in Benefit Terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(52,238)
Benefit payments	(45,617)
Net changes	62,331
Balance at 6/30/2018	\$ 1,759,672

Sensitivity of the Total OPEB liability:

1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
\$1,950,801	\$1,759,672	\$1,590,629

1% Decrease (8.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
\$1,551,851	\$1,759,672	\$2,006,423

**20. 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 (Employees) 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 rates applicable to the Town are listed in the following table.

	Employee	Employer		
	Percentage	Pension Percentage	Medical Subsidy Percentage	Total
Group I				
Employees	7.00%	11.08%	0.30%	11.38%
Group II				
Police	11.55%	25.33%	4.10%	29.43%
Fire	11.80%	27.79%	4.10%	31.89%

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, 2018, 2017, and 2016 were \$1,503,459, \$1,344,614, and \$1,323,214, respectively. The payroll for employees covered by NHRS for the year ended June 30, 2018 was \$6,653,550.

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

At June 30, 2018, the Town reported a total liability of \$16,405,250 for its proportionate share of the net pension liability, as follows:

	Amount
Governmental Activities:	
Town	\$ 15,498,450
Library	439,332
Business-type Activities	
Wastewater	467,469
Total	\$ <u>16,405,251</u>

The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.33357614%, which was an increase of (0.01203328)% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Town recognized pension expense of \$1,644,764. The Town also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,197	\$ 208,792
Change of assumptions	1,647,304	-
Net difference between projected and actual earnings on pension plan investments	-	208,929
Changes in proportion and differences between Town contributions and proportionate share of contributions	229,718	662,941
Town's contributions subsequent to the measurement date	1,503,859	-
Total	\$ 3,418,078	\$ 1,080,662

The Town reported \$1,503,859 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, 2018. 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
2018	\$ 197,851	\$ 8,682
2019	559,263	19,436
2020	404,167	14,843
2021	(363,381)	(7,304)
Thereafter	-	-
Total	\$ 797,900	\$ 35,657

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, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

Asset class	Target Allocation	2017 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	4.50
Emerging Int'l Equities	7.00	6.25
Total international equity	20.00	
Core Bonds	5.00	0.75
Short Duration	2.00	(0.25)
Global Multi-Sector Fixed Income	11.00	2.11
Absolute return fixed income	7.00	1.26
Unconstrained Fixed Income	-	-
Total fixed income	25.00	
Private equity	5.00	6.25
Private debt	5.00	4.75
Opportunistic	5.00	2.84
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	\$ 20,418,429	\$ 15,498,449	\$ 11,466,721
Library	578,797	439,332	325,045
Wastewater	615,868	467,469	345,863
Total	\$ 21,613,094	\$ 16,405,250	\$ 12,137,629

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.

## 21. Restatement

The Town restated beginning fund equity governmental and business-type activities. The impact of this restatement on net position is as follows:

	Governmental Activities	Business-type Activities
Net position, June 30, 2017, as previously reported	\$ 20,459,072	\$ 18,627,911
Effects of implementing GASB Statement No. 75	313,907	(25,594)
Net position at June 30, 2017, as restated	\$ 20,772,979	\$ 18,602,317

## 22. 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.

In the prior fiscal year, 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 referred this matter to the New Hampshire Attorney General's Office. The Town has not determined whether it is subject to liability.

The Town is a party to a lawsuit related to construction of the Lilac Pedestrian Bridge. This matter is pending, where management is unable to determine the outcome of the lawsuit.

### **23. 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. 84, *Fiduciary Activities*, will be effective for the fiscal year ended June 30, 2020. The purpose of this Statement is to improve the 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. 87, *Leases*, will be effective for the fiscal year ended June 30, 2021. The purpose of this Statement is to improve financial reporting of lease obligations. Management's assessment of this pronouncement is that it will have an impact on the Town's basic financial statements.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, will be effective for the fiscal year ended June 30, 2019. The purpose of this Statement defines debt for the purposes of disclosure in the notes to the financial statements. 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, 2018

Special Revenue Funds											
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Route 3 Tax Increment Financing	Permanent Trust Fund	Total
<b>ASSETS</b>											
Cash and short-term investments	\$ 570,072	\$ -	\$ -	\$ -	\$ 394,422	\$ -	\$ -	\$ -	\$ -	\$ 2,769	\$ 967,263
Investments	-	-	-	-	-	-	-	-	-	249,747	249,747
Receivables:											
Other	-	-	-	-	81,456	-	36,841	-	-	-	118,297
Due from other funds	<u>581</u>	<u>883,389</u>	<u>438,337</u>	<u>172,414</u>	<u>-</u>	<u>13,385</u>	<u>169,265</u>	<u>3,814</u>	<u>9,570</u>	<u>-</u>	<u>1,690,755</u>
<b>TOTAL ASSETS</b>	<b>\$ 570,653</b>	<b>\$ 883,389</b>	<b>\$ 438,337</b>	<b>\$ 172,414</b>	<b>\$ 475,878</b>	<b>\$ 13,385</b>	<b>\$ 206,106</b>	<b>\$ 3,814</b>	<b>\$ 9,570</b>	<b>\$ 252,516</b>	<b>\$ 3,026,062</b>
<b>LIABILITIES</b>											
Accounts payable	\$ 1,461	\$ -	\$ -	\$ 3,887	\$ 5,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,140
Due to other funds	-	-	-	-	90,870	-	-	-	-	-	90,870
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,231</u>	<u>1,534</u>	<u>-</u>	<u>1,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,106</u>
<b>TOTAL LIABILITIES</b>	<b>1,461</b>	<b>-</b>	<b>-</b>	<b>11,118</b>	<b>98,196</b>	<b>-</b>	<b>1,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,116</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>883,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>883,389</b>
<b>FUND BALANCE</b>											
Nonspendable	-	-	-	-	-	-	-	-	-	204,879	204,879
Restricted	-	-	-	-	-	13,385	-	-	-	47,637	61,022
Committed	<u>569,192</u>	<u>-</u>	<u>438,337</u>	<u>161,296</u>	<u>377,682</u>	<u>-</u>	<u>204,765</u>	<u>3,814</u>	<u>9,570</u>	<u>-</u>	<u>1,764,656</u>
<b>TOTAL FUND BALANCES</b>	<b>569,192</b>	<b>-</b>	<b>438,337</b>	<b>161,296</b>	<b>377,682</b>	<b>13,385</b>	<b>204,765</b>	<b>3,814</b>	<b>9,570</b>	<b>252,516</b>	<b>2,030,557</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 570,653</b>	<b>\$ 883,389</b>	<b>\$ 438,337</b>	<b>\$ 172,414</b>	<b>\$ 475,878</b>	<b>\$ 13,385</b>	<b>\$ 206,106</b>	<b>\$ 3,814</b>	<b>\$ 9,570</b>	<b>\$ 252,516</b>	<b>\$ 3,026,062</b>

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, 2018

	Special Revenue Funds										
	Conservation Commission	Impact Fees	Solid Waste Disposal	Recreation Revolving	Ambulance Revolving	Drug Forfeiture	Police Special Details	Fire Special Details	Route 3 Tax Increment Financing	Permanent Trust Fund	Total
<b>Revenues:</b>											
Taxes	\$ 27,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,570	\$ -	\$ 37,070
Licenses, permits, and fees	4,422	877,329	-	-	-	-	-	-	-	-	881,751
Intergovernmental	60,000	-	-	-	6,000	-	-	-	-	-	66,000
Charges for service	-	-	119,749	152,594	408,629	-	176,521	3,125	-	-	860,618
Miscellaneous	<u>16,696</u>	<u>-</u>	<u>3,883</u>	<u>1,244</u>	<u>217</u>	<u>211</u>	<u>1,745</u>	<u>35</u>	<u>-</u>	<u>15,392</u>	<u>39,423</u>
Total Revenues	108,618	877,329	123,632	153,838	414,846	211	178,266	3,160	9,570	15,392	1,884,862
<b>Expenditures:</b>											
Current											
Public safety	-	284,336	-	-	394,731	14,403	171,617	2,735	-	-	867,822
Culture and recreation	-	-	-	105,224	-	-	-	-	-	-	105,224
Conservation	<u>41,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,667</u>
Total Expenditures	41,667	284,336	-	105,224	394,731	14,403	171,617	2,735	-	-	1,014,713
Excess (deficiency) of revenues over expenditures	66,951	592,993	123,632	48,614	20,115	(14,192)	6,649	425	9,570	15,392	870,149
<b>Other Financing Sources (Uses):</b>											
Transfers out	<u>-</u>	<u>(592,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,957)</u>	<u>(596,950)</u>
Total Other Financing Sources (Uses)	-	(592,993)	-	-	-	-	-	-	-	(3,957)	(596,950)
Excess (deficiency) of revenues and other sources over expenditures and other uses	66,951	-	123,632	48,614	20,115	(14,192)	6,649	425	9,570	11,435	273,199
Fund Equity, at Beginning of Year	<u>502,241</u>	<u>-</u>	<u>314,705</u>	<u>112,682</u>	<u>357,567</u>	<u>27,577</u>	<u>198,116</u>	<u>3,389</u>	<u>-</u>	<u>241,081</u>	<u>1,757,358</u>
Fund Equity, at End of Year	\$ <u>569,192</u>	\$ <u>-</u>	\$ <u>438,337</u>	\$ <u>161,296</u>	\$ <u>377,682</u>	\$ <u>13,385</u>	\$ <u>204,765</u>	\$ <u>3,814</u>	\$ <u>9,570</u>	\$ <u>252,516</u>	\$ <u>2,030,557</u>

See accompanying independent Auditors' Report.

TOWN OF HOOKSETT, NEW HAMPSHIRE  
SCHEDULE OF CHANGES IN THE TOTAL  
OPEB LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018  
(Unaudited)

Other Post-Employment Benefits

<u>June 30,</u>	<u>Total</u>	<u>Service</u>	<u>Interest</u>	<u>Changes</u>	<u>Differences</u>	<u>Changes in</u>	<u>Benefit</u>	<u>Net</u>	<u>Total</u>	<u>Covered</u>	<u>Total OPEB</u>
<u>2018</u>	<u>OPEB</u>	<u>Costs</u>		<u>in</u>	<u>Between</u>	<u>Assumptions</u>	<u>Payments</u>	<u>Changes</u>	<u>OPEB</u>	<u>Employee</u>	<u>Liability as</u>
	<u>Liability -</u>			<u>Benefit</u>	<u>Expected</u>	<u>and Other</u>			<u>Liability -</u>	<u>Payroll</u>	<u>a</u>
	<u>Beginning</u>			<u>Terms</u>	<u>and Actual</u>	<u>Inputs</u>			<u>Ending</u>		<u>percentage</u>
					<u>Experience</u>						<u>of Covered</u>
											<u>Employee</u>
											<u>Payroll</u>
2018	\$ 1,697,341	\$ 96,766	\$ 63,420	\$ -	\$ -	\$ (52,238)	\$ (45,617)	\$ 62,331	\$ 1,759,672	\$ 6,049,703	29.09%

See accompanying Independent Auditors' report

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

Pension Plan

Last 10 Fiscal Years \*

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
2018	0.33357614%	\$	16,405,250	\$	6,607,530	248.28%	62.66%
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
2018	\$ 1,503,459	\$ 1,503,459	\$ -	\$ 6,607,530	22.75%
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