

AGENDA NO. 14-075
DATE: 9/24/14

Town of Hooksett New Hampshire



Quarterly Financial Report
For June 30, 2014
Fourth Quarter of FY 2013-14

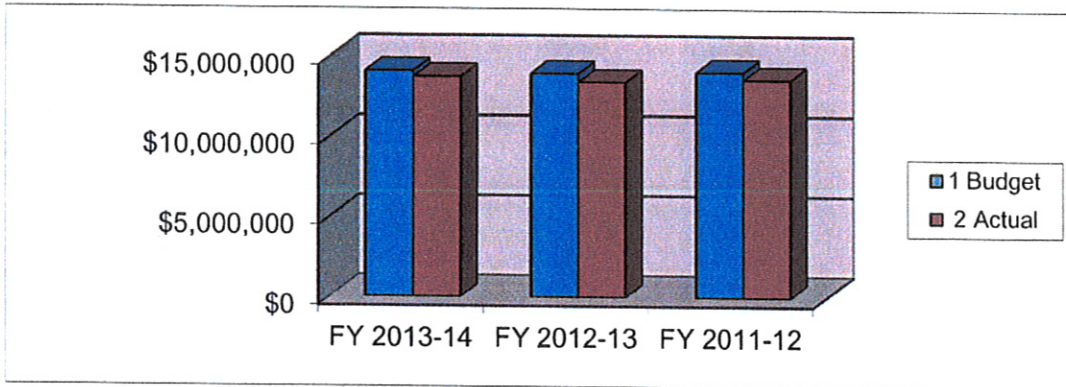
Unaudited

General Fund Fourth Quarter Ending June 30th

The Quarterly Financial Report summarizes expenditure and revenue projections for the Town of Hooksett. This report shows a three year history of the major expenditures and revenues. Budget Summary reports are provided monthly, which report year-to-date expenditures and revenues in detail.

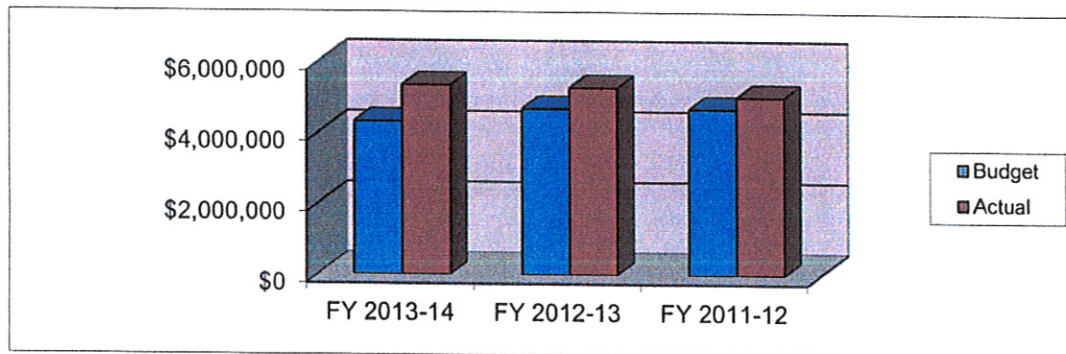
Total Operating Budget

Year	¹ Budget	² Actual	Remaining Budget	%
FY 2013-14	\$ 14,112,535	\$ 13,762,085	\$ 350,450	98%
FY 2012-13	13,957,493	13,437,965	519,528	96%
FY 2011-12	14,063,337	13,617,787	445,550	97%



Total Revenues

Year	¹ Budget	Actual	Over Budget	%
FY 2013-14	\$ 4,318,020	\$ 5,350,690	\$ 1,032,670	124%
FY 2012-13	4,690,849	5,285,896	595,047	113%
FY 2011-12	4,692,969	5,028,393	335,424	107%



- 1) Budget amounts include transfers, grants, and donations approved by Council.
- 2) Actual amounts include current year encumbrances.

TOWN OF HOOKSETT - BUDGET SUMMARY FY 2013-14

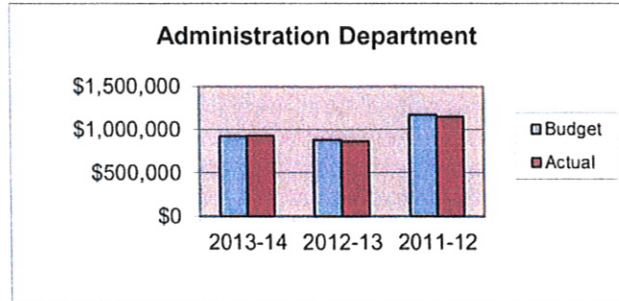
June 30, 2014

Unaudited as of 7/31/2014

Department	2013-14		2013-14		2013-14	(Over) Under	Percent
	Approved Budget	Budget Transfers	Adjusted Budget	Approved Encumbrances			
Administration	862,682	61,000	923,682	12,380	913,084	(1,782)	100.20%
Assessing	294,556	1,421	295,977	-	251,657	44,320	85.03%
Community Development	384,791	(16,000)	368,791	-	356,304	12,487	96.61%
Family Services	253,928	(34,232)	219,696	-	167,806	51,890	76.38%
Finance	199,956	17,979	217,935	-	218,279	(344)	100.16%
Fire-Rescue	3,811,661	29,481	3,841,142	-	3,842,313	(1,171)	100.03%
Police	3,644,358	(171,999)	3,472,359	8,437	3,305,494	158,428	95.43%
Public Works	2,646,799	147,999	2,794,798	-	2,801,874	(7,076)	100.25%
Recycling & Transfer	1,121,294	(39,698)	1,081,596	-	1,007,727	73,869	93.17%
Tax Collection	251,204	(3,721)	247,483	-	232,486	14,997	93.94%
Town Clerk & Elections	22,750	72	22,822	-	20,512	2,310	89.88%
Administration's Budget	13,493,979	(7,698)	13,486,281	20,817	13,117,536	347,928	97.42%
Budget Committee	7,315	-	7,315	-	5,147	2,168	70.37%
Capital Leases	51,601	-	51,601	-	51,600	1	100.00%
Cemetery Commission	850	-	850	-	498	352	58.55%
Conservation Commission	11,625	-	11,625	-	11,625	-	100.00%
Debt Principal	-	-	-	-	-	-	0.00%
Debt Interest	-	-	-	-	-	-	0.00%
Debt Tax Anticipation Note (TAN)	1	-	1	-	-	1	0.00%
Library	547,164	7,698	554,862	-	554,862	-	100.00%
Total General Fund Operating Budget	14,112,535	-	14,112,535	20,817	13,741,268	350,450	97.51%
Sewer Department	1,947,007	-	1,947,007	-	-	1,947,007	0.00%
Town Building Maintenance CR	100,000	-	100,000	-	100,000	-	100.00%
Plow Dump Truck CR	80,000	-	80,000	-	80,000	-	100.00%
Fire Apparatus CR	50,000	-	50,000	-	50,000	-	100.00%
Drainage Upgrade CR	50,000	-	50,000	-	50,000	-	100.00%
R&T Pickup from Solid Waste	38,000	-	38,000	-	32,768	5,232	86.23%
Fire Prevention Utility Vehicle	30,000	-	30,000	-	29,186	814	97.29%
R&T Bobcat from Solid Waste	30,000	-	30,000	-	30,000	-	100.00%
Diesel Tank & Fuel Dispenser CR	25,000	-	25,000	-	25,000	-	100.00%
Fire Personal Protection Gear Purchase	24,000	-	24,000	-	23,942	58	99.76%
Fire Air Packs & Bottles CR	20,000	-	20,000	-	20,000	-	100.00%
Parks & Rec Facilities Development CR	15,000	-	15,000	-	15,000	-	100.00%
2013-14 Grand Totals	16,521,542	-	16,521,542	20,817	14,197,164	2,303,561	85.93%

Major Department Expenditure

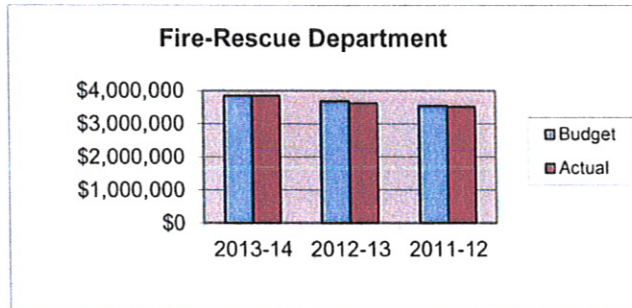
Administration Department			
Year	Budget	Actual	%
2013-14	\$ 923,682	\$ 925,464	100%
2012-13	880,528	861,124	98%
2011-12	1,170,453	1,149,313	98%



Administration Department - The FY 2013-14 year finished up at 100% spent. The reduction in the budget from FY 2011-12 to FY 2012-13 is due to the one-time purchase of the Petersbrook property and moving Emergency Management to the Fire-Rescue department.

Investments in software for Community Development (\$14,950) and Human Resources (\$11,900) were made to enhance the efficiencies of these departments. Legal services ended the year at \$86,910, compared to last year's \$110,680 and the year prior at \$123,436. About \$53,790 or 62% was spent on general matters and the balance was spent on defending the Town against possible litigation. The Town also settled a claim for \$14,000 with Little Angels Daycare.

Fire-Rescue Department			
Year	Budget	Actual	%
2013-14	\$ 3,841,142	\$ 3,842,313	100%
2012-13	3,676,294	3,614,752	98%
2011-12	3,528,764	3,497,164	99%

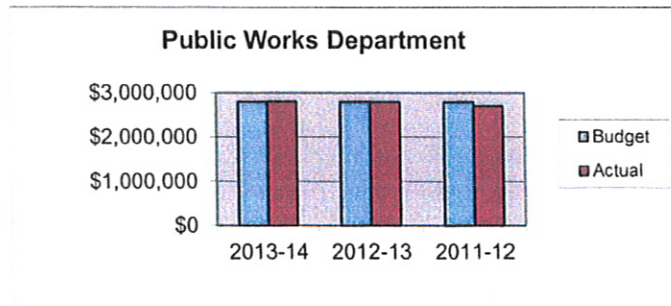


Fire-Rescue Department - Finished the year at 100% spent, which is consistent with the prior years. The budget increases, over the years, are primarily due to the union contract. The department spent \$47,069 on vehicle maintenance, which is comparable to last year's \$44,720 and the prior year of \$42,717. The department has also upgraded its hardware and software to provide more analyses of the data that is collected.

The Ambulance operated under the Fire-Rescue budget until January 2012; then it was moved out into a self-funding special revenue fund.

Public Works Department			
Year	Budget	Actual	%
2013-14	\$ 2,794,798	\$ 2,801,874	100%
2012-13	2,798,228	2,785,645	100%
2011-12	2,789,528	2,697,134	97%

Building & ZBA included in FY 2012-13 and FY 2011-12.



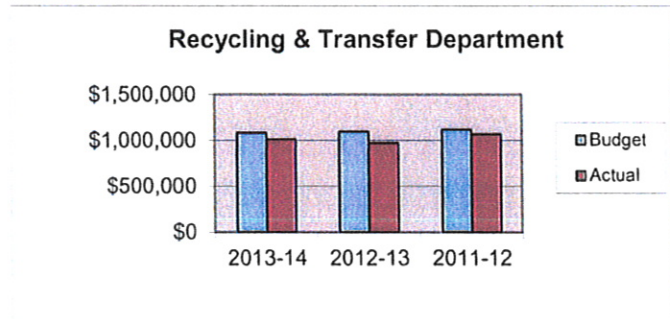
Public Works Department - As of FY 2013-14 this department includes divisions for Highway, Parks and Recreations, and Building Maintenance.

Major Department Expenditures, Continued

This department finished the year at 100% spent. One challenge it faced was winter maintenance, the

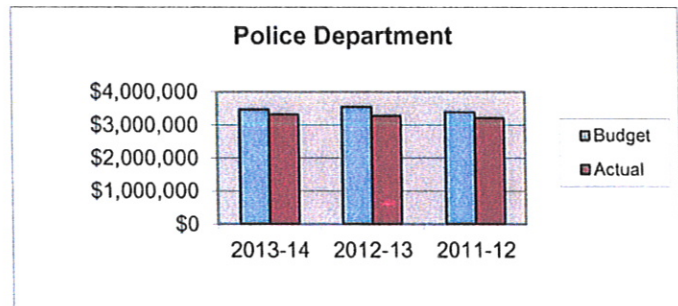
road salt line was over budget by \$86,556 having spent \$226,556. This was due to the seven 6 to 10" snowstorms and 12 freezing rain storms. A second challenge was vehicle maintenance having spent \$107,836 on repairs for the year. The third challenge was the Building Maintenance division, heating was over budget by \$9,795 having spent \$91,131 and general building maintenance was over budget by \$6,608 spending \$114,058 for the year. The department was able to offset some of these overages with the savings from employee turnover, the Highway division had eight full-time employees turnover and the Parks and Recreation and the Building Maintenance divisions both had one full-time employee turnover. Council did approve a budget transfer of \$138,999 from the Police Department's budget to insure the annual paving of roads was completed.

Recycling & Transfer Department			
Year	Budget	Actual	%
2013-14	\$ 1,081,596	\$ 1,007,727	93%
2012-13	1,093,807	968,079	89%
2011-12	1,115,260	1,067,302	96%



Recycling & Transfer Department - This department is coming in well below budget at 93% spent. There was a small savings in the Tipping Fee line, having spent \$330,066 to remove 5264.71 tons of materials, compared to last year's \$347,031 for 5229.45 tons and the year prior of \$408,689 for 5482.44 tons. The Town recycled 1495.94 tons of material this year, compared to last year's 1580.55 tons. At the start of FY 2013-14 the Town entered into a new Wheelabrator contract to incinerate household trash at a reduced rate.

Police Department			
Year	Budget	Actual	%
2013-14	\$ 3,472,359	\$ 3,313,931	95%
2012-13	3,544,895	3,274,946	92%
2011-12	3,385,135	3,206,865	95%

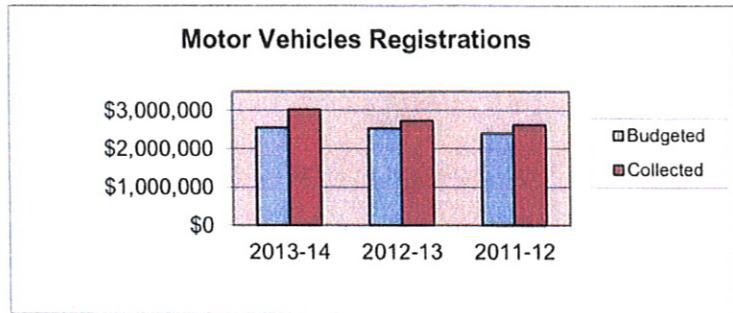


Police Department - Finished the year with 95% of the budget spent. This reason for the unspent budget was primarily due to the nine employee turnovers during the year. The department purchased one new police vehicle and made enhancements to the radar, phones and computer systems during FY 2013-14.

The increase in the budget from FY 2011-12 to FY 2012-13 is primarily related to the passing of the union contract.

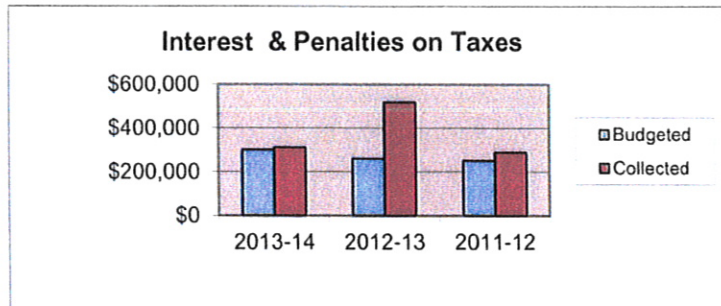
Major Governmental Revenues

Motor Vehicle Registration			
Year	Budget	Actual	%
2013-14	\$ 2,555,000	\$ 3,029,330	119%
2012-13	2,532,500	2,734,270	108%
2011-12	2,400,000	2,617,560	109%



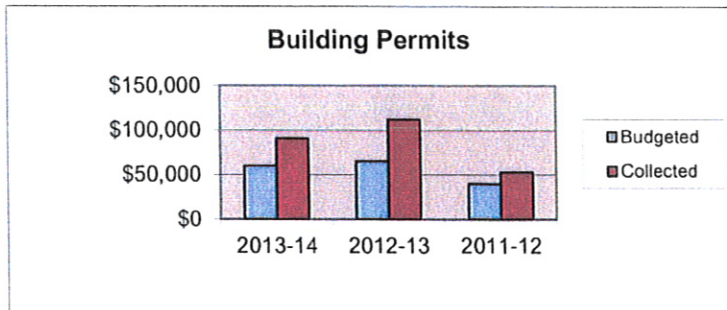
Motor Vehicle Registration - The top revenue source for the Town are fees collected for registering motor vehicles. The reason for the increased revenue is due to newer model vehicles being registered and the number of vehicles registered. 19,223 vehicles were registered in FY 2013-14 which compares to 18,129 registered in FY 2012-13 and 18,165 registered in FY 2011-12.

Interest & Penalties on Taxes			
Year	Budget	Actual	%
2013-14	\$ 300,000	\$ 311,775	104%
2012-13	260,000	516,606	199%
2011-12	250,000	288,632	115%



Interest & Penalties on Taxes - This interest comes from property taxes not being paid timely and the penalties are fees to execute liens and notices. In FY 2012-13 the Town had one commercial property owner pay over \$100,000 in interest & penalties. Many other property owners paid off delinquent taxes to avoid the Town deeding their property.

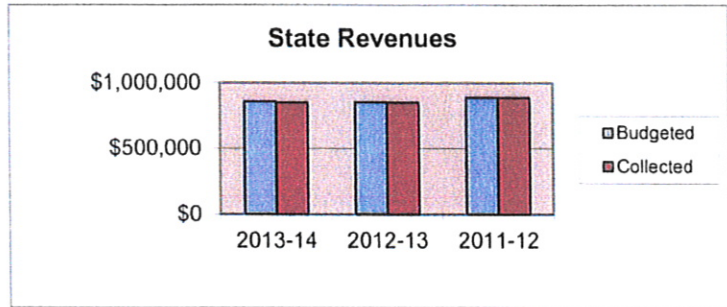
Building Permits			
Year	Budget	Actual	%
2013-14	\$ 60,000	\$ 90,672	151%
2012-13	65,000	111,833	172%
2011-12	40,000	52,887	132%



Building Permits - These fees are paid for residential and commercial construction. During FY 2013-14 the number of new construction permits for commercial and multi-familys dropped from the prior year. In FY 2013-12 the large increase was due to the multi-familys permits for University Heights Apartments. FY 2011-12 had larger commercial projects like PSNH and SNUH Student Centers that contributed to building permits.

Major Governmental Revenues, Continued

Year	State Revenues		
	Budget	Actual	%
2013-14	\$ 857,366	\$ 849,862	99%
2012-13	850,462	849,862	100%
2011-12	884,699	884,463	100%



State Revenues - The Meals and Rooms Tax and the Highway Block Grant have been steady for the last three years. The Town has not received any funding from the State Shared Revenues since FY 2009-10.

Other Revenues	Budget	Actual	Over Budget
Interest on Deposits	\$ 17,000	\$ 28,390	\$ 11,390
State Bridge Aid- Benton Road	-	138,216	138,216
Cable Franchise Fees	135,000	150,065	15,065
Insurance Payments	-	98,425	98,425
Sale of Town Property - Labrie	-	253,976	253,976

Staff Report
MS-535 Financial Report
September 24, 2014

AGENDA NO. 14-076
DATE: 9/24/14

Background: The Town is required to complete the State Form MS-535 *Financial Report of the Town, City, or Village District Budget* prior to setting the Tax Rate. This report is prepared following the NH Department of Revenue Administration Rev 1700 Rules, Financial Accounting for Cities and Towns.

Discussion: The Finance Director using the Auditor's adjusted balance for the period ending June 30, 2014 completed this form and believes it to be in accordance with the NH Department of Revenue Administration Rev 1700 Rules.

Reconciliation of form MS-535 to June 30, 2014 Quarterly Report

	Voted Appropriations	Other Authorization	Actual Expenditures
Total General Fund Expenditures (from page 7 of MS-535)	\$ 40,254,760	\$ 272,391	\$ 40,215,023
County Payment	(4,301,438)		(4,301,438)
Local & State School Payment	(21,378,787)		(21,378,787)
To Capital Reserve Funds	(340,000)		(340,000)
Other warrant articles	(122,000)		(115,896)
Encumbrances spent in FY 2013-14			(265,954)
Encumbrances Authorized in FY 2013-14			20,817
Grants (Tax, CD, PD, & DPW)			(71,680)
General Fund Operating Budget (from Quarterly report)	\$ 14,112,535		\$ 13,762,085

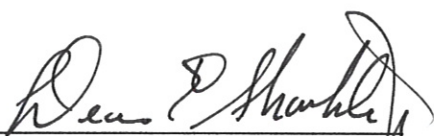
Reconciliation of form MS-535 to June 30, 2014 Quarterly Report

	Revenues use to Set Tax Rate	Unanticipated Revenues	Actual Revenues
Total General Fund Revenue (from page 11 of MS-535)	\$ 4,318,020	\$ 204,934	\$ 41,231,902
Property Taxes			(35,807,510)
Grants (Tax, CD, PD, & DPW)			(73,702)
General Fund Revenues (from Quarterly report)	\$ 4,318,020		\$ 5,350,690

Recommendation: Motion to authorize the Town Council to sign the 2014 MS-535 *Financial Report of the Town, City, or Village District Budget*.

Prepared by: Christine Soucie, Finance Director

Town Administrator Recommendation: *Concur*


 Dean E. Shankle Jr.
 Town Administrator



FINANCIAL REPORT OF THE TOWN, CITY, OR VILLAGE DISTRICT BUDGET

Form Due Date: **April 1, 2014 (If Operating on Calendar Year)**
or September 1, 2014 (If Operating on Fiscal Year)

Instructions

Cover Page

- Select the entity type that you are filing for (Municipality or Village District)
- Select the entity name from the pull down menu
- Enter the preparer's information

Account Codes

- In the *Expenditures* section, enter the *Other Authorizations*, and *Actual Expenditures* for each applicable account code
- Every instance of an *Other Authorization* requires an explanation on the page preceding the *Revenues* section
- In the *Revenues* section, enter the *Actual Revenues* for each applicable account code

Balance Sheet

- Enter the *End of Year* balance for each applicable account code

Reconciliation Sheets

- Use at will to aid in reconciling discrepancies on the balance sheet

Amortization of Long Term Debt

- Enter all information regarding long term debt

For Assistance Please Contact:

DRA Municipal and Property Division

Phone: (603) 230-5090

Fax: (603) 230-5947

<http://www.revenue.nh.gov/mun-prop/>

ENTITY'S INFORMATION ?

Entity Type: Municipality Village

Municipality:

County:

PREPARER'S INFORMATION ?

First Name

Last Name

Preparer's Entity

Street No.

Street Name

Phone Number

Email (optional)



EXPENDITURES

GENERAL GOVERNMENT ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4130 - 4139	Executive ?	\$322,284	\$7,250	\$336,578
		Explanation for Authorizations: Non-Lapsing Appropriations		
4140 - 4149	Election, Reg. & Vital Statistics ?	\$22,750		\$30,040
4150 - 4151	Financial Administration ?	\$544,896	\$61,480	\$633,053
		Explanation for Authorizations: Non-Lapsing Appropriations		
4152	Property Assessment ?	\$294,556		\$251,657
4153	Legal Expense ?	\$67,000		\$86,910
4155 - 4159	Personnel Administration ?	\$176,841		\$151,636
4191 - 4193	Planning & Zoning ?	\$212,487	\$1,887	\$284,069
		Explanation for Authorizations: Non-Lapsing Appropriations		
4194	General Government Buildings ?	\$441,954		\$513,466
4195	Cemeteries ?	\$850	\$6,815	\$7,313
		Explanation for Authorizations: Non-Lapsing Appropriations		
4196	Insurance ?	\$171,000		\$186,272
4197	Advertising & Regional Association ?	\$10,190		\$11,708
4199	Other General Government Expense ?	\$13,000		\$14,000
General Government Subtotal		\$2,277,808	\$77,432	\$2,506,702

PUBLIC SAFETY ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4210 - 4214	Police ?	\$3,644,358	\$63,345	\$3,371,240
		Explanation for Authorizations: Non-Lapsing Appropriations		
4215 - 4219	Ambulance ?	\$1		
4220 - 4229	Fire ?	\$3,901,101		\$3,941,896



4240 - 4249 Building Inspection ?	\$169,904		\$97,645
4290 - 4298 Emergency Management ?	\$16,160		\$5,145
4299 Other (Including Communications) ?			
Public Safety Subtotal	\$7,731,524	\$63,345	\$7,415,926

AIRPORT/AVIATION CENTER ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4301 - 4309 Airport Operations ?				
Airport/Aviation Subtotal				

HIGHWAYS AND STREETS ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4311 Administration ?		\$184,969		\$207,327
4312 Highway & Streets ?		\$1,303,303	\$131,614	\$1,564,112
		Explanation for Authorizations: Non-Lapsing Appropriations		
4313 Bridges ?				
4316 Street Lighting ?		\$60,000		\$62,300
4319 Other ?		\$153,112		\$162,139
Highways and Streets Subtotal		\$1,701,384	\$131,614	\$1,995,878

SANITATION ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4321 Administration ?		\$185,201		\$181,056
4323 Solid Waste Collection ?		\$294,461		\$237,937
4324 Solid Waste Disposal ?		\$709,631		\$651,502
4325 Solid Waste Facility Clean-up ?				
4326 - 4328 Sewage Collection & Disposal ?				



4329	Other ?			
Sanitation Subtotal		\$1,189,293		\$1,070,495

WATER DISTRIBUTION AND TREATMENT ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4331	Administration ?			
4332	Water Services ?			
4335	Water Treatment ?			
4338-4339	Water Conservation & Other ?			
Water Distribution and Treatment Subtotal				

ELECTRIC ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4351 - 4352	Administration & Generation ?			
4353	Purchase Costs ?			
4354	Electric Equipment Maintenance ?			
4359	Other Electric Costs ?			
Electric Subtotal				

HEALTH ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4411	Administration ?	\$2,400		
4414	Pest Control ?			
4415 - 4419	Health Agencies & Hospital & Other ?			
Health Subtotal		\$2,400		



WELFARE ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4441 - 4442	Administration & Direct Assistance ?	\$234,309		\$148,187
4444	Intergovernmental Welfare Payments ?			
4445 - 4449	Vendor Payments & Other ?	\$19,619		\$19,619
Welfare Subtotal		\$253,928		\$167,806

CULTURE AND RECREATION ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4520 - 4529	Parks & Recreation ?	\$508,461		\$458,486
4550 - 4559	Library ?	\$547,164		\$554,862
4583	Patriotic Purposes ?	\$2,945		\$2,945
4589	Other Culture & Recreation ?	\$6,501		\$9,612
Culture and Recreation Subtotal		\$1,065,071		\$1,025,905

CONSERVATION AND DEVELOPMENT ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4611 - 4612	Admin. & Purchase of Natural Resources ?	\$11,625		\$11,625
4619	Other Conservation ?			
4631 - 4632	Redevelopment and Housing ?			
4651 - 4659	Economic Development ?	\$1,500		\$461
Conservation & Development Subtotal		\$13,125		\$12,086

DEBT SERVICE ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4711	Principal - Long Term Bonds & Notes ?			
4721	Interest - Long Term Bonds & Notes ?			
4723	Interest on Tax Anticipation Notes ?	\$1		



4790 - 4799 Other Debt Service ?

Debt Service Subtotal **\$1**

CAPITAL OUTLAY ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4901	Land ?	<input type="text"/> \$1	<input type="text"/>	<input type="text"/>
4902	Machinery, Vehicles, & Equipment ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4903	Buildings ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4909	Improvements Other Than Buildings ?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Capital Outlay Subtotal **\$1**

OPERATING TRANSFERS OUT ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4912	To Special Revenue Fund ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4913	To Capital Projects Fund ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4914	To Enterprise Fund ?	<input type="text"/> \$1,947,007	<input type="text"/>	<input type="text"/> \$2,212,197
	Sewer	<input type="text"/> \$1,947,007	<input type="text"/>	<input type="text"/> \$2,212,197
	Water	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Electric	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Airport	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Other (Offset): <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4915	To Capital Reserve Fund ?	<input type="text"/> \$340,000	<input type="text"/>	<input type="text"/> \$340,000
4916	To Expendable Trust Fund - Not #4917 ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4917	Health Maintenance Trust Funds ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4918	To Nonexpendable Trust Funds ?	<input type="text"/>	<input type="text"/>	<input type="text"/>
4919	To Fiduciary Funds ?	<input type="text"/>	<input type="text"/>	<input type="text"/>

Operating Transfers Out Subtotal **\$2,287,007** **\$2,552,197**



PAYMENTS TO OTHER GOVERNMENTS ?

Account #	Purpose of Appropriations (RSA 32:3, V)	Voted Appropriations	Other Authorizations	Actual Expenditures
4931	Taxes Assessed for County ?	\$4,301,438		\$4,301,438
4932	Taxes Assessed For Village District ?			
4933	Taxes Assessed for Local Education ?	\$17,796,430		\$17,796,430
4934	Taxes Assessed for State Education ?	\$3,582,357		\$3,582,357
4939	Payments to Other Governments ?			
Payments to Other Governments Subtotal		\$25,680,225		\$25,680,225
Less Proprietary Funds, Special Revenue Funds, or Capital Projects Funds		\$1,947,007		\$2,212,197
TOTAL GENERAL FUND EXPENDITURES		Voted Appropriations	Other Authorizations	Actual Expenditures
TOTAL GENERAL FUND EXPENDITURES		\$40,254,760	\$272,391	\$40,215,023



REVENUES

TAXES ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3110	Property Taxes ?			\$35,807,510
3120	Land Use Change Taxes - General Fund ?			
3121	Land Use Change Taxes - Conservation Fund ?			
3180	Resident Taxes ?			
3185	Yield Taxes ?	\$7,750		\$11,613
3186	Payment in Lieu of Taxes ?			
3187	Excavation Tax (\$0.02 cents per cubic yard) ?	\$8,000		\$9,258
3189	Other Taxes ?			
3190	Interest & Penalties on Delinquent Taxes ?	\$300,000		\$311,883
	Inventory Penalties			
Taxes Subtotal		\$315,750		\$36,140,264

LICENSES, PERMITS, AND FEES ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3210	Business Licenses & Permits ?			
3220	Motor Vehicle Permit Fees ?	\$2,592,000		\$3,071,130
3230	Building Permits ?	\$60,000		\$90,672
3290	Other Licenses, Permits, & Fees ?	\$13,450		\$17,178
Licenses, Permits, and Fees Subtotal		\$2,665,450		\$3,178,980



FROM FEDERAL GOVERNMENT ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3311 - 3319	From Federal Government ?		\$56,347	\$56,347
		Explanation of Unanticipated Revenues:		Grants
From Federal Government Subtotal			\$56,347	\$56,347

FROM STATE ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3351	Shared Revenues ?			
3352	Meals & Rooms Tax Distribution ?	\$610,341		\$610,341
3353	Highway Block Grant ?	\$247,025		\$247,920
3354	Water Pollution Grant ?			
3355	Housing & Community Development ?			
3356	State & Federal Forest Land Reimbursement ?	\$694		\$326
3357	Flood Control Reimbursement ?			
3359	Other (Including Railroad Tax) ?	\$2,093	\$148,587	\$150,680
		Explanation of Unanticipated Revenues:		Grants
3379	From Other Governments ?			
From State Subtotal		\$860,153	\$148,587	\$1,009,267

CHARGES FOR SERVICES ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3401 - 3406	Income from Departments ?	\$100,800		\$111,419
3409	Other Charges ?			
Charges for Services Subtotal		\$100,800		\$111,419



MISCELLANEOUS REVENUES ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3501	Sale of Municipal Property ?	\$1,200		\$253,976
3502	Interest on Investments ?	\$17,000		\$28,390
3503 - 3509	Other ?	\$242,600		\$372,308
Miscellaneous Revenues Subtotal		\$260,800		\$654,674

INTERFUND OPERATING TRANSFERS IN ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3912	From Special Revenue Funds ?	\$68,000		\$62,768
3913	From Capital Projects Funds ?			
3914	From Enterprise Funds ?	\$1,947,007		\$2,212,197
	Sewer - (Offset)	\$1,947,007		\$2,212,197
	Water - (Offset)			
	Electric - (Offset)			
	Airport - (Offset)			
	Other (Offset):			
3915	From Capital Reserve Funds ?	\$44,067		\$12,921
3916	From Trust & Fiduciary Funds ?	\$3,000		\$5,262
3917	Transfers from Conservation Fund ?			
Interfund Operating Transfers Subtotal		\$2,062,074		\$2,293,148

OTHER FINANCING SOURCES ?

Account #	Source of Revenues	Estimated Revenues to Set Tax Rate	Unanticipated Revenues	Actual Revenues
3934	Proceeds from Long Term Bonds & Notes ?			
Other Financing Sources Subtotal				

NOTE: NH law requires all municipalities to gross appropriate. Full disclosure of those appropriations and offsetting revenues are required on this report. Those revenues accounted for in proprietary or other funds are subtracted from this report for the purposes of general fund balance sheet disclosure. See the municipality's audited financials for more information on proprietary funds, special revenue funds, or capital project funds. Also, see the supplemental schedule.



Less Propriety Funds, Spec. Rev. Funds, or Capital Project Funds

\$1,947,007

\$2,212,197

Estimated Revenues to
Set Tax Rate

Unanticipated
Revenues

Actual Revenues

TOTAL GENERAL FUND REVENUE

\$4,318,020

\$204,934

\$41,231,902



Taxes/Liens Receivable Worksheet

Line Item	Year of this Report	For Prior Levy	TOTAL
Uncollected at End of Year	\$3,804,709	\$1,538,576	\$5,343,285
"Overlay" carried forward as "Allowance for Abatements"	\$257,757		\$257,757
Receivable at End of year (to Balance Sheet accounts 1080, 1100)	\$3,546,952	\$1,538,576	\$5,085,528

Reconciliation of Regional School District Liability

Line Item	Amount
Regional School District Liability at Beginning of Year (To Balance Sheet Account 2075, Beginning of Year)	
ADD: Regional School District Assessment for Current Year	
Total Liability Within Current Year (Sum of Lines 1 and 2)	
SUBTRACT: Payments made to Regional School District	
Due to School District End of Year (To Balance Sheet Account 2075, End of Year)	

Reconciliation of Tax Anticipation Notes

Line Item	Amount
Short-Term (TANS) Debt at Beginning of Year (To Balance Sheet Account 2230, Beginning of Year)	
New Issues During Current Year	
Issues Retired During Current Year	
Short-Term (TANS) Debt Outstanding at End of Year (To Balance Sheet Account 2230, End of Year)	



BALANCE SHEET

Account	Current Assets ?	Beginning of Year	End of Year
1010	Cash and Equivalents ?	\$10,697,899	\$9,118,137
1030	Investments ?	\$4,239,212	\$9,876,669
1080	Tax Receivable ?	\$6,136,074	\$3,546,952
1110	Tax Liens Receivable ?	\$1,799,012	\$1,538,576
1150	Accounts Receivable ?	\$239,732	\$47,097
1260	Due from Other Governments ?	\$58,132	\$7,123
1310	Due from Other Funds ?	\$292,948	\$58,020
1400	Other Current Assets ?	\$21,464	\$84,817
1670	Tax Deeded Property (Subject to Resale) ?	\$537,835	\$462,079
TOTAL ASSETS		\$24,022,308	\$24,739,470

Account	Current Liabilities ?	Beginning of Year	End of Year
2020	Warrants and Accounts Payable ?	\$662,410	\$470,289
2030	Compensated Absences Payable ?	\$423,648	\$432,404
2050	Contracts Payable ?		
2070	Due to Other Governments ?	\$1,058	\$164,850
2075	Due to School Districts ?		
2080	Due to Other Funds ?	\$27,406	
2220	Deferred Revenue ?	\$18,780,251	\$18,532,734
2230	Notes Payable - Current ?		
2270	Other Payable ?	\$119,025	\$113,804
TOTAL LIABILITIES		\$20,013,798	\$19,714,081



Account	Fund Equity ?	Beginning of Year	End of Year
2440	Non-spendable Fund Balance ?	\$566,083	\$546,896
2450	Restricted Fund Balance ?		
2460	Committed Fund Balance ?	\$47,000	
2490	Assigned Fund Balance ?	\$225,391	\$22,907
2530	Unassigned Fund Balance ?	\$3,170,036	\$4,455,586
TOTAL FUND EQUITY		\$4,008,510	\$5,025,389
TOTAL LIABILITIES and FUND EQUITY		\$24,022,308	\$24,739,470

NOTE: NH law requires all municipalities to gross appropriate, but this balance sheet only reflects the general fund. See the municipality's audited financials for more information on proprietary funds, special revenue funds, or capital project funds.

General Fund Balance Sheet Reconciliation

Line Item	Amount
Total Revenues	\$41,231,902
Total Expenditures	\$40,215,023
Change (Increase or Decrease)	\$1,016,879
Ending Fund Equity from Balance Sheet	\$5,025,389
Less Beginning Fund Equity from Balance Sheet	\$4,008,510
Change (Increase or Decrease)	\$1,016,879



AMORTIZATION OF LONG-TERM DEBT (including Proprietary and Capital Project Funds)

Description	Original Obligation	Purpose	Annual Installment	Interest Rate (%) or Range (% - %)	Year of Final Payment (YYYY)	Bonds o/s at Beginning of Year	Bonds Issued this Year	Bonds Retired this Year	Bonds o/s at End of year
SRF Loan	\$3,500,000	Upgrade Wastew	\$251,372	2.728	2030	\$3,166,658		\$133,319	\$3,033,339
SRF Loan (ARRA)	\$6,212,940	Upgrade Wastew		1.104	2031	\$2,795,823		\$155,323	\$2,640,500
Total	\$9,712,940					\$5,962,481		\$288,642	\$5,673,839
									Add Line



PREPARER'S CERTIFICATION

Under penalties of perjury, I declare that I have examined the information contained in this form and to the best of my belief it is true, correct and complete.

Preparer's First Name

Christine

Preparer's Last Name

Soucie

Sep 24, 2014

Preparer's Signature and Title

Date

Audited Unaudited

Check to Certify Electronic Signature: You are required to check this box and provide your name above. By checking this box, you hereby declare and certify that the electronic signature above was actually signed by the Preparer and that the electronic signature is valid.

 Please save and e-mail the completed PDF form to your Municipal Services Advisor:

- Michelle Clark: michelle.clark@dra.nh.gov
- Jamie Dow: jamie.dow@dra.nh.gov
- Shelley Gerlarneau: shelly.gerlarneau@dra.nh.gov
- Jean Samms: jean.samms@dra.nh.gov

A hard-copy of this signature page must be signed and submitted to the NHDRA at the following address:

**NH DEPARTMENT OF REVENUE ADMINISTRATION
MUNICIPAL AND PROPERTY DIVISION
P.O. BOX 487, CONCORD, NH 03302-0487**

Governing Body Certification

This is to certify that the information contained in this form was taken from official records and is complete to the best of our knowledge and belief. Under penalties of perjury, I declare that I have examined the information contained in this form and to the best of my belief it is true, correct and complete.

Governing Body Member's Signature and Title

Governing Body Member's Signature and Title

Governing Body Member's Signature and Title

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INSTRUCTIONS For the MS-535 Financial Report of the Town, City, or Village District Budget

The MS-535 is to be used by every NH town, city, or village district to report the year end financial status of the budget. The report is to be completed at the end of the reporting year and submitted to the NH Department of Revenue Administration (DRA) pursuant to RSA 21-J:34, V.

Cover Sheet

Prior to entering reporting data, please fill out all fields on the cover page.

NOTE: NH law requires all municipalities to gross appropriate. Full disclosure of those appropriations and offsetting revenues are required on this report. Those amounts accounted for in proprietary or other funds are later removed from this report for purposes of general fund balance sheet disclosure. See the municipality's audited financials for more informations on proprietary funds, special revenue funds, or capital project funds.

The governing body and preparer must sign in ink, date, and mail the report to the DRA at the address on the cover by April 1st after a calendar reporting year and by September 1st for optional reporting year.

Budget Expenditures

- Voted Appropriations** Enter gross appropriations as voted at the prior year's annual and any special meetings and as approved by DRA on the MS-2. For accounts 4931, 4932, 4933, and 4934 the voted appropriations should match the amounts shown on the tax rate calculation paperwork. In the future, DRA will pre-populate this column.
- Other Authorizations** Enter expenditure authorizations in addition to amounts in column 3 and detail in the box at the bottom of the page. Examples: Emergency expenditures under RSA 32:11; grant expenditures under RSA 31:95-b; additional expenditures from capital reserve or trust funds by agents.
- Actual Expenditures** Enter actual expenditures (include amounts in column 4). (Proprietary funds, special revenue, and capital project funds are to be netted out for this report, generally in acct. #4914 or #4912). Expenditures for "Payments to Other Governments" on page 4 are set in tax rates. For accounts 4931, 4932, 4933, and 4934 the actual expenditures should match the amounts shown on the tax rate calculation paperwork.

Revenues

- Estimated Revenues to Set Tax Rate** Enter estimated revenues from reporting year MS-4 used to set the tax rate.
- Actual Revenues** Enter revenues attributable to the reporting year. **Proprietary funds, special revenue, and capital project funds are to be netted out for this report at the bottom of the column.** In the first row, acct. #3110, add property tax amount from tax collector's warrant, plus any excess overlay. Enter general fund revenue in the last row.

General Fund Balance Sheet

- Beginning of Year Column** Enter Beginning of the Year amounts using prior year's End of Year amounts or as adjusted by your auditors.
- End of Year Column** Enter the End of Year amounts from your records or as adjusted by your auditors.
See *Reconciliation Worksheets* to help calculate amounts.

To be GASB 54 compliant, the fund balance classifications have changed. See the next sheet for further explanation.

Reconciliation Worksheet

- General Fund Section** This section illustrates how revenues and expenditures flow through to Fund Balance
- School District Section** Enter amounts to determine end of year school district liability, or call your SAU for year end amounts.
- Tax Anticipation Notes Section** Enter amounts to determine end of year TAN liability amount.



Fund Balance Explanation: Changes from Previous Year's as Necessitated by GASB 54

As Previously Classified in Prior Years		
a. Assigned (Formerly Reserve for encumbrances)	2440	
b. Committed (Formerly Reserve for Continuing Appropriations)	2450	
c. Restricted (Formerly Reserve for Appropriations Voted for CRF/ETF)	2460	
d. Committed (Formerly Reserve for Appropriations Voted)	2460	
e. Assigned (Formerly Reserve for Special Purposes)	2490	
f. Unassigned (Formerly Unreserved Fund Balance)	2530	
As Required under GASB 54		
a. Nonspendable Fund Balance	2440	= Non-cash items such as inventories or prepaid items.
b. Restricted Fund Balance	2450	= Funds legally restricted, such as a grant or library funds.
c. Committed Fund Balance	2460	= Only used for a specific voted purpose, like a special WA.
d. Assigned Fund Balance	2490	= Intended for specific purpose such as an encumbrance.
e. Unassigned Fund balance	2530	= Spendable fund balance (formerly: unreserved or surplus).

**Staff Report
Fund Balance Policy
September 24, 2014**

AGENDA NO. 14-077
DATE: 9/24/14

Background: The Town's financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB). GASB has issued standard #54 related to Fund Balance, which requires the Town to annually review and adopt the Fund Balance Policy.

Discussion: The current policy adopted in 2013, which is attached, states "The Town shall work towards maintaining an unassigned fund balance of 8% of the general fund's annual budget, including Town, School and County appropriations. This target balance should be achieved over the next five years."

As of June 30, 2012 (last year), the Town has \$3,170,036 or 7.8% of Unassigned Fund Balance. This June 30, the Unassigned Fund Balance is \$4,455,583 which is an increase of \$1,348,547. As we do not have the School or the County numbers, I'm not able to tell you what the percentage will be.

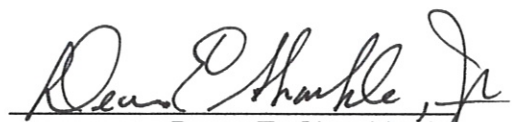
Since the Town has met the 8% target balance, I would like to remove the sentences in section 5.2 that states "This target balance should be achieved over the next five years."

Fiscal Impact: A low Unassigned Fund Balance is can be viewed as an indicator of financial instability, which can negatively affect bond ratings and interest rate options. A high Unassigned Fund Balance is beneficial to the Town's cash flow.

Recommendation: Motion to amend the Town of Hooksett's Fund Balance Policy as presented and include the policy in the Administrative Code.

Prepared by: Christine Soucie, Finance Director

Town Administrator Recommendation: *Concur — and congratulations!*



Dean E. Shankle Jr.
Town Administrator

Town of Hooksett

35 Main Street
Hooksett, NH 03106

FUND BALANCE POLICY

Section 1. Purpose

The Town hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*. This policy shall only apply to the Town's governmental funds. Fund balance shall be composed of nonspendable, restricted, committed, assigned and unassigned amounts.

The general purpose of this policy is to improve the Town of Hooksett's financial stability by protecting itself against emergencies and economic downturns. Unassigned fund balance is an important measure of economic stability. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the Town's general operations.

Section 2. Definitions

2.1) Nonspendable Fund Balance - includes amounts that are not in a spendable form (such as inventory, tax deeded property subject to resale or prepaid expenses) or are required to be maintained intact (such a principal of an endowment fund).

2.2) Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors) or laws or regulations of other governments or imposed by law through constitutional provisions or through enabling legislation (the annual Town meeting). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation. Non-lapsing warrant articles, library, income portion of permanent funds and Capital Project funds would be considered restricted.

2.3) Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (Town Council). Commitments may be changed or lifted only by the Town Council taking the same formal action that imposed the constraint originally. The Town Council's actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual

obligation. Expendable trust funds and legislative body votes relative to the use of unassigned fund balance at year-end are included in this classification.

2.4) Assigned Fund Balance – includes amounts the Town *intends* to be used for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as “assigned”. The Town Council expressly delegates this authority to the Town Administrator. Items that would fall under this type of fund balance would be Police and Fire Detels, Ambulance Fund and Conservation Fund etc. The Town also has assigned funds consisting of encumbrances in the general fund at year-end.

2.5) Unassigned Fund Balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Any deficit fund balance of another governmental fund is also classified as unassigned.

Section 3. Spending Prioritizations

3.1) When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

3.2) When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification can be used, committed amount should be reduced first, followed by assigned amounts and then unassigned amounts.

Section 4. Deficit Fund Balance

At year end, if any of the special revenues funds has a deficit unassigned fund balance, the Town Administrator is authorized to transfer from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Section 5. Unassigned Fund Balance – General Fund

As recommend by the New Hampshire Department of Revenue, the Town shall strive to maintain an unassigned fund balance in its General Fund equal to 8-17% of the total annual appropriations of the community (which includes the Town, County, School District and Precincts).

5.1) Minimum Balance – The Town shall maintain a minimum unassigned fund balance of 5% of the general fund’s annual appropriations of the community.

5.2) Target Balance - The Town shall work toward maintaining an unassigned fund balance of 8% of the general fund’s annual budget, including Town, School and County appropriations. ~~This target balance should be achieved over the next five years.~~

Section 6. Annual Review

Town Council shall review and approve this policy annually.

Section 7. Policy Approval/Amendments

Town Council approved adoption of the Town of Hooksett's Fund Balance policy at their May 13, 2009 meeting.

Town Council amended the Town of Hooksett's Fund Balance policy at their September 14, 2011 meeting.

Town Council amended the Town of Hooksett's Fund Balance policy at their October 10, 2012 meeting.

Town Council amended the Town of Hooksett's Fund Balance policy at their September 25, 2013 meeting.

AGENDA NO. 14-078
DATE: 9/24/2014

Staff Report
Plodzik & Sanderson Risk Assessment Questionnaire
September 24, 2014

Background:

RSA 41:9 VI. Financial duties - "The selectmen (Council) shall be responsible for establishing and maintaining appropriate internal control procedures to ensure the safeguarding of all town assets and properties."

Discussion:

Each year as a part of the independent financial audit, Plodzik & Sanderson reach out to elected officials and key members of management to inquire about the town's financial procedures.

As done in the past, I have completed the questionnaire based on last year's information. Any changes to the form should be made directly to the Council Chair.

Fiscal Impact:

Recommendation:

Motion to authorize the Council Chair to sign the Plodzik & Sanderson Risk Assessment questionnaire.

Prepared by:

Christine Soucie, Finance Director

Town Administrator Recommendation: *discuss, review and finalize*


Dean E. Shankle Jr.
Town Administrator



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

To the Members of the Board of Selectmen, Town Council, or Commissioners:

This communication, in addition to the questions below, is intended to inform those charged with governance regarding the type, expected scope, and timing of the audit. We refer you to the signed engagement letter for the detail covering the audit objective, procedures, and management's responsibilities.

This communication is in addition to other correspondence supplied to management and elected officials requesting specific audit information including documents required for audit and information required for notes to the financial statements. The timing of the audit will be mutually agreed upon by management and the independent auditor and it would be our intention to have the report available to you within ninety days after completion of the field work.

We also intend to provide you with a communication with timely observations arising from the audit that are relevant to your responsibilities in overseeing the financial process.

In order to assist us with gathering information necessary to understand the entity and its environment in connection with this year's audit, please answer the following questions concerning your knowledge of the Town's/District's financial procedures. Thank you in advance for your cooperation.

Do you have knowledge of any fraud or suspicions of fraud affecting your Town/District?
Yes ___ No x If yes, please elaborate below.

Are you aware of any allegations of fraud or suspected fraud affecting your Town/District?
Yes ___ No x If yes, describe briefly.

Has the Board/Council adopted a universal code of ethics for members and employees to follow?
Yes x No ___ **Conduct of employee is in the Town's Personnel Plan.**

If yes, does this document prohibit elected officials and employees from doing business with the Town/District? Yes ___ No x **Town Charter prohibits Councilors from holding another paid office, but not from doing business with the Town.**

List any transactions between the government and officials or employees during the year of which you have knowledge. Exclude regular payroll transactions.

Council Ross, is the owner of D. P. Ross Home Electronics and provide building security systems to the Town's building.

Does the Board/Council formally authorize all disbursements, vendor and payroll, prior to the release of Town/District funds. Yes ___ No NOTE: If Town/District Manager form of government, Town/District Manager must approve all payments prior to disbursement of funds by the Treasurer.

If the answer to the above is No, please describe your knowledge of how disbursements are approved within the system.

Department head's approve invoices/timesheets stating the good and services are valid Town expenses and record the budget line item to charge. Then the invoices/timesheets and backup documentation are sent to Finance to process. Finance reviews and produces a check manifest and sends the manifest along with the invoices/timesheets to the Town Administrator for his signature indicated approval. The signed check manifest is then provided to the Treasurers for approval to sign the checks.

Describe how the Board/Council stays informed of the latest changes in the laws and regulations pertaining to the entity.

Town Administrator's updates, staff reports, publications and personal research

Does the Board/Council review comparative reports of estimated and actual revenues and appropriations and expenditures? Yes No ___ If yes, how often are reports reviewed?

Monthly reports are provided to the board which details budget to actuals for both revenue and expenses. Quarterly the Finance Director reviews Council on the budget to actuals.

What procedures does the Board/Council follow in reviewing or using these reports? For example, does the Board/Council normally meet with the department heads as part of this process? Also, does the Board/Council review BOTH the revenue and expenditure reports?

Yes, Council meets with departments during the year and with the Finance Director each quarter.

Has the Board/Council approved a Disaster Recovery Plan in the event of loss or interruption of the IT function? Yes No ___

Is there a written investment policy adopted annually in accordance with state statutes? Yes No ___

Has the Board/Council established and adopted accounting procedures and policies? Yes ___ No ___

Have you adopted the use of either debit or credit cards by employees? Yes No ___

Does the Board/Council have knowledge of any funds or bank accounts that are not in the custody of the Treasurer or Trustees? Yes ___ No x If yes, provide the name and custodian of account.

Signed by _____
Chairperson on behalf of the Board, Council or Commissioners

Date _____

MEMBERS OF THE GOVERNING BODY (BOARD OF SELECTMEN, TOWN COUNCIL, COMMISSIONERS)

NAME	CONTACT INFORMATION
<u>Todd Lizotte</u>	<u>603-493-2579</u>
<u>Donald Winterton</u>	<u>603-622-8413</u>
<u>Adam Jennings</u>	<u>603-722-0548</u>
<u>David Ross</u>	<u>603-387-7777</u>
<u>James Levesque</u>	<u>603-485-7140</u>
<u>Nancy Comai</u>	<u>603-623-3701</u>
<u>Susan Lovas Orr</u>	<u>603-966-7222</u>
<u>James Sullivan</u>	<u>603-485-4951</u>
<u>Robert Duhaime</u>	<u>603-</u>
_____	_____



COPY

June 16, 2014

Stephen D. Plodzik, PA

Edward T. Perry, CPA

James A. Sojka, CPA

Sheryl A. Pratt, CPA

To the Members of the Town Council
and Mr. Dean Shankle, Town Administrator
Town of Hooksett
Town Hall, 35 Main Street
Hooksett, NH 03106

Melodie A. Frazer, CPA

Michael J. Campo, CPA

Kathryn C. Sanders, CPA

Donna M. LaClair, CPA*

Ashley J. Miller, CPA

Tyler A. Paine, CPA

Kyle G. Gingras, CPA

* Also licensed in Massachusetts

Dear Members of the Town Council and Mr. Shankle:

We are pleased to confirm our understanding of the services we are to provide the Town of Hooksett for the fiscal year ended June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Hooksett as of and for the fiscal year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the Town of Hooksett's 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. As part of our engagement, we will apply certain limited procedures to the Town of Hooksett's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Fund Progress for Other Postemployment Benefit Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Hooksett's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining Schedules
- 2) Individual Fund Schedules

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written

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Professional Association / Accountants & Auditors

report upon completion of our audit of the Town of Hooksett's financial statements. Our report will be addressed to Town Council of the Town of Hooksett. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.



Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Hooksett's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Plodzik & Sanderson Professional Association and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Plodzik & Sanderson Professional Association personnel. Furthermore, upon request, we may provide copies of selected audit documentation to a Regulator or its designee. The Regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit on September 2, 2014 and to issue our reports no later than 90 days after the completion of field work. Sheryl A. Pratt, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be \$19,382 for the Town audit and \$3,725 for the proprietary fund audit for the fiscal year ended June 30, 2014. This fee is approximate and will be billed based on actual time spent on the audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.



We appreciate the opportunity to be of service to the Town of Hooksett and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to us.

Sincerely,



PLODZIK & SANDERSON
Professional Association

RESPONSE:

This letter correctly sets forth the understanding of the *Town of Hooksett*.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

