



## **TOWN OF DERRY, NEW HAMPSHIRE**

### **Comprehensive Annual Financial Report**

**For the Fiscal Year Ending**

**June 30, 2011**

Photo on the Cover:  
Veteran's Memorial Hall

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2011**

Prepared by:  
The Finance Department

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Town of Derry, New Hampshire  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011

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## Introductory Section



Major Downtown Intersection Expansion Improves Traffic Flow through Center of Town

# *Town of Derry, NH*

## **Office of the Finance Department**

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December 12, 2011

## **To the Honorable members of the Derry Town Council, the Derry Town Administrator and the Citizens of the TOWN OF DERRY, NEW HAMPSHIRE:**

The Comprehensive Annual Financial Report of the Town of Derry, New Hampshire for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town of Derry, New Hampshire. All disclosures which are necessary to enable the reader to gain an understanding of the Town of Derry, New Hampshire's financial activities have been included. No other organizations or component units are included in the Town's financial reporting entity.

The government provides a full range of services. These services include police and fire emergency medical service and protection; sanitation services; the maintenance and construction of highways, streets, and related infrastructure; recreational activities; libraries; general welfare assistance; maintenance of land use records; raising and collection of taxes; community & economic development; health & code enforcement activities; land conservation; and maintenance of vital records. In addition to general government activities, the governing body exercises, or has the ability to exercise, oversight of the Water, Wastewater and Community Access Cable TV departments, and they are included in the reporting entity.

### ***Governmental Structure, Local Economic Condition and Outlook***

The Town of Derry, New Hampshire, is a municipal corporation governed by an elected seven-member Town Council. The government has operated under a Town Charter form of government, in compliance with New Hampshire statute RSA 49-D, since 1993. From 1985 through the beginning of 1993, the government operated under a Mayor/Council Town Charter form of government, in accordance with New Hampshire statute RSA 49-B. Policymaking and legislative authority are vested in the governing council, and the chief administrative officer is the town administrator. The governing Town Council is responsible,

among other things, for adopting the budget, passing ordinances, appointing committees and hiring the government's administrator. The government's Town Administrator is responsible for carrying out the policies of the government, appointing the heads of the government's departments, and general supervision of all town operations. Town Council members are elected to three-year staggered terms, with two members elected every year, with the exception of three members being elected every third year. Four of the members are elected from within their respective districts. The remaining three members are elected at large.

The government, incorporated in 1827, is located in the southeastern part of the state, and ranks as the fourth largest municipality in New Hampshire with a population decrease of 2.7% over the past decade. The government has a land area of 37.18 square miles and, based on the 2010 United States Census, a population of 33,109, which is a 5.8% decrease from the estimated population the prior year. The peak estimated population over the last ten years was 34,710 in 2005. This overall population decline has continued to manifest itself in a 2.3% decline in school population for grades 1-12, following a 1.4% decline the previous year. School enrollment has been declining for four straight years, with a reduction of 5.8% over that period. This general decline in school population data is similar to statewide statistics that portray a declining enrollment in New Hampshire. Overall, the school population increased slightly beginning in 2009 due to the initial year of kindergarten being provided. The Town of Derry, NH had an employed labor force of 241 full time permanent employees as of June 30, 2011, including the employees of the Town's two libraries.

The Town performs cycled assessing inspections of one-fifth of all residential properties each year, so that in a five-year period all these properties have been reviewed to insure that each property record card contains correct assessing data. Following completion of the last full revaluation in 2006, the Town Council, acting as the Board of Assessors, reinstated the cycled inspection process, as well as authorized assessment updates (indexing) beginning in 2008. This indexing by the Town, in conjunction with the cycled inspection process, is intended to keep assessed values tracking more closely with existing market values and providing equitable assessments among property owners. In 2009, a full valuation update was completed that reflected a real estate market that continues to be depressed. This full valuation resulted in a net reduction of 6.6% in assessed valuation compared with 2008, the second straight year of declining property values. In 2010, the Town continued its cycled inspection program and review of completed building permits, as well as a review of all residential and commercial condominium complexes, including all condex properties. Appropriate valuation adjustments were made resulting in a slight decline in 2010 of 0.1% from 2009; this was the third straight year of a decline in the Town's valuation. In 2011, the Assessing Division completed a Town-wide cycled inspection program for all Manufactured Housing, with the result that the assessments declined by less than 1% as a result of new and or corrected data. In addition, in 2011, all assessments of Utility property were reviewed Town-wide, and determined that a Request For Proposals (RFP) will be developed to fully reassess those properties for 2012. This utility property review was completed since telephone property, previously exempted by the New Hampshire Legislature, become taxable for real estate taxes at the local level and were assessed beginning in 2011. For 2010, the NH Department of Revenue Administration determined that the Town's equalized valuation was 100.2% of market value, though we estimate that percentage will increase to 104.5% of

market value for 2011. A full reassessment update is scheduled for 2012, with assessment updates every other year after that.

***Economic Condition and Outlook***

One measure of the economic conditions in the area is reflected by the outlook of the citizens of Derry on their personal economic welfare - as measured by the number and value of motor vehicle registrations. The number of motor vehicle registrations processed decreased by 2,150 in FY 2011 to 36,101, a 5.6% decrease compared to a 10.7% increase the prior year. While the number of permits decreased, the average value of each registration increased in FY 2011 by 5.7%, from \$105 to \$111, compared to the previous year’s decrease in average value of 8.5%. These changes suggest that while a lower number of vehicles were registered during FY 2011, they are new/newer vehicles than in the previous year based on the increased average value per registration. This data tracks ongoing national trends where the sales of new autos and light trucks showed a steady increase throughout FY 2011 through April 2011. Sales of autos bottomed out in May, remaining flat through August, but increased steadily beginning in September above levels experienced the prior year. Similarly, the sales of light trucks bottomed out in May, with sales remaining flat only through July, and then increasing significantly in July and remaining high through November - above levels experienced the prior year.

Another indicator of economic condition can be found in the number of building permits issued, which showed a very small increase in residential permits, while the number of addition & remodeling permits decreased slightly. The number of permits for residential units increased slightly in FY 2011, going from 26 to 27. While increasing slightly, permits remain significantly below the FY 2008 level (of 80) for the past three years. While the average construction value of each residential unit decreased from the previous year, for the third year in a row – permits issued included no lower valued multi-family unit permits. As a comparison, permits issued in FY 2008 included 33 permits for multi-family units. Permits for additions and remodeling in FY 2011 experienced less than a 1.0% decrease (271 to 269) from the prior year compared to a 2.3% increase from FY 2009 to FY 2010. While permits for additions & remodeling have been fairly consistent over the past four fiscal years, the levels experienced in FY 2010 & 2011 indicate an ongoing trend toward fixing up existing homes versus building new ones. Overall, these trends are reflective of the continued general downturn/flatness in the housing market nationally. The trend of lower residential permits experienced over the two previous years continued into the early months of FY 2012.

<b>Residential Units</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Permits	80	20	26	27
Total Value	\$8.6M	\$2.4M	\$3.4M	\$3.4M
Average Value	\$107K	\$120K	\$132K	\$125K

Local area unemployment statistics showed continuing improvement in the unemployment rate in the greater Derry area from a year ago to the end of June 2011, 6.4% vs. 5.5%, with 1,110 being unemployed versus 1,310 a year ago. The June 2011 unemployment rate for Derry is slightly higher than both the 5.3% rate for communities in the Southern portion of New Hampshire and the overall State rate of 5.2%. The unemployment rates in Derry,

Southern New Hampshire, and New Hampshire overall trail the national level by over 3.0%, reflecting the overall economic situation throughout the United States. The overall employment situation declined slightly during the July-October 2011 period with unemployment increasing to 5.7%, 1,160 unemployed, and with the state rate at 5.0% at the end of October. The comparable Town rates for October 2010 and 2009 were 5.6% and 7.6%, respectively. Overall, the economic outlook for Derry remains generally consistent with the Southern New Hampshire economy and is impacted by the overall depressed national economy.

## **Major Initiatives**

### ***For the Year***

Building on last year's update of the Town's Master Plan and work on the Open Space Plan, a Source Water Protection Plan has been developed through a joint effort of the Planning Department, the Public Works Department, the Conservation Commission, the Southern NH Planning Commission, and the NH Department of Environmental Services. It is estimated that this plan will be reviewed and adopted by the Derry Planning Board in January 2012, becoming a component of the Master Plan for Derry. This plan identifies all public water systems and potential vulnerabilities to the systems and offers guidelines and recommendations to more effectively manage potentially damaging land uses and more importantly, to protect the drinking water sources for the residents and businesses in Derry.

During the year, the Downtown Committee met monthly and worked on two initiatives. The first initiative included a report on downtown parking, leveraging much of the data provided in earlier studies. The second initiative was a downtown redevelopment plan for vacant town-owned property located off of Broadway in the downtown business area. This report was prepared with assistance from consultants Saucier + Flynn, with the project submitted to the Town Council in March 2011. A Town Council workshop on this redevelopment is planned for early 2012. The idea for a Downtown Merchants Association also came to fruition in FY 2011. In conjunction with the Downtown Committee, this new Association worked with the Town to improve the signage in the downtown area and to make lighting, landscape, signage and fencing recommendations for the new municipal parking lot at the corner of Broadway and Birch Street. A positive trend in FY 2011 was that we had more business openings than closures in the Central Business District. Some highlights were: the former CVS Pharmacy building was purchased by the Rockingham Community Action Program for use as a Head Start location, as well as offices for a variety of programs supporting housing, food assistance, and subsistence and crisis intervention. The facility is scheduled to open early in 2012 following renovation. A number of other small businesses opened including a florist, salon and spa and a cupcake shop.

An Enterprise Revitalization Zone was approved by the NH Department of Resources and Economic Development in the summer of 2010, following review and approval by the Town Council. The 'zone' covers the Route 28 Corridor Tax Increment Financing (TIF) District, the Central Business District and the Route 28 area heading south to the Windham town line (see later discussion regarding the expansion of sewer and water in this area). The establishment of this zone serves as a tool for economic development to assist with some

‘property tax leveling’ during the first five years for new businesses opening in the zoned areas.

Moving Derry Forward, a by-product of the Downtown Civic Profile effort a few years ago, includes representatives from many members of Derry’s business community, Parkland Hospital, the Greater Derry/Londonderry Chamber of Commerce, Derry Cooperative School District, and Pinkerton Academy, as well as Town officials and staff. This group is led by a member of the Town Council. Its purpose is to promote economic development, create a business growth plan, and to market the Town and its quality of life...a ***Place to Live, Work and Grow Businesses***. This group also presented a recommendation to the Town Council to refocus the direction of economic development on:

- the downtown business district;
- marketing the Town in a positive light; and
- forming strong public/private partnerships to drive business growth.

Towards the end of FY 2011, Wal-Mart was granted a building permit for their new super center in the Route 28 Corridor TIF District. Completion and opening of this 155,000 square foot store is scheduled prior to Christmas 2012. Other activity occurring within the TIF District during FY 2011 includes:

- Revitalization of Sanmina’s facilities which has rapidly increased employment from 125 employees a year ago, to 250-300 today. (Sanmina is a diversified electronics design, engineering and manufacturing enterprise that designs and assembles printed circuit boards for computers at its Derry, NH facility).
- Plans were approved and construction began on redevelopment of two former auto dealerships into “Pinkerton Place”, a retail plaza adjacent to the new Wal-Mart store property. With four sites, the plaza will include a family pet center, a Goodwill retail store, a 100 seat restaurant and a 9,000 square foot retail pad site.
- An HVAC manufacturer consolidated its operations previously located in two other communities, now occupying a manufacturing facility that had been vacant for almost a year.
- Two new restaurants opened on Crystal Avenue in close proximity to the TIF District.

Also outside of the TIF District, construction of a six-unit townhouse was completed replacing a dilapidated multi-family building. Construction was completed on an 115,000 square foot Freshman Building at Pinkerton Academy, the public/private high school attended by Derry children, and was occupied at the beginning of the 2011-2012 school year. A 2,300 square foot commercial office building has been completed on the site that formerly housed the Town’s highway garage. A new 24,000 square foot, three-story, medical office facility was completed in the same area as the relatively new Goddard School early education/child care facility, Center for Life Management office building, the Overlook Medical Office Park, and Tire Warehouse. Reconstruction of the deteriorated South Avenue Bridge, located in the Town’s Central Business District, was completed in 2011. This bridge replacement was funded 80% by NHDOT Bridge Aid and 20% by Town contribution.

## *For the Future*

As reported in previous years, the primary focus for the Town Council and Town staff going forward continues to be economic development. This includes:

1. Working to expand and broaden the base of commercial and industrial property to lessen the tax burden on single-family homeowners.
2. Continued development and redevelopment in the Route 28 Corridor TIF District.
3. Extending water and sewer to the southern end of Route 28, heading to Windham, so as to better develop that area commercially and industrially, following a build out of the Route 28 Corridor TIF District.
4. Preservation and acquisition of prime open space.
5. Mitigation of the impacts expected from the planned Interstate 93 widening.
6. Possible development of Exit 4-A, with work continuing on a final Environmental Impact Statement (EIS) to be submitted to the Federal Highway Administration and the NH Department of Transportation (NHDOT). This project is expected to coincide with the widening of Interstate 93 between the NH/MA state line north to its intersection with I-293.
7. The Town staff and boards continue to review possible zoning amendments that might appropriately increase the available commercial/industrial acreage, thereby reducing the zones where residential uses are permitted. An example is an area near the historic Robert Frost Farm, located along Route 28, which has been rezoned to create limited commercial/professional use that is complimentary to the historic farm site. The Town is also looking to expand “permitted uses” in the Route 28 Corridor TIF District to further enhance commercial development in this zone.
8. Fire and Code Enforcement Departments continue to consider the merits of developing a blight ordinance to deal with distressed properties throughout the Town.
9. The Planning Board, along with the Planning and Code Enforcement staff, are drafting revisions to the sign regulations that would make them more user-friendly.

Infrastructure improvements to support further commercial and industrial development in the Route 28 Corridor TIF District are progressing at a fast pace following the issuance of a building permit to Wal-Mart for their development of a 55-acre site for a new Super Center store. In the same area as the Wal-Mart site, the Town concluded its land acquisition efforts that were required for road improvements to take place. The TIF road improvements were put out for bid in early October 2011, with the bid opening scheduled for early November. The winning construction bid resulted in the total project cost of just under \$5 million, compared to an original projected cost of \$6.5 million. The New Hampshire Department of Transportation has committed \$700,000, while the Town has authorized a bond of up to \$5.4 million towards this project and the use of \$400,000 of unassigned fund balance. In mid-November 2011, the Town sold a \$3.4 million, 20-year bond at a 2.76% yield to finance the remainder of these infrastructure improvements, well below the \$5.4 million authorized to be bonded for this project by the Town Council. Contributions from all future projects and developers towards these infrastructure improvements will be sought to support the coverage of the debt service on the TIF bond. Within the TIF District the following developments are underway: expansion of an existing industrial machine shop from 8,900 square feet to approximately 15,000 square feet; granting of permission for a driveway to allow

development of additional properties on Ashleigh Drive, adjacent to the Wal-Mart Super Center site; and ongoing discussions with a commercial broker with respect to redevelopment of the existing Wal-Mart store once the new super center is completed. Recent additions to the TIF District are a high-end consignment shop, a deli sandwich shop, a chiropractor's office, and the doubling in size of an existing salon & spa. The 12-acre site which formerly was occupied by an industrial building, since torn down, as well as other undeveloped/underutilized properties within the TIF District are prime locations for development since they are fully serviced by municipal water and sewer.

The FY 2012 budget included engineering costs for water (\$918,000) and sewer (\$1,170,000) expansion in the Route 28 south area of Town. In mid-November 2011, the Town Council approved supplemental appropriations bringing the budgeted appropriations to \$1,968,500 and \$1,975,500, respectively for water and sewer expansions. These total appropriations allow for both engineering design and the construction of system expansions to begin in 2012, enhancing the opportunity for commercial and industrial development in this area due to the availability of water and sewer service. This expansion will run easterly on Rockingham Road to Route 28 with water and sewer, extending the existing service, and from that point at Route 28 run north with water to connect with exiting water infrastructure at Humphrey Road, and south with both water and sewer to Berry Road. Future expansions are designed to ultimately take this service further south from Berry Road to the Windham town line, further opening up the remaining undeveloped property with water and sewer service.

As discussed earlier, revitalization of the downtown area continues to be a community-wide focus, by encouraging the occupancy of vacant storefronts and the removal/upgrade of less than attractive commercial/residential properties. Construction of a three-story mixed use, residential/commercial/office building in the heart of the Town's downtown area has been approved, replacing an abandoned service station, and construction is presently scheduled for spring 2012. The Town is actively working towards environmentally-friendly development of a Town-owned parcel in the downtown area.

Despite the continued economic downturn nationally, there are ongoing discussions with retailers and other businesses that are considering construction of new facilities and expansion of existing facilities, as well as the reopening of closed facilities. Construction of a motorcycle showroom and repair shop has been approved on Ryan's Hill on Route 28 south, replacing a dilapidated single family home. This facility is an indication of interest in further expansion of the Route 28 south area of Town for future commercial and industrial activity. Increased activity at the Overlook Medical Office Park and the Center for Life Management led both to seek approval for expansion of the parking areas at their facilities. This is the second parking expansion at Overlook Medical Office Park. Within the Central Business District, redevelopment plans are evolving for a former manufacturing facility on Crystal Avenue to be converted into retail space. Infrastructure work will continue in the future on bridge replacements, roadway improvements, and expansion of the Town's water and sewer system. Despite the current economic situation, the Town is excited about the potential and poised for commercial and industrial development in 2012 and beyond.

### ***Efforts and Accomplishment Focus***

The key accomplishments for FY2011 include the issuance of the Wal-Mart Super Center project building permit; the initiation of construction on “Pinkerton Place Plaza”, the site of two former car dealerships into four retail establishments; the commitment to expansion of water and sewer service on Route 28 south (with that effort being expanded in the fall of 2011 with the Town Councils approval of supplemental appropriations and related bond authorizations); the completion of new commercial facilities and the reoccupation/rehabilitation of existing facilities; the completion of the reconstruction of the South Avenue Bridge; the consideration of rezoning some areas of Town to enable enhanced economic development activity, and significant activity to enhance the Central Business District through multiple initiatives. All of these accomplishments have been discussed in more detail earlier in this letter. The Town’s involvement with and facilitation of the previously mentioned commercial development and related infrastructure activity during continuing, difficult economic times, forebodes healthy economic development as the economy recovers. This past year also saw the expansion of the Greater Derry-Salem Cooperative Alliance for Regional Transportation (CART). CART is a curb-to-curb public transportation system/van service for area residents including seniors, handicapped, and low-income residents who need rides for medical, shopping, social, family, religious, and employment activities.

The Town continues to develop and nurture strong alliances with the Greater Derry Chamber of Commerce, the Derry Housing & Redevelopment Authority, Rockingham Economic Development Corporation, the Southern New Hampshire Planning Commission and the Derry Cooperative School District, alliances that will contribute to improving the quality of life in Derry and its future social and economic growth. During the year, the Southern New Hampshire Planning Commission hired an economic development consultant to begin development of a regional economic development plan. These and other efforts contribute towards making Derry a “destination community”, as well as better balancing the tax burden. Additional efforts continued on a regional approach to economic development marketing through a regional organization called *Metro Center*. This collaborative effort is spear-headed by the Greater Manchester Chamber of Commerce, and the involvement of surrounding communities.

### ***Financial Information***

The Derry Town Council is responsible for establishing and maintaining an internal control structure (NH RSA 41:9) designed to ensure the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. This internal control structure also includes day-to-day procedures that the various Town departments must follow in managing their respective areas of responsibility, in their handling of receipts and in their purchase of goods and services.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure document compliance with applicable laws and regulations related to programs. The internal control structure is subject to periodic evaluation by management and the internal audit staff of the government. Prior audits by the Federal Emergency Management Agency (FEMA) have confirmed the excellent controls and management that the Town has in place.

As a part of the government's audit, tests were made of the government's internal control structure. Although this testing was not sufficient to support an opinion on the government's internal control system, the audit for the year ended June 30, 2011 disclosed no deficiencies in internal control that were considered to be material weaknesses.

In addition, the government maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's Council. Activities of the General Fund, the Cable Television Special Revenue Fund, and Proprietary Funds are included in the annual appropriated budget. Project-length budgets are prepared for the Capital Projects Funds, and operating grants in Special Revenue Funds. The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. State law requires that no expenditures be made for any purpose unless that amount was appropriated for that purpose by the Legislative body (NH RSA 32:8).

The Management's Discussion and Analysis that precedes the financial statements provides the reader of this report with an objective and easily readable analysis of the Town's financial activities based on currently known information and conditions. As demonstrated by the statements and schedules in the financial and statistical sections of this report, the government continues to meet its responsibility for sound financial management. Further narrative information is set forth below for Unassigned Fund Balance and Debt Administration.

### ***General Fund Balance & Debt Administration***

#### ***Unassigned Fund Balance***

The unassigned general fund balance conforms to all the requirements of Government Accounting Standards Board (GASB) 54 and the comparison referenced in this section for FY 2010 has been revised to reflect comparable presentation of numbers for both years. Unassigned general fund balance increased slightly from the prior year revised \$10.1 million level to \$10.2 million at June 30, 2011. This change primarily reflects changes due to conformance with GASB 54, funds returned to the general fund from completed bridge projects and funds transferred to the Route 28 Corridor TIF District, funds that were returned to the general fund in late 2011 after completion of the TIF bond sale. The New Hampshire Department of Revenue Administration (DRA) supports the range recommended by the Government Finance Officers Association of the United States and Canada (GFOA) of 8-17% regarding retention of a percentage of total appropriations as unassigned fund balance. The Town of Derry's unassigned general fund balance at June 30, 2011 equals 11.7% of total appropriations (including School and County), 0.8% below the midpoint of the recommended

guideline range. The unassigned fund balance remains strong and could be used as a source of funds for supplemental appropriations or to reduce the taxation burden in establishing future tax rates, though the management recommendation is to maintain a fund balance of at least 12.5%.

### ***Debt Administration***

The Town of Derry has 13 general obligation debt issues outstanding at June 30, 2011. The outstanding general government principal amount of \$6.7 million reflects a decrease from the prior year level of \$7.3 million due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2011. The \$6.7 million outstanding includes a \$1.8 million Tax Increment Financing bond for the Ash Street TIF District. Outstanding bond debt for the Water and Wastewater departments was \$4.0 million at June 30, 2011 and \$4.6 million at June 30, 2010. The decrease of \$0.6 million was due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2011. Based on an estimated population of 33,109, general government bonded debt per capita, excluding the TIF bond, was \$150 per Derry resident at June 30, 2010, down 5.6% from the \$159 reported in the prior year. This decrease is due to the effect of no new bonded debt issued during FY 2011 and ongoing scheduled repayment of bond principal, offset by a slight decrease in the estimated population, discussed earlier in this letter. The government has an Aa2 rating from Moody's Investors Service based on a November 2, 2011 rating review related to the bond sale related to the Route 28 Corridor TIF District. Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody's, an AA rating from Standard & Poor's and an AA rating from Fitch. Under current state statutes, the government's general obligation bonded debt issuance is subject to a local limitation based on a percentage of the Town's State of New Hampshire equalized assessed valuation. As of June 30, 2011, the government's general obligation bonded debt in the general fund, both issued and authorized, was only 11.0% of the legal debt limit (3% of equalized assessed valuation) and \$67.2 million below that limit. The Water Fund bonded debt was \$251.2 million below and only 0.2% of the legal debt limit (10% of equalized assessed valuation). The Wastewater Fund, Landfill Closure and TIF District debt have no limits.

### **Other Information**

#### ***Independent Audit***

The Town Charter requires an annual audit by an independent certified public accountant. The Town's Charter also requires that the audit firm be changed at least every five years. The auditing firm of Vachon, Clukay & Co., PC, Manchester, NH, performed audits of the Town's accounting and financial records for five Fiscal Years, 2005-2009. Following a Request for Proposals for Auditing Services in early 2010, Melanson Heath & Company, PC, Nashua, NH was selected to audit the Town for three years beginning with FY 2010, with an option at the Town's sole discretion for an additional two years.

The audit was designed to meet the requirements set forth in State statutes and was conducted 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. The auditor's report on the basic financial statements, as well as combining and individual fund statements and schedules, is included in the financial section of this report.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) has once again awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Derry, NH for its comprehensive annual financial report for the year ended June 30, 2010. This was the thirteenth consecutive year that the Town of Derry, NH has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgments***

The preparation of this report could not have been accomplished without the continued cooperative and dedicated effort of the entire staff of the Finance Department, as well as assistance from other Town departments in the gathering of information contained in this report.

Respectfully submitted,

***Frank L. Childs***

Frank L. Childs  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Derry  
New Hampshire

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

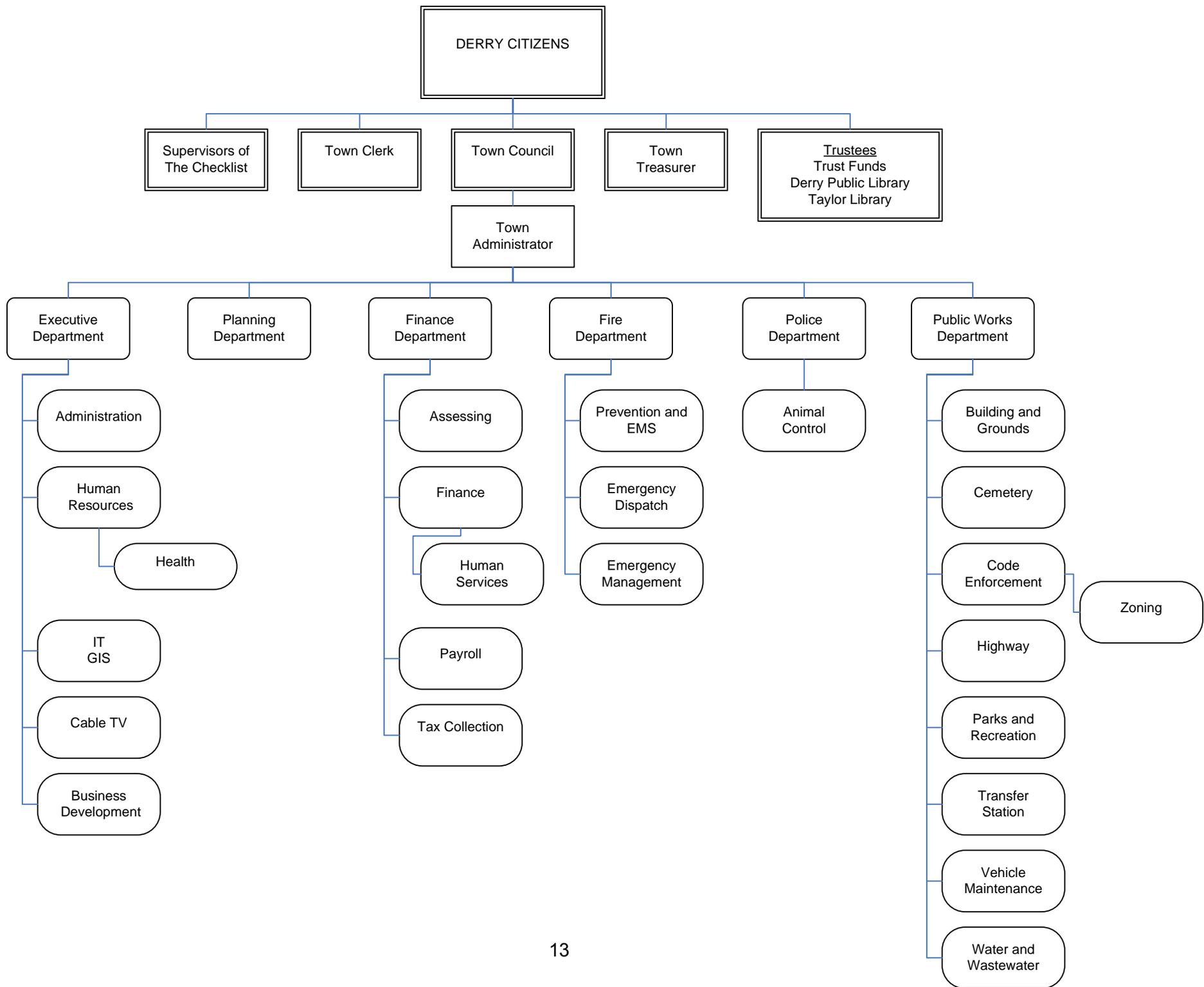


*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director



**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2011**

**Town Council**

Bradley N. Benson	Chair, Councilor-at-Large
Kevin L. Coyle	Councilor-at-Large
Joel C. Olbricht	Councilor-at-Large
Janet Fairbanks	Councilor-District #1
David E. Milz	Councilor-District #2
Neil F. Wetherbee	Councilor-District #3
Brian K. Chirichiello	Councilor-District #4

**Administration**

John P. Anderson	Town Administrator
Marlene L. Bishop	Animal Control Officer
David N. Gomez	Assessor
Margaret Ives	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
David Granese	Chair, Planning Board
Douglas Newell	Chair, Trustees of Trust Funds
Alan Virr	Chair, Zoning Board of Adjustment
Frank L. Childs	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Janice A. Mobsby	Controller
Cheryl A. Lynch	Director, Derry Public Library
Lawrence D. Budreau	Director of Human Resources & Administration and Assistant Town Administrator
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
George Klauber	Emergency Management Director
George Klauber	Fire Chief
Jill E. McLaughlin	Human Services Administrator
Eric H. Bodenrader	Parks & Recreation Director
George H. Sioras	Planning Director
Nancy H. Watson	Tax Collector
Denise E. Neale	Town Clerk
Rita M. Correia	Town Treasurer
Margaret Ives	Town Moderator

## Financial Section



Public Works Ably Handles 2010-2011 Storms



# MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT ADVISORS

102 Perimeter Road  
Nashua, NH 03063-1301  
Tel (603) 882-1111 • Fax (603) 882-9456  
[www.melansonheath.com](http://www.melansonheath.com)

## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Derry, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry New Hampshire, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Derry's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis appearing on the following pages, and the supplementary information appearing on pages 88 - 86, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Derry, New Hampshire's basic financial statements. The introductory section, supplementary statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
December 12, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Derry, NH (the Town) is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2011.

### A Brief Discussion of the Basic Financial Statements

#### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and changes in them. You can think of the Town's net assets---the difference between assets and liabilities---as one way to measure the Town's financial health, or *financial* position. Over time, *increases* or *decreases* in the Town's net assets are one indicator of whether its *financial* health is improving or deteriorating. You will need to consider other non-financial factor, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into three kinds of activities:

Governmental activities - Most of the Town's basic services are reported here, including the police, fire, public works, and parks departments, and general

administration. Property taxes, fees, and state and federal grants finance most of these activities.

Business activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system activities are reported here.

Fiduciary activities - These are assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds.

## **Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds provides detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council establishes many other funds to help it control and manage money for particular purposes (Capital Project Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as Special Revenue Funds used to account for Public Safety or Health grant revenue).

The Town's two types of funds: Governmental and Proprietary, use different accounting approaches.

Governmental funds---Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary funds---When the Town charges customers for the services it provides - whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

## **The Town as Trustee**

The Town is the trustee, or fiduciary, responsible for other assets that---because of a trust arrangement---can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

## ***Condensed Financial Statements***

### **Financial Highlights**

- Total Net assets government-wide (assets minus liabilities) for governmental and business activities increased \$4.3 million to \$157.4 million.
- For Governmental Activities, Net Assets totaled \$127.9 million of which \$14.8 million is unrestricted and available to meet the Town's ongoing obligations that provide a benefit to the citizens of Derry.
- The General Fund Balance increased from \$10.9 million, as originally reported at June 30, 2010, to \$16.8 million at June 30, 2011 of which 71% of the change is attributable to new reporting associated with GASB 54 and the consolidation of funds previously reported as special revenue funds. See Note 21 for more information.
- The Unassigned General Fund Balance as of June 30, 2011 is \$10.2 million and is an amount available for future appropriation.
- No new bond debt was issued during the fiscal year ending June 30, 2011 and the Town is dramatically borrowing less than what State law allows.
- The Town collected over 98% of property taxes billed in the first year of the current tax levy.

## **The Town as a Whole**

### **Government-Wide Financial Analysis**

The following analysis focuses on net assets and changes in net assets of the Town's governmental and business-type activities and separately considers the operations of both activities. The charts on the next two pages highlight current year and prior year comparisons of net assets and changes in net assets for Governmental activities, Business type activities (water and sewer operations), and totaled for each year. Overall, total net assets grew 2.8% with a continued investment in Capital Assets in both governmental and business type activities funded by long term debt, grant proceeds, general revenues, and a temporary use of

unrestricted fund balance until a bond is issued for Route 28 Tax increment financing district.

Town of Derry, NH  
Net Assets (in millions)  
As of June 30,

	2011			2010		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets:</b>						
Current and other assets	\$ 65.2	\$ 4.5	\$ 69.7	\$ 64.5	\$ 4.2	\$ 68.7
Capital assets	114.1	29.6	143.7	110.2	29.1	139.3
<b>Total Assets</b>	<b>\$ 179.3</b>	<b>\$ 34.1</b>	<b>\$ 213.4</b>	<b>\$ 174.7</b>	<b>\$ 33.3</b>	<b>\$ 208.0</b>
<b>Liabilities:</b>						
Long-term debt outstanding	\$ 14.0	\$ 4.4	\$ 18.4	\$ 13.1	\$ 4.9	\$ 18.0
Other liabilities	37.4	0.2	37.6	36.9	0.1	37.0
<b>Total Liabilities</b>	<b>51.4</b>	<b>4.6</b>	<b>56.0</b>	<b>50.0</b>	<b>5.0</b>	<b>55.0</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	106.5	25.5	132.0	102.0	24.5	126.5
Restricted net assets	6.6	-	6.6	6.3	-	6.3
Unrestricted net assets	14.8	4.0	18.8	16.4	3.8	20.2
<b>Total Net Assets</b>	<b>127.9</b>	<b>29.5</b>	<b>157.4</b>	<b>124.7</b>	<b>28.3</b>	<b>153.0</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 179.3</b>	<b>\$ 34.1</b>	<b>\$ 213.4</b>	<b>\$ 174.7</b>	<b>\$ 33.3</b>	<b>\$ 208.0</b>

### Governmental Activities

Net assets totals \$127.9 million for governmental activities and includes \$106.5 million in capital assets, net of related debt. Capital assets, net of related debt, are not available for future spending. The computation of the \$106.5 million of Capital Assets, net of related debt, is depreciated property value of roadways, land, easements, buildings, vehicles, equipment and software less the total amount of outstanding bonds or leases associated with these assets. Roadways, bridges and sidewalks comprise most of the asset value (\$80.3 million) and provide a function to citizens of Derry, but would not be sold to fund future Town obligations.

Restricted net assets of \$6.6 million are subject to use restrictions that are external to local government control and these funds are not available to pay for general town obligations. Permanent endowments comprise the majority of restricted net assets and are in the care of the Town's Trustees of the Trust Funds.

Unrestricted net assets total \$14.8 million. These assets provide a cash flow resource that enables the Town to meet its obligations without the need for tempo-

rary borrowing to pay its annual operating obligations. Unrestricted net assets are also available to fund future activities that may be appropriated.

### **Business Type Activities**

Net Assets of the water and sewer enterprises total \$29.5 million. The majority of Net Assets include investment of \$25.5 million in water and sewer pipes, pump stations, and lagoon infrastructure capital assets. Net of related debt from bonds and capital leases, the \$25.5 million of capital assets is not available to pay for future activities. Unrestricted net assets totaling \$4 million is available for future spending.

Town of Derry, NH  
Changes in Net Assets (in millions)  
For the year ended June 30,

	2011			2010		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenue</b>						
<u>Program revenue:</u>						
Charges for services	\$ 2.53	\$ 4.53	\$ 7.06	\$ 2.31	\$ 4.30	\$ 6.61
<u>Grants:</u>						
Operating grants	1.82	0.20	2.02	2.21	0.64	2.85
Capital grants	2.70	0.66	3.36	1.20	0.09	1.29
General revenue:						
Property taxes	23.96	-	23.96	23.36	-	23.36
Other general revenue	7.91	0.08	7.99	7.57	0.06	7.63
Total revenue	<u>38.92</u>	<u>5.47</u>	<u>44.39</u>	<u>36.65</u>	<u>5.09</u>	<u>41.74</u>
Program expenses:						
Town:						
General government	5.77	-	5.77	5.41	-	5.41
Public safety	19.72	-	19.72	19.22	-	19.22
Highway and streets	4.37	-	4.37	4.29	-	4.29
Health, welfare & housing	0.73	-	0.73	0.99	-	0.99
Sanitation	1.58	-	1.58	1.59	-	1.59
Culture and recreation	2.94	-	2.94	2.91	-	2.91
Conservation	0.02	-	0.02	0.01	-	0.01
Economic development	0.29	-	0.29	0.39	-	0.39
Interest on long-term debt	0.36	-	0.36	0.39	-	0.39
Water	-	2.34	2.34	-	2.09	2.09
Sewer	-	1.94	1.94	-	1.95	1.95
Total Program expenses	<u>35.78</u>	<u>4.28</u>	<u>40.06</u>	<u>35.20</u>	<u>4.04</u>	<u>39.24</u>
Changes in net assets before transfers and contributions to permanent funds	<u>3.14</u>	<u>1.19</u>	<u>4.33</u>	<u>1.45</u>	<u>1.05</u>	<u>2.50</u>
Transfers	-	-	-	(0.03)	0.03	-
Contributions to Permanent Fund principal	-	-	-	-	-	-
Increase (decrease) in net assets	<u>\$ 3.14</u>	<u>\$ 1.19</u>	<u>\$ 4.33</u>	<u>\$ 1.42</u>	<u>\$ 1.08</u>	<u>\$ 2.50</u>

## ***Analysis of the Overall Financial Position and Results of Operations***

### **Net Assets**

#### **Governmental Activities**

Overall, total net assets for governmental activities increased by \$3.1 million primarily by the value of capital assets acquired from revenues received during the current fiscal year (capital grants, donations or other general revenues). Capital assets net of related debt increased \$4.5 million, but this overall growth in net assets was offset by a \$1 million increase in long-term employment benefit liability in accordance with GASB statements 43 and 45. An additional \$0.4 million decrease in governmental activities fund balance was affected by payments on a contract from 2010 for Exit 4A engineering studies that have not been capitalized due to the timing and funding uncertainty associated with this proposed exit that has been under consideration for decades.

Long-term debt, excluding current maturities increased \$0.8 million due to the \$1 million increase in long-term employment benefits, a net \$0.1 million decrease in bond and lease debt and a \$0.1 million reduction in liability for the landfill for post closure care costs.

A 1.8% decrease in accumulated earned time hours was offset by a 1.8% increase in average wage rate of earned time payable to employees as of June 30, 2011. The overall increase in the Town's obligation for this purpose of twenty thousand dollars also increased due to an increase in retirement contribution rates.

As a result of GASB 45 financial reporting requirements, the Town obtained an actuarial analysis of the liability of OPEB (Other Post-Employment Benefits) that will be phased-in over thirty years. The net OPEB obligation of \$2.6 million for governmental activities represents the third year of the 30-year phase-in of debt recognizing the retiree's effect on the group healthcare insurance premiums. There is a value provided to retirees either through direct subsidy payments or an implicit subsidy gained through lower insurance premiums than what a retiree might otherwise pay if the retiree sought their own insurance. The effect of this liability is calculated based on current employees and retirees who are eligible for this benefit upon retirement.

The net amount due for outstanding taxes over the prior year because a tax reserve for abatements was reduced by \$755,000. Comparably, unpaid levels of gross taxes and tax liens did not increase from the prior year, evidence of a higher collection rate on a larger tax levy. This is the seventh consecutive year of improvement in the percentage of property taxes collected during the first year of the levy. At a collection rate of 98.05% of the current year levy, these timely tax collections more quickly converted the amounts owed to the Town to cash. Improved tax collection may be affected by an increase in property transfers from

498 in 2010 to 769 in 2011 (taxes are paid upon transfer) and evidence of property owners' ability to meet their tax obligations more quickly given the improvements in the local employment rate and per capita income.

Cash and investments of governmental activities totaling \$59.5 million had increased by \$0.5 million during the year. Grant reimbursement from state and federal governments for expenses paid by the Town in the prior year was primarily responsible for 60% of the growth in cash. The remaining increase in cash is due to funds held for business enterprise funds which are reported in note 7 of the financial statements. The funds held for the water and sewer divisions increased by \$119,000 and \$99,000, respectively. Internal balances between the governmental activities and business type activities arise because the Town collects user fees and assessments and any other state aid or miscellaneous revenue sources, writes checks from the funds on deposit with the general fund, and recognizes the business type cash transactions as either increasing or decreasing the amount due from the general fund to the business type activities. The general fund cash previously spent on the Route 28 TIF project (\$1.6 million cumulatively) was replenished by the issuance of a bond in November, 2011 prior to the issuance of this financial report.

Unearned revenue of \$35.2 million includes the tax levy billed in May, 2011 that is used to fund the tax year July 1, 2011 to June 30, 2012.

A \$1.4 million increase in total long-term liabilities for governmental and business-type activities was affected primarily by a reported \$1 million increase in other post-employment benefits (OPEB) and a \$0.4 million increase in capital lease debt as a result of a fire truck being acquired through leasing.

The \$1.6 million reduction of unrestricted net assets will continue to be impacted annually by the reoccurrence of the 30 year phase in recognition of an actuarial accrued liability that is estimated to be \$17.6 million as of June 30, 2010. This phase in is meant to account for the Town's exposure to the implicit cost of retirees on health care premiums. Since the Town continues to follow a "pay as we go" funding of these health care premiums with no ability within the State of NH to fund the exposure to this liability, the impact of the accounting rule will continue.

Unrestricted governmental net assets --- the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements -- totaled \$14.8 million as of June 30, 2011.

The net cost of services set forth below shows the financial impact that was placed on the Town's taxpayers by each of these functions of government. The Town's investment in public safety - fire, ambulance, and police services, represents the largest share of the total cost of local government (58%). In 2011, the net cost of services increased \$0.3 million for public safety programs and \$0.3 million for general government, while the cost of highway and street programs was \$1.4 million less due to receipt of significant capital grant reimbursements for completed bridge

projects. The stronger highway grant revenue, and weaker grant revenue for conservation and housing and redevelopment, resulted in an overall decrease in net cost of services of \$0.8 million.

Town of Derry, NH						
Net Cost of Services (in millions)						
For the year ended June 30,						
	2011			2010		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
Public safety	\$ 19.7	\$ 3.0	\$ 16.7	\$ 19.2	\$ 2.8	\$ 16.4
General government	5.8	0.3	5.5	5.4	0.2	5.2
Highway and streets	4.4	3.0	1.4	4.3	1.5	2.8
Culture and recreation	2.9	0.2	2.7	2.9	0.2	2.7
Sanitation	1.6	0.5	1.2	1.6	0.4	1.2
Health & welfare	0.7	0.2	0.5	0.8	0.2	0.6
All others	0.7	-	0.7	1.0	0.4	0.6
Total	<u>35.80</u>	<u>\$ 7.1</u>	<u>\$ 28.7</u>	<u>\$ 35.2</u>	<u>\$ 5.7</u>	<u>\$ 29.5</u>

### Business Type Activities

The increase in water/sewer net assets of \$1.2 million is affected by the fact that the \$1.2 million invested in water/sewer infrastructure exceeded depreciation of \$0.7 million and yielded a \$0.5 million increase in net assets while \$0.6 million of debt was retired by operating revenues.

Accounts receivable due from other governments continued to grow by \$0.2 million to \$0.8 million due to State of NH budgetary issues that has delayed reimbursement of a NH Department of Environmental Services Grant obligated to be paid to the Town.

Increases in Service revenue reflects the impact of new service connections on Elm Street as well as connections in the fourth quarter of the year resulting from a collaborative water line expansion with Pennichuck Water Works that resulted in improved water pressure for the Meadowbrook area and better water quality for the Drew Woods section of the Town with minimal capital outlay on the Town's part.

The internal balances in governmental activities that relate to business type activities increased \$0.2 million to \$2.4 million as a result of operating surpluses.

Capital assets net of related debt increased \$1 million. This trend is a reflection of business enterprise efforts to continue to invest in its infrastructure while reducing long term debt.

## ***Analysis of Balances and Transactions of Individual Funds***

### **Governmental Funds**

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, came into effect this year. As a result of this new accounting rule, money raised by taxation that was previously allocated to a special revenue fund, no longer qualified to be reported in a special revenue fund. As a result, Economic Development Loan Funds, Forest Management Funds, Charter Commission and Capital Reserve funds were restated as part of the General Fund and are now reported as “committed” within the General Fund’s unrestricted fund balance category. A snapshot of the general fund balance sheet from last year reflects a \$5 million increase in cash to \$53.1 million of which \$4.7 million is attributable to the change in reporting required by GASB 54.

Capital Reserve Funds, now included in the general fund, were \$277,000 less than they were at the beginning of the fiscal year due primarily to a net reduction in the Land and Buildings reserve of \$300,000 that funded a capital project, a reduction in the Assessing reserve of \$45,000 used for contracted assessing services, and a reduction from the E-Gov technology reserve of \$35,000 used for informational technology improvements. Other net changes include an increase of \$18,000 to the compensated absence reserve, a \$22,000 increase to the fire apparatus reserve and a \$7,000 increase in the fire facilities and equipment reserve funded by general fund activities. The remaining impact was \$38,000 net increase from investment income, net of fees which primarily increased the value of the compensated absence reserve which represents 73% of the total reserves reported in the general fund.

Transfers in and out of these accounts assist in long-range capital planning and funding the compensated absences expendable trust. The use of these funds has been an important and effective planning tool to save and prepare for major projects under the tax cap constraints on annual net appropriations.

Amounts due from the general fund to other funds decreased \$1.2 million to \$5.3 million primarily because \$1.5 million was reimbursed to the general fund from state and federal reimbursements through transfers from the Bridge Capital Projects fund. Despite this significant reimbursement to the General Fund, the Bridge Capital Project fund continues to represent the largest governmental activities inter-fund balance of \$1.2 million due from the general fund at June 30, 2011.

Overall, cash balances did increase as a result of general billing and tax collections as well as the movement of some of the Town’s special revenue funds back to the general fund. The increase in tax receivables is due to a reduction in the reserve offset that is used to cover for potential exposure to abatements and collection of taxes. With the settlement of several outstanding cases in 2011, reserve was adjusted to an appropriate level that is comparable to anticipated exposure.

The effect of events discussed in the final budget to actual changes noted after this section contribute to the changes in general fund balance. The amount of revenue and other sources that exceed the expenditures in other sources add to unassigned general fund balance at year end. Any restrictions or commitments or assignments of funds are carved from unassigned fund balance to reflect restrictions due to external obligations or commitments made by the Town Council or assignments made by management.

General Fund Encumbrances (commitments to fund obligations that were not completed at year-end) decreased from \$0.4 million to \$0.1 million at June 30, 2011, notably due to the consulting work performed on the Exit 4A contract.

The other governmental funds category that includes special revenue funds and capital project funds experienced a decline in fund balance of \$1.1 million to \$9.3 million.

The primary change in the other governmental funds fund balance is due to \$1.5 million being returned to the general fund from reimbursements received in the Bridge Capital Project Fund for completed projects. That reduction in fund balance in other governmental funds was offset by a transfer in of \$380,000 from the Land and Building Capital Reserve and \$60,000 from donations for the Rail Trail Capital Project Fund that were not yet spent in 2011.

Though the Route 28 TIF capital project fund received \$1.3 million from the general fund to cover engineering and right of way/easement acquisitions, at the end of the year the project reflected no excess fund balance as the general fund only covered what was required to be paid or obligated.

The Crystal Avenue/Broadway Reconstruction fund was set aside to capture the Town's share of construction costs of a major intersection in the urban compact area of the Town. This project was funded and managed at the state level as it affects state route 102. The Town capitalizes the expansion of the intersection because the intersection is in an urban compact zone that is maintained by the Town. The balance remaining in this fund is \$86,000, of which \$23,000 is the unused portion of a prepayment to the State for this project. There is \$63,000 in this fund that has been committed by the Council to this project, that will not be needed to complete this project according to the Town's obligation to the State for this project and is available to be transferred out of the fund at the completion of the project that is pending final close out actions by the State of New Hampshire.

Capital project activity included spending of \$117,000 for the Crystal Avenue Capital project, \$274,678 to complete improvements to Veterans Hall, \$248,000 on activities funded by grants for sprinkler systems, and \$10,000 for a patient simulator paid from the Capital project fund. Additionally, there was \$1.4 million for Bridge projects: \$171,000 for South Avenue and \$228,000 on Drew Road Bridges that are not yet complete and \$1,010,000 for Fordway and \$11,000 balance for Florence Street that were completed and placed in service in 2011. Because the expenses for bridges

and sprinkler systems were funded primarily by grants, the capital outlay activity did not impact a change in the fund balance due to reimbursement income.

At the completion of the Recreation Facility Capital Project for Veterans Hall energy upgrades, the \$80,000 remaining was transferred to replenish the Land and Building Capital reserve held in the general fund.

Special revenue funds include funds raised for specific purposes from sources that are not primarily property taxes. These funds cover the activities of two expendable trust/reserve funds raised by motor vehicle fees for recycling and transportation improvement, two libraries, the cable program, the conservation commission, public health and public safety funds and miscellaneous grants funds.

The key activities that occurred in this category of funds includes:

Cable Fund Balance increased \$108,000 as a result of increased franchise fees based on a new franchise contract and lower costs of operations.

The Derry Public Library accumulated \$17,000 more than was spent on Library activities in 2011. The Trustees have intended to accumulate fund balance for a special renovation project that was budgeted for 2012.

The Taylor Library's fund balance increased \$32,000 due primarily because of a sizable donation (\$40,661) from the Altadena Spofford Trust to the Taylor Library to be used for its general purposes.

The Conservation Commission Fund Balance decreased \$241,000 primarily due to the capital outlay of \$240,000 for 132.9 acres of conservation land.

The Public Health Fund was reimbursed for \$114,000 in expenditures for regional public health planning fully funded by State Grant revenues.

The Public Safety Fund reports on revenue and expenses of a variety of grants associated with public safety overtime patrol activities. This year there was \$101,000 spent on equipment for the police department including in patrol car video recording systems, police radio upgrades and tactical equipment. Other expenditures within this category primarily include \$84,000 for public safety patrols for speed control, seat belt control, underage drinking, and other public safety violations that are reimbursed by the State of NH.

The Miscellaneous grants fund balance increased \$10,000 primarily due to the acceptance of gifts that have not yet been spent for the intended purpose.

The Waste Tire Reclamation Fund balance increased \$34,086 because the amount collected from fees raised in the general fund for said purpose were more than the amount eligible to be retained in the general fund.

The Transportation Improvement Fund decreased \$8,000 as a result of reimbursements to the general fund exceeding the fees raised in the general fund for said purpose.

Permanent Trust Funds are held in the custody of the Town of Derry's Trustees of Trust Funds who have utilized Citizens Bank since in December, 2009 to administer the trust fund investments. Distributions of income from the permanent funds included transfers to the general fund to reimburse qualified expenses of \$46,000 for cemetery operations, \$59,000 for Alexander Carr Park, \$2,000 for Human Services and \$2,275 was transferred to the Libraries to fund eligible costs of their programs. Investment income and gain on fair value exceeded transfers out. As a result, the permanent trust fund balances increased \$531,000 in value.

### **Enterprise Fund Activities**

A review of the water and wastewater division activities in 2011 reflects a continued pattern of lower debt service as both divisions continue to retire debt, most notably in the Wastewater division where \$506,000 was retired.

Increased water consumption by customers affected an increase in revenue of \$100,000 that was partially offset by the direct water costs purchased from Manchester.

There were no increases in water rates in 2011. If rates increase from Manchester, our water provider, then the rates are re-evaluated.

There was a 1.61 mile extension of the water system's lines in 2011 and an addition of 23 new service connections. The sewer system was not expanded in 2011, but there were 15 new connections on existing sewer lines. Local wastewater ordinances do not require property owners to hook into the sewer system until there is a septic system failure.

Both of water and sewer enterprises continue to generate operating income - \$156,000 for the water division and \$320,000 for the sewer division. With a continued growth in net assets for both divisions, the enterprise funds continue to be operating effectively as they expand the water and sewer system in conjunction with their master plan.

### ***Analysis of Significant General Fund Budget Variations***

A summary of General Fund budget to actual information may be found on page 52 of the financial statements.

### **Original to Revised Budget Changes**

Within the Town's government structure, the Town Council is authorized to adopt supplemental appropriations from time to time outside of the normal budget process.

This ability allows town government to more easily take advantage of opportunities that may arise during the year.

The Council and Administrator, based on guidelines outlined in the Town charter, may transfer budgets to facilitate activities, which meet the timely needs of the Town.

This year three supplemental appropriations were authorized by the governing body:

An appropriation of \$600,000 was authorized from the general fund to pay off a bond anticipation note for Exit 4A. This appropriation was funded by a transfer in from the Bridge Capital Project fund from reimbursements of completed bridge projects. This action of council increased the revenue and other sources "transfer in" budget by \$600,000 and the Finance category of Expenditures and other uses by \$600,000.

An appropriation of \$55,827 to acquire replacement copiers was done a year earlier in 2011 to take advantage of better terms. The appropriation was funded by \$54,177 in capital lease revenue and \$1,650 in sale of Town property (copiers).

An appropriation of \$6,844 was authorized from the unassigned general fund balance to supplement the Rail Trail Capital Projects funds in order to design and construct a paved pathway for pedestrian and bicycle use using Rail Trail land. This action of council increased the Revenue and other sources "use of fund balance" by \$6,844 and the Finance category of expenditures and other uses by \$6,844, where municipal obligations relating to transfers out to projects and debt service payments are funded.

The Council also authorized budget transfers – using funds not needed in one department to fund the needs of another. In 2011, the Finance department category of expenditures was increased by \$82,000 to fund payments of earned time upon retirement and the Town Clerk category of expenditures was increased by \$8,500 to cover increased health insurance premiums due to plan changes. The source of funding for these items came from two departments: \$24,000 from a salary line in the Public Works division, and \$66,500 from a variety of areas within the Prevention and Emergency Services division, which decreased the Public Works and Prevention and Emergency Services expenditure budgets by \$24,000 and \$66,500, respectively.

### **Final Budget to Actual Variances**

There were significant increases in General fund revenues and other sources during the year:

Tax revenue was \$779,648 higher than budget of which \$378,000 is the result of property tax liens collected and \$175,000 more collected in interest revenue than budgeted which is earned when paid. Additionally, \$226,000 raised from the increased values in the TIF District is in excess of the budget of Town

appropriations. These funds are raised to offset debt service paid in the Finance category of expenditures that is also not budgeted so that taxpayers outside the TIF District that benefits from property improvements are not affected by the cost. Tax lien revenue is not budgeted as revenue because these amounts were levied to fund activities of prior tax years.

The Bridge Capital Project Fund transferred \$1.5 million to the general fund, but only \$600,000 was budgeted to be used to pay off a bond anticipation note. The remaining \$910,000 transfer in to the general fund was meant to reimburse the general fund for a prior year bridge appropriation.

Licenses and permit revenues were \$15,000 over budget due to the following variances: Collections were better than budget by \$40,000 for building permits due to the timing of a Wal-Mart permit, \$8,000 for dog licenses due to more focused efforts on collections, \$6,000 for Dispatch Alarm fees, a newer fee without history, and \$6,000 more in health permit fees due to a rate increase during the year that was not budgeted. These favorable variances offset the \$32,000 shortfall for motor vehicle fees and \$12,000 shortfall for Fire permits.

Intergovernmental revenue was \$125,000 above budget primarily due to funding of unanticipated grants. The recognition of grant revenue related to the Early Employee Reinsurance Program was responsible for \$100,000 of the \$135,000 in revenue that exceeded budget. Recognition of \$6,000 in reimbursement for a Household Hazardous Waste day Grant not previously budgeted due to the concern over availability of State Revenues and \$9,300 for an unanticipated grant associated with eradicating invasive species on Town Conservation land was responsible for other key variances. The other key difference was the receipt of \$13,000 more in training reimbursement from the Southern NH Hazmat Emergency response team.

The Town earned \$270,000 more from charge for services revenue than budgeted. Ambulance revenues were \$157,000 higher than anticipated affected by stronger collection efforts - despite 2011 having the least amount of EMS transports in the last three years. Stronger recycling revenue for sheet metal and newspaper resulted in \$39,000 higher revenues than budget, Police revenues for reimbursements for special details and cruiser reimbursements exceeded budget by \$6,000. Recreation revenue was stronger than budgeted by \$33,000, notably \$15,000 more was generated from the adult fitness program and \$9,000 more was generated from concessions at Don Ball Park likely due to the popularity of the expanded water park and picnic areas. Following the growth trend in building permits, there was \$16,000 higher revenue associated with planning reviews and \$20,000 higher revenue associated with the engineering site inspections of active commercial projects.

After lowering the investment interest budget 59% from the prior year to \$157,000, interest revenue was still \$86,000 below budget due to weak investment earning rates of one tenth of one percent on the majority of investments and a loss on fair value of investments. In May, the Treasurer began to seek other investment options to mitigate the dismal interest rates.

Miscellaneous revenues exceeded budget by \$58,000 primarily because the Town received \$91,000 more than anticipated from workers compensation, disability or property insurance for the Town. The unanticipated amounts that exceeded budget was \$35,000 from Public Works, \$32,000 from Fire, \$13,000 from Finance, \$8,000 from Police and \$3,000 from Derry Public Library. These revenues usually offset a cost of additional coverage when an employee is out or reimburses a repair to Town property. Reimbursements from human service clients are \$14,000 below budget affected by the more conservative lending practices that result in fewer people refinancing homes and repaying the human services debt. Returned check fees charged to residents are \$3,000 less than budget due to a change in policy that allows electronic re-deposit of checks. Because fewer items are returned to the Town as a result of the policy change that is automatically handled at the bank level, fewer fees are charged to residents and the collection process has become more efficient. Vet's hall rental revenue is \$5,000 below budget and district court fines and restitution continue to lag below budget by \$11,000.

Proceeds from the sale of capital assets were \$403,000 below budget due to timing because most of the property closings and transfers arising at the spring auction were not completed until subsequent to year end in July, 2011.

Revenue from capital leases were \$76,000 below primarily because of the Police and Animal Control lease savings of \$69,000. All departments that executed leases in 2011 came in below budget to some degree because of better pricing of capital assets at the time of purchase.

Transfers in were \$911,000 more than budgeted as a result of a transfer from the Bridge Capital Project Fund State aid reimbursements received intended to replenish the general fund for an appropriation made to the Capital Project Fund in the prior year.

Overall, total general fund expenditures were \$62,000 less than budgeted. This is a very small difference on an appropriated budget of \$36 million. Across the board, all major departments reduced expenditures to minimize the anticipated effect of lower revenues from motor vehicles, investment interest and sales of tax deeded property.

The highlights of the differences are listed below:

Prevention and Emergency Services and Emergency management expenditures were \$10,540 less than budgeted. Despite spending \$26,000 more than budgeted for salary and benefit expenses and \$13,000 more in contract services, Prevention and Emergency Services Department covered the budget shortfalls by spending less on the new vehicle purchase and supply costs for vehicles and building maintenance due to negotiated better pricing on purchases.

Emergency management division was \$29,000 below budget primarily due to use of a per diem civilian for planning, training and response rather than staffed by a

member of the fire union on overtime. There were no disasters incurred in 2011 resulting in lower response costs.

Police Department, including the Animal Control division, did not spend \$614,000 of its adopted budget due to personnel vacancies as a result of retirements. Overall salary and benefits were \$502,000 less than budget affected by \$125,000 lower wages, \$116,000 lower regular department overtime, \$58,000 lower earned time, \$125,000 lower health insurance, \$43,000 lower retirement and \$15,000 lower ancillary benefits. One position was not filled during 2011 and subsequently eliminated in 2012. New positions were filled during the year at lower salary and benefit rates than the top step retirees.

The Executive department contributed \$47,000 in savings to restore fund balance as a result of \$10,000 in lower Health division costs primarily associated with the mosquito control program, \$8,000 lower executive benefits, \$11,000 lower professional service costs in administration and \$15,000 from information technology division primarily due to lower professional services fees and supply costs.

Public Works budget was effectively managed with expenditures \$63,000 lower than budget. Higher snow removal costs in the highway division of \$100,000 were offset by lower roadway and sidewalk improvements expenditures. Also, the public works division saved \$20,000 in lower electricity costs due to a favorable fixed price contract. Continued overspending of an inadequate budget for public works vehicle repairs and overtime in the transfer station offset cost savings in other areas. The Parks division salaries were less due to the effect of retirement and replacement timing. Higher salary and benefit costs at the transfer station were also affected by a position reclassification and the dual coverage cost impact of a staff member returning on light duty. The purchase of an \$8,000 mechanical tarp system to prevent future injury, covered by an unanticipated grant, also affected higher transfer station costs.

The Finance department budget to actual variance reflects \$767,000 lower actual expenses to budget. This variance was impacted by a \$600,000 appropriation that was authorized and appropriated to pay off a bond anticipation note that affects the general fund balance sheet and does not flow through expenditures. The \$600,000 payment is reflected as a payoff of a bond anticipation note outstanding as of 6/30/11 in the general fund.

The Finance department actual expenditures were \$167,000 less than final budget when segregating the item discussed above. This change was primarily impacted by \$113,000 in anticipated debt service payments that are paid out of the Finance division due to a delay in issuance of the bond debt. Continued verifications of human service applicant's eligibility and enhanced utilization of outside service agencies that reduce the cost of human service obligations born by taxpayers generated \$48,000 of savings when compared to budgeted appropriations for human services. Also impacting the better performance, assessing staff changes resulted in \$22,000 savings and changes in scope of contracted assessments saved

\$79,000 in services and \$10,000 in postage and supply costs. The remainder of savings was in the area of tax collector overtime costs and professional services costs due to the delay in tax deeding. These cost reductions mitigated the Town wide increased cost of legal services of \$135,000 over budget.

There is no difference between budget and actual expense for the budgets attributable to the Libraries. If funds are available at the end of the year in their operating budgets, the funds are allocated to a capital reserve fund based on the direction of the Library Trustees. In 2011, the libraries utilized their own revenues from fines and other income to cover expenses that were not covered by the budget covered by property taxes.

Actual expenditures for the Town Clerk and elections division were \$10,000 below budget mostly due to lower postage and printing costs.

The Community Development appropriation appears to be over spent by \$2,500 on the statement of revenues and other sources, however unanticipated revenues of \$13,000 for this division mitigated this shortfall.

The Town's General Fund balance differs from the General Fund's budgetary fund balance reported in the budgetary comparison because of differences in revenue and expense recognition.

Included as a GAAP (Generally Accepted Accounting Principles) to Budgetary reconciling item is \$166,000 that was paid for the Ash Street TIF district debt service, which was budgeted in prior years. Its revenues are derived by the taxes raised from the incremental growth in property values, which are not included when calculating amounts to be raised for town appropriations. Similarly, \$1.3 million was transferred from General Fund for the Route 28 TIF district engineering and right of way or easement acquisitions within the TIF district, which were budgeted in prior years. Several years ago, council approved the funding of these expenses from general fund balance until such time as a bond is issued to be repaid by the incremental taxes to be raised for the improved properties in the TIF district. This temporary funding of the project was reimbursed from bond proceeds raised subsequent to year-end, but prior to this report being issued.

## Capital Asset and Long-Term Debt Activity

### Capital Assets

Town of Derry, NH  
Capital Assets as of June 30,  
(Net of Depreciation)

	2011			2010		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 6,866,889	\$ 201,877	\$ 7,068,766	\$ 6,626,575	\$ 210,581	\$ 6,837,156
Buildings	13,332,914	120,320	13,453,234	13,490,626	124,187	13,614,813
Vehicles & Equipment	4,286,130	209,925	4,496,055	4,049,940	172,252	4,222,192
Construction Work in Progress	3,344,910	28,783	3,373,693	2,202,435	-	2,202,435
Infrastructure & Improvements	83,899,356	28,450,311	112,349,667	81,491,985	27,989,228	109,481,213
Intangibles	2,346,475	583,433	2,929,908	2,318,046	583,433	2,901,479
Totals	<u>\$ 114,076,674</u>	<u>\$ 29,594,649</u>	<u>\$ 143,671,323</u>	<u>\$ 110,179,607</u>	<u>\$ 29,079,681</u>	<u>\$ 139,259,288</u>

### Governmental Activities

There was substantial improvement in the Town's financial position in regard to capital assets during the year. In 2011, additions to capital assets totaling \$7.8 million contributed to a net increase of \$3.9 million on capital asset value after depreciation and asset disposals over the prior year. This increase was achieved with a combination of funding by donations, taxes, grants and debt.

Assets disposed during the year included aging vehicles and equipment that had an aggregate net book value of \$335,400 and Tax Deeded Property values of \$58,900.

The largest investment in capital assets is within the Route 28 Tax Increment Financing District for the Rte. 28 corridor widening project, specifically pre-construction engineering and right of way acquisitions. This project will be funded with a combination of town, state and bond funds. Other additions include Fordway Bridge reconstruction funded via Federal Highway funds. Completed reconstruction work in our urban compact zone at the Rte. 28 and Rte. 102 intersection was managed by NHDOT using town and Federal money. Federal ARRA and Town funds were used to make energy and infrastructure improvements to the Veterans Memorial Building, built in 1929 and currently used as a recreation facility.

The purchase of three parcels of land from the Low brothers was funded by accumulated land use taxes committed for Conservation land acquisition. This 132.9 acre acquisition, plus a property owner's donation of a wetland has helped increase the Town's inventory of protected lands and watersheds.

Major acquisitions in 2011 are reported to the nearest thousand are noted below:

- \$1,300,000 – Rt. 28 Improvements-Engineering & right of way acquisitions
- \$1,010,000 – Fordway Bridge Reconstruction
- \$ 849,000 – Rt. 28 and Rt. 102 Intersection Improvements
- \$ 509,000 – Pierce Fire Pumper Truck
- \$ 278,000 – Veterans Memorial Building Energy Upgrades
- \$ 258,000 – Sprinkler Project for 3 Fire Stations
- \$ 240,000 – 132.9 acres of land for Conservation near Ballard Pond
- \$ 228,000 – Drew Road Bridge Reconstruction

The Fordway Bridge was completed in 2011 with funding from Federal Highway proceeds. The failing Drew Road culvert was redesigned to meet bridge standards was also completed, but 80% of the construction costs due from state bridge aid is not expected to be reimbursed to the Town until 2019. The South Ave Bridge project had completed preconstruction engineering and was in the process of awarding the construction bid. The project is coordinated with the NH Department of Transportation to be eligible for 80% of additional bridge aid. The construction phase of that bridge was completed in the fall of 2011. Bridge infrastructure has an expected useful life of 50 years.

The Town includes the historical cost or estimated fair value of infrastructure systems in its capital assets.

Condition assessment ratings are being used to determine the level of annual funding required to maintain the value of the roadway systems. The Town uses a Pavement Condition Index (PCI) developed by engineers to measure the quality of its roadways. The analysis includes: inventory information to define the size and characteristics of each roadway; distress information to determine existence, severity and extent of physical problems; and drainage and roadway cross-section characteristics, particularly with respect to deficiencies.

In FY 2003, the Town of Derry adopted a conditional assessment PCI rating range of 68-80 for its roadway maintenance program, which is considered a “Good” assessment (a rating of 80 to 100 is considered “Excellent”). In FY 2011, a non-review year, a PCI rating of 84 was noted, which is above the range adopted by the Town Council. This PCI rating takes the baseline level that was adopted at last full review, and updates the system related to improvements to the system. Hence, the PCI indicator in any interim year maybe slightly overstated, but improvement to the rating reflects the progressive improvements in the roadway system since the last full system review. It does not reflect the impact of other roads that may deteriorate during the rating period. The Town currently estimates that an annual expenditure of \$1,380,000 would be required to maintain the current rating level. In FY 2011, \$1,086,000 was expended to maintain the roadways. Due to a tight budget year, the Town’s governing body chose to fund below the estimate. In FY12, funding was restored to slightly above the estimate.

The Town is able to continue to value its roadway and sidewalk networks without depreciation because it is investing in and maintaining these assets at a measured level that demonstrates that it is not deteriorating. (The official three-year conditional assessment rating of 78, last updated in 2009, is within the adopted range.)

### **Business Type Activities**

Primary capital investment in 2011 is reported to the nearest thousand as noted below:

- \$802,000 – Drew Woods Water System Expansion
- \$183,000 – East Derry Water Main Improvements

The Drew Woods Water System Expansion was completed with a cooperative agreement between the Town and Pennichuck Corporation who agreed to pay 75% of the cost of the project under the specifications of the Town and then dedicate the water line expansion to the Town. By doing so, the Town accepts the responsibility for maintaining the system and may also use the line to provide improved water quality to other areas of the Town presently on community well systems, including the Meadowbrook area. Also, this will enable Pennichuck to purchase water directly from the Town to supplement their existing bedrock well supply systems.

Investment in water system expansions in the amount of \$1 million was the major investment in business type activities in FY 2011.

This investment, along with replacement of aging equipment and vehicles, contributed to an increase of capital assets of \$ 515,000, net of depreciation, when compared to the prior year.

A major water and sewer expansion to be funded by debt along Route 28/ Rockingham Road towards Salem is schedule to commence during FY12.

Please refer to Note 8 for more detail about Capital Assets associated with Governmental and Business type activities.

### **Long-Term Debt**

#### **Governmental Activities**

As of June 30, 2011, general obligation bonds for governmental activities decreased by \$510,000 and no new bond debt was issued. A \$600,000 bond anticipation note for Exit 4A was paid off in 2011 using state aid reimbursements transferred from the bridge capital project fund.

Town of Derry, NH  
Outstanding Bond Debt  
As of June 30, (in millions)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds (Backed by the Town)	\$ 4.96	\$ 5.47	\$ 4.05	\$ 4.61	\$ 9.01	\$ 10.08
Tax increment financing bonds	1.76	1.84	-	-	1.76	1.84
	<u>\$ 6.72</u>	<u>\$ 7.31</u>	<u>\$ 4.05</u>	<u>\$ 4.61</u>	<u>\$ 10.77</u>	<u>\$ 11.92</u>
Annual change (decrease)	(0.59)		(0.56)		(1.15)	
Percent change	-8.1%		-12.1%		-9.6%	

The Town of Derry's strong bond rating was last reaffirmed as Aa2 in the fall of 2011.

The Town obtains capital lease agreements with ease as several banking or leasing institutions compete for the Town's business when the Town seeks to lease new equipment. In 2011, the Town entered into five new leases for the following items: a Pierce Velocity Fire Pumper Truck (\$499,000), three Ford Expeditions for police and one Transit van for Animal Control (\$114,000), seven Crown Victoria patrol vehicles (\$165,000), eight copiers (\$54,000) and two F350 trucks for public works (\$66,000). Strategically, the vehicle replacement program leasing program was designed to balance the debt service payments in order to stabilize the impact on the tax rate.

Delays in land and easement acquisitions postponed the bond issuance beyond fiscal year 2011. The \$3.4 million bond was issued for this TIF District as well as the execution of construction agreements in November, 2011, subsequent to the June 30, 2011 year-end which will restore the debt levels closer, but still below the average of the past 10 years of \$12.2 million. This year's overall general obligation debt level is the lowest level in 10 years.

The State of New Hampshire limits the amount of general obligation debt to 3% of the assessed value of all taxable property within the Town's corporate limits. The Town's borrowing level is well below the limit imposed. Derry's outstanding general obligation debt of \$8.3 million is merely 11% of the \$75.4 million cap imposed by the State of NH – reflecting a favorable borrowing position for a community the size of Derry.

Other obligations include accrued vacation pay, sick leave, and other post-employment benefits (OPEB). More detailed information about the Town's long-term liabilities is presented in Note 13 to the financial statements.

## **Business Type Activities**

Water bond debt totaled \$400,000 and is at the lowest level in more than ten years. Only one bond issue remains for the water fund and will be retired in fiscal year 2019. No new bond debt was issued for the water or wastewater funds during the year.

Wastewater debt totals \$4 million and is at the lowest level in more than 10 years affected by annual debt service payments and no new bonds issued.

Subsequent to June 30, 2011, new bonds were authorized to expand service connections in conjunction with the Town's master plan that will reverse the declining debt trend. This borrowing opportunity will benefit the Water and Sewer's system expansion goals during a time of lower construction costs due to the economy and will provide the infrastructure that is needed for commercial economic growth in the area of Route 28 South.

## ***Known Facts, Decisions, or Conditions Currently***

### **Economic Factors and Next Year's Budgets and Rates**

The tax rate that funds the 2012 fiscal year budget was set at \$27.27. The rate for Town services increased \$0.11 to \$9.52, but overall, the average homeowner's tax bill decreased 4.2% primarily due to the decreased cost of the school and county appropriations. Derry has readjusted property values to keep pace with lower market values to be fair and equitable to taxpayers. New construction, additions and remodeling offset the reductions in overall property values resulting in a favorable \$758,000 net increase in property value.

The 2012 governmental activity Capital Improvement Plan proposed expenditures of \$0.97 million that include \$0.89 million for vehicles and equipment replacement for fire, police, highway, and cable, \$0.08 million for police, recreational and transfer station facilities. Funding for these expenditures was budgeted using the following sources:

42.9% from leases, 25.5% from taxes and other capital contributions, 19.4% from grants and 12.2% from trusts and capital reserves.

The 2012 business-type activity Capital Improvement Plan proposed \$2.6 million that included \$2.09 million for water and sewer main expansion on Route 28 south which will provide an opportunity for commercial development in that area of the Town that lacks municipal water and sewer services. In November, the governing body approved bond resolutions of \$1.97 million for water expansion and for \$1.98 million for sewer expansion related to this project. Cost recovery will be obtained using a formula based on parcel size of all abutting properties to be partially reimbursed through property assessments. Other adopted capital improvements for 2012 include \$0.33 million for water & wastewater infrastructure improvements and

\$0.18 million for vehicle and equipment replacements. Funding for the remaining expenditures was budgeted primarily using user fees and a small portion from capital reserves. User fees have not increased since FY2009, and there have been no changes proposed for 2012.

The funding of the capital plan is budgeted using the following funding sources: 69.7% from bonds or leases, 19.86% from taxes and other capital contributions, 5.21% from grants and 5.23% from trusts and capital reserves.

Due to a flat tax rate tied to the tax cap, the 2011 budget was challenging. The Town's department managers continue to struggle with sustaining its level of service to residents within a tax cap as personnel costs for health and retirement continue to rise. In 2011, Fire Union members as well as the Town's senior management staff voluntarily chose to forego wage increases. The elimination of one full-time position and one shifted from full-time to part-time helped offset higher retirement costs for public safety personnel and lower budgeted investment income, building permits and motor vehicle registrations.

Age distribution is of particular interest in developing projections, especially in long-term planning. The 2010 census indicated that the population of Derry was 33,109 and compared to the 2000 census of 34,021, a decline of approximately 2.7% was realized. Rockingham County, where Derry is located, however, increased 6.7% (295,223 in 2010 vs. 277,359 in 2000) due primarily because of immigration as well as excess births over deaths. The 2010 census also showed Derry's population is aging. In 2000, the median age was 33.6. In 2010, the median age increased to 38.2, slightly above the national average of 37.2, but below the state's average of 41.1. In 2000, 30.1% of the population was under the age of 18. In 2010 that percentage decreased to 24.7%. As discussed in the transmittal letter, this translated into an overall decline during past decade of grades K-12 school enrollment in Derry schools. For the entire state, a reduction of over 22,000 students since 2000 was experienced. The over 65 age group increased to 8.7% of the population compared to 6.2% in 2000. Expanding the population groupings in greater detail, the largest population group was the 45-49 year olds, making up 9.68% of the population. In 2000 the largest group was the 35-39 year olds. The fastest growing group is the 60-65 year old group, which increased by 93.1% over the past decade, while the nationwide increase was only 55.6%. Closely behind, the 55-59 year old age group increased by 66.8%.

An aging population will demand more health, social, and recreational services. In recent years, the Town has increased elderly exemptions and veterans real estate tax credits in an effort to retain these residents in our community. Demand for services for the elderly and disabled have grown in the community. The demand has been met by local non-profits, who also receive funding from local government to meet the demand for an expanded regional transportation and for programs that help the elderly live independently longer such as Meals on Wheels and the service and visitation programs run by Community Caregivers.

On the opposite end of the age scale, the 5-9 year olds declined 31.3% and the 10-14 year olds declined 21.6% in Derry according to the census. The under 5-year old group declined by 7.8% in New Hampshire since 2000. This is in contrast to a 5.3% increase in the group nationwide. The total New Hampshire population continues to grow more slowly than the United States as a whole. Overall, more people moved into the state than moved out during the last decade, but the census showed a negative net migration from 2006-2009, possibly due to the instability of the housing markets. This is of particular interest to capital planning for schools in this state.

Until 2006, median home prices for the purchase of a primary home in New Hampshire continued to rise. The purchase price of a new home in New Hampshire had increased from 2003 to 2006 by 17%, while the purchase price of existing homes had increased 19% during the same period. Following national trends primarily due to the ongoing credit crisis, for the years 2007 & 2008, the purchase price for a new home fell 6% compared to the 2006 average and the purchase price of an existing home fell 3%. In 2010, home price fell another 0.86% for new homes but increased 2.6% for existing homes compared to 2009 averages. Data available for the first nine months of 2011 shows a 41.7% increase in the median price of new homes and 7.7% decline for existing homes since December 2010. The overall median purchase price as of August 2011 for all homes declined 5% since December 2010. In Derry, the assessed value of homes is currently 100.2% of market value as determined by New Hampshire Department of Revenue Administration (DRA).

The regions per capita annual income (\$43,586) exceeded the national level by more than 9.1% and ranked 9th highest in the nation in 2010. New Hampshire was ranked 10<sup>th</sup> in 2009. For renters in Rockingham County, which has the highest rental rates in the state, it takes an income of about \$48,000 a year to cover the cost of a typical two-bedroom apartment (average rent of \$1,200 per month including utilities, based on a cap of 30% of income to cover rent and utilities). Continued growth control and zoning restrictions further restrict the market, while containing sprawl.

The unemployment rate (not seasonally adjusted) in Derry at June 30, 2011 was 5.5%, down from 6.4% at June 30, 2010. Derry residents continue to fare better than the national average of 9.3%, but the rate remains slightly higher than the overall state rate of 5.2%. The unemployment rate continues to be impacted by the slow recovery of the economy nationwide.

Inflation in the Greater Boston metropolitan area that includes the Town was lower than the increase in the U.S. City Average Consumer Price Index (CPI). The area CPI rate of increase was 1.6% for Fiscal year 2011, the same as the national increase. Higher energy, transportation, food and medical costs compared to Fiscal year 2010 nationwide has attributed to the increase.

Please refer to the transmittal letter of the Comprehensive Annual Financial Report of the Town for more information regarding other economic data for our community.

## **Contacting the Town's Financial Management**

This financial report is designed to provide Derry's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer or Controller in the Derry, NH Finance Department at (603) 432-6103. The Chief Financial Officer may also be reached at [frankchilds@ci.derry.nh.us](mailto:frankchilds@ci.derry.nh.us) and the Controller may be reached at [janicemobsby@ci.derry.nh.us](mailto:janicemobsby@ci.derry.nh.us).

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New "State of the Art" Engine #1

## TOWN OF DERRY, NEW HAMPSHIRE

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government Wide <u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 50,079,481	\$ -	\$ 50,079,481
Investments	9,412,648	486,945	9,899,593
Taxes receivable	7,569,167	-	7,569,167
Accounts receivable, net	161,063	618,055	779,118
Due from other governments	197,773	-	197,773
Internal balances	(2,371,016)	2,371,016	-
Prepaid items	<u>72,634</u>	<u>11,896</u>	<u>84,530</u>
Total current assets	65,121,750	3,487,912	68,609,662
Noncurrent:			
Accounts receivable, net	-	272,411	272,411
Due from other governments	-	789,111	789,111
Loans receivable	75,042	-	75,042
Capital assets:			
Non-depreciable capital assets	89,267,748	814,092	90,081,840
Depreciable capital assets, net	<u>24,808,925</u>	<u>28,780,557</u>	<u>53,589,482</u>
Total non-current assets	<u>114,151,715</u>	<u>30,656,171</u>	<u>144,807,886</u>
<b>TOTAL ASSETS</b>	<u>179,273,465</u>	<u>34,144,083</u>	<u>213,417,548</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	1,313,554	153,963	1,467,517
Accrued expenses	583,181	26,100	609,281
Retainage payable	30,000	21,025	51,025
Unearned revenue	35,275,644	-	35,275,644
Deposits payable	2,425	-	2,425
Due to other governments	3,548	-	3,548
Other liabilities	133,384	-	133,384
Current portion of long-term liabilities:			
General obligation bonds payable	510,000	563,652	1,073,652
Tax increment financing bonds payable	80,000	-	80,000
Capital leases payable	259,268	-	259,268
Compensated absences	635,252	25,832	661,084
Estimated liability for landfill postclosure care costs	13,255	-	13,255
Other	<u>897</u>	<u>1,298</u>	<u>2,195</u>
Total current liabilities	38,840,408	791,870	39,632,278
Noncurrent:			
General obligation bonds payable	4,450,000	3,486,078	7,936,078
Tax increment financing bonds payable	1,680,000	-	1,680,000
Capital leases payable	557,074	-	557,074
Compensated absences	3,208,684	130,476	3,339,160
Other post-employment benefits payable	2,602,460	217,645	2,820,105
Estimated liability for landfill postclosure care costs	60,992	-	60,992
Other	<u>2,695</u>	<u>9,087</u>	<u>11,782</u>
Total non-current liabilities	<u>12,561,905</u>	<u>3,843,286</u>	<u>16,405,191</u>
<b>TOTAL LIABILITIES</b>	51,402,313	4,635,156	56,037,469
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	106,540,331	25,544,919	132,085,250
Restricted for:			
Endowments - permanently restricted	5,013,144	-	5,013,144
Permanent funds - spendable	891,687	-	891,687
Conservation	335,904	-	335,904
Economic development	177,681	-	177,681
Tax increment financing	141,038	-	141,038
Unrestricted	<u>14,771,367</u>	<u>3,964,008</u>	<u>18,735,375</u>
<b>TOTAL NET ASSETS</b>	<u>127,871,152</u>	<u>29,508,927</u>	<u>157,380,079</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 179,273,465</u>	<u>\$ 34,144,083</u>	<u>\$ 213,417,548</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,772,403	\$ 129,549	\$ 10,687	\$ 133,200
Public safety	19,716,889	1,690,832	980,546	321,845
Highways and streets	4,368,205	40,214	684,106	2,240,402
Health and welfare	735,916	26,959	127,625	-
Sanitation	1,579,299	450,465	6,783	-
Culture and recreation	2,940,331	194,859	735	-
Conservation	16,577	-	9,300	280
Economic development	290,357	-	-	-
Interest on long-term debt	365,191	-	-	-
	<u>35,785,168</u>	<u>2,532,878</u>	<u>1,819,782</u>	<u>2,695,727</u>
Total Governmental Activities	35,785,168	2,532,878	1,819,782	2,695,727
<b>Business-Type Activities:</b>				
Water	2,337,353	2,458,522	19,111	591,946
Sewer	<u>1,944,450</u>	<u>2,071,878</u>	<u>186,333</u>	<u>69,229</u>
Total Business-Type Activities	<u>4,281,803</u>	<u>4,530,400</u>	<u>205,444</u>	<u>661,175</u>
Total primary government	<u>\$ 40,066,971</u>	<u>\$ 7,063,278</u>	<u>\$ 2,025,226</u>	<u>\$ 3,356,902</u>

**General Revenues:**

Property and other taxes  
 Motor vehicle registration and other taxes  
 Grants and contributions not restricted to specific programs  
 Interest and investment earnings  
 Miscellaneous

Total general revenues

Change in Net Assets

**Net Assets:**

Beginning of year

End of year

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (5,498,967)	\$ -	\$ (5,498,967)
(16,723,666)	-	(16,723,666)
(1,403,483)	-	(1,403,483)
(581,332)	-	(581,332)
(1,122,051)	-	(1,122,051)
(2,744,737)	-	(2,744,737)
(6,997)	-	(6,997)
(290,357)	-	(290,357)
(365,191)	-	(365,191)
<u>(28,736,781)</u>	<u>-</u>	<u>(28,736,781)</u>
-	732,226	732,226
<u>-</u>	<u>382,990</u>	<u>382,990</u>
<u>-</u>	<u>1,115,216</u>	<u>1,115,216</u>
(28,736,781)	1,115,216	(27,621,565)
23,962,310	-	23,962,310
4,717,598	-	4,717,598
1,780,356	-	1,780,356
784,714	9,166	793,880
633,431	69,583	703,014
<u>31,878,409</u>	<u>78,749</u>	<u>31,957,158</u>
3,141,628	1,193,965	4,335,593
<u>124,729,524</u>	<u>28,314,962</u>	<u>153,044,486</u>
<u>\$ 127,871,152</u>	<u>\$ 29,508,927</u>	<u>\$ 157,380,079</u>

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,717,026	\$ 362,455	\$ 50,079,481
Investments	3,425,435	5,987,213	9,412,648
Taxes receivable	7,569,167	-	7,569,167
Accounts receivable, net	57,079	103,984	161,063
Due from other governments	133,059	64,714	197,773
Due from other funds	-	2,931,481	2,931,481
Prepaid items	47,666	24,968	72,634
Loans receivable	75,042	-	75,042
TOTAL ASSETS	<u>\$ 61,024,474</u>	<u>\$ 9,474,815</u>	<u>\$ 70,499,289</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,211,344	\$ 102,210	\$ 1,313,554
Accrued expenditures	476,538	389	476,927
Unearned revenue	35,275,644	-	35,275,644
Deferred revenue	1,841,945	-	1,841,945
Retainage payable	-	30,000	30,000
Deposits payable	-	2,425	2,425
Due to other governments	3,548	-	3,548
Due to other funds	5,289,447	13,050	5,302,497
Other liabilities	133,384	-	133,384
TOTAL LIABILITIES	44,231,850	148,074	44,379,924
Fund Balances:			
Nonspendable	47,666	5,038,112	5,085,778
Restricted	620,550	2,171,234	2,791,784
Committed	5,530,589	2,117,395	7,647,984
Assigned	349,130	-	349,130
Unassigned	10,244,689	-	10,244,689
TOTAL FUND BALANCES	<u>16,792,624</u>	<u>9,326,741</u>	<u>26,119,365</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 61,024,474</u>	<u>\$ 9,474,815</u>	<u>\$ 70,499,289</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

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

JUNE 30, 2011

<b>Total governmental fund balances</b>	\$ 26,119,365
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	114,076,673
• Property taxes and other revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis	1,841,945
• Long-term liabilities, including bonds payable and net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:	
General obligation bonds payable	(4,960,000)
Tax increment financing bonds payable	(1,760,000)
Capital leases payable	(816,342)
Accrued interest on long-term obligations	(106,254)
Estimated liability for landfill postclosure care costs	(74,247)
Other post-employment benefits payable	(2,602,460)
Compensated absences payable	(3,843,936)
Other	<u>(3,592)</u>
<b>Net assets of governmental activities</b>	<u>\$ 127,871,152</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 23,451,834	\$ -	\$ 23,451,834
Licenses and permits	4,792,458	314,568	5,107,026
Intergovernmental	3,393,774	1,933,139	5,326,913
Charges for services	2,132,842	10,608	2,143,450
Interest and investment income	114,137	670,575	784,712
Miscellaneous	363,274	141,455	504,729
Total Revenues	<u>34,248,319</u>	<u>3,070,345</u>	<u>37,318,664</u>
<b>Expenditures:</b>			
Current operations:			
General government	4,853,810	197,846	5,051,656
Public safety	18,250,563	84,329	18,334,892
Highways and streets	3,802,664	173	3,802,837
Health and welfare	599,151	117,491	716,642
Sanitation	1,559,646	201	1,559,847
Culture and recreation	2,630,995	48,472	2,679,467
Conservation	13,748	2,400	16,148
Economic development	365,399	-	365,399
Capital outlay	1,181,547	3,723,955	4,905,502
Debt service:			
Principal retirement	953,863	-	953,863
Interest and fiscal charges	367,146	909	368,055
Intergovernmental	-	10,009	10,009
Total Expenditures	<u>34,578,532</u>	<u>4,185,785</u>	<u>38,764,317</u>
Excess (deficiency) of revenues over expenditures	(330,213)	(1,115,440)	(1,445,653)
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	125,472	-	125,472
Capital leases	898,394	-	898,394
Transfers in	1,841,228	1,754,437	3,595,665
Transfers out	(1,879,440)	(1,716,225)	(3,595,665)
Total Other Financing Sources (Uses)	<u>985,654</u>	<u>38,212</u>	<u>1,023,866</u>
Change in fund balance	655,441	(1,077,228)	(421,787)
Fund Balance at beginning of year	<u>16,137,183</u>	<u>10,403,969</u>	<u>26,541,152</u>
Fund Balance at end of year	<u>\$ 16,792,624</u>	<u>\$ 9,326,741</u>	<u>\$ 26,119,365</u>

TOWN OF DERRY, 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, 2011

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (421,787)

Amounts reported for governmental activities in the statement of activities are different because:

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.
 

Capital asset purchases	5,974,118
Depreciation	(1,741,676)
  
- Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.
 

	(335,373)
--	-----------
  
- Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.
 

	585,519
--	---------
  
- Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.
 

	953,863
--	---------
  
- Capital lease issues are other financing sources in the governmental funds, but the capital lease issues increase long-term liabilities in the statement of net assets.
 

	(896,059)
--	-----------
  
- In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when done.
 

	4,337
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- Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.
 

Compensated absences	(25,664)
Other post-employment benefits	(1,001,654)
Estimated liability for landfill post-closure care costs	46,582
Other	<u>(578)</u>

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 3,141,628

TOWN OF DERRY, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Taxes	\$ 22,672,186	\$ 22,672,186	\$ 23,451,834	\$ 779,648
Licenses and permits	4,777,360	4,777,360	4,792,458	15,098
Intergovernmental	2,704,507	2,704,507	2,829,776	125,269
Charges for services	1,862,983	1,862,983	2,132,842	269,859
Interest and investment income	157,000	157,000	70,978	(86,022)
Miscellaneous	303,607	303,607	361,680	58,073
Use of fund balance	252,681	259,525	259,525	-
Proceeds from sale of capital assets	527,300	528,950	125,472	(403,478)
Issuance of capital leases	920,080	974,257	898,394	(75,863)
Transfers in	790,335	1,390,335	2,300,942	910,607
	<u>34,968,039</u>	<u>35,630,710</u>	<u>37,223,901</u>	<u>1,593,191</u>
Total Revenues and Other Sources	34,968,039	35,630,710	37,223,901	1,593,191
<b>Expenditures and Other Uses:</b>				
Prevention and emergency services	10,759,836	10,693,336	10,682,796	10,540
Emergency management	80,831	80,831	51,441	29,390
Police and animal control	8,507,669	8,507,669	7,892,965	614,704
Executive	1,239,440	1,295,267	1,247,692	47,575
Finance	4,459,427	5,148,271	4,381,326	766,945
Town clerk and elections	167,310	175,810	166,160	9,650
Libraries	1,274,443	1,274,443	1,274,443	-
Community development	258,642	258,642	261,189	(2,547)
Public works	8,220,441	8,196,441	8,133,371	63,070
	<u>34,968,039</u>	<u>35,630,710</u>	<u>34,091,383</u>	<u>1,539,327</u>
Total Expenditures and Other Uses	34,968,039	35,630,710	34,091,383	1,539,327
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,132,518</u>	\$ <u>3,132,518</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>ASSETS</u></b>			
Current:			
Investments	\$ 15,366	\$ 471,579	\$ 486,945
Accounts receivable, net	263,008	355,047	618,055
Due from other funds	1,875,313	495,703	2,371,016
Prepaid items	5,148	6,748	11,896
Total current assets	2,158,835	1,329,077	3,487,912
Noncurrent:			
Accounts receivable, net	181,266	91,145	272,411
Due from other governments	-	789,111	789,111
Non-depreciable capital assets	277,662	536,430	814,092
Depreciable capital assets, net	10,060,323	18,720,234	28,780,557
Total noncurrent assets	10,519,251	20,136,920	30,656,171
<b>TOTAL ASSETS</b>	<b>\$ 12,678,086</b>	<b>\$ 21,465,997</b>	<b>\$ 34,144,083</b>
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	\$ 111,016	\$ 42,947	\$ 153,963
Accrued expenses	7,397	18,703	26,100
Retainage payable	21,025	-	21,025
Current portion of long-term liabilities:			
Bonds payable	50,000	513,652	563,652
Compensated absences	12,916	12,916	25,832
Other	1,298	-	1,298
Total current liabilities	203,652	588,218	791,870
Noncurrent:			
Bonds payable	350,000	3,136,078	3,486,078
Compensated absences	65,238	65,238	130,476
Other post-employment benefits payable	141,332	76,313	217,645
Other	9,087	-	9,087
Total noncurrent liabilities	565,657	3,277,629	3,843,286
<b>TOTAL LIABILITIES</b>	769,309	3,865,847	4,635,156
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	9,937,985	15,606,934	25,544,919
Unrestricted	1,970,792	1,993,216	3,964,008
<b>TOTAL NET ASSETS</b>	11,908,777	17,600,150	29,508,927
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,678,086</b>	<b>\$ 21,465,997</b>	<b>\$ 34,144,083</b>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 2,458,522	\$ 2,071,878	\$ 4,530,400
Miscellaneous	<u>14,997</u>	<u>34,395</u>	<u>49,392</u>
Total Operating Revenues	2,473,519	2,106,273	4,579,792
<b>Operating Expenses:</b>			
Personnel services	899,838	822,071	1,721,909
Repairs and maintenance	238,701	99,694	338,395
Materials and supplies	75,940	42,140	118,080
Utilities	800,776	280,548	1,081,324
Depreciation	202,529	462,237	664,766
Miscellaneous	<u>99,241</u>	<u>79,102</u>	<u>178,343</u>
Total Operating Expenses	<u>2,317,025</u>	<u>1,785,792</u>	<u>4,102,817</u>
Operating Income (Loss)	156,494	320,481	476,975
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	4,056	5,110	9,166
Intergovernmental revenue	19,111	186,333	205,444
Other revenue	2,652	-	2,652
Interest expense	(20,328)	(158,658)	(178,986)
Gain (loss) on sale of assets	<u>17,789</u>	<u>(250)</u>	<u>17,539</u>
Total Nonoperating Revenues (Expenses), Net	<u>23,280</u>	<u>32,535</u>	<u>55,815</u>
Income (Loss) Before Capital Contributions	179,774	353,016	532,790
Capital contributions	<u>591,946</u>	<u>69,229</u>	<u>661,175</u>
Change in Net Assets	771,720	422,245	1,193,965
Net Assets at Beginning of Year	<u>11,137,057</u>	<u>17,177,905</u>	<u>28,314,962</u>
Net Assets at End of Year	<u>\$ 11,908,777</u>	<u>\$ 17,600,150</u>	<u>\$ 29,508,927</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from customers	\$ 2,520,480	\$ 2,124,708	\$ 4,645,188
Other operating cash receipts	14,997	34,394	49,391
Cash paid for interfund services provided	(98,679)	(119,312)	(217,991)
Cash paid to suppliers	(1,118,351)	(503,459)	(1,621,810)
Cash paid to employees	(813,349)	(800,601)	(1,613,950)
Net Cash Provided By Operating Activities	505,098	735,730	1,240,828
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Capital contributions	591,946	69,229	661,175
Purchases of capital assets	(1,047,945)	(114,248)	(1,162,193)
Principal paid on bonds payable	(50,000)	(506,550)	(556,550)
Proceeds from debt refinancing and other	1,354	-	1,354
Intergovernmental revenue	19,111	-	19,111
Principal paid on capital leases payable	(681)	(681)	(1,362)
Interest paid on long-term debt	(20,328)	(158,658)	(178,986)
Net Cash (Used For) Capital and Related Financing Activities	(506,543)	(710,908)	(1,217,451)
<b><u>Cash Flows From Investing Activities:</u></b>			
Sale of purchase of investments	(2,611)	(29,932)	(32,543)
Interest on investments	4,056	5,110	9,166
Net Cash Provided By (used for) Investing Activities	1,445	(24,822)	(23,377)
Cash and cash equivalents at beginning of year (reported as due from other funds)	-	-	-
Cash and cash equivalents at end of year (reported as due from other funds)	\$ -	\$ -	\$ -
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>			
Operating income	\$ 156,494	\$ 320,481	\$ 476,975
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation expense	202,529	462,237	664,766
Changes in assets and liabilities:			
Accounts receivable, net	65,810	53,468	119,278
Due from other funds	(98,679)	(119,312)	(217,991)
Prepaid items	120	184	304
Accounts payable	94,428	4,212	98,640
Accrued expenses	(950)	(6,370)	(7,320)
Retainage payable	2,709	-	2,709
Unearned revenue	(3,852)	(640)	(4,492)
Compensated absences	(3,211)	(3,211)	(6,422)
Other post-employment benefits	89,700	24,681	114,381
Net Cash Provided By Operating Activities	\$ 505,098	\$ 735,730	\$ 1,240,828

TOWN OF DERRY, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2011

	Private Purpose Trust Funds	Agency Funds
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ -	\$ 620,804
Investments	<u>364,122</u>	<u>360,369</u>
Total Assets	<u>\$ 364,122</u>	<u>\$ 981,173</u>
<b><u>LIABILITIES</u></b>		
Due to other governments	\$ -	\$ 360,369
Deposits held for others	<u>-</u>	<u>620,804</u>
Total Liabilities	-	981,173
<b><u>NET ASSETS</u></b>		
Held in trust	<u>364,122</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 364,122</u>	<u>\$ 981,173</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>	
Investment earnings:	
Investment income	\$ 15,563
Net increase in the fair value of investments	<u>25,594</u>
Total investment earnings	41,157
Less investment expense	<u>(1,459)</u>
Net Investment Earnings	<u>39,698</u>
 <b>Deductions:</b>	
Benefits	<u>8,557</u>
Total deductions	<u>8,557</u>
Change in Net Assets	31,141
 <b>Net assets held in trust:</b>	
Beginning of year	<u>332,981</u>
End of year	<u>\$ 364,122</u>

See notes to financial statements.

# TOWN OF DERRY, NEW HAMPSHIRE

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Derry (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2011, it was determined that no entities met the required GASB-39 criteria of component units.

The Town of Derry, New Hampshire (the Town) was incorporated in 1827. In March of 1993, the voters of the Town adopted a Charter which established a Town Council and Town Administrator form of government. The Town Administrator is the Chief Administrative officer and is responsible for the administrative and financial affairs and for carrying out the policies enacted by the Town Council.

#### B. Government-wide and Fund Financial Statements

##### Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, internal eliminations do not include services provided to Town departments. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

#### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

#### Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

#### Fund Financial Statements

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 government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. 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.

The government reports the following major governmental funds:

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

- The *water fund* accounts for all revenues and expenses pertaining to the Town's water operations.
- The *sewer fund* accounts for all revenues and expenses pertaining to the Town's waste water treatment and disposal sanitation operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

#### *E. Investments*

State and local 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. 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 the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

#### *F. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

*G. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

*H. Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

*I. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, (for enterprise funds only) and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Town has elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting on its roadways and sidewalks. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 50
Equipment and vehicles	5 - 10
Infrastructure and other assets	20 - 50
Temporary easements	1 - 5
Software	5 - 7

J. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused absences. All vested absences pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (\$72,634 for prepaid items as of June 30, 2011) or can never be spent (\$5,013,144 for parks and playgrounds, perpetual care, and other principal portions of permanent funds as of June 30, 2011).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet

paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.

- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and Unassigned.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

#### *M. Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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

### *A. Budgetary Information*

General government revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. The budget represents departmental appropriations as authorized by the Town Charter with annual or special budgetary public hearings. By the same procedures additional amounts may be appropriated during the year in emergency cases. There were several supplemental budgetary appropriations voted during the year. The Town Council adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the governmental unit as a whole rather than on the basis of fund types. Special Revenue Fund budgets for the cable television fund and Enter-

prise Fund budgets for the water and sewer departments are adopted. Capital Project Funds do not have adopted budgets.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

*C. Legal Level of Control*

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount for each budget for which data is presented without the approval of the governing body) is the total budgeted amount for each department.

*D. Limitation of Budget Increases*

During 2004, the Town amended Section 9.4 of the Derry Town Charter regarding the limitation of budget increases. In accordance with this amendment, the Town Council, in establishing a municipal budget, shall be allowed to assume an estimated property tax rate only in an amount equal to the equalized tax rate established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index as published by the United States Department of Labor for the calendar year immediately preceding budget adoption. The exception to this limitation regarding the inclusion of principal and interest on municipal bonds remained unchanged.

*E. Budget/GAAP Reconciliation*

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 34,248,320	\$ 34,578,532
Other financing sources/uses (GAAP Basis)	<u>2,865,094</u>	<u>1,879,440</u>
Subtotal (GAAP Basis)	37,113,414	36,457,972
Reverse expenditures of prior year appropriation carryforwards	-	(313,409)
To book current year appropriation carryforwards	-	71,902
To record use of fund balance	259,525	-
To reverse on-behalf fringe benefits	(554,698)	(554,698)
To reverse non-budgeted accounts	405,660	(92,753)
To reverse use of Tax increment payments	<u>-</u>	<u>(1,477,631)</u>
Budgetary Basis	<u>\$ 37,223,901</u>	<u>\$ 34,091,383</u>

**F. Excess of Expenditures Over Appropriations**

Expenditures exceeding appropriations during the current fiscal year were as follows:

Community Development	\$ 2,547
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**3. Cash and Investments**

**A. Custodial Credit Risk**

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the

sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.”

*Custodial Credit Risk - Investments.* Custodial credit risk for investments is the risk that in the event of a failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The Town’s investment policy for governmental and business-type funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool, in accordance with New Hampshire State law (RSA 197:23-a). Responsibility for the investments of the Trust Funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a).

In accordance with the Town’s investment policy, all security transactions, including collateral for repurchase agreements, shall be conducted on a “delivery vs. payment” basis. Securities will be held by a third party custodian, or trust department designated by the Treasurer and evidenced by safekeeping receipts. The collateral shall only consist of securities in which Towns may invest, as provided in New Hampshire State law (RSA 368:57).

The Town’s policy for investments under the custodianship of the Trustees of Trust Funds follow the prudent investor guidelines which allow for various investments as long as these investments would be acquired by prudent persons of discretion and intelligence in investment matters, who are seeking a reasonable income and the preservation of capital. Upon advice of the contracted, qualified external money management company, the Town may invest in corporate stocks, bonds or other debentures subject to limitations in New Hampshire State law (RSA 386:57).

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town’s exposure to derivatives is indirect through its participation in the NHPDIP. The Town’s proportional share of

these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

As of June 30, 2011, \$1,523,970 out of the Town's bank balance of \$49,856,095 was exposed to custodial credit risk as uninsured or uncollateralized. The uninsured amount includes \$68,840 invested in state pool.

The Town's investments of \$10,624,084 are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the Town's brokerage firm, which is also Counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

**B. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. With the exception of U.S. Treasury securities, U.S. Government agencies, and the New Hampshire Public Deposit Investment Pool, no more than 75% of the Town total investment portfolio will be invested in a single security type or with a single financial institution, unless 100% collateralized.

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
			<u>Aaa</u>	<u>A1-Aa3</u>	<u>A-A3</u>
Debt-related Securities:					
U.S Treasury bonds	\$ 201,640	\$ -	\$ 201,640	\$ -	\$ -
Corporate bonds	2,791,278	-	633,983	1,316,316	840,980
Corporate equities	2,250,911	2,250,911	-	-	-
Federal agency securities	5,380,255	-	5,380,255	-	-
Total investments	<u>\$ 10,624,084</u>	<u>\$ 2,250,911</u>	<u>\$ 6,215,878</u>	<u>\$ 1,316,316</u>	<u>\$ 840,980</u>

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. There are no investments in any one issuer that represent 5% or more of total investments.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the 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.

It is the Town's policy to invest all funds, other than Trust Fund investments, in a manner which will provide safety of principal with a market rate of return while maintaining a sufficient level of liquidity to meet the daily cash flows of the Town. In order to maintain liquidity, investments of operating funds shall have maturities of one year or less. Certain long-term reserve funds such as capital projects may be invested in securities exceeding one year if the maturity of such investments is made to coincide with the expected use of the funds.

One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

Not more than 5% of the Town's total investment portfolio is to be invested in securities with maturities greater than one year.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt-related Securities:					
U.S. Treasury bonds	\$ 201,640	\$ -	\$ 201,640	\$ -	\$ -
Federal agency securities	5,380,255	1,913,483	3,103,408	224,940	138,424
Corporate bonds	<u>2,791,278</u>	<u>390,780</u>	<u>1,228,162</u>	<u>725,732</u>	<u>446,604</u>
Total	<u>\$ 8,373,173</u>	<u>\$ 2,304,263</u>	<u>\$ 4,533,210</u>	<u>\$ 950,672</u>	<u>\$ 585,028</u>

*E. Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**4. Taxes Receivable**

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town, after annually reviewing delinquent accounts and making recommendations to the Town Council, records the asset at a value including all the delinquent accounts, recording costs and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Taxes receivable at June 30, 2011 consist of the following (in thousands):

Real Estate 2011	\$ 5,552
Tax Liens, net of allowance	<u>2,017</u>
Total	<u>\$ 7,569</u>

**Taxes Collected for Others**

The Town collects property taxes for the State of New Hampshire, the Derry Cooperative School District and the County of Rockingham. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

**5. Allowance for Doubtful Accounts**

The receivables reported in the accompanying financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

	<u>Governmental</u>
Property taxes	\$ 400
Other accounts receivable	900
Business-type accounts receivable	2

**6. Due From Other Governments**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2011.

**7. Interfund Fund Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2011 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:		
General fund	\$ -	\$ 5,289,447
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	200,217	-
Taylor Public Library	118,712	-
Cable Television	297,879	-
Conservation Commission	335,904	-
Public Health	-	10,581
Public Safety Grants	74,732	-
Miscellaneous Grants	33,967	-
Waste Tire Reclamation	2,509	-
Transportation Improvement	3,681	-
Capital Project Funds:		
Crystal/Broadway Reconstruction	63,378	-
Bridge Improvements	1,214,221	-
Route 28 TIF	17,125	-
Rail Trail	569,156	-
Public Safety	-	2,469
	<hr/>	<hr/>
Subtotal Nonmajor Funds	2,931,481	13,050
	<hr/>	<hr/>
Total Governmental Funds	\$ 2,931,481	\$ 5,302,497
	<hr/> <hr/>	<hr/> <hr/>

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Business-Type Activities:		
Water Fund	\$ 1,875,313	\$ -
Sewer Fund	<u>495,703</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 2,371,016</u>	<u>\$ -</u>

The government reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2011.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,841,228	\$ 1,879,440
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	441	-
Taylor Public Library	-	1,515
Public Safety Grants	350	-
Miscellaneous Grants	10,166	-
Waste Tire Reclamation	34,086	-
Transportation Improvement	-	8,036
Capital Project Funds:		
Bridge Improvements		1,516,876
Route 28 TIF	1,300,082	-
Recreation Facility	-	80,000
Rail Trail	380,000	-
Public Safety	29,312	-
Permanent Funds:		
General Cemetery Care		46,450
Parks and Playgrounds	-	59,073
Libraries	-	2,275
Human Services	-	<u>2,000</u>
Subtotal Nonmajor Funds	<u>1,754,437</u>	<u>1,716,225</u>
Total Governmental Funds	<u>\$ 3,595,665</u>	<u>\$ 3,595,665</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,627	\$ 240	\$ -	\$ 6,867
Infrastructure and other assets	75,354	1,698	(235)	76,817
Construction in progress	2,203	4,680	(3,537)	3,346
Intangibles	2,238	-	-	2,238
	<u>86,422</u>	<u>6,618</u>	<u>(3,772)</u>	<u>89,268</u>
Total capital assets, not being depreciated				
Other capital assets:				
Buildings and improvements	18,210	323	-	18,533
Equipment and vehicles	11,048	1,181	(715)	11,514
Infrastructure and other assets	8,769	1,329	(158)	9,940
Intangibles	599	61	-	660
	<u>38,626</u>	<u>2,894</u>	<u>(873)</u>	<u>40,647</u>
Total other capital assets at historical cost				
Less accumulated depreciation for:				
Buildings and improvements	(4,719)	(481)	-	(5,200)
Equipment and vehicles	(6,997)	(901)	672	(7,226)
Infrastructure and other assets	(2,633)	(327)	101	(2,859)
Intangibles	(520)	(33)	-	(553)
	<u>(14,869)</u>	<u>(1,742)</u>	<u>773</u>	<u>(15,838)</u>
Total accumulated depreciation				
Total other capital assets, net	<u>23,757</u>	<u>1,152</u>	<u>(100)</u>	<u>24,809</u>
Total capital assets, net	<u>\$ 110,179</u>	<u>\$ 7,770</u>	<u>\$ (3,872)</u>	<u>\$ 114,077</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 211	\$ -	\$ (9)	\$ 202
Construction in progress	-	422	(394)	28
Intangibles	583	-	-	583
	<u>794</u>	<u>422</u>	<u>(403)</u>	<u>813</u>
Total capital assets, not being depreciated				
Other capital assets:				
Buildings and improvements	149	-	-	149
Equipment and vehicles	701	78	(40)	739
Infrastructure	40,386	1,088	(8)	41,466
	<u>41,236</u>	<u>1,166</u>	<u>(48)</u>	<u>42,354</u>
Total other capital assets at historical cost				
Less accumulated depreciation for:				
Buildings and improvements	(25)	(4)	-	(29)
Equipment and vehicles	(528)	(38)	38	(528)
Infrastructure and other assets	(12,397)	(622)	3	(13,016)
	<u>(12,950)</u>	<u>(664)</u>	<u>41</u>	<u>(13,573)</u>
Total accumulated depreciation				
Total other capital assets, net	<u>28,286</u>	<u>502</u>	<u>(7)</u>	<u>28,781</u>
Total capital assets, net	<u>\$ 29,080</u>	<u>\$ 924</u>	<u>\$ (410)</u>	<u>\$ 29,594</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

**Governmental Activities:**

General government	\$ 425
Public safety	699
Highway	253
Health and welfare	41
Sanitation	9
Culture and recreation	<u>315</u>
Total depreciation expense - governmental activities	<u>\$ 1,742</u>

**Business-Type Activities:**

Water	\$ 202
Sewer	<u>462</u>
Total depreciation expense - business-type activities	<u>\$ 664</u>

**9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses represent 2011 expenditures paid shortly after June 30, 2011.

**10. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2011 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

**11. Notes Payable**

The following summarizes activity in notes payable during fiscal year 2011:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Exit 4A	\$ <u>600,000</u>	\$ <u>-</u>	\$ <u>(600,000)</u>	\$ <u>-</u>
Total	\$ <u>600,000</u>	\$ <u>-</u>	\$ <u>(600,000)</u>	\$ <u>-</u>

**12. Capital Lease Obligations**

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2013. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2011:

	<u>Governmental</u>
2012	\$ 280,152
2013	232,691
2014	105,684
2015	105,684
2016	76,720
2017	<u>76,720</u>
Total minimum lease payments	877,651
Less amounts representing interest	<u>(61,309)</u>
Present Value of Minimum Lease Payments	\$ <u>816,342</u>

### 13. Long-Term Debt

#### A. Long-Term Debt Supporting Governmental Activities

General obligation bonds, issued by the Town for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the General Fund. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the Town. The Town's borrowing capacity is restrained by State law. Compensated absences are repaid from the funds that the costs relate to, mostly general fund, and also water and sewer funds.

#### B. General Obligation Bonds and Tax Increment Financing Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

The Town has pledged a portion of future tax increment financing (TIF) revenues to repay \$2,000,000 in tax increment bonds issued in April 2004 to finance the economic development of Ash Street Corporate Park. The bonds are payable solely from the tax increment financing taxes generated by businesses in the commercial/light industrial park.

General obligation bonds currently outstanding are as follows:

	Serial	Interest	Amount	Amount
	Maturities	Rate(s) %	Issued	Outstanding
<u>Governmental Activities:</u>	<u>Through</u>			as of
				<u>6/30/11</u>
Court House	07/15/15	5.25 - 5.625%	\$ 1,839,710	\$ 450,000
Land Purchase	01/15/19	4.00 - 4.80%	1,735,000	200,000
Humphrey Field House	01/15/20	5.375 - 5.75%	1,890,000	845,000
Humphrey Road Complex	01/15/21	4.75 - 5.25%	489,605	240,000
Municipal Center	02/01/21	4.25 - 5.00%	3,000,000	1,500,000
Municipal Services Infrastructure	03/15/24	3.20 - 4.00%	1,500,000	975,000
Police Station Addition	06/15/26	4.10 - 5.00%	1,000,000	<u>750,000</u>
Total Governmental Activities:				\$ <u><u>4,960,000</u></u>

	Serial	Interest	Amount	Amount
	Maturities	Rate(s) %	Issued	Outstanding
<u>Governmental Activities TIF:</u>	<u>Through</u>			as of
				<u>6/30/11</u>
Ash Street Corporate Park	04/15/33	4.25 - 5.00%	\$ 2,000,000	\$ <u><u>1,760,000</u></u>

(continued)

(continued)

<u>Business-Type Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/11</u>
Water Fund:				
Water Main Upgrade	08/15/18	3.90 - 5.00%	\$ 1,000,000	\$ 400,000
Sewer Fund:				
Beaver Brook III Interceptor	08/15/12	4.94%	1,075,451	159,827
Horne Brook Interceptor	06/15/13	5.00%	1,244,714	174,903
Upgrade Sewer Lagoons	08/15/13	5.30 - 5.875%	2,358,000	345,000
Wastewater Force Main	05/15/23	2.50 - 3.25%	3,700,000	2,220,000
Wastewater Effluent Upgrade	06/15/26	4.10 - 5.00%	1,000,000	750,000
Total Business-Type Activities:				<u>\$ 4,049,730</u>

C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2011 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 510,000	\$ 230,139	\$ 740,139
2013	510,000	206,383	716,383
2014	510,000	182,620	692,620
2015	510,000	158,726	668,726
2016	510,000	134,475	644,475
2017-2021	1,935,000	365,238	2,300,238
2022-2026	<u>475,000</u>	<u>53,524</u>	<u>528,524</u>
Total	<u>\$ 4,960,000</u>	<u>\$ 1,331,105</u>	<u>\$ 6,291,105</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2011 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 80,000	\$ 83,200	\$ 163,200
2013	80,000	79,800	159,800
2014	80,000	76,400	156,400
2015	80,000	73,000	153,000
2016	80,000	69,600	149,600
2017-2021	400,000	295,000	695,000
2022-2026	400,000	200,000	600,000
2027-2031	<u>560,000</u>	<u>112,000</u>	<u>672,000</u>
Total	\$ <u>1,760,000</u>	\$ <u>989,000</u>	\$ <u>2,749,000</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2010 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 563,652	\$ 162,292	\$ 725,944
2013	571,078	138,010	709,088
2014	400,000	112,926	512,926
2015	285,000	98,935	383,935
2016	285,000	99,573	384,573
2017-2021	1,325,000	268,250	1,593,250
2022-2026	<u>620,000</u>	<u>57,725</u>	<u>677,725</u>
Total	\$ <u>4,049,730</u>	\$ <u>937,711</u>	\$ <u>4,987,441</u>

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

During the year ended June 30, 2011, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/10</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/11</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/11</u>
<u>Governmental Activities</u>						
General obligation						
bonds payable	\$ 5,470	\$ -	\$ (510)	\$ 4,960	\$ (510)	\$ 4,450
Tax increment financing						
bonds payable	1,840	-	(80)	1,760	(80)	1,680
Capital leases payable	283	896	(363)	816	(259)	557
Compensated absences	3,818	2,025	(1,999)	3,844	(635)	3,209
Other post-employment benefits	1,601	1,252	(251)	2,602	-	2,602
Estimated liability for landfill postclosure care costs	121	-	(47)	74	(13)	61
Other	4	-	(1)	3	(1)	2
Totals	<u>\$ 13,137</u>	<u>\$ 4,173</u>	<u>\$ (3,251)</u>	<u>\$ 14,059</u>	<u>\$ (1,498)</u>	<u>\$ 12,561</u>

	Total Balance <u>7/1/10</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/11</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/11</u>
<u>Business-Type Activities</u>						
General obligation						
bonds payable	\$ 4,606	\$ -	\$ (557)	\$ 4,049	\$ (564)	\$ 3,485
Compensated absences	163	119	(125)	157	(26)	131
Other post-employment benefits	103	130	(15)	218	-	218
Other	12	-	(1)	11	(1)	10
Totals	<u>\$ 4,884</u>	<u>\$ 249</u>	<u>\$ (698)</u>	<u>\$ 4,435</u>	<u>\$ (591)</u>	<u>\$ 3,844</u>

**E. Authorized Unissued Debt**

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2011 are as follows:

General obligation bonds:

<u>Purpose</u>	<u>Amount</u>
Exit 4A	\$ 3,310,236
Highway Replacement Garage	<u>600,000</u>
Total	<u>\$ 3,910,236</u>

Tax increment financing bond:

<u>Purpose</u>	<u>Amount</u>
Route 28 Corridor	<u>\$ 5,400,000</u>

#### **14. Landfill Postclosure Care Costs**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Town's landfill was closed during the year ended June 30, 1987. The remaining postclosure care costs are reported as a liability in the financial statements in each period based on landfill capacity used as of each balance sheet date.

The \$74,247 reported as landfill postclosure care liability at June 30, 2011 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. This amount is based on what it would cost if all equipment, facilities, and services to monitor and maintain the landfill were acquired as of June 30, 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### **15. Restricted Net Assets**

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

**16. Subsequent Events**

Subsequent to June 30, 2011, the Town has issued a general obligation bond in the amount of \$3,400,000 dated November 15, 2011 with an interest rate of 2.755% and a maturity date of November 15, 2031.

In August 2011, the Town has rescinded the \$600,000 Highway Replacement Garage authorization.

Subsequent to year end, the Town has entered into the following capital lease agreements:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
PW Trucks - 2F350s	\$ 70,000	2.96%	09/05/11	09/05/15
Police radio/computer	\$ 237,704	1.79%	10/21/11	10/21/14

**17. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - 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 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.

**18. Post-Employment Healthcare and Life Insurance Benefits**

**Other Post-Employment Benefits**

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

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's Single Employer Defined Benefit Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2010, the actuarial valuation date, approximately 141 retirees and 176 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

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

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2010.

Annual Required Contribution (ARC)	\$ 1,359,175
Interest on net OPEB obligation	85,203
Adjustment to ARC	<u>(62,323)</u>
Annual OPEB cost	1,382,055
Contributions made	<u>(266,020)</u>
Increase in net OPEB obligation	1,116,035
Net OPEB obligation - beginning of year	<u>1,704,070</u>
Net OPEB obligation - end of year	<u>\$ 2,820,105</u>

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 1,382,055	19.2%	\$ 2,820,105
2010	\$ 1,117,285	21.2%	\$ 1,704,070
2009	\$ 1,041,450	20.9%	\$ 823,605

**E. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2010, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 17,648,536
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 17,648,536</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 18,602,453</u>
UAAL as a percentage of covered payroll	<u>94.9%</u>

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

**F. Actuarial Methods and Assumptions**

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

accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 5% investment rate of return and an initial annual health-care cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.5%.

## 19. **Retirement System**

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

### A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a cost-sharing multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

**B. Funding Policy**

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 5% for general employees and 9.3% for police and fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and is 14.63% for police officers, 18.52% for fire employees, and 9.16% for all other covered employees. The Town's contributions to the System for the years ended June 30, 2011, 2010, and 2009 were \$2,337,503, \$2,169,946, and \$1,988,598, respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended June 30, 2011, was \$16,992,527. Contribution requirements for the year ended June 30, 2011, were as follows:

State of New Hampshire	\$ 554,698
Town	2,337,503
Employees' contributions	<u>1,270,062</u>
Total	<u>\$ 4,162,263</u>

On-behalf payments by the State of New Hampshire were recognized as revenues and expenditures in General Fund during the fiscal year.

**20. 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; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**21. Beginning Fund Balance Reclassification**

The Town's governmental funds for fiscal year 2011 have changed from the previous fiscal year due to the implementation of GASB Statement 54. Accordingly, the following reconciliation is provided:

Governmental funds:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance at June 30, 2010, as previously reported	\$ 10,897,130	\$ 15,644,022	\$ 26,541,152
To reclass Forest Management Fund	31,845	(31,845)	-
To reclass Economic Development Revolving Loan Fund	251,504	(251,504)	-
To reclass Charter Commission Fund	11,331	(11,331)	-
To reclass Capital Reserve Fund	<u>4,945,373</u>	<u>(4,945,373)</u>	<u>-</u>
Fund balance at June 30, 2010, as reclassified	<u>\$ 16,137,183</u>	<u>\$ 10,403,969</u>	<u>\$ 26,541,152</u>



Farmers Market with colorful offerings

**TOWN OF DERRY, NEW HAMPSHIRE  
SCHEDULE OF FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2011  
(Unaudited)**

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/10	\$ -	\$ 17,648,536	\$ 17,648,536	0.0%	\$ 18,602,453	94.9%
06/30/07	\$ -	\$ 12,270,643	\$ 12,270,643	0.0%	\$ 18,334,303	66.9%

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Required Supplementary Information**  
**Modified Approach for Infrastructure**  
**Capital Assets**  
**For the Year Ended June 30, 2011**

<u>Fiscal Year of Assessment</u>	<u>Rating</u>	<u>Condition</u>
2009	78	good
2006	77	good
2003	75	good

**Comparison of Estimated to Actual Maintenance/Preservation**

<u>Year Ending June 30,</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>
2011	\$ 1,177,443	\$ 1,086,795
2010	1,557,983	1,484,929
2009	1,396,210	1,101,728
2008	1,315,150	1,312,074
2007	1,317,740	1,465,006
2006	1,628,066	1,537,588
2005	1,389,300	1,073,155

**TOWN OF DERRY, NEW HAMPSHIRE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2011**

**MODIFIED APPROACH FOR INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Town is required to account for and report infrastructure capital assets. The Town’s infrastructure consists of roads, bridges, sidewalks, and similar items. The Town has elected to use the “modified approach” for infrastructure reporting on its roadways and sidewalks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The Town manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed assessment level.

Condition assessment ratings are being used to determine the level of annual funding required to maintain the value of the roadway systems. The Town uses an engineer developed Pavement Condition Index (PCI) to determine the conditions of its roadways. The analysis includes: inventory information to define the size and characteristics of each roadway; distress information to determine existence, severity and extent of physical problems; and drainage and roadway cross-section characteristics, particularly with respect to deficiencies.

The following conditions were defined and associated to a rating within the asset management system:

<u>Condition</u>	<u>Rating</u>	<u>Remedial Action</u>
Excellent	100-80	Crack Seal or Defer Action
Good	79-68	Chip Seal or Crack Seal
Fair	67-63	Shim and Overlay
Poor	62-58	Reclaim
Failed	57-0	Reconstruct and Reclaim

Each road is surveyed and graded on its condition and given a rating. This helps the Town prioritize which roads should be treated and the assessment of what type of

treatment is necessary in the development of a long-range repair and maintenance plan.

The last three assessments effective in 2009, 2006, and 2003 reflected a good PCI rating of 78, 77, and 75, respectively.

In fiscal year 2003, the Town council adopted the “good” conditional assessment PCI rating range of 68 to 80 for its roadway maintenance program goal and it also estimated expenditures of \$1,300,000 per year are necessary to sustain the roadways rating level. During the year ended June 30, 2011, \$1,177,443 was available via budget and encumbrances for roadway maintenance.

The current PCI of 78 is in line with the council’s goal of preserving the network in the range between 68 and 80. The currently defined system of roadway and sidewalk networks is not depreciated because the Town’s conditional assessment rating falls within its adopted range. During the year ended June 30, 2011, \$1,086,795 was expended on roadway maintenance.

The Town has expended an average of \$1,254,113 annually on roadway maintenance for the past 10 years. Roadway site improvements paid directly by developers and increased utilization of Town staff for roadway engineering and some construction has enabled the Town to sustain or improve its overall PCI rating while managing expenditures efficiently.



Farmer's Market Goes Indoors for the Winter

## **Combining Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

- Derry Public Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of Derry's main library located at 64 East Broadway.
- Taylor Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of this public library located at 49 East Derry Road.
- Cable Television Fund: The cable television fund has been established to account for the revenues from the cable television franchise fees and other related miscellaneous income and the related expenses.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring conservation land and forest management and includes 100% of Land Use Change Tax (current use) and NH Forest Management Grant revenues.
- Public Health Fund: This fund is to account for the planning, testing and implementation of regional Public Health plans related to emergency preparedness as well as providing support for local health officers and school nurses. This fund is supported by federal funds passed through the New Hampshire Department of Health and Human Services and the National Association of County and City Health Officials (NACCHO).
- Public Safety Grants Fund: This fund is used to account for grants and donations received and expenses for the purpose of public safety including for the enforcement of underage drinking laws, DWI saturation, seat-belt compliance, off-road vehicle patrols and funding for domestic preparedness planning, training and equipment using federal pass-through funds from Rockingham County for Justice Assistance and New Hampshire Department of Justice, New Hampshire Highway Safety and New Hampshire Fish and Game.
- Miscellaneous Grants Fund: This fund is used to account for various donations or grants received and their related expenditures.

- Waste Tire Reclamation Fund: The Waste Reclamation Trust was established pursuant to NH RSA 31:19A. The Trust was established to retain fees collected from motor vehicle registrations as authorized pursuant to NH RSA Chapter 263 (HB332). The purpose of the reserve is to fund the disposal of motor vehicle waste generated within the Town of Derry and to recycle and reclaim other types of solid waste.
- Transportation Improvement Fund: has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways.

### **CAPITAL PROJECT FUNDS**

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in Enterprise Funds.

The current funds were established for the following purposes:

- Crystal/Broadway Reconstruction Fund: This fund is used for the Town's share of the State of NH managed redesign of the Crystal Avenue and Broadway intersection.
- Bridge Improvements Fund: This fund is used to account for the construction of new bridges on South Avenue, Fordway, Florence Street, Folsom/North High Street, Tsiennetto Road and Drew Road. Typically, the State of New Hampshire funds 80% of the costs. In FY11, Fordway construction was funded 100% by the Highway Federal Fund.
- Route 28 TIF Fund: This fund is used to account for the engineering, construction and land acquisition costs associated with improving the Route 28 roadway within a TIF District formed in FY07 to be funded by a bond.
- Recreation Facility Fund: This fund is used to account for the engineering, construction and land acquisition costs associated with an existing recreational facility using an energy improvement grant from an ARRA through the U.S. Department of Energy.
- Rail Trail Fund: This fund is used to account for all costs associated with improving the Derry Rail Trail. The Town's appropriation becomes available once the Derry Rail Trail Association raises the remaining funds required to complete the project. The fund will lapse on 6/20/2012 if not obligated or expended.

- Public Safety Fund: This fund is used to account for the design and installation of fire sprinkler systems for the Central Fire Hampstead Road and Island Pond Road fire stations. Assistance to Firefighters grant through FEMA provided funding at 90%.

## **PERMANENT FUNDS**

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee. The following is a description of Town Permanent Funds:

- General Cemetery Care: to account for the East Derry Cemetery and perpetual care.
- Parks and Playgrounds: to account for the MacGregor Pioneer Park upkeep and operations and improvements to Alexander Carr Park.
- Libraries: to account for the Taylor Library's general expenses and Derry Public Library's book, art and musical recordings.
- Highways and Streets: to account for street repair.
- Human Services: to benefit the poor of Derry with emphasis on clothing.



New Road Bridge Replacement Improves

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2011

	<u>Special Revenue Funds</u>			
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable, net	227	-	78,757	-
Due from other governments	-	-	-	-
Due from other funds	200,217	118,712	297,879	335,904
Prepaid items	1,873	-	-	-
	<u>1,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 202,813</u>	<u>\$ 119,062</u>	<u>\$ 376,636</u>	<u>\$ 335,904</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 127	\$ 99	\$ 10,278	\$ -
Accrued liabilities	-	-	-	-
Retainage payable	-	-	-	-
Deposits payable	-	445	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	127	544	10,278	-
Fund Balances:				
Nonspendable	1,873	-	-	-
Restricted	200,813	118,518	-	-
Committed	-	-	366,358	335,904
	<u>-</u>	<u>-</u>	<u>366,358</u>	<u>335,904</u>
Total Fund Balances	<u>202,686</u>	<u>118,518</u>	<u>366,358</u>	<u>335,904</u>
Total Liabilities and Fund Balances	<u>\$ 202,813</u>	<u>\$ 119,062</u>	<u>\$ 376,636</u>	<u>\$ 335,904</u>

Special Revenue Funds

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Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
15,944	25,667	-
-	74,732	33,967
-	-	-
<u>15,944</u>	<u>100,399</u>	<u>33,967</u>
<u>\$ 15,944</u>	<u>\$ 100,399</u>	<u>\$ 33,967</u>
\$ 2,994	\$ -	\$ 3,138
389	-	-
-	-	-
1,980	-	-
10,581	-	-
<u>15,944</u>	<u>-</u>	<u>3,138</u>
-	-	-
-	100,399	30,829
-	-	-
<u>-</u>	<u>100,399</u>	<u>30,829</u>
<u>\$ 15,944</u>	<u>\$ 100,399</u>	<u>\$ 33,967</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>		
	<u>Waste Tire Reclamation Fund</u>	<u>Transportation Improvement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 846
Investments	434,196	9,795	443,991
Accounts receivable, net	-	-	78,984
Due from other governments	-	-	41,611
Due from other funds	2,509	3,681	1,067,601
Prepaid items	-	-	1,873
	<u>-</u>	<u>-</u>	<u>1,873</u>
Total Assets	\$ <u>436,705</u>	\$ <u>13,476</u>	\$ <u>1,634,906</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 16,636
Accrued liabilities	-	-	389
Retainage payable	-	-	-
Deposits payable	-	-	2,425
Due to other funds	-	-	10,581
	<u>-</u>	<u>-</u>	<u>10,581</u>
Total Liabilities	-	-	30,031
Fund Balances:			
Nonspendable	-	-	1,873
Restricted	436,705	13,476	900,740
Committed	-	-	702,262
	<u>-</u>	<u>-</u>	<u>702,262</u>
Total Fund Balances	<u>436,705</u>	<u>13,476</u>	<u>1,604,875</u>
Total Liabilities and Fund Balances	\$ <u>436,705</u>	\$ <u>13,476</u>	\$ <u>1,634,906</u>

Capital Project Funds

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Crystal/ Broadway Reconstruction Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
63,378	1,214,221	17,125
<u>23,095</u>	<u>-</u>	<u>-</u>
<u>\$ 86,473</u>	<u>\$ 1,214,221</u>	<u>\$ 17,125</u>
\$ -	\$ 66,974	\$ 17,125
-	-	-
-	14,395	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	81,369	17,125
23,095	-	-
-	315,253	-
<u>63,378</u>	<u>817,599</u>	<u>-</u>
<u>86,473</u>	<u>1,132,852</u>	<u>-</u>
<u>\$ 86,473</u>	<u>\$ 1,214,221</u>	<u>\$ 17,125</u>

(continued)

(continued)

	<u>Capital Project Funds</u>			
	<u>Recreation Facility Fund</u>	<u>Rail Trail Fund</u>	<u>Public Safety Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable, net	-	25,000	-	25,000
Due from other governments	-	-	23,103	23,103
Due from other funds	-	569,156	-	1,863,880
Prepaid items	-	-	-	23,095
	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,095</u>
Total Assets	<u>\$ -</u>	<u>\$ 594,156</u>	<u>\$ 23,103</u>	<u>\$ 1,935,078</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,475	\$ 85,574
Accrued liabilities	-	-	-	-
Retainage payable	-	-	15,605	30,000
Deposits payable	-	-	-	-
Due to other funds	-	-	2,469	2,469
	<u>-</u>	<u>-</u>	<u>2,469</u>	<u>2,469</u>
Total Liabilities	-	-	19,549	118,043
Fund Balances:				
Nonspendable	-	-	-	23,095
Restricted	-	60,000	3,554	378,807
Committed	-	534,156	-	1,415,133
	<u>-</u>	<u>534,156</u>	<u>-</u>	<u>1,415,133</u>
Total Fund Balances	<u>-</u>	<u>594,156</u>	<u>3,554</u>	<u>1,817,035</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 594,156</u>	<u>\$ 23,103</u>	<u>\$ 1,935,078</u>

Permanent Funds

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General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>	Highways and <u>Streets</u>	Human <u>Services</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>
\$ -	\$ 361,609	\$ -	\$ -	\$ -	\$ 361,609	\$ 362,455
2,363,710	2,992,844	86,739	41,591	58,338	5,543,222	5,987,213
-	-	-	-	-	-	103,984
-	-	-	-	-	-	64,714
-	-	-	-	-	-	2,931,481
-	-	-	-	-	-	24,968
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,363,710</u>	<u>\$ 3,354,453</u>	<u>\$ 86,739</u>	<u>\$ 41,591</u>	<u>\$ 58,338</u>	<u>\$ 5,904,831</u>	<u>\$ 9,474,815</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,210
-	-	-	-	-	-	389
-	-	-	-	-	-	30,000
-	-	-	-	-	-	2,425
-	-	-	-	-	-	13,050
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	148,074
2,028,352	2,841,338	77,973	25,787	39,694	5,013,144	5,038,112
335,358	513,115	8,766	15,804	18,644	891,687	2,171,234
-	-	-	-	-	-	2,117,395
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>2,363,710</u>	<u>3,354,453</u>	<u>86,739</u>	<u>41,591</u>	<u>58,338</u>	<u>5,904,831</u>	<u>9,326,741</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,363,710</u>	<u>\$ 3,354,453</u>	<u>\$ 86,739</u>	<u>\$ 41,591</u>	<u>\$ 58,338</u>	<u>\$ 5,904,831</u>	<u>\$ 9,474,815</u>



Fordway Bridge – Significant Infrastructure Improvement

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TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2011

	Special Revenue Funds		
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	3,200	35	311,333
Intergovernmental	-	-	-
Charges for services	1,724	28	161
Interest and investment income	441	226	-
Miscellaneous	<u>27,791</u>	<u>42,559</u>	<u>1,307</u>
Total Revenues	33,156	42,848	312,801
Expenditures:			
Current:			
General government	-	-	184,080
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Sanitation	-	-	-
Culture and recreation	16,319	9,524	-
Conservation	-	-	-
Redevelopment and housing	-	-	-
Economic development	-	-	-
Capital outlay	-	-	10,100
Debt services:			
Interest and fiscal charges	-	-	909
Intergovernmental	<u>-</u>	<u>-</u>	<u>10,009</u>
Total Expenditures	<u>16,319</u>	<u>9,524</u>	<u>205,098</u>
Excess (deficiency) of revenues over expenditures	16,837	33,324	107,703
Other Financing Sources (Uses):			
Transfers in	441	-	-
Transfers out	<u>-</u>	<u>(1,515)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>441</u>	<u>(1,515)</u>	<u>-</u>
Net change in fund balance	17,278	31,809	107,703
Fund balances at beginning of year	<u>185,408</u>	<u>86,709</u>	<u>258,655</u>
Fund Balances at end of year	<u>\$ 202,686</u>	<u>\$ 118,518</u>	<u>\$ 366,358</u>

Special Revenue Funds

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Conservation Commission <u>Fund</u>	Public Health <u>Fund</u>	Public Safety Grants <u>Fund</u>	Miscellaneous Grants <u>Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	113,520	182,868	-
-	-	-	8,695
959	-	178	13
<u>278</u>	<u>-</u>	<u>388</u>	<u>9,132</u>
1,237	113,520	183,434	17,840
-	-	-	4,334
-	-	84,329	-
-	-	-	-
-	113,520	-	3,734
-	-	-	-
-	-	-	8,920
2,400	-	-	-
-	-	-	-
-	-	-	-
240,033	-	101,609	2,400
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>242,433</u>	<u>113,520</u>	<u>185,938</u>	<u>19,388</u>
(241,196)	-	(2,504)	(1,548)
-	-	350	10,166
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>350</u>	<u>10,166</u>
(241,196)	-	(2,154)	8,618
<u>577,100</u>	<u>-</u>	<u>102,553</u>	<u>22,211</u>
<u>\$ 335,904</u>	<u>\$ -</u>	<u>\$ 100,399</u>	<u>\$ 30,829</u>

(continued)

(continued)

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	Waste Tire Reclamation Fund	Transportation Improvement Fund	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	314,568
Intergovernmental	-	-	296,388
Charges for services	-	-	10,608
Investment income	3,444	133	5,394
Miscellaneous	-	-	81,455
	<hr/>	<hr/>	<hr/>
Total Revenues	3,444	133	708,413
Expenditures:			
Current:			
General government	-	-	188,414
Public safety	-	-	84,329
Highways and streets	-	10	10
Health and welfare	-	-	117,254
Sanitation	201	-	201
Culture and recreation	-	-	34,763
Conservation	-	-	2,400
Redevelopment and housing	-	-	-
Economic development	-	-	-
Capital outlay	-	-	354,142
Debt services			
Interest and fiscal charges	-	-	909
Intergovernmental	-	-	10,009
	<hr/>	<hr/>	<hr/>
Total Expenditures	201	10	792,431
Excess (deficiency) of revenues over expenditures	3,243	123	(84,018)
Other Financing Sources (Uses):			
Transfers in	34,086	-	45,043
Transfers out	-	(8,036)	(9,551)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	34,086	(8,036)	35,492
Net change in fund balance	37,329	(7,913)	(48,526)
Fund Equity, beginning	<hr/>	<hr/>	<hr/>
	399,376	21,389	1,653,401
Fund Equity, ending	<hr/>	<hr/>	<hr/>
	\$ 436,705	\$ 13,476	\$ 1,604,875

Capital Project Funds

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Crystal/ Broadway Reconstruction <u>Fund</u>	Bridge Improvements <u>Fund</u>	Route 28 TIF <u>Fund</u>
\$ -	\$ -	\$ -
-	-	-
-	1,271,731	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
117,128	1,420,347	1,300,082
-	-	-
-	-	-
<u>117,128</u>	<u>1,420,347</u>	<u>1,300,082</u>
(117,128)	(148,616)	(1,300,082)
-	-	1,300,082
-	<u>(1,516,876)</u>	-
-	<u>(1,516,876)</u>	<u>1,300,082</u>
(117,128)	(1,665,492)	-
<u>203,601</u>	<u>2,798,344</u>	-
<u>\$ 86,473</u>	<u>\$ 1,132,852</u>	<u>\$ -</u>

(continued)

(continued)

Capital Project Funds

	Recreation Facility Fund	Rail Trail Fund	Public Safety Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	133,200	-	231,820	1,636,751
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	60,000	-	60,000
Total Revenues	133,200	60,000	231,820	1,696,751
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Redevelopment and housing	-	-	-	-
Economic development	-	-	-	-
Capital outlay	274,678	-	257,578	3,369,813
Debt services				
Interest and fiscal charges	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	274,678	-	257,578	3,369,813
Excess (deficiency) of revenues over expenditures	(141,478)	60,000	(25,758)	(1,673,062)
Other Financing Sources (Uses):				
Transfers in	-	380,000	29,312	1,709,394
Transfers out	(80,000)	-	-	(1,596,876)
Total Other Financing Sources (Uses)	(80,000)	380,000	29,312	112,518
Net change in fund balance	(221,478)	440,000	3,554	(1,560,544)
Fund Equity, beginning	221,478	154,156	-	3,377,579
Fund Equity, ending	\$ -	\$ 594,156	\$ 3,554	\$ 1,817,035

Permanent Funds

General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>	Highways and <u>Streets</u>	Human <u>Services</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	314,568
-	-	-	-	-	-	1,933,139
-	-	-	-	-	-	10,608
266,457	377,830	9,824	4,582	6,488	665,181	670,575
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,455</u>
266,457	377,830	9,824	4,582	6,488	665,181	3,070,345
9,432	-	-	-	-	9,432	197,846
-	-	-	-	-	-	84,329
-	-	-	163	-	163	173
-	-	-	-	237	237	117,491
-	-	-	-	-	-	201
-	13,360	349	-	-	13,709	48,472
-	-	-	-	-	-	2,400
-	-	-	-	-	-	-
-	-	-	-	-	-	3,723,955
-	-	-	-	-	-	909
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,009</u>
9,432	13,360	349	163	237	23,541	4,185,785
257,025	364,470	9,475	4,419	6,251	641,640	(1,115,440)
-	-	-	-	-	-	1,754,437
<u>(46,450)</u>	<u>(59,073)</u>	<u>(2,275)</u>	<u>-</u>	<u>(2,000)</u>	<u>(109,798)</u>	<u>(1,716,225)</u>
<u>(46,450)</u>	<u>(59,073)</u>	<u>(2,275)</u>	<u>-</u>	<u>(2,000)</u>	<u>(109,798)</u>	<u>38,212</u>
210,575	305,397	7,200	4,419	4,251	531,842	(1,077,228)
<u>2,153,135</u>	<u>3,049,056</u>	<u>79,539</u>	<u>37,172</u>	<u>54,087</u>	<u>5,372,989</u>	<u>10,403,969</u>
<u>\$ 2,363,710</u>	<u>\$ 3,354,453</u>	<u>\$ 86,739</u>	<u>\$ 41,591</u>	<u>\$ 58,338</u>	<u>\$ 5,904,831</u>	<u>\$ 9,326,741</u>

TOWN OF DERRY, NEW HAMPSHIRE

CABLE TELEVISION FUND

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Other Sources:</b>				
Licenses and permits	\$ 279,478	\$ 279,478	\$ 311,333	\$ 31,855
Charges for services	500	500	161	(339)
Miscellaneous	-	-	1,306	1,306
	<u>279,978</u>	<u>279,978</u>	<u>312,800</u>	<u>32,822</u>
Total Revenues	279,978	279,978	312,800	32,822
<b>Expenditures and Other Uses:</b>				
Current operations:				
General government	244,136	244,136	184,080	60,056
Capital outlay	25,500	25,500	10,100	15,400
Debt service:				
Interest and fiscal charges	307	307	909	(602)
Intergovernmental	10,035	10,035	10,009	26
	<u>279,978</u>	<u>279,978</u>	<u>205,098</u>	<u>74,880</u>
Total Expenditures	279,978	279,978	205,098	74,880
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>107,702</u>	\$ <u>107,702</u>



Operational "Nerve Center" for Island Pond Fire Station  
Grant Funded Sprinkler System

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## **PRIVATE PURPOSE FUNDS**

Private purpose trust funds are used to account for assets held by the Town of Derry, New Hampshire in trust for individuals, private organizations or other governmental units. These funds have been established for the provisions of the Derry Public Schools, Derry Visiting Nurse Association, Inc., East Derry Improvements, and Memorial Day Flowers.

### **Trust Name**

### **Trust Purpose**

Derry Public Schools

Support public schools in Derry

Derry Visiting Nurse Association, Inc.

To care and treat elderly women and men who are 55 or more and reside in the Towns of Derry, Windham or Londonderry

East Derry Improvements

East Derry Improvements

Memorial Day Flowers

To place flowers each Memorial Day upon Helen Noyes' lot in Forest Hills

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Assets  
Fiduciary Funds - All Private-Purpose Trust Funds

June 30, 2011

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b><u>ASSETS</u></b>					
Investments	\$ 31,315	\$ 318,506	\$ 12,344	\$ 1,957	\$ 364,122
Total Assets	<u>\$ 31,315</u>	<u>\$ 318,506</u>	<u>\$ 12,344</u>	<u>\$ 1,957</u>	<u>\$ 364,122</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>NET ASSETS</u></b>					
Held in trust	<u>31,315</u>	<u>318,506</u>	<u>12,344</u>	<u>1,957</u>	<u>364,122</u>
Total Liabilities and Net Assets	<u>\$ 31,315</u>	<u>\$ 318,506</u>	<u>\$ 12,344</u>	<u>\$ 1,957</u>	<u>\$ 364,122</u>

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - All Private-Purpose Trust Funds

For the Year Ended June 30, 2011

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b>Additions:</b>					
Investment earnings:					
Investment income (loss)	\$ 1,267	\$ 13,705	\$ 515	\$ 76	\$ 15,563
Net increase in the fair value of investments	<u>2,212</u>	<u>22,367</u>	<u>874</u>	<u>141</u>	<u>25,594</u>
Total investment earnings	3,479	36,072	1,389	217	41,157
Less investment expense	<u>(123)</u>	<u>(1,280)</u>	<u>(48)</u>	<u>(8)</u>	<u>(1,459)</u>
Net Investment Earnings	3,356	34,792	1,341	209	39,698
<b>Deductions:</b>					
Benefits	<u>200</u>	<u>8,357</u>	<u>-</u>	<u>-</u>	<u>8,557</u>
Total deductions	<u>200</u>	<u>8,357</u>	<u>-</u>	<u>-</u>	<u>8,557</u>
Change in Net Assets	3,156	26,435	1,341	209	31,141
<b>Net assets held in trust:</b>					
Beginning of year	<u>28,159</u>	<u>292,071</u>	<u>11,003</u>	<u>1,748</u>	<u>332,981</u>
End of year	<u>\$ 31,315</u>	<u>\$ 318,506</u>	<u>\$ 12,344</u>	<u>\$ 1,957</u>	<u>\$ 364,122</u>

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## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

Agency Funds are established to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others.

1. Derry Cooperative School Agency Funds are funds held by the Town of Derry, New Hampshire's Trustees of Trust Funds on behalf of the Derry Cooperative School District, an independent governmental unit. New Hampshire state law requires that these funds be held by the Trustees of Trust Funds in the Town that the school district operates.
2. Performance Bond Agency Funds are escrow funds held by the Town of Derry, New Hampshire to ensure that improvements affecting public infrastructure are completed in accordance with approved plans.

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2011

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2011</u>
<u>Derry Cooperative School Agency Fund:</u>				
Assets - investments	\$ <u>357,583</u>	\$ <u>3,152</u>	\$ <u>(366)</u>	\$ <u>360,369</u>
Liabilities - due to other governments	\$ <u>357,583</u>	\$ <u>3,152</u>	\$ <u>(366)</u>	\$ <u>360,369</u>
 <u>Performance Bond Agency Fund:</u>				
Assets - cash and cash equivalents	\$ <u>372,229</u>	\$ <u>516,841</u>	\$ <u>(268,266)</u>	\$ <u>620,804</u>
Liabilities - deposits held for others	\$ <u>372,229</u>	\$ <u>516,841</u>	\$ <u>(268,266)</u>	\$ <u>620,804</u>
 <u>Totals:</u>				
Cash and cash equivalents	\$ 372,229	\$ 516,841	\$ (268,266)	\$ 620,804
Investments	<u>357,583</u>	<u>3,152</u>	<u>(366)</u>	<u>360,369</u>
Total Assets	\$ <u>729,812</u>	\$ <u>519,993</u>	\$ <u>(268,632)</u>	\$ <u>981,173</u>
Liabilities - due to other governments	\$ 357,583	\$ 3,152	\$ (366)	\$ 360,369
Liabilities - deposits held for others	<u>372,229</u>	<u>516,841</u>	<u>(268,266)</u>	<u>620,804</u>
Total Liabilities	\$ <u>729,812</u>	\$ <u>519,993</u>	\$ <u>(268,632)</u>	\$ <u>981,173</u>

## Statistical Section

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# TOWN OF DERRY, NEW HAMPSHIRE

## STATISTICAL SECTION

The Town of Derry's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<b><u>Page</u></b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	122
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	128
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	132
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	136
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	139

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

SCHEDULE 1

**TOWN OF DERRY, NEW HAMPSHIRE  
NET ASSETS BY COMPONENTS  
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006 *	2007	2008	2009	2010 **	2011
<b>Government Activities</b>										
Invested in capital assets, net of related debt	\$87,603,942	\$94,356,098	\$91,175,678	\$96,093,430	\$95,250,347	\$94,868,610	\$97,250,699	\$99,127,898	\$101,986,936	\$106,540,331
Restricted	38,815,986	43,645,255	45,701,286	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454
Unrestricted	4,798,047	5,486,475	6,435,210	11,404,663	10,974,175	11,842,047	11,990,757	12,034,740	16,440,924	14,771,367
<b>Total Governmental Activities Net Assets</b>	<b>\$131,217,975</b>	<b>\$143,487,828</b>	<b>\$143,312,174</b>	<b>\$117,047,305</b>	<b>\$115,799,175</b>	<b>\$117,504,313</b>	<b>\$121,020,422</b>	<b>\$122,139,819</b>	<b>\$124,729,524</b>	<b>\$127,871,152</b>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$14,882,195	\$11,630,420	\$13,098,363	\$15,150,037	\$17,763,369	\$21,835,614	\$22,742,827	\$23,516,728	\$24,472,039	\$25,544,919
Restricted	1,178,122	855,585	5,837,523	-	-	-	-	-	-	-
Unrestricted	2,592,953	3,115,378	3,242,537	8,489,164	7,035,465	3,786,915	3,533,156	3,210,828	3,842,923	3,964,008
<b>Total Business-type Activities Net Assets</b>	<b>\$18,653,270</b>	<b>\$15,601,383</b>	<b>\$22,178,423</b>	<b>\$23,639,201</b>	<b>\$24,798,834</b>	<b>\$25,622,529</b>	<b>\$26,275,983</b>	<b>\$26,727,556</b>	<b>\$28,314,962</b>	<b>\$29,508,927</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$102,486,137	\$105,986,518	\$104,274,041	\$111,243,467	\$113,013,716	\$116,704,224	\$119,993,526	\$122,644,626	\$126,458,975	\$132,085,250
Restricted	39,994,108	44,500,840	51,538,809	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454
Unrestricted	7,391,000	8,601,853	9,677,747	19,893,827	18,009,640	15,628,962	15,523,913	15,245,568	20,283,847	18,735,375
<b>Total Primary Government Net Assets</b>	<b>\$149,871,245</b>	<b>\$159,089,211</b>	<b>\$165,490,597</b>	<b>\$140,686,506</b>	<b>\$140,598,009</b>	<b>\$143,126,842</b>	<b>\$147,296,405</b>	<b>\$148,867,375</b>	<b>\$153,044,486</b>	<b>\$157,380,079</b>

**Note:** The Town implemented the provision of Governmental Accounting Standards Board Statement No. 34 effective with the fiscal year ended June 30, 2000, however capital assets were not fully recorded until fiscal year 2001.

\* FY 2006 Governmental Activities Restricted and Unrestricted Net Assets have been reclassified to conform to the FY 2007 presentation.

\*\* Beginning in FY10, the Town began reporting internally restricted capital reserve funds as a component of unrestricted net assets rather than as restricted net assets as it had done in prior years.

SCHEDULE 2

**TOWN OF DERRY, NEW HAMPSHIRE**  
**CHANGE IN NET ASSETS, LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
<u>Governmental Activities</u>										
General government	\$3,755,691	\$4,453,797	\$6,351,809	\$4,675,203	\$4,698,161	\$4,864,395	\$4,922,872	\$5,856,375	\$5,415,866	\$5,772,403
Public Safety	11,797,669	12,766,918	12,523,032	13,300,358	18,307,118	18,688,924	18,790,889	18,927,195	19,220,474	19,716,889
Highway & streets	3,299,274	379,026	3,933,288	3,105,552	4,184,803	3,985,181	4,181,494	4,059,063	4,291,377	4,368,205
Health & welfare	531,433	598,089	839,564	784,435	1,000,856	778,619	795,072	775,357	813,431	735,916
Sanitation	1,200,810	1,447,868	1,486,947	1,567,928	1,685,965	1,430,509	1,562,223	1,621,743	1,591,142	1,579,299
Culture & recreation	1,197,658	2,417,619	2,488,465	2,701,585	2,827,877	2,897,392	2,965,628	2,857,095	2,908,787	2,940,331
Conservation	9,189	2,477	1,350	20,259	20,727	17,264	29,113	13,089	12,252	16,577
Redevelopment & housing	65,000	55,000	65,000	65,000	65,000	65,000	55,016	57,093	177,750	-
Economic development	72,000	80,000	71,300	66,430	311,494	499,089	482,886	274,872	389,295	290,357
Capital outlay	1,308,857	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Debt service	627,386	517,367	476,890	545,972	498,637	504,695	480,718	443,518	389,331	365,191
Intergovernmental	-	-	-	40,246	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>\$23,864,967</u>	<u>\$22,718,161</u>	<u>\$28,237,645</u>	<u>\$26,872,968</u>	<u>\$33,600,638</u>	<u>\$33,731,068</u>	<u>\$34,265,911</u>	<u>\$34,885,400</u>	<u>\$35,209,705</u>	<u>\$35,785,168</u>
<u>Business-type Activities</u>										
Water	\$1,590,005	\$1,747,561	\$1,758,219	\$1,839,085	\$2,009,790	\$2,097,520	\$2,088,784	\$2,032,481	\$2,089,938	\$2,337,353
Sewer	1,652,598	1,429,859	1,687,975	1,799,338	1,876,727	1,837,379	1,927,217	1,935,968	1,948,520	1,944,450
Total Business-type Activities Expenses	<u>\$3,242,603</u>	<u>\$3,177,420</u>	<u>\$3,446,194</u>	<u>\$3,638,423</u>	<u>\$3,886,517</u>	<u>\$3,934,899</u>	<u>\$4,016,001</u>	<u>\$3,968,449</u>	<u>\$4,038,458</u>	<u>\$4,281,803</u>
Total Primary Government Expenses	<u>\$27,107,570</u>	<u>\$25,895,581</u>	<u>\$31,683,839</u>	<u>\$30,511,391</u>	<u>\$37,487,155</u>	<u>\$37,665,967</u>	<u>\$38,281,912</u>	<u>\$38,853,849</u>	<u>\$39,248,163</u>	<u>\$40,066,971</u>
<b>Program Revenues</b>										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$4,808,199	\$4,991,846	\$5,428,129	\$52,696	\$67,217	\$85,991	\$100,553	\$46,770	\$93,207	\$129,549
Public safety	747,283	1,347,918	844,669	909,456	1,231,802	1,057,789	1,164,763	1,075,782	1,611,004	1,690,832
Highway & streets	-	45,398	26,577	16,834	76,647	48,404	62,045	29,679	21,772	40,214
Health & welfare	-	23,350	7,997	1,831	21,533	17,604	1,108	2,455	22,932	26,959
Sanitation	224,510	286,028	344,204	472,859	455,484	363,737	449,513	373,011	397,267	450,465
Culture & recreation	42,435	141,648	161,776	126,747	103,283	161,648	163,453	164,581	170,374	194,859
Conservation commission	42,005	101,943	140,300	-	-	-	-	-	-	-
Operating grants & contributions	693,500	940,661	971,153	1,799,080	2,111,103	2,065,068	2,072,594	2,523,130	2,210,538	1,819,782
Capital grants & contributions	705,643	45,329	-	1,631,388	734,573	516,750	1,069,575	926,437	1,200,803	2,695,727
Total Governmental Activities Program Revenues	<u>\$7,263,575</u>	<u>\$7,924,121</u>	<u>\$7,924,805</u>	<u>\$5,010,891</u>	<u>\$4,801,642</u>	<u>\$4,316,991</u>	<u>\$5,083,604</u>	<u>\$5,141,845</u>	<u>\$5,727,897</u>	<u>\$7,048,387</u>

**CHANGE IN NET ASSETS, LAST TEN FISCAL YEARS (Continued)**

	<b>Fiscal Year Ended June 30</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Business-type Activities</b>										
Charges for services										
Water	\$1,481,506	\$1,429,203	\$1,670,955	\$1,674,138	\$2,409,189	\$2,211,514	\$2,362,870	\$2,286,130	\$2,270,130	\$2,458,522
Sewer	1,801,409	1,785,985	1,691,184	1,626,060	2,050,767	1,823,410	1,835,606	1,866,285	2,012,193	2,071,878
Operating grants & contributions	183,309	432,580	430,916	-	-	-	-	-	643,106	205,444
Capital grants & contributions	-	-	-	257,513	175,930	404,617	104,105	93,155	97,496	661,175
<b>Total Business-type Activities Program Revenues</b>	<b>\$3,466,224</b>	<b>\$3,647,768</b>	<b>\$3,793,055</b>	<b>\$3,557,711</b>	<b>\$4,635,886</b>	<b>\$4,439,541</b>	<b>\$4,302,581</b>	<b>\$4,245,570</b>	<b>\$5,022,925</b>	<b>\$5,397,019</b>
<b>Total Primary Government Revenues</b>	<b>\$10,729,799</b>	<b>\$11,571,889</b>	<b>\$11,717,860</b>	<b>\$8,568,602</b>	<b>\$9,437,528</b>	<b>\$8,756,532</b>	<b>\$9,386,185</b>	<b>\$9,387,415</b>	<b>\$10,750,822</b>	<b>\$12,445,406</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	(\$16,601,392)	(\$14,794,040)	(\$20,312,840)	(\$21,862,077)	(\$28,798,996)	(\$29,414,077)	(\$29,182,307)	(\$29,743,555)	(\$29,481,808)	(\$28,736,781)
Business-type activities	223,621	470,348	346,861	(80,712)	749,369	504,642	286,580	277,121	984,467	1,115,216
<b>Total Primary Government Net Expense</b>	<b>(\$16,377,771)</b>	<b>(\$14,323,692)</b>	<b>(\$19,965,979)</b>	<b>(\$21,942,789)</b>	<b>(\$28,049,627)</b>	<b>(\$28,909,435)</b>	<b>(\$28,895,727)</b>	<b>(\$29,466,434)</b>	<b>(\$28,497,341)</b>	<b>(\$27,621,565)</b>
<b>General Revenues &amp; Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property & other taxes	\$22,401,000	\$20,855,611	\$22,696,627	\$18,396,205	\$20,982,682	\$21,794,063	\$22,828,221	\$23,179,184	\$23,360,148	\$23,962,310
Licenses & permits				5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	4,669,813	4,717,598
Grants & contributions not restricted to specific programs	1,912,352	1,791,022	1,977,812	1,580,389	1,686,188	1,800,063	1,910,166	1,992,361	1,694,458	1,780,356
Interest & investment earnings				1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,509	784,714
Miscellaneous	1,977,133	870,262	1,776,278	1,175,759	652,178	752,406	382,952	399,645	687,969	633,431
Contributions to permanent fund principal	-	-	-	21,700	19,800	19,500	13,500	13,350	-	-
Special items-gain on sale of capital assets	-	-	-	-	373,577	-	534,655	-	-	-
Transfers	174,787	3,546,998	(6,109,558)	(1,303,751)	(24,148)	(24,810)	(24,493)	(5,391)	(31,272)	0
<b>Total Governmental Activities</b>	<b>\$26,465,272</b>	<b>\$27,063,893</b>	<b>\$20,341,159</b>	<b>\$26,192,879</b>	<b>\$30,893,832</b>	<b>\$32,331,294</b>	<b>\$32,698,416</b>	<b>\$30,862,952</b>	<b>\$30,904,625</b>	<b>\$31,878,409</b>
<b>Business-type Activities</b>										
Income & investment earnings	\$0	\$0	\$0	\$187,058	\$307,192	\$239,399	\$126,801	\$40,308	\$11,012	\$9,166
Miscellaneous	66,751	51,313	120,621	50,681	77,424	54,844	215,580	128,753	52,071	69,583
Special items-gain on sale of capital assets	-	-	-	-	1,500	-	-	-	-	-
Transfers	(174,787)	(3,546,998)	6,109,558	1,303,751	24,148	24,810	24,493	5,391	31,272	-
<b>Total Business-type Activities</b>	<b>(\$108,036)</b>	<b>(\$3,495,685)</b>	<b>\$6,230,179</b>	<b>\$1,541,490</b>	<b>\$410,264</b>	<b>\$319,053</b>	<b>\$366,874</b>	<b>\$174,452</b>	<b>\$94,355</b>	<b>\$78,749</b>
<b>Total Primary Government</b>	<b>\$26,357,236</b>	<b>\$23,568,208</b>	<b>\$26,571,338</b>	<b>\$27,734,369</b>	<b>\$31,304,096</b>	<b>\$32,650,347</b>	<b>\$33,065,290</b>	<b>\$31,037,404</b>	<b>\$30,998,980</b>	<b>\$31,957,158</b>
<b>Change in Net Assets</b>										
Governmental Activities	\$9,863,880	\$12,269,853	\$28,319	\$4,330,802	\$2,094,836	\$2,917,217	\$3,516,109	\$1,119,397	\$1,422,817	\$3,141,628
Business-type Activities	\$115,585	(\$3,025,337)	\$6,577,040	\$1,460,778	\$1,159,633	\$823,695	\$653,454	\$451,573	\$1,078,822	\$1,193,965
<b>Total Primary Government</b>	<b>\$9,979,465</b>	<b>\$9,244,516</b>	<b>\$6,605,359</b>	<b>\$5,791,580</b>	<b>\$3,254,469</b>	<b>\$3,740,912</b>	<b>\$4,169,563</b>	<b>\$1,570,970</b>	<b>\$2,501,639</b>	<b>\$4,335,593</b>

**Note:** The Town began to report accrual information when it implemented the provision of Governmental Accounting Standards Board Statement No. 34 effective with the fiscal year ended June 30, 2000, however capital assets were not fully recorded until fiscal year 2001. For fiscal years 2001-2004 shown above, General Revenues & Other Changes in Net Assets are not broken down in as much detail as are fiscal years 2005-2010, or as will future years.

SCHEDULE 3

**TOWN OF DERRY, NEW HAMPSHIRE  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006 *	2007	2008	2009	2010	2011 **
<b>General Fund:</b>										
Reserved	\$1,946,269	\$1,475,903	\$1,124,603	\$2,216,019	\$673,990	\$338,614	\$322,826	\$346,810	\$566,455	-
Unreserved	8,064,459	8,980,534	9,771,634	10,642,509	10,369,762	10,551,610	11,846,663	12,490,200	10,330,675	-
Nonspendable	-	-	-	-	-	-	-	-	-	47,666
Restricted	-	-	-	-	-	-	-	-	-	620,550
Committed	-	-	-	-	-	-	-	-	-	5,530,589
Assigned	-	-	-	-	-	-	-	-	-	349,130
Unassigned	-	-	-	-	-	-	-	-	-	10,244,689
<b>Total General Fund</b>	<b>\$10,010,728</b>	<b>\$10,456,437</b>	<b>\$10,896,237</b>	<b>\$12,858,528</b>	<b>\$11,043,752</b>	<b>\$10,890,224</b>	<b>\$12,169,489</b>	<b>\$12,837,010</b>	<b>\$10,897,130</b>	<b>\$16,792,624</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$5,277,418	\$5,333,788	\$6,318,890	\$5,240,551	\$4,643,325	5,101,862	\$5,973,394	\$5,322,806	\$6,785,990	-
Unreserved, reported in:										
Special revenue funds	2,595,035	2,556,465	3,298,613	3,653,906	5,032,432	6,267,446	6,532,750	6,498,122	6,419,871	-
Capital project funds	2,130,816	4,762,050	3,779,049	1,519,159	1,726,865	1,514,997	1,213,880	1,378,833	2,018,817	-
Permanent funds	1,467,987	1,569,742	-	430,416	911,679	1,154,918	289,267	298,844	419,344	-
Nonspendable	-	-	-	-	-	-	-	-	-	5,038,112
Restricted	-	-	-	-	-	-	-	-	-	2,171,234
Committed	-	-	-	-	-	-	-	-	-	2,117,395
<b>Total All Other Governmental Funds</b>	<b>\$11,471,256</b>	<b>\$14,222,045</b>	<b>\$13,396,552</b>	<b>\$10,844,032</b>	<b>\$12,314,301</b>	<b>\$14,039,223</b>	<b>\$14,009,291</b>	<b>\$13,498,605</b>	<b>\$15,644,022</b>	<b>\$9,326,741</b>

**Notes:** The Town implemented the general provisions of Government Accounting Standards Board Statement No. 34 effective with the fiscal year-ended June 30, 2000.

\* FY 2006 Governmental Activities Reserved and Unreserved Fund Balance have been reclassified to conform to the FY 2007 presentation.

\*\* Beginning with FY 2011, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

**SCHEDULE 4**

**TOWN OF DERRY, NEW HAMPSHIRE  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$18,230,770	\$18,345,524	\$19,504,155	\$18,556,414	\$20,932,527	\$21,498,501	\$22,637,596	\$23,208,798	\$23,452,828	\$23,451,834
Licenses & permits	4,808,199	4,958,321	5,109,114	5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	5,065,518	5,107,026
Intergovernmental	3,311,495	2,777,012	2,929,885	3,525,787	4,418,285	3,876,582	4,352,278	4,523,157	4,507,678	5,326,913
Charges for services	1,434,570	1,639,250	1,524,180	1,603,736	1,893,122	1,659,790	1,830,467	1,632,130	1,920,850	2,143,450
Interest & investment income	-	-	-	1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,510	784,712
Miscellaneous	1,598,569	1,210,822	1,975,416	1,508,103	1,861,531	1,326,191	593,386	500,239	563,107	504,729
<b>Total Revenues</b>	<b>\$29,383,603</b>	<b>\$28,930,929</b>	<b>\$31,042,750</b>	<b>\$31,516,617</b>	<b>\$36,309,020</b>	<b>\$36,351,136</b>	<b>\$36,467,142</b>	<b>\$35,148,127</b>	<b>\$36,033,491</b>	<b>\$37,318,664</b>
<b>Expenditures:</b>										
<b>Current operations-</b>										
General government	\$3,670,840	\$4,053,044	\$5,790,360	\$3,880,750	\$4,237,011	\$4,518,629	\$4,480,579	\$4,644,991	\$4,662,711	\$5,051,656
Public safety	11,885,888	12,521,663	12,245,280	13,915,103	17,363,724	17,969,416	17,810,998	18,142,797	17,872,831	18,334,892
Highways & streets	3,401,516	3,044,891	3,178,763	3,010,545	3,957,932	3,849,479	4,139,025	3,773,442	4,103,297	3,802,837
Health & welfare	527,379	594,035	837,234	774,804	1,005,108	762,059	812,303	771,933	801,740	716,642
Sanitation	1,329,057	1,375,185	1,449,345	1,460,844	1,637,541	1,595,580	1,507,164	1,576,541	1,510,116	1,559,847
Culture & recreation	2,504,897	2,170,242	2,423,084	2,335,255	2,552,929	2,577,082	2,664,121	2,644,736	2,697,540	2,679,467
Conservation	9,189	2,477	1,350	20,259	21,001	17,264	29,112	13,089	12,252	16,148
Redevelopment & housing	65,000	55,000	65,000	65,000	65,000	65,000	55,016	57,093	177,750	-
Economic Development	72,000	80,000	71,300	66,430	361,494	272,647	230,800	220,282	332,133	365,399
Capital outlay	6,738,989	4,037,589	1,295,877	3,705,771	4,980,552	1,678,387	3,425,537	1,631,514	1,620,455	4,905,502
<b>Debt service-</b>										
Principal retirement	939,751	1,279,936	1,139,342	935,000	870,000	860,000	855,000	920,000	1,447,116	953,863
Interest & fiscal charges	627,386	517,367	470,453	846,710	881,908	955,020	881,480	767,109	678,112	368,055
Intergovernmental	-	-	-	40,246	112,183	58,172	38,929	12,826	9,983	10,009
<b>Total Expenditures</b>	<b>\$31,771,892</b>	<b>\$29,731,429</b>	<b>\$28,967,388</b>	<b>\$31,056,717</b>	<b>\$38,046,383</b>	<b>\$35,178,735</b>	<b>\$36,930,064</b>	<b>\$35,176,353</b>	<b>\$35,926,036</b>	<b>\$38,764,317</b>
<b>Excess revenues over (under) expenditures</b>	<b>(\$2,388,289)</b>	<b>(\$800,500)</b>	<b>\$2,075,362</b>	<b>\$459,900</b>	<b>(\$1,737,363)</b>	<b>\$1,172,401</b>	<b>(\$462,922)</b>	<b>(\$28,226)</b>	<b>\$107,455</b>	<b>(\$1,445,653)</b>

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other financing sources (uses):</b>										
Proceeds from sale of capital assets							\$550,000	\$47,335	\$129,354	\$125,472
Issuance of long-term bonds	\$0	\$0	\$3,500,000	\$0	\$1,000,000	\$100,000	647,116	-	-	-
Issuance of capital leases	197,343	450,000	148,503	473,539	438,380	323,803	547,134	150,617	-	898,394
Transfers in	4,280,104	8,498,265	7,412,929	2,974,518	4,877,188	5,252,138	4,126,327	3,216,376	4,764,888	3,595,665
Transfers out	(4,105,317)	(4,951,267)	(13,522,487)	(4,278,269)	(4,901,336)	(5,276,948)	(4,150,820)	(3,221,767)	(4,796,160)	(3,595,665)
Premium paid on asset exchange	-	-	-	-	(21,376)	-	(7,502)	(7,500)	-	-
<b>Total other financing sources (uses)</b>	<b>\$372,130</b>	<b>\$3,996,998</b>	<b>(\$2,461,055)</b>	<b>(\$830,212)</b>	<b>\$1,392,856</b>	<b>\$398,993</b>	<b>\$1,712,255</b>	<b>\$185,061</b>	<b>\$98,082</b>	<b>\$1,023,866</b>
<b>Net change in fund balances</b>	<b>(\$2,016,159)</b>	<b>\$3,196,498</b>	<b>(\$385,693)</b>	<b>(\$370,312)</b>	<b>(\$344,507)</b>	<b>\$1,571,394</b>	<b>\$1,249,333</b>	<b>\$156,835</b>	<b>\$205,537</b>	<b>(\$421,787)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	6.3%	7.0%	5.8%	6.5%	5.3%	5.4%	5.2%	5.0%	6.2%	3.9%

Notes: The Town implemented the general provisions of Government Accounting Standards Board Statement No. 34 effective with the fiscal year-ended June 30, 2000. For fiscal years ended June 30, 2001 through 2004, interest & investment income was reported as miscellaneous revenue.

**SCHEDULE 5**

**TOWN OF DERRY, NEW HAMPSHIRE  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property (1)</b>	<b>Industrial Property (1)</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value (2)</b>	<b>Total Town Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Total Assessed Value as a % of Estimated Actual Taxable Value</b>
2002	\$1,440,599,243	\$319,199,400		\$0	\$1,747,020,473	\$10.73	\$1,922,968,824	90.850%
2003	\$1,306,592,918	\$481,743,475		\$0	\$1,770,664,843	\$10.55	\$2,300,549,847	76.967%
2004	\$1,346,912,118	\$461,190,325		\$0	\$1,790,833,943	\$10.86	\$2,665,169,654	67.194%
2005	\$1,891,864,100	\$391,236,800		\$0	\$2,266,304,525	\$8.58	\$2,806,879,197	80.741%
2006	\$1,916,485,900	\$393,363,300		\$0	\$2,291,436,325	\$9.31	\$3,117,340,578	73.506%
2007	\$2,478,166,614	\$433,996,506	\$64,134,100	\$20,075,232	\$2,956,221,988	\$7.50	\$3,082,608,955	95.900%
2008	\$2,522,675,292	\$419,301,173	\$62,022,100	\$19,345,933	\$2,984,652,632	\$7.64	\$3,020,860,172	98.801%
2009	\$2,217,289,640	\$406,647,328	\$67,086,800	\$26,439,044	\$2,664,584,724	\$8.81	\$2,787,222,515	95.600%
2010	\$2,041,836,522	\$409,283,343	\$67,359,800	\$28,739,420	\$2,489,740,245	\$9.39	\$2,620,779,205	95.000%
2011	\$2,044,021,314	\$406,511,108	\$68,917,300	\$29,023,053	\$2,490,426,669	\$9.41	\$2,485,455,757	100.200%

Sources: Derry MS-1 Report of Assessed Values filed with the NH Department of Revenue Administration (DRA) and DRA's Annual Equalization Survey.

Notes:

(1) Unable to breakout Commercial and Industrial assessed value for Fiscal Years 2001-2006. The total for Commercial and Industrial is shown under Commercial for those years. Beginning in FY 2007, the Town shows Commercial and Industrial separately.

(2) Since 2003, the NH Department of Revenue Administration requires that all properties be reviewed at least every five years to insure that assessed property values are within a range of 90-110% of actual market value. The Town completed a revaluation in 2006 for FY07. The Town plans to try to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year, with the most recent full valuation update being done in 2009 for FY10. A partial valuation update was done in 2008 for FY09.

Schedule 6

**TOWN OF DERRY, NEW HAMPSHIRE**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(rate per \$1,000 of assessed value )*

Fiscal Year	Town Direct Rates			Total Overlapping Rates				Total Tax Rate (3)
	Town Services (1)	Fire District (2)	Total Direct Rate	Derry Cooperative School District	State Education Tax	Rockingham County	Total Overlapping Rates	
2002	\$7.36	\$3.37	\$10.73	\$9.96	\$5.35	\$1.30	\$16.61	\$27.34
2003	\$7.32	\$3.23	\$10.55	\$11.81	\$5.50	\$1.32	\$18.63	\$29.18
2004	\$7.44	\$3.42	\$10.86	\$14.54	\$5.38	\$1.39	\$21.31	\$32.17
2005	\$5.93	\$2.65	\$8.58	\$12.02	\$3.41	\$1.18	\$16.61	\$25.19
2006	\$9.31	\$0.00	\$9.31	\$13.23	\$3.37	\$1.12	\$17.72	\$27.03
2007	\$7.50	\$0.00	\$7.50	\$11.32	\$2.41	\$0.93	\$14.66	\$22.16
2008	\$7.64	\$0.00	\$7.64	\$11.08	\$2.44	\$0.89	\$14.41	\$22.05
2009	\$8.81	\$0.00	\$8.81	\$13.19	\$2.54	\$0.99	\$16.72	\$25.53
2010	\$9.39	\$0.00	\$9.39	\$14.85	\$2.59	\$1.05	\$18.49	\$27.88
2011	\$9.41	\$0.00	\$9.41	\$15.51	\$2.48	\$1.08	\$19.07	\$28.48

**Source:** NH Department of Revenue Administration approved tax rates

Notes:

- (1) The Town Services portion of the tax rate is subject to a "tax cap" provision tied to the increase in the National Consumer Price Index (CPI-U) as published by the US Department of Labor, excluding any valuation change as a result of a revaluation of property.
- (2) In Fiscal Year 2006, the Fire District was rolled into the Town Services portion of the tax rate following the consolidation of the Derry Fire Department and the former East Derry Fire Precinct.
- (3) The Total Tax Rate is billed to all taxable property owners, with the one exception being that Utilities do not pay the "State Education Tax" portion of the Total Tax Rate.

SCHEDULE 7

TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	Type of Business	FY 2011			FY 2002		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Fairfield Fairways Limited. Partnership (Fairways)	Real Estate - Apartments.	\$55,327,080	1	2.23%	\$40,803,200	1	2.30%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	33,054,484	2	1.33%	26,206,000	2	1.48%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	20,304,200	3	0.82%	16,745,000	3	0.95%
Public Service Company of NH (PSNH)	Utility - Electric	19,356,000	4	0.78%	13,219,400	4	0.75%
Derry MZL LLC	Commercial - Retail	19,137,300	5	0.77%			
WP Hood Associates, LLC (Hood Plaza)	Commercial - Retail	15,168,800	6	0.61%	13,069,600	5	0.74%
EKMK Associates Ltd. Partnership	Real Estate - Apartments	10,409,800	7	0.42%			
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Living	9,896,100	8	0.40%			
Two Tsienneto Road Realty LLC	Medical Office Building	9,482,100	9	0.38%			
Wal-Mart Realty Co (Wal-Mart Store)	Commercial - Retail w/Fueling Station	9,075,200	10	0.37%	6,936,000	7	0.39%
Franklin Derry Limited Partnership (Franklin Village Apartments)	Real Estate - Apartments				5,656,500	8	0.32%
Sanmina Corp. (Sanmina/Hadco)	Industrial Manufacturing				10,309,000	6	0.58%
The Birches Development, Inc.	Commercial-Professional Offices				4,575,200	9	0.26%
Derry Integrated Health Services	Healthcare - Nursing Home				3,443,400	10	0.19%
<b>Totals</b>		<b>\$201,211,064</b>		<b>8.09%</b>	<b>\$140,963,300</b>		<b>7.96%</b>
<b>Total Taxable Assessed Valuation is:</b>		<b>\$2,485,998,094</b>			<b>\$1,770,664,843</b>		

Source: Town of Derry, NH Assessing Records  
Information based on valuation as of April 1 of each fiscal year

**SCHEDULE 8**

**TOWN OF DERRY, NEW HAMPSHIRE  
PROPERTY TAX LEVIES AND COLLECTIONS \*  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collection in Subsequent Years</b>	<b>Abatement of Original Tax Levy</b>	<b>Total Collections to Date</b>	
		<b>Tax Amount</b>	<b>Percentage of Levy</b>			<b>Amount</b>	<b>Percentage of Levy</b>
2002	\$18,282,780	\$14,878,974	81.38%	\$3,292,502	\$110,608	\$18,282,084	100.00%
2003	\$18,368,212	\$16,704,538	90.94%	\$1,609,541	\$51,611	\$18,365,690	99.99%
2004	\$19,082,745	\$17,177,389	90.02%	\$1,627,145	\$278,513	\$19,083,047	100.00%
2005	\$20,219,964	\$18,634,503	92.16%	\$1,337,784	\$243,817	\$20,216,105	99.98%
2006	\$21,717,219	\$20,737,653	95.49%	\$560,511	\$409,557	\$21,707,721	99.96%
2007	** \$21,886,058	\$21,271,716	97.19%	\$458,512	\$125,955	\$21,856,183	99.86%
2008	\$22,529,760	\$21,908,661	97.24%	\$464,088	\$118,217	\$22,490,966	99.83%
2009	\$23,338,263	\$22,660,097	97.09%	\$418,245	\$107,953	\$23,186,295	99.35%
2010	\$23,037,481	\$22,505,738	97.69%	\$231,333	\$67,861	\$22,804,933	98.99%
2011	\$23,477,396	\$23,019,793	98.05%	\$0	\$55,458	\$23,075,251	98.29%

**Source:** Town of Derry Tax Collector's NH Department of Revenue Administration Form MS-61

\* The numbers presented above represent only tax information for taxes collected for Town Services. They do include taxes collected for the individual Fire Districts that were consolidated and discontinued beginning 7/1/05.

The numbers presented above do not include taxes collected for the School District and the County, even though the Town bears the full burden for any uncollected taxes, having fully paid them to these two entities.

\*\* Taxes levied for the Fiscal Years and thereafter include additional lien levy

**SCHEDULE 9**

**TOWN OF DERRY, NEW HAMPSHIRE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business Type Activities					Total Primary Government Debt		
	General Obligation Bonds	Bond Anticipation Note	Capital Leases	Land Easement Note	Tax Increment Financing Bonds	Water Bonds	Water Capital Leases	Water Notes	Wastewater Bonds	Wastewater Capital Leases	Total Primary Government	As a % of Personal Income	Per Capita
2002	\$9,680,000	\$0	\$376,993	\$121,875	\$0	\$2,455,400	\$0	\$30,000	\$5,312,131	\$0	\$17,976,399	0.19%	\$522
2003	\$8,815,000	\$0	\$457,428	\$40,625	\$0	\$2,184,400	\$0	\$25,000	\$8,428,299	\$0	\$19,950,752	N/A	\$576
2004	\$9,450,000	\$0	\$408,100	\$0	\$2,000,000	\$1,913,400	\$0	\$20,000	\$7,654,497	\$0	\$21,445,997	N/A	\$618
2005	\$8,515,000	\$0	\$596,529	\$0	\$2,000,000	\$1,638,740	\$0	\$15,000	\$6,884,158	\$0	\$19,649,427	N/A	\$566
2006	\$8,645,000	\$0	\$669,308	\$0	\$2,000,000	\$1,372,740	\$3,244	\$10,000	\$7,099,727	\$3,244	\$19,803,263	N/A	\$571
2007	\$7,785,000	\$100,000	\$554,768	\$0	\$2,000,000	\$1,106,740	\$2,568	\$5,000	\$6,334,615	\$2,568	\$17,891,259	N/A	\$520
2008	\$6,930,000	\$747,116	\$712,773	\$0	\$2,000,000	\$844,940	\$1,964	\$0	\$5,569,362	\$1,964	\$16,808,119	N/A	\$491
2009	\$6,090,000	\$747,116	\$541,256	\$0	\$1,920,000	\$613,140	\$1,336	\$0	\$4,867,899	\$1,336	\$14,782,083	N/A	\$434
2010	\$5,470,000	\$600,000	\$282,672	\$0	\$1,840,000	\$450,000	\$681	\$0	\$4,156,280	\$681	\$12,800,314	N/A	\$373
2011	\$4,960,000	\$0	\$814,225	\$0	\$1,760,000	\$400,000	\$1,058	\$0	\$3,649,730	\$1,059	\$11,586,072	0.26%	\$350

**Notes:**

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year, when available.

**SCHEDULE 10**

**TOWN OF DERRY, NEW HAMPSHIRE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Tax Increment Financing Bonds</u>	<u>Total</u>	<u>% of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2002	\$9,680,000	\$0	\$9,680,000	0.55%	\$281
2003	\$8,815,000	\$0	\$8,815,000	0.50%	\$255
2004	\$9,450,000	\$2,000,000	\$11,450,000	0.64%	\$330
2005	\$8,515,000	\$2,000,000	\$10,515,000	0.46%	\$303
2006	\$8,645,000	\$2,000,000	\$10,645,000	0.46%	\$307
2007	\$7,785,000	\$2,000,000	\$9,785,000	0.33%	\$285
2008	\$6,930,000	\$2,000,000	\$8,930,000	0.30%	\$261
2009	\$6,090,000	\$1,920,000	\$8,010,000	0.30%	\$235
2010	\$5,470,000	\$1,840,000	\$7,310,000	0.29%	\$213
2011	\$4,960,000	\$1,760,000	\$6,720,000	0.27%	\$203

**Notes:**

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Property value data from Form MS-1 filed with the NH Department of Revenue Administration for the prior tax year.

See Schedule 13 for population data. These ratios are calculated using estimated population for the prior calendar year.

**SCHEDULE 11**

**TOWN OF DERRY, NEW HAMPSHIRE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct &amp; Overlapping Debt</u>
<b>Direct:</b>			
Town of Derry	\$6,720,000	100.00%	\$6,720,000
<b>Overlapping:</b>			
Rockingham County	550,000	6.1332%	33,733
Derry Cooperative School District	19,230,000	100.00%	<u>19,230,000</u>
Sub Total - Overlapping Debt			<u>19,263,733</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$25,983,733</u></u>

**Sources:** Debt outstanding data is provided by each governmental unit and the percentage applicable to the Town of Derry for Rockingham County, based on 2011 town allocation, is provided by the County.

**Notes:** Overlapping governments are those that coincide, at least in part with the geographic boundaries of a municipality. This schedule sets forth the Town of Derry's share of those overlapping governments that are born by its taxpayers through a portion of the approved tax rate. Since the Derry Cooperative School District is strictly confined to the Town of Derry, 100% of its outstanding debt is overlapping and applicable to the governmental unit.

SCHEDULE 12

**TOWN OF DERRY, NEW HAMPSHIRE  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2011**

Equalized assessed valuation	\$2,515,741,534
General Fund debit limit (3% of equalized Valuation)	75,472,246
Water Fund debit limit (10% of equalized Valuation)	251,574,153

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Debt Limit	\$58,111,018	\$69,705,292	\$81,255,082	\$85,564,379	\$98,038,070	\$94,842,992	\$90,625,085	\$84,783,824	\$79,472,053	\$75,472,246
Total debt applicable to limit	<u>14,431,500</u>	<u>13,315,000</u>	<u>14,035,000</u>	<u>13,185,000</u>	<u>13,400,000</u>	<u>13,225,000</u>	<u>12,450,000</u>	<u>10,445,263</u>	<u>9,584,283</u>	<u>8,270,066</u>
Legal debt margin	<u>\$43,679,518</u>	<u>\$56,390,292</u>	<u>\$67,220,082</u>	<u>\$72,379,379</u>	<u>\$84,638,070</u>	<u>\$81,617,992</u>	<u>\$78,175,085</u>	<u>\$74,338,561</u>	<u>\$69,887,770</u>	<u>\$67,202,180</u>
Total debt applicable to limit as a percentage of debt limit	24.83%	19.10%	17.27%	15.41%	13.67%	13.94%	13.74%	12.32%	12.06%	10.96%
<b>Water Fund</b>										
Debt Limit	\$193,703,393	\$232,350,974	\$270,850,273	\$285,214,598	\$326,793,568	\$316,143,307	\$302,086,017	\$282,612,747	\$264,906,843	\$251,574,153
Total debt applicable to limit	<u>5,046,740</u>	<u>2,175,740</u>	<u>1,904,740</u>	<u>1,638,740</u>	<u>1,372,740</u>	<u>1,106,740</u>	<u>844,940</u>	<u>613,140</u>	<u>450,000</u>	<u>400,000</u>
Legal debt margin	<u>\$188,656,653</u>	<u>\$230,175,234</u>	<u>\$268,945,533</u>	<u>\$283,575,858</u>	<u>\$325,420,828</u>	<u>\$315,036,567</u>	<u>\$301,241,077</u>	<u>\$281,999,607</u>	<u>\$264,456,843</u>	<u>\$251,174,153</u>
Total net debt applicable to limit as a percentage of debt limit	2.61%	0.94%	0.70%	0.57%	0.42%	0.35%	0.28%	0.22%	0.17%	0.16%

**Notes:**

Per New Hampshire Revised Statutes Annotated, the Town's general obligation debt and water district debt should not exceed 3% (RSA 33:4-a.III) and 10% (RSA 33:5-a), respectively, of equalized valuation as set forth in RSA 33:4-b and as determined by the NH Department of Revenue Administration.

There is no state debt margin for wastewater outstanding debt, because all wastewater bonds are guaranteed by the State of New Hampshire.

There is no state debt margin for Landfill Site Closure outstanding debt.

Per new Hampshire Revised Statutes annotated (RSA 162-K:8), Tax Increment Financing (TIF) District bonds shall not be included when computing the municipality's net debt.

**SCHEDULE 13**

**TOWN OF DERRY, NEW HAMPSHIRE  
DEMOGRAPHIC & ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Years Ended June 30,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2002	34,436	\$1,190,280,340	\$34,565	7,031	6.2%
2003	34,613	N/A	N/A	6,994	6.5%
2004	34,678	N/A	N/A	6,765	5.4%
2005	34,710	N/A	N/A	6,593	4.5%
2006	34,655	N/A	N/A	6,339	3.9%
2007	34,386	N/A	N/A	6,391	4.5%
2008	34,200	N/A	N/A	6,266	4.4%
2009	34,071	N/A	N/A	6,251	7.8%
2010	34,318	N/A	N/A	6,161	6.4%
2011	33,109	\$997,673,497	\$30,133	6,018	5.5%

**Source:** Population and personal income information is provided by the New Hampshire Office of Energy & Planning. School enrollment information is provided by the Derry Cooperative School District. Unemployment information is derived from the Local Area Unemployment Statistics Report prepared by the NH Employment Security, Economic And Labor Market Information Bureau.

**Notes:**

Population and personal income are based on information from the prior calendar year. School population is based on the 2009-2010 school year, while the unemployment rate is the unemployment rate for the last month of the fiscal year.

Updated Per Capita Personal Income for the Town has not been available since FY 2002 from the New Hampshire Office of Energy & Planning, therefore Personal Income in total for the Town has not been available in recent years. This information is derived from the census data done every 10 years. Following the next census in 2010, this information will be available every 5 years.

**SCHEDULE 14**

**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>Type of Business</u>	<u>Fiscal Year 2011 (1)</u>			<u>Fiscal Year 2002 (2)</u>		
		<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>
Derry Cooperative School District	Education	670	1	3.50%	510	2	2.67%
HCA Health Services of NH	Healthcare/Hospital	589	2	3.08%	416	3	2.18%
Pinkerton Academy	Education	474	3	2.48%			
Town of Derry	Municipal services	324	4	1.69%	262	4	
Wal-Mart Store	Retail chain	200	5	1.04%			
Shaw's Supermarket	Supermarket	150	6	0.78%	280	5	1.46%
Hannaford Supermarket	Supermarket	147	7	0.77%			
Cedar Point Communications	Voice-Multimedia switch networks	140	8	0.73%			
Fireye	Fire Equipment	125	9	0.65%			
Sanmina/Hadco	Electronics	100	10	0.52%	540	1	2.82%
Dynaco	Electronics				120	6	0.63%
Treasure Master Corp.	Novelty Manufacturing				103	7	0.54%

**Source:** NH Department of Employment Security (NHDES), Economic & Labor Market Information Bureau's *Community Profiles*, while total town employees used to calculate the percentage of employment comes from NHDES' Local Area Unemployment Statistics Report as of the December 31 that falls within the fiscal year.

**Note:**

(1) Fiscal Year 2011 information is from the 2010 calendar year profile.

(2) Fiscal Year 2002 information is from the Town's Public Offering Statement for the sale of bonds in 2001, from the Derry Cooperative School District and from Town payroll records. Information on only the top 7 employers is available.

**SCHEDULE 15**

**TOWN OF DERRY, NEW HAMPSHIRE  
FULL TIME TOWN EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011</u>
<u>Governmental Activities</u>										
General government	26	25	24	24	26	27	27	27	26	25
Public Safety	140	143	141	149	165	162	162	162	153	153
Highway & streets	31	31	30	28	28	28	28	28	28	27
Health & welfare	1	1	1	2	3	3	3	3	3	3
Sanitation	5	5	5	6	6	6	6	6	5	5
Culture & recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	3	3	2	2
<u>Business-Type Activities</u>										
Water	6	6	6	6	6	6	6	6	6	6
Sewer	6	7	7	7	7	7	7	7	7	7
Totals	225	228	224	232	251	249	250	250	238	236

**Source:** Annual adopted budget information.

**Note:** Information is based on the full-time positions budgeted for the fiscal year. Any new positions are generally filled during that fiscal year.

\* A full-time position originally removed in the FY2010 budget was restored by the Town Council early in the fiscal year and has been included in the information shown.

**SCHEDULE 16**

**TOWN OF DERRY, NEW HAMPSHIRE  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008 *	2009	2010	2011
Public safety										
Number of police calls answered	24,889	25,937	27,119	27,446	25,979	22,709	21,850	23,426	24,690	26,663
Physical arrests	1,619	1,438	1,757	1,906	1,723	1,427	1,373	1,250	1,363	1,272
Traffic violations	1,769	1,595	1,867	1,803	1,294	1,035	801	833	960	1,144
Parking violations	1,729	1,180	937	969	901	797	616	396	482	534
Total Offenses Reported (prior calendar year basis)										
Group A	2,648	2,623	2,479	2,719	2,654	2,642	2,543	2,544	2,691	2,854
Group B	1,448	1,301	1,132	1,370	1,354	1,176	1,150	1,199	1,107	1,048
Fire & rescue calls dispatched (5 towns)			7,507	7,238	7,261	7,597	7,386	8,053	8,127	7,804
Total fire & rescue responses			3,915	3,844	4,126	4,060	4,199	4,519	4,546	4,393
Fire emergency services			1,066	713	785	907	860	1,248	1,513	1,405
False alarms	349	407	427	289	453	337	446	409	407	422
EMS/Rescue	2,142	3,422	2,422	2,842	2,888	2,816	2,893	2,991	3,033	2,939
Patients treated & transported				1,971	2,009	2,075	2,305	2,503	2,327	2,360
Patients treated only				15	14	18	29	53	25	10
Inspections conducted	3,016	2,945	1,245	1,089	1,444	769				
Fire code							866	1,012	705	697
Permits							182	78	648	198
Fire Permits			3,837	4,058	1,640	1,704	1,766	3,691	3,691	4,012
Public safety education programs		317	168	344	379	421	130	128	122	138
Program attendees				3,635	3735	4340	2766	4824	4877	4965
Water										
Daily average water consumption	1.92 MGD	1.4 MGD	1.38 MGD	1.36 MGD	1.32 MGD	1.28 MGD	1.30 MGD	1.18 MGD	1.24 MGD	1.34 MGD
Maximum daily capacity in gallons	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD
Sewer										
Daily average treatment in gallons	1.92 MGD	1.71 MGD	1.63 MGD	1.66 MGD	1.88 MGD	1.75 MGD	1.67 MGD	1.85 MGD	1.80 MGD	1.59 MGD
Maximum daily capacity	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD

**Source:** Various Town departments

**Notes:** The Town implemented the general provisions of Government Accounting Standards Board Statement No. 34 effective with the fiscal year-ended June 30, 2000. The information provided above is based on miscellaneous statistics included in CAFR's submitted by the Town for the fiscal years 1999-2005. That information has been reformatted into this Schedule and Schedule 17 to comply with the provisions of GASB Statement No. 44. In future years, the Town will look to include other pertinent operating indicators.

\* New software installed for FY 2008 has allowed for a more detailed breakdown of information for Fire and Ambulance beginning in FY 2008. The Town was also able to capture some of the more detailed information for earlier years.

**SCHEDULE 17**

**TOWN OF DERRY, NEW HAMPSHIRE  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	3	3	3	5	4	4	4	4	4	4
Fire/EMS Response Apparatus *			24	31	31	30	30	30	30	30
<b>Highways &amp; streets</b>										
Miles of streets	158	158	161	161.5	161.7	160.9	160.9	162.4	162.4	162.8
Number of street lights	912	912	916	921	921	921	921	921	921	921
Miles of sidewalks	18	18	19	19	19	19	19.3	19.3	19.3	19.3
<b>Culture &amp; recreation</b>										
Community centers	8	6	6	6	6	6	6	6	6	6
Parks	3	6	6	6	6	6	6	6	6	6
Park acreage	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields	4	9	9	9	9	9	9	9	9	9
Baseball/softball fields		8	8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	7	6	5	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Miles of water mains	67	67	68	68	68	68	68.2	68.2	68.7	70.31
Service connections	3,726	3,864	3,913	3,927	3,945	3,966	3,977	3,989	4,005	4,028
Fire hydrants	525	540	562	571	573	575	575	591	592	614
<b>Sewer</b>										
Miles of sanitary sewers	45	45	46	46	46	46	46.6	48.9	48.9	48.9
Miles of storm sewers	16	16	17	17	18	18	18	18	18	19
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	2,984	2,999	2,928	2,954	2,984	2,995	3,021	3,029	3,049	3,064

**Source:** Various town departments

**Notes:** The Town implemented the general provisions of Government Accounting Standards Board Statement No. 34 effective with the fiscal year-ended June 30, 2000. The information provided above is based on miscellaneous statistics included in CAFR's submitted by the Town for the fiscal years 1999-2005. That information has been reformatted into this Schedule and Schedule 16 to comply with the provisions of GASB Statement No. 44. In future years, the Town will look to include other pertinent capital asset statistics.

\* Information is shown beginning with FY04 because of the merger of the East Derry Fire Precinct into the Derry Fire Department in 2005.