



TOWN OF DERRY, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Fiscal Year ending

June 30, 2014

**Photo on the Cover:
Weber Forest**

TOWN OF DERRY, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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Town of Derry, New Hampshire
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For the Fiscal Year Ended June 30, 2014

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Town of Derry, NH

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December 17, 2014

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, 2014 is hereby submitted. Responsibility for 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, community access Cable TV, 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 and Wastewater 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. 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 Town Administrator. The Town Administrator is responsible for

carrying out the policies of the government, appointing the heads of the Town's departments and for 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 are elected at large.

Incorporated in 1827, the Town of Derry is located in the southeastern part of the state and ranks as the fourth largest municipality in New Hampshire despite a population decrease of 4.0% over the past decade. The Town has a land area of 37.18 square miles and an estimated 2013 population of 32,988, a 0.7% decrease over the prior year. The peak estimated population over the last ten years was 34,710 in 2004. The decline in school population for grades 1-12 was 2.6%, following a .6% decline the previous year. School enrollment has been declining for seven straight years, with a reduction of 10.9% over that period. Overall, the school population remained fairly flat in 2009 due to the initial year of kindergarten being provided. This general decline in school population data is similar to statewide statistics that portray a declining enrollment in New Hampshire. The Town of Derry, NH and its two public libraries employed 237 full-time permanent employees and 81 part-time employees as of June 30, 2014.

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 designed 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 continued to be depressed. This full valuation resulted in a net reduction of 6.6% in assessed valuation compared with 2008.

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, the third straight year of 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. This Utility property review was completed since telephone property, previously exempted by the New Hampshire Legislature, became taxable for real estate taxes at the local level and were assessed beginning in 2011.

In the fall of 2011 Assessing completed an operational and fiscal review of its operations for the Town Council. Changes recommended in that review were accepted by the Town Council, leading to operational improvements that lowered overall costs while maintaining the Town's goal to keep overall assessments as close to 100% of market value as possible. The NH Department of Revenue Administration (DRA) determined that the Town's 2011

equalized valuation was 105.9% of market value. As anticipated, a full reassessment update was done for 2012 that brought assessments to 99% of market value. This assessment level reflected the fact that there continued to be some decline in the market value of properties. No general assessment update was conducted for 2013 valuation, though a reassessment update was done in 2014 that the Town believes brings valuation levels to 98.0% of market value. The DRA had determined that the Town's equalization ratio for 2013 was 94.0%. The present assessing plan is to do cycled inspections every year and to do assessment updates every other year.

Economic Condition and Outlook

One measure of 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 grew by 1,024 in FY 2014 to 39,885, an 8.0% increase compared to a 1.3% decrease the prior year. With the increase in the number of registrations, the average value of each increased in FY 2014 by 5.4%, from \$111 to \$117, compared to the previous year's increase in average value of 4.7%. These trends indicate improvement in this sector of the economic cycle, reflecting the fact that residents are beginning to purchase newer vehicles to replace one or more older vehicles, thus the increased average value per registration, as well as overall registering more vehicles. This data is consistent with national trends where the sales of new autos (particularly SUV's and Crossovers) and light trucks showed an increasing trend throughout FY 2014.

Another indicator of economic condition can be found in the number of building permits issued. New residential permits rose 16% in FY 2014 to 43, compared to 37 in FY 2013. The average construction value of each residential unit was down slightly from the previous year due to the impact of the construction of the first multi-family units since 2010. Despite the significant increase in new residential building permits during FY 2013 and 2014, permits for the past four years remain well below the FY 2008 level of 80 that included 33 permits for multi-family units. The number of addition & remodeling permits increased slightly from 239 in FY 2013 to 245 in FY 2014. Permits for additions & remodeling had been fairly consistent over the last four fiscal years, ranging from a low of 239 to a high of 305. Permits for additions and remodeling increased 2.5% in FY 2013, compared to a 21.6% decrease from FY 2012 to FY 2013. There are currently 12 multi-family units for which construction is being completed and the Planning Board recently approved another 13 units, though the building permits have not yet been requested. The Planning Board continues to review requests for another 45-50 multi-family units. For the first three months of FY 2015, 8 residential building permits were issued, compared to 14 for the first three months of FY 2014. However, it is expected based on preliminary information from developers that there will be an increase in permit activity during the fiscal year. Based on this increased activity, we anticipate that the level of permits issued will exceed the level experienced in FY 2013. The Town is optimistic about this improvement in building permit activity and expects increased activity. Overall these trends continue to reflect general improvement in the housing market, both locally and nationally.

Residential Units	2011	2012	2013	2014
Permits	27	19	37	43
Total Value	\$3.4M	\$2.7M	\$6.0M	\$6.9M
Average Value	\$125K	\$142K	\$163K	\$160K

Local area unemployment statistics showed an improved employment situation from June 2013 to June 2014. In June 2014, the unemployment rate was 4.9% with 1,000 unemployed, versus June 2013 when the comparable statistics were 5.5% and 1,100. Derry's June 2014 unemployment rate is higher than the 4.5% rate for southern New Hampshire communities and the overall State rate of 4.3%. The unemployment rates in Derry, southern New Hampshire and the State are healthier than the 6.1% national level. The employment situation state-wide improved slightly during July-October 2014, declining from 4.4% to 3.6%, while Derry's unemployment rate also improved during that four-month period from 5.1% to 4.3%, reflecting the removal of 160 Derry individuals from the unemployment rolls. The Town's unemployment rates for October 2014 and 2013 were 4.3% and 6.1%, respectively. The economic outlook for Derry remains generally consistent with the southern New Hampshire economy, while the Town lags behind the overall State employment situation, continuing to be impacted by the state of the national economy.

Major Initiatives

For the Year

The Town continues to utilize the recently updated Master Plan and Open Space Plan, as well as a Source Water Protection Plan that was 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 (NHDES).

The Downtown Committee has been rejuvenated with new members and energy in 2014 and will work with the new Town Administrator to further the revitalization of the downtown. The Town Council would like to see the vacant town owned properties developed in the downtown. To that end, the Town Council has asked the Planning Board to review the zoning and the permitted uses to ensure the best and highest use of the properties in that zoning district. The Town continues to work with the Downtown Committee, the Greater Derry Arts Council (in its management of the Opera House within the Adams Memorial Building) and the Greater Derry/Londonderry Chamber of Commerce. The Town Council appropriated \$150,000 to repair the roof and perform renovations to the Opera House enabling the second floor balcony to re-open and thus expand the seating capacity. The Greater Derry Arts Council also obtained a \$25,000 grant to paint the interior of the building. A green, open space in the center of the downtown now houses the spring/fall Farmer's Market. Plans have been approved for conversion of that site into a multi-story commercial/residential building once the economy improves. While some storefront vacancies exist, they provide a unique opportunity for development into successful businesses with great downtown exposure. New businesses which opened in 2014 in the downtown include a coffee shop, retail wine/craft beer store, and DRAE, a tapas restaurant.

Two existing restaurants are now serving lunch, in addition to dinner. Exterior renovations are also occurring in two vacant storefronts. There is new, exciting energy happening in the downtown.

The existing Enterprise Revitalization 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, though to date there have been no applications submitted. The 'zone' covers the Route 28 Corridor Tax Increment Financing (TIF) District (recently expanded by the State of New Hampshire to include more of the TIF District area), 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).

Pinkerton Academy installed new, outdoor lighting at the football field which now allows the school to hold Friday night football games. This expands opportunities for merchants in town who benefit from the increased crowds.

The completion of the road improvements in the Route 28 Corridor TIF District has driven economic development in that area. Activity occurring within the TIF District during FY 2014 includes:

- The build out of Pinkerton Place which is now occupied by Vanguard Dental, Verizon Wireless, and Elite Nails.
- The former Wal-Mart property was acquired and partially occupied by Ocean State Job Lots. The remainder of the building will be occupied by MonkeySports and an ALDI supermarket. Both retailers are unique. The Derry location will be the second New Hampshire location for ALDI and will be the sixth location worldwide for MonkeySports. Both stores plan to open by December 2014.
- The Town successfully marketed the site previously occupied by Pinkerton Tavern. An Aroma Joe's franchise has obtained Planning Board approval and began construction in the fall of 2014.
- Creative Chef Kitchens opened its facility a year ago. This first-of-its-kind business in the area allows aspiring food entrepreneurs to get a business up and running, assisting with everything from licensing to packaging and marketing. Many of the businesses encourage "buying local" by selling their wares at the local Farmer's Market.
- Construction was completed on a 2-story, 10,000 square foot medical building, consolidating the operations center for a 3-town medical office practice.
- Kelsen Brewing, one of the two breweries locating in Derry, has had tremendous success with award winning ales; they are currently bottling and selling to local supermarkets and specialty retail shops as well as local restaurants.

The addition of retail uses in the area of the Walmart Superstore has continued to pique interest in development of open land within the TIF District, as well as the upgrading of existing space. In particular the parcels located on Ashleigh Drive next to the new Wal-Mart Super Store have generated interest based on marketing by a commercial real estate broker, though no firm commitments have been made to date. There is also renewed

interest in the site of the former Sanmina manufacturing site in the heart of the TIF District. Derry Meadows Shoppes is now owned by a new entity and has plans to update the plaza.

A number of other small business locations that closed had their space reoccupied by new business ventures, such as hair salons, another frozen yogurt store and similar to last year, several pizza/fast food shops. Halco Showrooms, a kitchen and bath remodeling company has moved operations from Massachusetts to a new location on Crystal Avenue.

During the year, the Town continued its participation in the Robert Frost/Old Stage Coach Scenic Byway. The New Hampshire Scenic and Cultural Byways Council designated the Byway in May of 2014. The Robert Frost/Old Stage Coach Scenic Byway is an extension of an existing Byway that starts in Atkinson and will continue through the towns of Hampstead, Chester, Auburn, and Derry. The Byway route is highly scenic, leading visitors through New England colonial villages, rolling farmland, working orchards, and picturesque vistas. The route provides visitors access to recreational hiking and biking trails, seasonal festivals, and year round museums, restaurants and town centers. Establishment of the Byway will advance tourism and economic development along the Byway Corridor.

For the Future

The focus for Town Council and Town staff going forward continues to be active pursuit of further economic development. This includes:

1. Creation of a downtown redevelopment plan for vacant Town-owned property located off of Broadway in the downtown business area.
2. Working to expand and broaden the base of commercial and industrial property to lessen the tax burden on single-family homeowners and to provide new jobs to lessen the unemployment rate.
3. Continuing development and redevelopment in the Route 28 Corridor TIF District.
4. Extending water and sewer to the southern end of Route 28, heading towards Windham, so as to better develop that area commercially and industrially following a build out of the Route 28 Corridor TIF District. Construction of the first phase of this project began in fall 2013 and is expected to be completed in spring of 2015.
5. Preservation and acquisition of prime open space continues to be a goal.
6. Mitigation of the impacts expected from the planned Interstate 93 widening and possible development of an Exit 4-A which is expected to coincide with the widening of Interstate 93 from Exit 3 north to its intersection with I-293. The Town Council, as well as the Londonderry Town Council, supports the NH DOT taking the lead on the project and will look to the State to seek state and federal funding to pay for the project.
7. Town staff and boards continue to review possible zoning amendments. The intent is to increase the available commercial/industrial acreage thereby reducing zones where residential uses are permitted. The Planning Board and Planning staff are currently working to refine permitted commercial/retail uses and will forward the suggested changes to Town Council late in 2014.
8. Fire, Code Enforcement, and Planning Departments continue development of a Property Maintenance Code Ordinance. The Committee will finalize the draft ordinance and the Town Council will schedule a public hearing in the late fall of 2014.

9. The Planning Board, along with the Planning and Code Enforcement staff, drafted revisions to the sign regulations making them more user-friendly. The revisions were approved by the Town Council in early 2014.
10. The Planning Board continues to meet annually with the Derry Town Council to review goals for the upcoming fiscal year. Topics discussed during the 2014 meeting included the Town Council's vision for the downtown and for Route 28 South, as well as ongoing zoning amendments. Town Council has asked the Planning Board to look at the zoning restrictions in the multi-family housing districts.

While the infrastructure improvements to support commercial and industrial development in the Route 28 Corridor TIF District have been completed, contributions from all future projects and developers towards these infrastructure improvements will continue to be sought to support the coverage of the debt service on the TIF bond. A vacant 12-acre site, along with other undeveloped/underutilized properties within the TIF District, are prime locations for development since they are fully serviced by municipal water and sewer and have an improved roadway infrastructure.

A majority of the first phase of the water and sewer expansion in the Route 28 South area of Town was completed in the fall of 2014, in conjunction with the reconstruction of Rockingham Road. Expansion will enhance the opportunity for commercial and industrial development in this area due to the availability of water and sewer service. This expansion has extended the existing water and sewer service easterly on Rockingham Road to Route 28. From that point on Route 28, water will run north to connect with existing water infrastructure at Humphrey Road, and water and sewer will run south to Berry Road. Future phases of the expansion are designed to ultimately take this service further south from Berry Road to the Windham town line. The Planning Board has held public hearings to change zoning in this area to General Commercial IV.

The recently constructed intersection signalization and added turning lanes at Route 28/Kilrea Road improves safe travel in this area of Route 28 south.

The Town Council has adopted the New Hampshire *E911* house numbering mapping program. This adoption allows the state to initiate a mapping of the Town for use in New Hampshire's '911' system. The Town is in a 'community queue' behind Manchester, Dover and some other smaller communities. It is anticipated that Derry will likely see mapping begin by late in 2015. Upon completion of the mapping, NH '911' call dispatchers will be better able to direct emergency responders to the location of an incident. The State will also provide the Town with a report identifying areas of concern that may impact the timely dispatch of services to particular locations. The goal of this effort is to enhance the Town's overall responsiveness to emergency situations.

The Town sees sign of a slowly improving economy, evidenced by ongoing discussions with retailers and other businesses that are considering or have initiated construction of new facilities, expansion of existing facilities, and reopening of closed facilities, including:

- Occupation of a number of vacant food establishments by other food venues;
- Within the Central Business District, redevelopment plans continue to evolve for a former manufacturing facility on Crystal Avenue to be converted into retail space;
- Commencement of construction began in FY2014 for the addition of a golf driving range to an existing ice cream shop on Ryan's Hill on Route 28 south. An adjacent restaurant that had been vacant for one and a half years will reopen under new management, offering a smoked barbeque menu. Further south from that location, construction has also started on the first few units of a 70,000 total SF self-storage facility near the Windham town line. Construction of this type is an indication of interest in further expansion of the Route 28 South area of Town for future commercial and industrial activity.
- Completion of construction for the Parkland Medical Center Behavioral Health Unit.
- Opening of The Zoo Gym and relocation of The Workout Club to another location in Derry.

Already in FY 2015, four residential building lots and one multi-family project have been approved by the Planning Board. Despite the current economic situation, the Town remains excited about its potential growth and is poised for commercial and industrial development in 2014 and beyond. The Planning Board has also seen an increase in new multi-family/townhouse projects in this past year. As housing construction has picked up nationally, the Town is seeing similar interest in Derry with approximately 65 new units being proposed.

Efforts and Accomplishment Focus

The key accomplishments for FY 2014 include:

- Opening of the Ocean State Job Lots and other businesses within the Route 28 Corridor TIF District, including the relocation of The Happy Hippy from Windham to Derry, and the relocation of Derry Sports and Rehab
- Final completion of construction at Pinkerton Place
- Town Council's continued commitment to expand water and sewer service on Route 28 south;
- Completion of new commercial facilities and the reoccupation/rehabilitation of existing facilities;
- Continued consideration of rezoning in some areas of Town to enable enhanced economic development activity;
- Town's participation in Robert Frost/Old Stage Coach Scenic Byway;
- Revitalization of the downtown area to include Yarn and Fibre moving from one area of town to the downtown; Cask and Vine expanded its kitchen; opening of The Grind Rail Trail Café, The Drinkery, and DREA; and the renovation of two former rooming houses to a different use and completion of a parking lot expansion to support the new uses; and
- The opening of two charter high schools, The Granite State Arts Academy and NEXT, and the approval of a Hannaford To-Go grocery pick up service.

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 foretells that healthy economic development continues and that the Town should be poised for significant activity once the economy recovers.

The Town continues to develop and nurture strong alliances with the Greater Derry/Londonderry Chamber of Commerce, the Derry Housing & Redevelopment Authority, Rockingham Economic Development Corporation, the Southern New Hampshire Planning Commission, the Derry Cooperative School District and the Downtown Committee. These alliances will contribute to improving the quality of life in Derry and its future social and economic growth. Efforts continue towards making Derry a "destination community", as well as better balancing the tax burden.

Financial Information

The Derry Town Council is responsible for establishing and maintaining an internal control structure (NH RSA 41:9) designed to ensure that 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 Town departments must follow in managing their respective areas of responsibility in their handling of receipts and 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, 2014 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 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 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 Fund Balance and Debt Management.

Fund Balance & Debt Management

Fund Balance

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. In NH, the calculation of regular general fund operating expenditures is the sum of the municipality's general fund operating appropriations, the education tax amount, the local school net tax commitment, and the county appropriation. Management's recommendation is to maintain a fund balance of at least 12.5%.

In June 2013, the Town Council unanimously adopted a Fund Balance Policy. This policy sets forth the categories of fund balance in accordance with GASB 54 and delineates the spending prioritizations of them. The policy also sets forth that annually, following completion of the annual financial audit, the Finance Department will calculate the percentage of Unassigned Fund Balance for that fiscal year. If the level of Unassigned Fund Balance exceeds the mid-point of the GFOA recommended range plus one half a percent (13%), without action of the Town Council, the surplus shall be transferred to capital reserve funds for Fire, Information Technology, Police and Public Works for the purpose of funding future capital improvements. The allocation to each fund is based on the percentage of each area in the Town's adopted six-year Capital Improvement Plan. In accordance with the annual reconciliation provision of the Policy, \$1,211,339 was transferred at June 30, 2014 from unassigned fund balance to committed fund balance. Thus, the Town of Derry's unassigned general fund balance at June 30, 2014 equals 13% of total appropriations, including school and county. The unassigned fund balance remains strong and provides increased flexibility for all Town operations.

Debt Management

While the Town of Derry does not have a formal debt management policy, its practice related to the issuance of new debt is based on restraint and conservatism, generally looking to its other resources (cash, fund balance and available grants) before entering the financial markets to sell a long-term debt issue. The Town utilizes capital leases for the replacement, upgrading or addition of vehicles, trucks and major equipment. The Town presently has no plans to issue additional bonds in the foreseeable future.

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. The Town's general fund is allowed to have as much as \$80.6 million of debt issued or authorized. As shown on Schedule 12 of the Statistical Section of this report, at June 30, 2014 only \$10.5 million of debt was applicable to this limitation, 13.03% of the allowed amount. Similarly with respect to the Town's Water Fund, \$268.5 million is allowed by Statute, while at June 30, 2014 \$2.4 million (0.91%) was outstanding. The Wastewater Fund, Landfill Closure and TIF District debt have no limits. Based on an estimated population of 32,988 general government bonded debt per capita, excluding the TIF bonds, was \$220 per Derry resident at June 30, 2014, down from the \$241 reported in the prior year. The decrease is due to no new general obligation bonded debt being issued during FY 2014, as well as payment of principal on existing bonds.

The government currently has an Aa2 rating from Moody's Investors Service for bonds issued by the Town prior to FY 2013. In FY 2013, Standard & Poor's assigned a rating of AA to the \$4.75 million of general obligation bonds issued and the \$1.16 million of general obligation refunding bonds. In FY 2014, Standard & Poor's upgraded its rating to AA+ for the \$3,444,000 of general obligation issued in April for the expansion of the Town's water and sewer infrastructure. A rating of 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.

Other Information

Independent Audit

The Town Charter requires an annual audit by an independent certified public accountant. The Town's Charter previously required that the audit firm be changed at least every five years. In September 2012, voters approved a Charter change that requires the Town to issue a 'request for proposal' for auditing services every five years but does not require that a new auditor be selected. Following a Request for Proposals for Auditing Services in early 2010, Melanson Heath, 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 Town has exercised that option to continue the services of Melanson Heath through FY 2014. A request for proposals will be issued during FY 2015 for the five-year period beginning with FY 2015.

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, 2013. This was the fifteenth consecutive year that the Town 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 and review of information contained in this report.

Respectfully submitted,

Frank L. Childs
Chief Financial Officer

Janice A. Mobsby
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

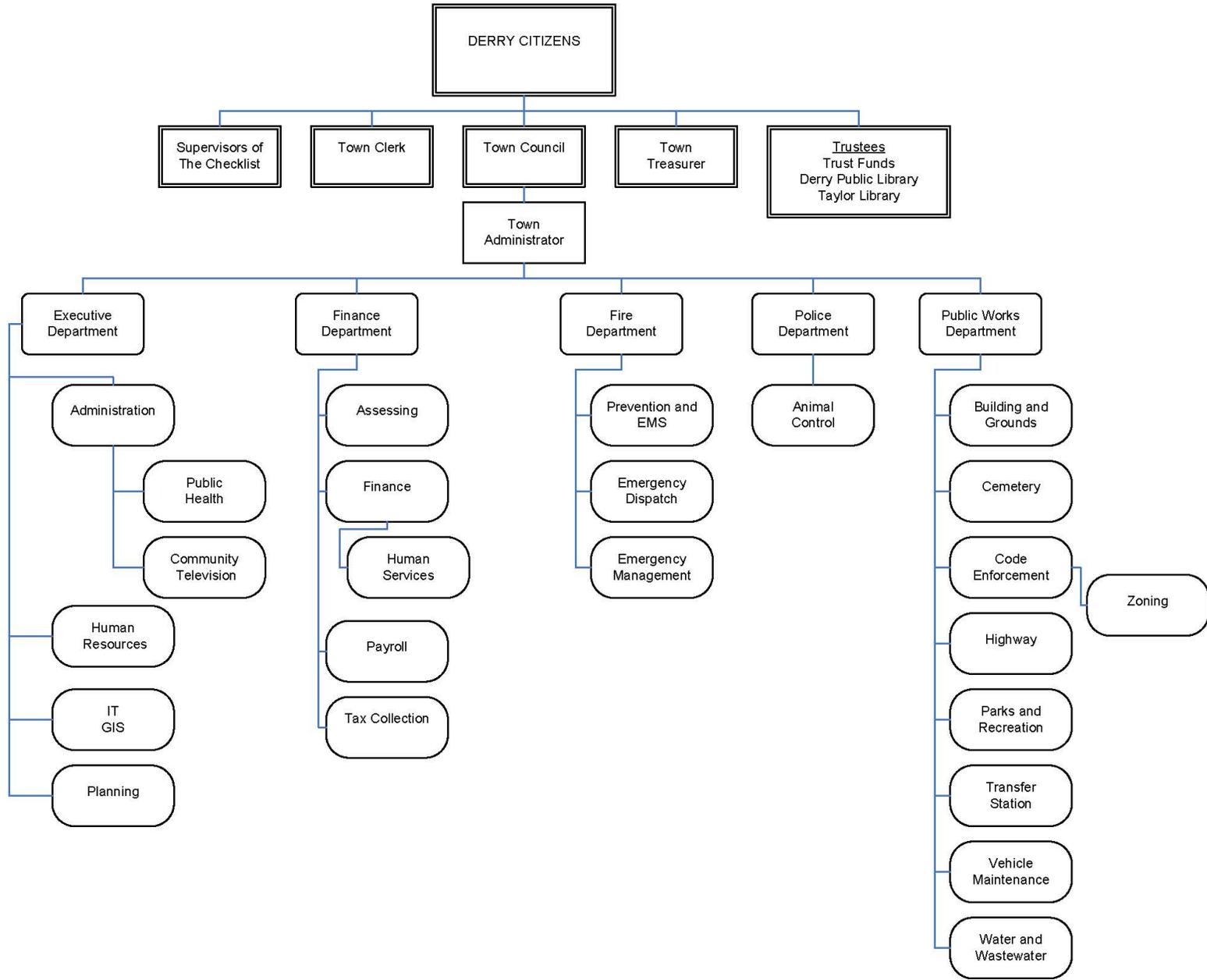
Presented to

**Town of Derry
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2014**

Town Council

Mark Osborne	Chair, Councilor-at-Large
Joshua Bourdon	Councilor-at-Large
Phyllis M. Katsakiores	Councilor-at-Large
Michael D. Fairbanks	Councilor-District #1
G. Thomas Cardon	Councilor-District #2
David N. Fischer	Councilor-District #3
Albert Dimmock, Sr.	Councilor-District #4

Administration

Lawrence D. Budreau	Acting 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
Kevin Coyle	Chair, Trustees of Trust Funds
Lynn Perkins	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
Cara Barlow	Director, Derry Public Library
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
George Klauber	Emergency Management Director
George Klauber	Fire Chief
Lawrence D. Budreau	Human Resources Director/ Assistant Town Administrator
Jill E. McLaughlin	Human Services Administrator
Eric H. Bodenrader	Parks & Recreation Director
George H. Sioras	Planning Director
Dawn K. Enwright	Tax Collector
Denise E. Neale	Town Clerk
Robert L. Gorham	Town Treasurer
Margaret Ives	Town Moderator

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Derry, New Hampshire

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Funding Progress, and Schedule of Condition Assessment and Maintenance Costs be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Melanson Heath

December 17, 2014

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, 2014.

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 Position 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 Position 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 position* and its changes during the past year. You can think of the Town's net position—the difference between assets, liabilities and deferred transactions—as one way to measure the Town's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town's net position is one indicator of whether its *financial* health is improving or deteriorating. You will need to consider other non-financial factors, 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 Position 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, finance, executive administration and library department

activities. 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 Position 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 Position 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 Position and Changes in Fiduciary Net Position. 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 Position government-wide (assets and deferred outflows minus liabilities and deferred inflows), for governmental and business activities increased by \$1.4 million to \$158.6 million, even after recognizing the growth in other post-employment benefit (OPEB) liability of \$1.1 million.
- For Governmental Activities, the Town's unrestricted net position is \$14.2 million of the total \$127.5 million value. Unrestricted net position means that these funds are available to meet the Town's ongoing obligations and provides a benefit to the Citizens of Derry.
- The Total General Fund Balance increased by \$1.1 million to \$21.9 million.
- The Unassigned General Fund Balance that is available for future appropriation, decreased by \$0.1 million to \$11.2 million. Committed General Fund balance increased \$1.5 million to \$9.6 million in accordance with the Town's fund balance policy.
- New bonds were issued in 2014 - \$3.4 million for business activities in the water and sewer funds.
- The Town collected 98.2% 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 position and changes in net position of the Town's governmental and business-type activities and separately considers the operations of both activities. The charts on the next few pages highlight current year and prior year comparisons of net position and changes in net position for Governmental activities, Business type activities (water and sewer operations), and totaled for each year. Overall, the Town's total net position increased \$1,392,652 when compared to the prior year primarily because the favorable operating performance of the general and enterprise funds offset the \$1.2 million increase in other post-employment benefit (OPEB) liability.

Town of Derry, NH
Net Position (in thousands)
As of June 30,

	2014			2013		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 75,242	\$ 9,319	\$ 84,561	\$ 73,195	\$ 5,835	\$ 79,030
Capital assets	113,577	29,774	143,351	113,549	29,458	143,007
Total Assets	<u>\$ 188,819</u>	<u>\$ 39,093</u>	<u>\$ 227,912</u>	<u>\$ 186,744</u>	<u>\$ 35,293</u>	<u>\$ 222,037</u>
Liabilities:						
Current liabilities	\$ 1,199	\$ 467	\$ 1,666	\$ 2,092	\$ 218	\$ 2,310
Long-term debt	22,836	7,465	30,301	22,261	4,241	26,502
Total Liabilities	<u>24,035</u>	<u>7,932</u>	<u>31,967</u>	<u>24,353</u>	<u>4,459</u>	<u>28,812</u>
Deferred Inflows	<u>37,318</u>	<u>-</u>	<u>37,318</u>	<u>35,971</u>	<u>22</u>	<u>35,993</u>
Net Position:						
Net Investment in capital ass	105,790	26,033	131,824	105,781	26,069	131,850
Restricted net assets	7,469	-	7,469	7,123	-	7,123
Unrestricted net assets	14,207	5,128	19,335	13,516	4,743	18,259
Total Net Position	<u>127,466</u>	<u>31,161</u>	<u>158,627</u>	<u>126,420</u>	<u>30,812</u>	<u>157,232</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 188,819</u>	<u>\$ 39,093</u>	<u>\$ 227,912</u>	<u>\$ 186,744</u>	<u>\$ 35,293</u>	<u>\$ 222,037</u>

Governmental Activities

Net position totals \$127.5 million for governmental activities and includes \$105.8 million in capital assets, net of related debt. Capital assets, net of related debt, are not available for future spending. Capital Assets, net of related debt, is comprised of 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 (\$82.5 million) and provide a function to citizens of Derry, but would not be sold to fund future town obligations.

Restricted net assets of \$7.5 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 position total \$14.2 million – and are the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. This value provides a cash flow resource that enables the Town to meet its obligations without the need for temporary borrowing to pay its annual operating obligations. Unrestricted net assets are also available to fund future activities that may be appropriated. The NH Department of Revenue Administration and the Government Finance Officers Association recommends keeping a balance to sustain the strong financial health of our government. The 13% level currently retained as unassigned within the unrestricted net position balance is the maximum allowed by the Town's fund balance policy and also is slightly above the 12.5% midpoint of the 8-17% recommended range of appropriations required to fund town, county and school activities by taxes and other local government revenues.

Business Type Activities

The Net Position of the water and sewer enterprises total \$31.2 million. The Capital assets of \$29.8 million in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related debt of \$3.7 million comprise the majority of the value in the net position of the business type activities. Net of related debt from bonds and capital leases, the \$26 million of capital assets is not available to pay for future activities. The Unrestricted Net Position totaling \$5.1 million is available for future spending.

The following chart reflects the changes in Net Position separately for governmental and business type activities and in total.

Town of Derry, NH
Changes in Net Position (in thousands)
For the years ended June 30,

	2014			2013		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenue						
<u>Program revenue:</u>						
Charges for services	\$ 2,591	\$ 4,564	\$ 7,155	\$ 2,050	\$ 4,639	\$ 6,689
<u>Grants:</u>						
Operating grants	1,582	19	1,601	1,298	91	1,389
Capital grants	303	97	400	401	66	467
<u>General revenue:</u>						
Property taxes	24,918	-	24,918	24,818	-	24,818
Other general revenue	8,802	124	8,926	8,316	74	8,390
Total revenue	<u>38,197</u>	<u>4,804</u>	<u>43,001</u>	<u>36,883</u>	<u>4,870</u>	<u>41,753</u>
<u>Program expenses:</u>						
Town:						
General government	5,941	-	5,941	5,771	-	5,771
Public safety	20,005	-	20,005	19,705	-	19,705
Highway and streets	4,869	-	4,869	4,550	-	4,550
Health, welfare & housing	813	-	813	712	-	712
Sanitation	1,620	-	1,620	1,633	-	1,633
Culture and recreation	3,302	-	3,302	3,062	-	3,062
Conservation	12	-	12	24	-	24
Economic development	180	-	180	1,441	-	1,441
Interest on long-term debt	411	-	411	375	-	375
Water	-	2,423	2,423	-	2,345	2,345
Sewer	-	2,033	2,033	-	1,978	1,978
Total Program expenses	<u>37,152</u>	<u>4,456</u>	<u>41,609</u>	<u>37,273</u>	<u>4,323</u>	<u>41,596</u>
Changes in net assets before transfers and contributions to permanent funds	<u>1,045</u>	<u>348</u>	<u>1,393</u>	<u>(390)</u>	<u>547</u>	<u>157</u>
Transfers			-	15	(15)	-
Increase (decrease) in net position	<u>\$ 1,045</u>	<u>\$ 348</u>	<u>\$ 1,393</u>	<u>\$ (375)</u>	<u>\$ 532</u>	<u>\$ 157</u>

Governmental Activities

Overall, total net position of governmental activities increased by \$1,044,658 as cash and investments increased due to favorable current year operations; the retirement of bonds and leases with current revenues and acquisitions of capital assets by grants and donations. This improvement was achieved despite a \$1.1 million increase in long term liabilities explained below.

Specifically, the phasing in of the Town's long term other post-employment benefit liability in accordance with Government Accounting Standards Board (GASB) statements 43 and 45, added approximately \$1.1 million to long term liabilities. The net Other Post

Employment Benefit (OPEB) obligation of \$5.7 million for governmental activities represents the sixth year of a thirty year phase-in of debt recognizing the retiree’s effect on the group healthcare insurance premiums. A value is 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 was in a different plan than the other employees. The effect of this liability is calculated for current employees and retirees who are eligible for this benefit upon retirement.

Since the Town continues to follow a “pay as we go” funding of these health care premiums, the impact of the accounting rule will continue to reduce the net position of the Town as the liability is incrementally recorded for the next twenty-four years. More information about this topic may be found in note 18 of the financial statements.

The Net Cost of Services chart shown below demonstrates 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 54% of the net cost of Derry’s local government.

Town of Derry, NH
Net Cost of Services (in thousands) Governmental Activities
For the years ended June 30,

	2014			2013		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
Public safety	\$ 20,004	\$ 2,290	\$ 17,714	\$ 19,705	\$ 1,925	\$ 17,780
General government	5,941	393	5,548	5,771	135	5,636
Highway and streets	4,869	615	4,254	4,550	1,024	3,526
Culture and recreation	3,302	195	3,107	3,062	160	2,902
Sanitation	1,620	429	1,191	1,633	382	1,251
Health & welfare	813	204	609	712	124	588
Economic Development	180	350	(170)	1,441	-	1,441
All others	423	-	423	400	-	400
Total	<u>\$ 37,152</u>	<u>\$ 4,476</u>	<u>\$ 32,676</u>	<u>\$ 37,274</u>	<u>\$ 3,750</u>	<u>\$ 33,524</u>

Net cost of services for governmental activities decreased by \$853,000, most significantly affected by lower economic development net cost of services. The prior year reflected a non-reoccurring cost that enhanced a commercial/industrial area (on a state owned roadway) to promote business development.

Other primary factors affecting the lower net cost of services noted above is overall higher revenues of \$726,000 that offset the cost of service, increased retirement contributions of \$556,000 - \$452,000 related to public safety, and higher costs associated with highway and streets due to an unusually harsh winter.

Business Type Activities

The net position for business activities increased \$348,000 primarily from operating income. The internal balances (Due from other funds) held for the water and sewer activities increased by \$3.7 million mostly from unspent bond proceeds at year-end.

Analysis of Balances and Transactions of Individual Funds

Governmental Funds

Governmental fund reporting reflects short term inflows, outflows and remaining balances of spendable resources. Fund Balance includes restricted funds that are non-spendable or are subject to restrictions external to local government control and unrestricted fund balance that is available for future use. Of the \$35.0 million total fund balance for governmental funds, \$10.9 million is restricted and \$24.1 million is unrestricted (committed, assigned and unassigned).

The General Fund is the only major governmental fund of the Town and is the chief operating fund. Total general fund balance increased by \$1.0 million during 2014. Of the total \$21.9 million general fund balance, \$11.2 million was unassigned in the general fund on June 30, 2014.

In accordance with the Town's Fund Balance policy, the amount of unassigned fund balance is limited to 13% of the next year's tax commitment. Excess unassigned fund balance is committed to fund future capital improvements.

Comparing the percentage of total general fund expenditures to total and unassigned fund balance gives an indication of liquidity. The chart below reflects the changes in both unassigned and total fund balance.

General Fund (GF) Fund Balance (in thousands)	2014	2013	Change	% of 2014 Property Tax Commitment
Unassigned	\$ 11,175	\$ 11,332	\$ (157)	13%
Total	\$ 21,875	\$ 20,854	\$ 1,021	25%
Property Tax Commitment	\$ 85,961	\$ 86,587	\$ (626)	

The Town measures liquidity based on the property tax commitment of the ensuing year because the Town is responsible for raising funds by taxation for the school district and county that are not reported in the financial statements of the Town of Derry.

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.

The changes in the total general fund balance were impacted by the following factors:

Use of Fund Balance	\$ (1,264)
Revenues greater than budgeted	999
Expenses lower than budgeted	1,297
Other	<u>(11)</u>
Total Changes	\$ <u>1,021</u>

Capital Reserve funds within the general fund balance are highlighted below. With the exception of the Compensated Absences and Highway Winter Maintenance reserves, these reserves support funding of the Town's Capital Plan.

Committed Reserves	<u>2014</u>	<u>2013</u>	<u>Change</u>
Compensated Absences	\$ 3,700,881	\$ 3,585,458	\$ 115,423
Derry Public Library	13,602	13,557	45
Emergency Management	6,423	6,401	22
Fire	1,508,056	979,834	528,222
Fire Facilities & Equipment	264,616	263,741	875
Highway Winter Maintenance	106,346	105,994	352
Information Technology	248,239	216,231	32,008
Land & Building Fund	361,973	355,438	6,535
Parks Facilities Fund	107,240	106,915	325
Police	670,389	465,635	204,754
Police Vehicles	721	719	2
Public Works	1,798,292	1,351,199	447,093
Taylor Library	216,206	212,392	3,814

The use of these reserves have been an important and effective planning tool to save and prepare for major projects under the tax cap constraints on annual net appropriations.

The governmental funds financial statements can be found on pages 42 to 46.

Enterprise Fund Activities

Both billed water and sewer usage remained unchanged during fiscal year 2014.

Despite an increase in water connections, Annual consumption declined in the water division by 4.9% in 2014 due to less outdoor water usage.

The unit price of water purchased from Manchester increased 2.2% but the governing body voted to sustain the customer's water rates adopted in 2013 and not pass the added cost on to the consumers.

Though the net operating income of the water division was 21% lower than the prior year due to the impacts described above, the water division generated a gain of \$181,000 through operations.

The sewer division added nine new customers in 2014, but the impact of lower water consumption per customer also impacted service revenues and operating income. Operating income continues to be favorable at \$170,608.

Increased debt service costs due to investments in capital asset expansion of the water and sewer systems have resulted in lower net income before capital contributions and transfers, but continues to be favorable at 9.7% of revenue for the water division and 10.9% of operating revenues for sewer division.

Analysis of Significant General Fund Budget Variations

A summary of General Fund budget to actual information may be found on page 46 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 Town Council appropriates a "bottom line" budget for each department, which includes annual capital asset appropriations for each department.

The Council and Administrator, based on guidelines outlined in the Town Charter, may transfer appropriations to facilitate activities, providing flexibility to take advantage of opportunities that may arise in a timely manner.

Two supplemental appropriations were authorized by the governing body in 2014:

\$130,000 to fund roof and structural capital improvements to the Adams Memorial Building, home to the Town's opera house from a land and building improvements capital reserve.

\$106,399 to fund highway and streets sand, salt and snow removal programs from a winter maintenance capital reserve due to an unusually harsh winter season.

There were no budget transfers necessary from one department to another this fiscal year.

The original budget for taxation was modified at tax rate setting to account for \$3,163 less intergovernmental revenue from the State of NH and \$80,000 less miscellaneous revenue.

Final Budget to Actual Variances

The General Fund performance exceeded revenue projections by \$1 million and was affected by the following factors:

- Higher than budgeted tax increment financing revenue, interest and penalties and lower than budgeted abatements (\$400,000)
- Higher than budgeted motor vehicle registration revenue (\$369,000)
- Higher than budgeted ambulance revenues (\$298,000)
- Higher than budgeted revenue from health insurance refund (\$131,000)
- Higher than budgeted building permits (\$62,000)
- Lower than budgeted police detail revenue (\$98,000)
- Lower than budgeted salt truck reimbursement from State of NH (\$130,000)
- Lower than budgeted sale of town property revenue (\$284,000)

Overall, total general fund expenditures were \$1.3 million less than budgeted.

The highlights of the differences are listed below:

- Lower than budgeted Police personnel costs due to staffing turnover (\$416,000)
- Lower than budgeted Fire personnel costs due to staffing turnover (\$158,000)
- Lower than budgeted Highway capital outlay for a salt truck (\$127,000)
- Lower than budgeted Transfer station capital outlay (\$110,000)
- Lower than budgeted Executive personnel costs due to vacant position (\$100,000)
- Lower than budgeted Finance retiree distributions of earned time (\$167,000)
- Lower than budgeted Parks and Recreation contracted services (\$52,000)
- Lower than budgeted third party assessing services (\$43,000)
- Higher than budgeted Highway & Street supply costs (\$84,000)
- Higher than budgeted Fire Department Capital improvements (\$47,000)

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.

Capital Asset Activity

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

	2014			2013		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
Land	\$ 7,931	\$ 202	\$ 8,133	\$ 7,671	\$ 202	\$ 7,873
Buildings & Improvements	12,543	119	12,662	12,864	123	12,987
Vehicles & Equipment	3,800	534	4,334	3,917	404	4,321
Construction Work in Progress	202	1,006	1,208	439	588	1,027
Infrastructure & Improvements	86,447	27,252	113,699	85,985	27,558	113,543
Intangibles	2,654	661	3,315	2,673	583	3,256
Totals	\$ 113,577	\$ 29,774	\$ 143,351	\$ 113,549	\$ 29,458	\$ 143,007

Governmental Activities

There was marginal strengthening in capital assets during the year. Additions to capital assets of \$1.6 million contributed to a net increase of \$28,000 capital asset value after depreciation and asset disposals. This increase was achieved with a combination of funding by donations, grants, debt and use of fund balance. Budget savings of \$45,000 contributed to the addition of a video camera system for police vehicles.

Assets disposed included fully depreciated vehicles and equipment with original cost values of \$670,800, the removal of a building located on land purchased for future economic development valued at \$90,600 and the replacement of 900 feet of Rockingham Road at \$75,400.

The "Route 28/Rockingham Road" project activity included drainage and roadway improvements, a new bridge to replace an aging culvert, and design work for a future phase of Route 28 drainage and roadway improvements. This project was funded by FY2013 Bond proceeds. This work was coordinated with the work that is described under Business Type activities.

In accordance with a rotating scheduled vehicle replacement program, eleven Police cruisers were replaced with Ford Explorer SUV's. The new Explorer Interceptor allows the patrol officer to carry more equipment and since it is all wheel drive, it actually is safer in certain weather conditions. This upgrade was funded by a capital debt - lease to own. The vehicles were outfitted with in-vehicle video systems which record patrol activities by the

officer. Those upgrades were funded by a Justice Assistance Grant from US Department of Justice that was passed thru Rockingham County.

Major acquisitions in 2014 are reported to the nearest thousand and are noted below:

- \$366,000 – 2014 Ford Explorer Police Interceptor Cruisers (11)
- \$329,000 – Rockingham Road Reconstruction
- \$307,000 – Rockingham Road Bridge
- \$ 85,000 – Route 28 Improvements Engineering
- \$ 69,000 – Police Building and Municipal Center Access Control System
- \$ 67,000 – In Vehicle Video Systems for New Police Vehicles
- \$ 64,000 – 2014 International Ambulance (Balance owed)
- \$ 55,000 – Derry Public Library Natural Gas Conversion

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 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. In FY 2014, a non-review year, the PCI rating was estimated at 74, which is in the range adopted by the Town Council. This PCI rating takes the baseline level adopted at the last full review, and adds 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 but it does not reflect the impact of other roads that may deteriorate during the rating period. Maintaining the quality of roadways through regular upkeep keeps the complexity of repairs and the ultimately the maintenance cost per mile, lower.

The Town estimates annual expense of \$1,380,000 is required to maintain the current rating quality of the Town’s Roadway Infrastructure. In FY 2014, \$1,493,100 was expended to maintain the roadways, an increase of approximately \$178,000 over the prior year.

The Town is able to continue to value its roadway and sidewalk networks without depreciation because the Town continues to investing and these assets at a measured and sustained level that demonstrates that Derry’s roadways are not deteriorating.

Business Type Activities

Primary capital investment in 2014 is reported to the nearest thousand as noted below:

- \$446,000 – Rockingham Road/Route 28 Sewer Improvements
- \$279,000 – Rockingham Road/Route 28 Water Improvements
- \$131,000 – 2013 Ford Cube Van w/ Inspection System

Water and sewer system expansion in the Rockingham Road/Route28 area was the major capital asset investment in business type activities in FY 2014. By introducing these services to this area of Derry, future commercial economic development will be possible. As of 10/31/14, this \$3.9M project was approx. 70% complete.

Additionally, replacement of aging equipment and vehicles kept pace with annual depreciation and therefore there was a net increase in value of \$316,100 for business type activities.

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

Long-Term Debt

In summary, after debt service payments and new bonds issued, changes to our outstanding bond debt are reflected in the chart below:

Town of Derry, NH Outstanding Bond Debt As of June 30, (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds (Backed by the Town)	\$ 7,250	\$ 7,990	\$ 6,679	\$ 3,665	\$ 13,929	\$ 11,655
Tax increment financing bond	4,920	5,000	-	-	4,920	5,000
	<u>\$ 12,170</u>	<u>\$ 12,990</u>	<u>\$ 6,679</u>	<u>\$ 3,665</u>	<u>\$ 18,849</u>	<u>\$ 16,655</u>
Annual change (decrease)	(820)		3,014		2,194	
Percent change	-6.3%		82.2%		13.2%	

On April 2, 2014, the Town of Derry was rated AA+ with a long term stable outlook for credit worthiness.

Governmental Activities

In 2014, the Town entered into two new leases for capital equipment:

- \$338,765 lease for eleven new Police Interceptor Utility Vehicles
- \$100,258 lease for a 2013 Kubota RTV Utility vehicle (\$20,258) for the Cemetery division and three 2014 Chevy Silverado Trucks (\$80,000) for Code Enforcement, Vehicle Maintenance, and Highway divisions.

Strategically, the vehicle replacement leasing program was designed to balance the debt service payments in order to stabilize the impact on the tax rate.

The State of New Hampshire limits 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 \$7,250,000 plus authorized, but unissued general obligation debt of \$3,250,778 is 87% below the \$80.6 million cap imposed by the State of NH – reflecting a favorable borrowing capacity 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 11 to the financial statements.

Other information regarding Capital Leases and Long Term Bond Debt is presented in Notes 10 and 11 to the financial statements.

Business Type Activities

A new bond was issued for water and sewer service in the Route 28/Rockingham Road area was issued to fund expansion in accordance with the Town's master plan. The purpose of the borrowing was to fund the expansion of services to properties on a major roadway in our community that improves opportunities for economic development as well as growing service connections to the water/sewer systems.

The Water division's share of the bond issue was \$1,718,500 to expand water lines and add a pump station.

The Wastewater division share of the bond issue of \$1,725,500 was used to add 6,900 feet of sewer lines on Rockingham Road from Sunnyside Lane onto Route 28.

Known Facts, Decisions, or Conditions Currently

Economic Factors and Next Year's Budgets and Rates

Inflation in the Greater Boston metropolitan area that includes the Town was less than the increase in the US City Average Consumer Price Index (CPI). The CPI rate increased 1.4% for the local area compared to the national increase of 1.5%. Higher energy, transportation, food and medical costs nationwide has attributed to the increase.

The Town Services budget for fiscal year ending June 30, 2015 was set \$.15 below the amount allowed by the tax cap that enables growth in line with the increase in the Consumer Price Index (CPI). The tax cap provided a capacity to increase the tax rate 1.4% over the prior period. The tax rate that covers the 2015 fiscal year budget was set at \$29.42, of which town services represents \$9.72 of the tax rate, a decrease of \$2.07 over 2014. The Town used \$1,011,831 of fund balance to help reduce the tax rate. The Town's overall valuation did increase by 5.9% due to added property values from new construction and additions and remodeling. If property values remained the same the actual rate would have been \$31.14 or an overall decrease of \$.35 over 2014.

The 2015 Capital Improvement Plan proposed expenditures of \$852,000 that include \$678,000 for vehicles and equipment replacement for Fire, Police, Public Works and Cable, \$154,000 for Fire, and Library facilities and \$20,000 for Street Light conversion to LED lighting. The funding of this capital plan is budgeted using the following sources: 66.8% from trusts and capital, 20.6% from leases and 12.6% from taxes and other capital contributions.

The adopted 2015 business-type activities portion of the Capital Improvement plan totals \$622,000. Investments are \$323,000 in water and wastewater infrastructure, \$219,000 for vehicle and equipment replacements and \$80,000 for the construction of an additional maintenance garage to house equipment and vehicles. All of these expenditures will be funded by user fees.

The governing body has chosen not to increase the Town Services portion of the tax rate since 2012. This trend has made budgets challenging and the 2015 budget was no different. Continuing to sustain the level of service the residents are accustomed to is difficult, as personnel costs continue to rise - especially those related to health and retirement. Even though the national and local economic downturn has somewhat stabilized, the slowness of the recovery continues to add pressure to sustaining the current service level. In the 2015 budget, one part-time Code Enforcement position was upgraded to full time to help support Derry's focus on zoning ordinance compliance.

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 2013, home prices

increased 8.9% compared to 2012 averages and overall sales volume increased 14.9%. Data available for the first ten months of 2014 showed the overall median purchase price as of October 2014 for all homes increased 4.4 % over the same period in 2013. Additionally overall sales volume increased 3.2%. Even though mortgage interest rates continue to be low, potential first-time homebuyers have struggled due to stagnant wage growth and student debt burdens. As of April 1, 2014, the assessed value of property in Derry is 94.0% of market value according to the state's equalization ratio study of the New Hampshire Department of Revenue Administration.

Based on 2013 statistics reported by the U.S. Dept. of Commerce, Bureau of Economic Analysis, the State of NH's per capita annual income (\$50,156) increased 2.1% over 2013, exceeded the national level 12.0% and remained ranked as the 9th highest in the nation. While Derry's per capita income is lower than the state level, the Town's median household income of \$64,693 is higher than the state average of \$63,962. The Town's 45-64 age group had the highest median income at \$85,954.

The unemployment rate (not seasonally adjusted) in Derry at June 30, 2014 was 4.9%, a decrease from 5.5% at June 30, 2013. Derry residents continue to fare better than the national average of 6.1% but the rate remained higher than the overall state rate of 4.3%. The rate decreased to 4.3% during the July–October 2014 period. The state rate also dropped to 3.6% at the end of October. Retail and Health Care sectors are the largest employers presently in the state, both of which have a presence in Derry. Manufacturing and Accommodations and Food Service sectors are third and fourth respectively. Statistics show however, that in 2003, 33.2% of the 65 and older labor group worked full time. In 2013 that had risen to 43.1%. At the other end of the scale, full time participation in the 20 to 24 age group was 17.7% in 2003. By 2013 that decreased to 15.9% but part-time participation for that same group rose from 4.8% in 2003 to 12.0% in 2013. In conclusion workers of retirement age are electing to remain in the workforce and the younger groups with less experience are being forced to take part-time employment.

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 new Chief Financial Officer or Controller in the Derry, NH Finance Department at (603) 432-6103. The Chief Financial Officer may be reached at susanhickey@derrynh.org. The Controller may be reached at janicemobsby@derrynh.org.

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Humphrey Road Picnic Pavilion

TOWN OF DERRY, NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business- Type Activities	Government Wide Total
ASSETS			
Current:			
Cash and cash equivalents	\$ 36,965,641	\$ -	\$ 36,965,641
Investments	37,599,554	523,182	38,122,736
Taxes receivable	6,867,949	-	6,867,949
Accounts receivable, net	414,776	583,426	998,202
Due from other governments	43,118	126,389	169,507
Internal balances	(7,124,873)	7,124,873	-
Prepaid items	55,104	12,376	67,480
Total current assets	<u>74,821,269</u>	<u>8,370,246</u>	<u>83,191,515</u>
Noncurrent:			
Accounts receivable, net	240,712	210,217	450,929
Due from other governments	180,154	738,223	918,377
Capital assets:			
Non-depreciable capital assets	89,354,693	1,868,652	91,223,345
Depreciable capital assets, net	24,222,016	27,905,341	52,127,357
Total non-current assets	<u>113,997,575</u>	<u>30,722,433</u>	<u>144,720,008</u>
TOTAL ASSETS	\$ <u>188,818,844</u>	\$ <u>39,092,679</u>	\$ <u>227,911,523</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current:			
Accounts payable	344,519	400,464	744,983
Accrued expenses	685,776	30,516	716,292
Retainage payable	7,809	36,074	43,883
Deposits payable	8,840	-	8,840
Due to other governments	5,653	-	5,653
Other liabilities	146,163	-	146,163
Current portion of long-term liabilities:			
General obligation bonds payable	730,000	454,945	1,184,945
Tax increment financing bonds payable	80,000	-	80,000
Capital leases payable	354,527	-	354,527
Compensated absences	665,259	28,738	693,997
Estimated liability for landfill postclosure care costs	13,255	-	13,255
Total current liabilities	<u>3,041,801</u>	<u>950,737</u>	<u>3,992,538</u>
Noncurrent:			
General obligation bonds payable	6,520,000	6,321,847	12,841,847
Tax increment financing bonds payable	4,840,000	-	4,840,000
Capital leases payable	428,986	-	428,986
Compensated absences	3,430,291	148,714	3,579,005
Other post-employment benefits payable	5,748,959	510,422	6,259,381
Estimated liability for landfill postclosure care costs	24,971	-	24,971
Total non-current liabilities	<u>20,993,207</u>	<u>6,980,983</u>	<u>27,974,190</u>
TOTAL LIABILITIES	24,035,008	7,931,720	31,966,728
Deferred Inflows of Resources	37,317,855	-	37,317,855
Net Position:			
Net investment in capital assets	105,790,237	26,033,422	131,823,659
Restricted for:			
Endowments - permanently restricted	5,394,013	-	5,394,013
Permanent funds - spendable	1,456,707	-	1,456,707
Conservation	617,955	-	617,955
Unrestricted	14,207,069	5,127,537	19,334,606
TOTAL NET POSITION	<u>127,465,981</u>	<u>31,160,959</u>	<u>158,626,940</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>188,818,844</u>	\$ <u>39,092,679</u>	\$ <u>227,911,523</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 5,941,095	\$ 127,748	\$ 5,341	\$ 260,000
Public safety	20,004,575	1,834,499	455,146	-
Highways and streets	4,868,843	27,958	587,112	-
Health and welfare	812,632	33,290	170,927	-
Sanitation	1,620,297	416,529	12,713	-
Culture and recreation	3,301,712	151,294	667	43,000
Conservation	12,149	-	-	-
Economic development	179,717	-	350,000	-
Interest on long-term debt	411,395	-	-	-
	<u>37,152,415</u>	<u>2,591,318</u>	<u>1,581,906</u>	<u>303,000</u>
Total Governmental Activities	37,152,415	2,591,318	1,581,906	303,000
Business-Type Activities:				
Water	2,423,251	2,502,674	19,112	-
Sewer	2,033,106	2,061,384	-	97,309
	<u>4,456,357</u>	<u>4,564,058</u>	<u>19,112</u>	<u>97,309</u>
Total Business-Type Activities	4,456,357	4,564,058	19,112	97,309
Total primary government	<u>\$ 41,608,772</u>	<u>\$ 7,155,376</u>	<u>\$ 1,601,018</u>	<u>\$ 400,309</u>

General Revenues:

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

Total general revenues and transfers

Change in Net Position

Net Position:

Beginning of year

End of year

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (5,548,006)	\$ -	\$ (5,548,006)
(17,714,930)	-	(17,714,930)
(4,253,773)	-	(4,253,773)
(608,415)	-	(608,415)
(1,191,055)	-	(1,191,055)
(3,106,751)	-	(3,106,751)
(12,149)	-	(12,149)
170,283	-	170,283
(411,395)	-	(411,395)
(32,676,191)	-	(32,676,191)
-	98,535	98,535
-	125,587	125,587
-	224,122	224,122
(32,676,191)	224,122	(32,452,069)
24,918,410	-	24,918,410
5,105,865	-	5,105,865
338,935	-	338,935
1,572,865	-	1,572,865
1,022,648	30,679	1,053,327
762,126	93,193	855,319
33,720,849	123,872	33,844,721
1,044,658	347,994	1,392,652
126,421,323	30,812,965	157,234,288
\$ 127,465,981	\$ 31,160,959	\$ 158,626,940

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 36,964,795	\$ 846	\$ 36,965,641
Investments	29,826,387	7,773,167	37,599,554
Taxes receivable	6,838,449	29,500	6,867,949
Accounts receivable, net	328,268	86,508	414,776
Due from other governments	23,019	200,253	223,272
Due from other funds	-	5,906,124	5,906,124
Prepaid items	54,481	623	55,104
Other assets	240,712	-	240,712
TOTAL ASSETS	\$ 74,276,111	\$ 13,997,021	\$ 88,273,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 231,937	\$ 120,172	\$ 352,109
Accrued expenditures	596,268	-	596,268
Deposits payable	-	8,840	8,840
Due to other governments	5,653	-	5,653
Due to other funds	12,347,927	683,070	13,030,997
Other liabilities	146,163	-	146,163
TOTAL LIABILITIES	13,327,948	812,082	14,140,030
Deferred Inflows of Resources	39,072,852	29,500	39,102,352
Fund Balances:			
Nonspendable	54,481	5,574,790	5,629,271
Restricted	97,984	5,186,410	5,284,394
Committed	9,669,390	2,394,239	12,063,629
Assigned	878,530	-	878,530
Unassigned	11,174,926	-	11,174,926
TOTAL FUND BALANCES	21,875,311	13,155,439	35,030,750
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 74,276,111	\$ 13,997,021	\$ 88,273,132

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

TOWN OF DERRY, NEW HAMPSHIRE

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

JUNE 30, 2014

Total governmental fund balances	\$ 35,030,750
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	113,576,709
• Property taxes and other revenues are recognized on an accrual basis in the statement of net position, not the modified accrual basis	1,913,232
• 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	(7,250,000)
Tax increment financing bonds payable	(4,920,000)
Capital leases payable	(783,513)
Accrued interest on long-term obligations	(89,727)
Estimated liability for landfill postclosure care costs	(38,226)
Other post-employment benefits payable	(5,748,959)
Compensated absences payable	(4,095,550)
• Other (gain on refunding)	<u>(128,735)</u>
Net position of governmental activities	<u><u>\$ 127,465,981</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 24,777,530	\$ 97,530	\$ 24,875,060
Licenses and permits	5,501,288	341,120	5,842,408
Intergovernmental	2,585,212	569,559	3,154,771
Charges for services	2,192,381	1,329	2,193,710
Interest and investment income	221,067	801,580	1,022,647
Miscellaneous	593,108	59,064	652,172
Total Revenues	<u>35,870,586</u>	<u>1,870,182</u>	<u>37,740,768</u>
Expenditures:			
Current operations:			
General government	4,782,545	226,400	5,008,945
Public safety	18,694,509	31,635	18,726,144
Highways and streets	4,350,638	192	4,350,830
Health and welfare	579,234	184,701	763,935
Sanitation	1,554,088	259	1,554,347
Culture and recreation	2,666,718	40,423	2,707,141
Conservation	6,629	5,520	12,149
Economic development	13,153	-	13,153
Capital outlay	1,050,795	954,941	2,005,736
Debt service:			
Principal retirement	1,174,325	-	1,174,325
Interest and fiscal charges	408,797	-	408,797
Intergovernmental	-	12,485	12,485
Total Expenditures	<u>35,281,431</u>	<u>1,456,556</u>	<u>36,737,987</u>
Excess (deficiency) of revenues over expenditures	589,155	413,626	1,002,781
Other Financing Sources (Uses):			
Proceeds from sale of capital assets	112,979	-	112,979
Capital leases	439,023	-	439,023
Transfers in	731,270	576,341	1,307,611
Transfers out	(850,740)	(456,871)	(1,307,611)
Total Other Financing Sources (Uses)	<u>432,532</u>	<u>119,470</u>	<u>552,002</u>
Change in fund balance	1,021,687	533,096	1,554,783
Fund Balance at beginning of year	<u>20,853,624</u>	<u>12,622,343</u>	<u>33,475,967</u>
Fund Balance at end of year	<u>\$ 21,875,311</u>	<u>\$ 13,155,439</u>	<u>\$ 35,030,750</u>

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

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, 2014

Net changes in fund balances - Total governmental funds \$ 1,554,783

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

<ul style="list-style-type: none"> 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, net	2,527,526
Depreciation	(2,172,199)
<ul style="list-style-type: none"> 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. 	(327,509)
<ul style="list-style-type: none"> Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 	35,672
<ul style="list-style-type: none"> 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 Position. 	1,174,325
<ul style="list-style-type: none"> 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 Position. 	(439,023)
<ul style="list-style-type: none"> 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. 	(2,598)
<ul style="list-style-type: none"> 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	(257,152)
Other post-employment benefits	(1,066,069)
Estimated liability for landfill post-closure care costs	12,245
Other	4,657
Change in net position of governmental activities	\$ 1,044,658

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

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 24,294,109	\$ 24,377,272	\$ 24,777,530	\$ 400,258
Licenses and permits	5,039,120	5,039,120	5,501,288	462,168
Intergovernmental	2,674,506	2,671,343	2,585,212	(86,131)
Charges for services	2,024,478	2,024,478	2,192,381	167,903
Miscellaneous	952,747	872,747	927,154	54,407
Total Revenues	34,984,960	34,984,960	35,983,565	998,605
Expenditures:				
Prevention and emergency services	10,831,254	10,831,254	10,668,175	163,079
Emergency management	55,214	55,214	40,555	14,659
Police and animal control	9,152,409	9,152,409	8,725,043	427,366
Executive	1,378,496	1,378,496	1,271,734	106,762
Finance	4,387,767	4,387,767	3,970,233	417,534
Town clerk and elections	165,653	165,653	159,795	5,858
Libraries	1,450,481	1,450,481	1,399,444	51,037
Planning	265,654	265,654	262,868	2,786
Tax increment financing district	250,238	250,238	250,238	-
Public works	9,374,870	9,611,269	9,503,399	107,870
Total Expenditures	37,312,036	37,548,435	36,251,484	1,296,951
Excess (deficiency) of revenues over expenditures	(2,327,076)	(2,563,475)	(267,919)	2,295,556
Other Financing Sources:				
Use of fund balance	1,027,368	1,263,767	-	(1,263,767)
Issuance of capital leases	560,403	560,403	439,023	(121,380)
Transfers in	739,305	739,305	731,270	(8,035)
Total Other Financing Sources	2,327,076	2,563,475	1,170,293	(1,393,182)
Excess of revenues and other sources over expenditures	\$ -	\$ -	\$ 902,374	\$ 902,374

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

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current:			
Investments	\$ 23,058	\$ 500,124	\$ 523,182
Accounts receivable, net	278,213	305,213	583,426
Due from other governments	-	126,389	126,389
Due from other funds	4,306,577	2,818,296	7,124,873
Prepaid items	<u>5,786</u>	<u>6,590</u>	<u>12,376</u>
Total current assets	4,613,634	3,756,612	8,370,246
Noncurrent:			
Accounts receivable, net	150,134	60,083	210,217
Due from other governments	-	738,223	738,223
Non-depreciable capital assets	744,212	1,124,440	1,868,652
Depreciable capital assets, net	<u>10,236,262</u>	<u>17,669,079</u>	<u>27,905,341</u>
Total noncurrent assets	<u>11,130,608</u>	<u>19,591,825</u>	<u>30,722,433</u>
TOTAL ASSETS	<u>\$ 15,744,242</u>	<u>\$ 23,348,437</u>	<u>\$ 39,092,679</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current:			
Accounts payable	\$ 111,319	\$ 289,145	\$ 400,464
Accrued expenses	19,471	11,045	30,516
Retainage payable	9,095	26,979	36,074
Current portion of long-term liabilities:			
Bonds payable	140,599	314,346	454,945
Compensated absences	<u>14,369</u>	<u>14,369</u>	<u>28,738</u>
Total current liabilities	294,853	655,884	950,737
Noncurrent:			
Bonds payable	2,362,173	3,959,674	6,321,847
Compensated absences	74,357	74,357	148,714
Other post-employment benefits payable	<u>292,630</u>	<u>217,792</u>	<u>510,422</u>
Total noncurrent liabilities	<u>2,729,160</u>	<u>4,251,823</u>	<u>6,980,983</u>
TOTAL LIABILITIES	3,024,013	4,907,707	7,931,720
Net Position:			
Net investment in capital assets	10,057,801	15,975,621	26,033,422
Unrestricted	<u>2,662,428</u>	<u>2,465,109</u>	<u>5,127,537</u>
TOTAL NET POSITION	<u>12,720,229</u>	<u>18,440,730</u>	<u>31,160,959</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 15,744,242</u>	<u>\$ 23,348,437</u>	<u>\$ 39,092,679</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 2,502,674	\$ 2,061,384	\$ 4,564,058
Miscellaneous	48,612	15,613	64,225
Total Operating Revenues	2,551,286	2,076,997	4,628,283
Operating Expenses:			
Personnel services	914,498	958,353	1,872,851
Repairs and maintenance	245,705	84,772	330,477
Materials and supplies	92,463	47,856	140,319
Utilities	751,779	245,126	996,905
Depreciation	241,833	492,513	734,346
Miscellaneous	123,605	77,769	201,374
Total Operating Expenses	2,369,883	1,906,389	4,276,272
Operating Income	181,403	170,608	352,011
Nonoperating Revenues (Expenses):			
Interest revenue	20,980	9,699	30,679
Intergovernmental revenue	19,112	-	19,112
Other revenue	55	-	55
Gain on sale of asset	16,387	12,526	28,913
Interest expense	(53,368)	(126,717)	(180,085)
Total Nonoperating Revenues (Expenses), Net	3,166	(104,492)	(101,326)
Income Before Capital Contributions and Transfers	184,569	66,116	250,685
Capital contributions	-	97,309	97,309
Change in Net Position	184,569	163,425	347,994
Net Position at Beginning of Year	12,535,660	18,277,305	30,812,965
Net Position at End of Year	\$ 12,720,229	\$ 18,440,730	\$ 31,160,959

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

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<u>Cash Flows From Operating Activities:</u>			
Cash received from customers	\$ 2,614,806	\$ 2,174,548	\$ 4,789,354
Other operating cash receipts	48,612	15,614	64,226
Cash paid for interfund services provided	(1,789,665)	(1,960,842)	(3,750,507)
Cash paid to suppliers	(1,230,139)	(190,884)	(1,421,023)
Cash paid to employees	(871,591)	(888,917)	(1,760,508)
Net Cash Provided by (Used in) Operating Activities	(1,227,977)	(850,481)	(2,078,458)
<u>Cash Flows From Noncapital Financing Activities:</u>			
Intergovernmental revenue	19,112	61,563	80,675
Net Cash Provided by (Used in) Noncapital Financing Activities	19,112	61,563	80,675
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Capital contributions	7,420	132,535	139,955
Purchases of capital assets	(449,329)	(615,062)	(1,064,391)
Principal paid on bonds payable	1,185,674	1,154,365	2,340,039
Proceeds from debt refinancing and other	500,055	250,000	750,055
Interest paid on long-term debt	(53,368)	(126,717)	(180,085)
Net Cash Provided by (Used in) Capital and Related Financing Activities	1,190,452	795,121	1,985,573
<u>Cash Flows From Investing Activities:</u>			
Sale (purchase) of investments	(2,567)	(15,902)	(18,469)
Interest on investments	20,980	9,699	30,679
Net Cash Provided By Investing Activities	18,413	(6,203)	12,210
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</u>			
Operating income	\$ 181,403	\$ 170,608	\$ 352,011
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	241,833	492,513	734,346
Changes in assets and liabilities:			
Accounts receivable, net	112,132	113,165	225,297
Due from other funds	(1,789,665)	(1,960,842)	(3,750,507)
Prepaid items	(965)	(253)	(1,218)
Accounts payable	(33,491)	233,673	200,182
Accrued expenses	12,444	4,240	16,684
Retainage payable	5,425	26,979	32,404
Compensated absences	10,140	10,140	20,280
Other post-employment benefits	32,767	59,296	92,063
Net Cash Provided by (Used in) Operating Activities	\$ (1,227,977)	\$ (850,481)	\$ (2,078,458)

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

TOWN OF DERRY, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 407,266
Investments	<u>421,511</u>	<u>182,804</u>
Total Assets	<u>\$ 421,511</u>	<u>\$ 590,070</u>
<u>LIABILITIES</u>		
Due to other governments	\$ -	\$ 182,804
Deposits held for others	<u>-</u>	<u>407,266</u>
Total Liabilities	-	590,070
<u>NET POSITION</u>		
Held in trust	<u>421,511</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 421,511</u>	<u>\$ 590,070</u>

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

TOWN OF DERRY, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSTION
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment earnings:	
Investment income	\$ 22,885
Net increase in the fair value of investments	<u>23,891</u>
Total investment earnings	46,776
Less investment expense	<u>(1,453)</u>
Net investment earnings	45,323
 Deductions:	
Benefits	<u>8,198</u>
Total deductions	<u>8,198</u>
Change in net position	37,125
 Net position:	
Beginning of year	<u>384,386</u>
End of year	<u>\$ 421,511</u>

The accompanying notes are an integral part of these 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 2014, it was determined that no entities met the required GASB 14 (as amended) 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 Position and the Statement of Activities) 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 when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. 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 fund:

- 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.

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 wastewater 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.

The *agency funds* are established to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others.

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, 2014 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.

Capital 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 Position.

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 position”.

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 (for prepaid items and noncurrent receivables) or can never be spent (for parks and playgrounds, perpetual care, and other principal portions of permanent funds).
- 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, the Town Council. Subsequent Town Council action is necessary to modify or rescind a fund balance commitment.
- 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. The Town follows a fund balance policy that permits management to assign fund balance amounts to a specific purpose as authorized by the Town Administrator, although fund balance to be applied against a subsequent year's budget is voted by Town Council.
- 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 Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is 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 two 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 Enterprise 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. The factor is now based on the Northeast Region CPI as a result of the Charter Amendment approved by voters in March 2013.

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)	\$ 35,870,586	\$ 35,281,430
Other financing sources/uses (GAAP Basis)	<u>1,283,272</u>	<u>850,740</u>
Subtotal (GAAP Basis)	37,153,858	36,132,170
Reverse expenditures of prior year appropriation carryforwards	-	(287,591)
To book current year appropriation carryforwards	<u>-</u>	<u>406,905</u>
Budgetary Basis	<u>\$ 37,153,858</u>	<u>\$ 36,251,484</u>

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."

As of June 30, 2014, \$9,996 out of the Town's bank balance of \$32,670,667 was exposed to custodial credit risk as uninsured or uncollateralized. The uninsured amount is invested in state pool.

As of June 30, 2014, the Trust cash equivalent bank balance of \$3,440,712 was exposed to custodial credit risk as uninsured or uncollateralized.

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.

The Town's investments of \$38,727,051 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>Aa-Aa3</u>	<u>A-A3</u>	<u>Baa-Baa3</u>
Corporate bonds	\$ 3,014,982	\$ -	\$ 663,296	\$ 844,195	\$ 1,205,993	\$ 301,498
Corporate equities	3,497,710	3,497,710	N/A	N/A	N/A	N/A
Certificates of deposit	25,475,426	25,475,426	N/A	N/A	N/A	N/A
U.S. Treasury notes	1,493,069	-	1,493,069	-	-	-
Federal agency securities	5,245,864	-	5,245,864	-	-	-
Total investments	\$ 38,727,051	\$ 28,973,136	\$ 7,402,229	\$ 844,195	\$ 1,205,993	\$ 301,498

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 investment portfolio, other than Trust fund investments, 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:					
Corporate bonds	\$ 3,014,982	\$ 331,648	\$ 1,447,192	\$ 1,085,394	\$ 150,748
U.S. Treasury notes	1,493,069	748,957	744,112	-	-
Federal agency securities	<u>5,245,864</u>	<u>2,144,294</u>	<u>2,897,953</u>	<u>178,785</u>	<u>24,832</u>
Total	<u>\$ 9,753,915</u>	<u>\$ 3,224,899</u>	<u>\$ 5,089,257</u>	<u>\$ 1,264,179</u>	<u>\$ 175,580</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, 2014 consist of the following (in thousands):

Real Estate 2014	\$ 4,829
Tax Liens, net of allowance	<u>2,039</u>
Total	<u>\$ 6,868</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	\$ 610
Other accounts receivable	1,107
Business-type accounts receivable	6

6. Due From Other Governments

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2014.

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, 2014 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	\$ -	\$ 12,347,927
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	65,259	-
Taylor Public Library	131,181	-
Cable Television	549,188	-
Conservation Commission	620,955	-
Public Health	-	4,761
Public Safety Grants	47,550	-
Miscellaneous Grants	29,445	-
Waste Tire Reclamation	-	408,334
Transportation Improvement	-	123,530

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<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Capital Project Funds:		
Adams Memorial Building Fund	145,140	-
Bridge Improvements	595,782	-
Route 28 TIF	124,670	-
Transfer Station Facility	3,318,324	-
Rockingham Rd Reconstruction	276,655	-
Permanent Funds:		
General Cemetery Care	1,975	75,000
Parks and Playgrounds	-	69,445
Human Services	-	2,000
Subtotal Nonmajor Funds	<u>5,906,124</u>	<u>683,070</u>
Total Governmental Funds	<u>\$ 5,906,124</u>	<u>\$ 13,030,997</u>
Business-Type Activities:		
Water Fund	\$ 4,306,577	\$ -
Sewer Fund	<u>2,818,296</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 7,124,873</u>	<u>\$ -</u>
Grand Total	<u>\$ 13,030,997</u>	<u>\$ 13,030,997</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 2014.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 731,270	\$ 850,740
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	419	-
Taylor Public Library	1,745	-
Public Safety Grants	173	-
Miscellaneous Grants	11,000	-
Waste Tire Reclamation	-	316,129
Transportation Improvement	13,004	-

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<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Project Funds:		
Adams Memorial Building	150,000	-
Recreation Facility	-	5,358
Transfer Station Facility	400,000	-
Permanent Funds:		
General Cemetery Care	-	61,775
Parks and Playgrounds	-	69,445
Libraries	-	2,164
Human Services	-	2,000
Subtotal Nonmajor Funds	<u>576,341</u>	<u>456,871</u>
Grand Total	<u>\$ 1,307,611</u>	<u>\$ 1,307,611</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, 2014 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,671	\$ 260	\$ -	\$ 7,931
Infrastructure and other assets	78,346	415	(154)	78,607
Construction in progress	439	1,004	(1,241)	202
Intangibles	<u>2,607</u>	<u>8</u>	<u>-</u>	<u>2,615</u>
Total capital assets, not being depreciated	89,063	1,687	(1,395)	89,355
Other capital assets:				
Buildings and improvements	19,083	584	(91)	19,576
Equipment and vehicles	12,653	913	(662)	12,904
Infrastructure and other assets	11,148	582	-	11,730
Intangibles	<u>683</u>	<u>3</u>	<u>-</u>	<u>686</u>
Total other capital assets at historical cost	<u>43,567</u>	<u>2,082</u>	<u>(753)</u>	<u>44,896</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,219)	(815)	1	(7,033)
Equipment and vehicles	(8,736)	(946)	578	(9,104)
Infrastructure and other assets	(3,509)	(381)	-	(3,890)
Intangibles	(617)	(30)		(647)
Total accumulated depreciation	<u>(19,081)</u>	<u>(2,172)</u>	<u>579</u>	<u>(20,674)</u>
Total other capital assets, net	<u>24,486</u>	<u>(90)</u>	<u>(174)</u>	<u>24,222</u>
Total capital assets, net	<u>\$ 113,549</u>	<u>\$ 1,597</u>	<u>\$ (1,569)</u>	<u>\$ 113,577</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 202	\$ -	\$ -	\$ 202
Construction in progress	588	783	(365)	1,006
Intangibles	583	78	-	661
Total capital assets, not being depreciated	<u>1,373</u>	<u>861</u>	<u>(365)</u>	<u>1,869</u>
Other capital assets:				
Buildings and improvements	160	-	-	160
Equipment and vehicles	1,011	214	(126)	1,099
Infrastructure	41,851	355	(23)	42,183
Total other capital assets at historical cost	<u>43,022</u>	<u>569</u>	<u>(149)</u>	<u>43,442</u>
Less accumulated depreciation for:				
Buildings and improvements	(37)	(4)	-	(41)
Equipment and vehicles	(607)	(84)	126	(565)
Infrastructure and other assets	(14,293)	(647)	9	(14,931)
Total accumulated depreciation	<u>(14,937)</u>	<u>(735)</u>	<u>135</u>	<u>(15,537)</u>
Total other capital assets, net	<u>28,085</u>	<u>(166)</u>	<u>(14)</u>	<u>27,905</u>
Total capital assets, net	<u>\$ 29,458</u>	<u>\$ 695</u>	<u>\$ (379)</u>	<u>\$ 29,774</u>

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

Governmental Activities:	
General government	\$ 700
Public safety	741
Highway	337
Health and welfare	9
Sanitation	51
Culture and recreation	<u>334</u>
Total depreciation expense - governmental activities	<u>\$ 2,172</u>
Business-Type Activities:	
Water	\$ 242
Sewer	<u>493</u>
Total depreciation expense - business-type activities	<u>\$ 735</u>

9. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenses represent 2014 expenditures paid after June 30, 2014.

10. 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, 2014:

	<u>Governmental</u>
2015	\$ 372,132
2016	282,160
2017	139,895
2018	<u>20,921</u>
Total minimum lease payments	815,108
Less amounts representing interest	<u>(31,595)</u>
Present Value of Minimum Lease Payments	<u>\$ 783,513</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2014:

	Governmental <u>Activities</u>
Machinery, vehicles and equipment	\$ 1,236,788
Less: accumulated depreciation	<u>(486,452)</u>
Equipment under capital leases, net	<u>\$ 750,336</u>

11. 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.

The Town has pledged a portion of future tax increment financing (TIF) revenues to repay \$3,400,000 in tax increment bonds issued in November 2011 to finance the road reconstruction within the Route 28 Corridor. The bonds are payable solely from the tax increment financing taxes generated by businesses in the route 28 district between the Londonderry town line and Tsienneto/Folsom Roads.

General obligation bonds currently outstanding are as follows:

	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/14
<u>Governmental Activities:</u>				
Court House	07/15/15	5.25 - 5.625%	\$ 1,839,710	\$ 180,000
Land Purchase	01/15/19	4.00 - 4.80%	1,735,000	125,000
Humphrey Field House	01/15/20	5.375 - 5.75%	1,890,000	560,000
Humphrey Road Complex	01/15/21	4.75 - 5.25%	489,605	165,000
Municipal Services Infrastructure	03/15/24	3.20 - 4.00%	1,500,000	750,000
Police Station Addition	06/15/26	4.10 - 5.00%	1,000,000	600,000
Transfer Station & Rockingham Rd	05/01/33	2.00 - 2.80%	4,000,000	3,800,000
Municipal Center - Refunding	02/01/21	1.00 - 1.30%	1,250,000	<u>1,070,000</u>
Total Governmental Activities, excluding TIF:				\$ <u>7,250,000</u>

	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/14
<u>Governmental Activities TIF:</u>				
Ash Street Corporate Park	04/15/33	4.25 - 5.00%	\$ 2,000,000	\$ 1,520,000
Route 28 Corridor	11/15/31	2.00 - 3.50%	\$ 3,400,000	<u>3,400,000</u>
Total Governmental Activities TIF:				\$ <u>4,920,000</u>

	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/14
<u>Business-Type Activities:</u>				
Water Fund:				
Water Main Upgrade	08/15/18	3.90 - 5.00%	\$ 1,000,000	\$ 250,000
Woodlands and Rt 28	05/01/33	2.00 - 2.80%	500,000	480,000
Rt 28 Water Expansions	05/01/28	2.00 - 3.00%	1,718,500	1,718,500
Sewer Fund:				
Wastewater Force Main	05/15/23	2.50 - 3.25%	3,700,000	1,665,000
Wastewater Effluent Upgrade	06/15/26	4.10 - 5.00%	1,000,000	600,000
Wastewater Extension Rt 28	05/01/33	2.00 - 2.80%	250,000	240,000
Rt 28 Wastewater Expansions	05/01/28	2.00 - 3.00%	1,725,500	<u>1,725,500</u>
Total Business-Type Activities:				\$ <u>6,679,000</u>

C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2014 are as follows:

<u>Governmental (non-TIF)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 730,000	\$ 202,746	\$ 932,746
2016	725,000	179,695	904,695
2017	630,000	159,095	789,095
2018	625,000	140,970	765,970
2019	610,000	122,758	732,758
2020-2024	2,030,000	393,300	2,423,300
2025-2029	1,100,000	184,150	1,284,150
2030-2033	800,000	54,900	854,900
Total	<u>\$ 7,250,000</u>	<u>\$ 1,437,614</u>	<u>\$ 8,687,614</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2014 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 80,000	\$ 166,837	\$ 246,837
2016	80,000	163,437	243,437
2017	295,000	157,887	452,887
2018	295,000	149,987	444,987
2019	295,000	142,097	437,097
2020-2024	1,475,000	581,266	2,056,266
2025-2029	1,450,000	333,200	1,783,200
2030-2033	950,000	73,070	1,023,070
Total	<u>\$ 4,920,000</u>	<u>\$ 1,767,781</u>	<u>\$ 6,687,781</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2014 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 449,000	\$ 213,388	\$ 662,388
2016	455,000	195,815	650,815
2017	460,000	181,593	641,593
2018	460,000	166,993	626,993
2019	465,000	152,183	617,183
2020-2024	1,955,000	559,323	2,514,323
2025-2029	1,205,000	309,680	1,514,680
2030-2034	1,230,000	123,773	1,353,773
Total	<u>\$ 6,679,000</u>	<u>\$ 1,902,748</u>	<u>\$ 8,581,748</u>

D. Changes in General Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/13</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/14</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/14</u>
<u>Governmental Activities</u>						
General obligation						
bonds payable	\$ 7,990	\$ -	\$ (740)	\$ 7,250	\$ (730)	\$ 6,520
Tax increment financing						
bonds payable	5,000	-	(80)	4,920	(80)	4,840
Capital leases payable	698	439	(353)	784	(355)	429
Compensated absences	3,839	2,299	(2,042)	4,096	(665)	3,431
Other post-employment benefits	4,682	1,291	(225)	5,748	-	5,748
Estimated liability for landfill postclosure care costs	50	-	(12)	38	(13)	25
Totals	<u>\$ 22,259</u>	<u>\$ 4,029</u>	<u>\$ (3,452)</u>	<u>\$ 22,836</u>	<u>\$ (1,843)</u>	<u>\$ 20,993</u>
<u>Business-Type Activities</u>						
General obligation						
bonds payable	\$ 3,665	\$ 3,444	\$ (430)	\$ 6,679	\$ (449)	\$ 6,230
Unamortized bond premiums						
Subtotal	<u>22</u>	<u>79</u>	<u>(4)</u>	<u>97</u>	<u>(6)</u>	<u>91</u>
	<u>3,687</u>	<u>3,523</u>	<u>(434)</u>	<u>6,776</u>	<u>(455)</u>	<u>6,321</u>
Compensated absences	158	144	(124)	178	(29)	149
Other post-employment benefits	<u>419</u>	<u>108</u>	<u>(16)</u>	<u>511</u>	<u>-</u>	<u>511</u>
Totals	<u>\$ 4,264</u>	<u>\$ 3,775</u>	<u>\$ (574)</u>	<u>\$ 7,465</u>	<u>\$ (484)</u>	<u>\$ 6,981</u>

E. Authorized Unissued Debt

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2014 are as follows:

General obligation bonds:

<u>Purpose</u>	<u>Amount</u>
Exit 4A	\$ <u>3,250,778</u>

Tax increment financing bond:

<u>Purpose</u>	<u>Amount</u>
Route 28 Corridor	\$ <u>500,000</u> ⁽¹⁾

⁽¹⁾ Rescinded in September 2014.

12. 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 \$38,226 reported as landfill postclosure care liability at June 30, 2014 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, 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

13. Deferred Inflows of Resources

The Town has implemented GASB 65, *Items Previously Reported as Assets and Liabilities*. Deferred inflows of resources are the acquisition of net position by the Town that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2014:

	Governmental <u>Activities</u>
<u>Entity-wide Basis:</u>	
Property taxes collected in advance	\$ 37,189,120
Deferred gain on refunding	128,735
Total	<u>\$ 37,317,855</u>

	Governmental <u>Funds</u>
<u>Fund Basis:</u>	
Property taxes collected in advance	\$ 37,189,120
Unavailable revenues - property taxes	1,913,232
Total	<u>\$ 39,102,352</u>

14. Restricted Net Position

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

Permanent fund restricted net position 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.

15. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The following types of fund balances are reported at June 30, 2014:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue and capital project funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue and capital project funds. Subsequent Town Meeting action is necessary to modify or rescind a fund balance commitment.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, as authorized by the Town Administrator per the Fund Balance Policy.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2014:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid expenditures	\$ 54,481	\$ 623	\$ 55,104
Noncurrent receivable	-	180,154	180,154
Nonexpendable permanent funds	-	5,394,013	5,394,013
Total Nonexpendable	54,481	5,574,790	5,629,271
Restricted			
Exit 4A	97,984	-	97,984
Bonded projects	-	3,208,538	3,208,538
Special revenue funds	-	521,165	521,165
Expendable permanent funds	-	1,456,707	1,456,707
Total Restricted	97,984	5,186,410	5,284,394
Committed			
Ash Street TIF	358,226	-	358,226
Route 28 TIF	139,890	-	139,890
Capital reserves	5,302,101	-	5,302,101
Economic development loan	168,292	-	168,292
Compensated absences	3,700,881	-	3,700,881
Cable television	-	635,362	635,362
Conservation commission	-	617,955	617,955
Adams memorial building	-	145,140	145,140
Bridge improvements	-	595,782	595,782
Transfer station facility	-	400,000	400,000
Total Committed	9,669,390	2,394,239	12,063,629

(continued)

(continued)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned			
Encumbrances	408,601	-	408,601
Ashleigh drive repairs	34,675	-	34,675
Forest management	40,585	-	40,585
Compensated absences	394,669	-	394,669
Total Assigned	878,530	-	878,530
Unassigned	11,174,926	-	11,174,926
Total Fund Balances	\$ 21,875,311	\$ 13,155,439	\$ 35,030,750

16. Subsequent Events

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

	Amount	Interest Rate	Issue Date	Maturity Date
Sharp Copiers (3)	\$ 14,218	2.49%	08/01/14	08/01/16
2014 Chevy Pickup Truck	35,000	2.09%	09/17/14	09/17/18
Kubota Tractor	38,950	2.19%	10/03/14	10/03/18
Kubota Compact Excavator	113,163	2.19%	10/03/14	10/03/18

Subsequent to year-end, the Town rescinded the \$500,000 Route 28 Corridor TIF authorization on September 16, 2014 by Town Council vote.

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.

Abatements - There are several cases pending before the NH Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According

to the Town's counsel, the probable outcome of these 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 Position 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, 2012, 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 offers 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 pay 100% of the premium in excess of the NHRS Subsidy, if any, with the following exceptions:

- For current Teamsters-Public Works, AFSCME-Staff Support and Professional, Administrative and Technical Employees (PATE) union contracts, as well as non-represented employees, the Town will pay for Medicomp III for retirees when they reach age 65, if the retiree has a minimum 10 years of service with the Town and is qualified to receive retirement benefits from the New Hampshire Retirement System.

Teamsters-Public Works employees hired after June 30, 2013 must work 20 years. Employees hired after July 1, 2010 shall be limited to the amount of the July 1, 2009 Medicomp III premium.

AFSCME-Staff Support - Employees hired after April 23, 2009 must work 20 years and be limited to the July 1, 2009 Medicomp III premium.

- The Town also provides for up to four years of long-term disability coverage for current Teamster-Public Works and PATE union contracts. For Teamsters disabled as of July 1, 2010, the coverage period will be five years.

Retirees pay 100% of life insurance premiums and 100% of their dependents' health insurance premiums.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2014 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, 2014, 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, 2012.

Annual Required Contribution (ARC)	\$ 1,362,276
Interest on net OPEB obligation	229,556
Adjustment to ARC	<u>(192,588)</u>
Annual OPEB cost	1,399,244
Contributions made	<u>(241,112)</u>
Increase in net OPEB obligation	1,158,132
Net OPEB obligation - beginning of year	<u>5,101,249</u>
Net OPEB obligation - end of year	<u><u>\$ 6,259,381</u></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>
2014	\$1,399,244	17.2%	\$6,259,381
2013	\$1,307,786	17.2%	\$5,101,279
2012	\$1,481,776	21.6%	\$3,981,488
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, 2012, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 13,794,817
Actuarial value of plan assets	<u> -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 13,794,817</u>
Funded ratio (actuarial value of plan assets/AAL)	<u> 0.0%</u>
Covered payroll (active plan members)	<u>\$ 16,341,816</u>
UAAL as a percentage of covered payroll	<u> 84.4%</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, 2012 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 4.5% investment rate of return, inflation rate of 3.75%, and an initial annual healthcare cost trend rate of 8% which decreases to a 5% long-term rate for all healthcare benefits after six years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open basis. This has been calculated assuming the amortization payment increases at a rate of 3.75%.

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. Contribution rates are 7% for general employees, 11.55% for police, and 11.80% for fire department's employees. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and is 25.30% for police officers, 27.74% for fire employees, and 10.77% for all other covered employees. The Town's contributions to the System for the years ended June 30, 2014, 2013, and 2012 were \$3,336,283, \$2,747,086, and \$2,337,503, 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, 2014, was \$16,824,900. Contribution requirements for the year ended June 30, 2014, were as follows:

Town	\$ 3,336,283
Employees' contributions	<u>1,612,116</u>
Total	<u>\$ 4,948,399</u>

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. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement 68 Accounting and Financial Reporting for Pensions, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the actuarially accrued liability. The Town is a New Hampshire Retirement System (NHRS) participating employer, and will have to report a proportional share of the retirement system's unfunded liability on their financial statements.

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

**June 30, 2014
(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]
06/30/12	\$ -	\$ 13,794,817	\$ 13,794,817	0.0%	\$ 16,341,816	84.4%
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, 2014

Schedule of Condition Assessment

<u>Fiscal Year of Assessment</u>	<u>Rating</u>	<u>Condition</u>
2012	75	good
2009	78	good
2006	77	good

Comparison of Estimated to Actual Maintenance/Preservation

<u>Year Ending June 30,</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>
2014	\$ 1,459,764	\$ 1,493,108
2013	1,407,266	1,315,482
2012	1,401,837	1,374,690
2011	1,177,443	1,078,191
2010	1,557,983	1,484,929
2009	1,396,210	1,101,728

See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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

See Independent Auditors' Report.

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 2012, 2009, and 2006 reflected a good PCI rating of 75, 78, and 77, 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.

The current PCI of 75 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.

The Town has expended an average of \$1,323,595 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.

See Independent Auditors’ Report.



Rockingham Road Bridge

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: This fund is used to account for cable television franchise fees and other related miscellaneous income and expenses associated with Cable Television.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring and preserving conservation land. This fund receives 100% of Land Use Change Tax (current use) revenue and public donations designated for conservation purposes.
- 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, seatbelt 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:

- Adams Memorial Building Fund: This fund is used to account for structural improvements to the roof, ceiling and balcony of the Adams Memorial Building. Any unencumbered or unexpended funds shall lapse to the Public Works Capital Reserve on June 30, 2015.
- Bridge Improvements Fund: This fund is used to account for the construction of bridges on North High Street, Tsienneto Road and Drew Road. The State of New Hampshire reimbursement to the Town is commonly 80% of eligible expenses.
- 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. This project is funded by a combination of bond revenue, grant revenue from New Hampshire Department of Transportation, and contributions from the general fund and a commercial retailer.
- Recreation Facility Fund: This fund is used to account for capital improvements to the Veteran's Hall Recreational Facility.
- Transfer Station Facility Fund: This fund is used to account for capital improvements to the Transfer Station Facility.
- Rockingham Road Reconstruction Fund: This fund is used to account for reconstruction costs of Rockingham Road, bridge, and drainage improvements.

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.



Collette's Mountain Donated Conservation Property

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds			
	Derry Public Library <u>Fund</u>	Taylor Library <u>Fund</u>	Cable Television <u>Fund</u>	Conservation Commission <u>Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	29,500
Accounts receivable, net	-	-	86,508	-
Due from other governments	-	-	-	-
Due from other funds	65,259	131,181	549,188	620,955
Prepaid items	623	-	-	-
	<u>66,378</u>	<u>131,531</u>	<u>635,696</u>	<u>650,455</u>
Total Assets	<u>\$ 66,378</u>	<u>\$ 131,531</u>	<u>\$ 635,696</u>	<u>\$ 650,455</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 1,692	\$ -	\$ 334	\$ 3,000
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	<u>1,692</u>	<u>-</u>	<u>334</u>	<u>3,000</u>
Total Liabilities	1,692	-	334	3,000
Deferred Inflows of Resources	-	-	-	29,500
Fund Balances:				
Nonspendable	623	-	-	-
Restricted	64,063	131,531	-	-
Committed	-	-	635,362	617,955
	<u>64,686</u>	<u>131,531</u>	<u>635,362</u>	<u>617,955</u>
Total Fund Balances	64,686	131,531	635,362	617,955
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 66,378</u>	<u>\$ 131,531</u>	<u>\$ 635,696</u>	<u>\$ 650,455</u>

Special Revenue Funds

Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
15,077	5,022	-
-	47,550	29,445
-	-	-
<u>15,077</u>	<u>52,572</u>	<u>29,445</u>
<u>\$ 15,077</u>	<u>\$ 52,572</u>	<u>\$ 29,445</u>
\$ 199	\$ 3,769	\$ 67
8,840	-	-
4,761	-	-
<u>13,800</u>	<u>3,769</u>	<u>67</u>
-	-	-
-	-	-
1,277	48,803	29,378
-	-	-
<u>1,277</u>	<u>48,803</u>	<u>29,378</u>
<u>\$ 15,077</u>	<u>\$ 52,572</u>	<u>\$ 29,445</u>

(continued)

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	<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	626,117	151,860	777,977
Taxes receivable	-	-	29,500
Accounts receivable, net	-	-	86,508
Due from other governments	-	-	20,099
Due from other funds	-	-	1,443,578
Prepaid items	-	-	623
Total Assets	<u>\$ 626,117</u>	<u>\$ 151,860</u>	<u>\$ 2,359,131</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 9,061
Deposits payable	-	-	8,840
Due to other funds	<u>408,334</u>	<u>123,530</u>	<u>536,625</u>
Total Liabilities	408,334	123,530	554,526
Deferred Inflows of Resources	-	-	29,500
Fund Balances:			
Nonspendable	-	-	623
Restricted	217,783	28,330	521,165
Committed	-	-	1,253,317
Total Fund Balances	<u>217,783</u>	<u>28,330</u>	<u>1,775,105</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 626,117</u>	<u>\$ 151,860</u>	<u>\$ 2,359,131</u>

Capital Project Funds

Adams Memorial Building Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	180,154	-
145,140	595,782	124,670
<u>-</u>	<u>-</u>	<u>-</u>
\$ 145,140	\$ 775,936	\$ 124,670
\$ -	\$ -	\$ -
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	180,154	-
-	-	124,670
145,140	595,782	<u>-</u>
<u>145,140</u>	<u>775,936</u>	<u>124,670</u>
\$ 145,140	\$ 775,936	\$ 124,670

(continued)

(continued)

	Capital Project Funds			
	Recreation Facility Fund	Transfer Station Facility Fund	Rockingham Road Reconstruction Fund	Total Nonmajor Capital Projects Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	180,154
Due from other funds	-	3,318,324	276,655	4,460,571
Prepaid items	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 3,318,324</u>	<u>\$ 276,655</u>	<u>\$ 4,640,725</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 111,111	\$ 111,111
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	111,111	111,111
Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	180,154
Restricted	-	2,918,324	165,544	3,208,538
Committed	-	400,000	-	1,140,922
Total Fund Balances	-	3,318,324	165,544	4,529,614
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 3,318,324</u>	<u>\$ 276,655</u>	<u>\$ 4,640,725</u>

Permanent Funds

<u>General Cemetery Care</u>	<u>Parks and Playgrounds</u>	<u>Libraries</u>	<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	<u>Grand Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 846
2,806,111	3,974,143	99,633	50,977	64,326	6,995,190	7,773,167
-	-	-	-	-	-	29,500
-	-	-	-	-	-	86,508
-	-	-	-	-	-	200,253
1,975	-	-	-	-	1,975	5,906,124
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623</u>
<u>\$ 2,808,086</u>	<u>\$ 3,974,143</u>	<u>\$ 99,633</u>	<u>\$ 50,977</u>	<u>\$ 64,326</u>	<u>\$ 6,997,165</u>	<u>\$ 13,997,021</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,172
-	-	-	-	-	-	8,840
<u>75,000</u>	<u>69,445</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>146,445</u>	<u>683,070</u>
75,000	69,445	-	-	2,000	146,445	812,082
-	-	-	-	-	-	29,500
2,205,960	3,034,829	83,283	27,544	42,397	5,394,013	5,574,790
527,126	869,869	16,350	23,433	19,929	1,456,707	5,186,410
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,394,239</u>
<u>2,733,086</u>	<u>3,904,698</u>	<u>99,633</u>	<u>50,977</u>	<u>62,326</u>	<u>6,850,720</u>	<u>13,155,439</u>
<u>\$ 2,808,086</u>	<u>\$ 3,974,143</u>	<u>\$ 99,633</u>	<u>\$ 50,977</u>	<u>\$ 64,326</u>	<u>\$ 6,997,165</u>	<u>\$ 13,997,021</u>

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Sewer Inspection Vehicle

TOWN OF DERRY, NEW HAMPSHIRE

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue Funds			
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 97,530
Licenses and permits	2,150	35	338,935	-
Intergovernmental	-	-	-	-
Charges for services	1,309	20	-	-
Interest and investment income	317	696	-	3,059
Miscellaneous	29,754	1,928	306	30
Total Revenues	33,530	2,679	339,241	100,619
Expenditures:				
Current:				
General government	-	-	216,991	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	17,554	-	-	-
Conservation	-	-	-	5,520
Capital outlay	-	-	24,690	-
Intergovernmental	-	-	12,485	-
Total Expenditures	17,554	-	254,166	5,520
Excess (deficiency) of revenues over expenditures	15,976	2,679	85,075	95,099
Other Financing Sources (Uses):				
Transfers in	419	1,745	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	419	1,745	-	-
Net change in fund balance	16,395	4,424	85,075	95,099
Fund balances at beginning of year	48,291	127,107	550,287	522,856
Fund Balances at end of year	\$ 64,686	\$ 131,531	\$ 635,362	\$ 617,955

Special Revenue Funds

Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
\$ -	\$ -	\$ -
-	-	-
164,541	55,018	-
-	-	-
-	94	147
<u>18,185</u>	<u>3,825</u>	<u>5,036</u>
182,726	58,937	5,183
-	-	-
-	31,635	-
-	-	-
181,449	-	3,034
-	-	-
-	-	9,122
-	-	-
-	24,431	-
-	-	-
<u>181,449</u>	<u>56,066</u>	<u>12,156</u>
1,277	2,871	(6,973)
-	173	11,000
-	-	-
<u>-</u>	<u>173</u>	<u>11,000</u>
1,277	3,044	4,027
-	45,759	25,351
<u>\$ 1,277</u>	<u>\$ 48,803</u>	<u>\$ 29,378</u>

(continued)

(continued)

	Special Revenue Funds		
	Waste Tire Reclamation Fund	Transportation Improvement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Property taxes	\$ -	\$ -	\$ 97,530
Licenses and permits	-	-	341,120
Intergovernmental	-	-	219,559
Charges for services	-	-	1,329
Investment income	1,986	15	6,314
Miscellaneous	-	-	59,064
Total Revenues	1,986	15	724,916
Expenditures:			
Current:			
General government	-	-	216,991
Public safety	-	-	31,635
Highways and streets	-	18	18
Health and welfare	-	-	184,483
Sanitation	259	-	259
Culture and recreation	-	-	26,676
Conservation	-	-	5,520
Capital outlay	-	-	49,121
Intergovernmental	-	-	12,485
Total Expenditures	259	18	527,188
Excess (deficiency) of revenues over expenditures	1,727	(3)	197,728
Other Financing Sources (Uses):			
Transfers in	-	13,004	26,341
Transfers out	(316,129)	-	(316,129)
Total Other Financing Sources (Uses)	(316,129)	13,004	(289,788)
Net change in fund balance	(314,402)	13,001	(92,060)
Fund Equity, beginning	532,185	15,329	1,867,165
Fund Equity, ending	\$ 217,783	\$ 28,330	\$ 1,775,105

Capital Project Funds

Adams Memorial Building Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ -	\$ -
-	-	-
-	-	350,000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,860	-	149,484
-	-	-
<u>4,860</u>	<u>-</u>	<u>149,484</u>
(4,860)	-	200,516
150,000	-	-
-	-	-
<u>150,000</u>	<u>-</u>	<u>-</u>
145,140	-	200,516
-	775,936	(75,846)
<u>\$ 145,140</u>	<u>\$ 775,936</u>	<u>\$ 124,670</u>

(continued)

(continued)

	Capital Project Funds			
	Recreation Facility Fund	Transfer Station Facility Fund	Rockingham Road Reconstruction Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	350,000
Charges for services	-	-	-	-
Investment income	-	15,771	2,717	18,488
Miscellaneous	-	-	-	-
Total Revenues	-	15,771	2,717	368,488
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Capital outlay	920	30,017	720,539	905,820
Intergovernmental	-	-	-	-
Total Expenditures	920	30,017	720,539	905,820
Excess (deficiency) of revenues over expenditures	(920)	(14,246)	(717,822)	(537,332)
Other Financing Sources (Uses):				
Transfers in	-	400,000	-	550,000
Transfers out	(5,358)	-	-	(5,358)
Total Other Financing Sources (Uses)	(5,358)	400,000	-	544,642
Net change in fund balance	(6,278)	385,754	(717,822)	7,310
Fund Equity, beginning	6,278	2,932,570	883,366	4,522,304
Fund Equity, ending	\$ -	\$ 3,318,324	\$ 165,544	\$ 4,529,614

Permanent Funds

General Cemetery Care	Parks and Playgrounds	Libraries	Highways and Streets	Human Services	Total Nonmajor Permanent Funds	Grand Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,530
-	-	-	-	-	-	341,120
-	-	-	-	-	-	569,559
-	-	-	-	-	-	1,329
313,725	439,898	11,109	5,192	6,854	776,778	801,580
-	-	-	-	-	-	59,064
<u>313,725</u>	<u>439,898</u>	<u>11,109</u>	<u>5,192</u>	<u>6,854</u>	<u>776,778</u>	<u>1,870,182</u>
9,409	-	-	-	-	9,409	226,400
-	-	-	-	-	-	31,635
-	-	-	174	-	174	192
-	-	-	-	218	218	184,701
-	-	-	-	-	-	259
-	13,403	344	-	-	13,747	40,423
-	-	-	-	-	-	5,520
-	-	-	-	-	-	954,941
-	-	-	-	-	-	12,485
<u>9,409</u>	<u>13,403</u>	<u>344</u>	<u>174</u>	<u>218</u>	<u>23,548</u>	<u>1,456,556</u>
304,316	426,495	10,765	5,018	6,636	753,230	413,626
-	-	-	-	-	-	576,341
<u>(61,775)</u>	<u>(69,445)</u>	<u>(2,164)</u>	<u>-</u>	<u>(2,000)</u>	<u>(135,384)</u>	<u>(456,871)</u>
<u>(61,775)</u>	<u>(69,445)</u>	<u>(2,164)</u>	<u>-</u>	<u>(2,000)</u>	<u>(135,384)</u>	<u>119,470</u>
242,541	357,050	8,601	5,018	4,636	617,846	533,096
<u>2,490,545</u>	<u>3,547,648</u>	<u>91,032</u>	<u>45,959</u>	<u>57,690</u>	<u>6,232,874</u>	<u>12,622,343</u>
<u>\$ 2,733,086</u>	<u>\$ 3,904,698</u>	<u>\$ 99,633</u>	<u>\$ 50,977</u>	<u>\$ 62,326</u>	<u>\$ 6,850,720</u>	<u>\$ 13,155,439</u>

TOWN OF DERRY, NEW HAMPSHIRE
CABLE TELEVISION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues and Other Sources:				
Licenses and permits	\$ 322,000	\$ 322,000	\$ 338,935	\$ 16,935
Charges for services	500	500	-	(500)
Miscellaneous	-	-	305	305
Use of fund balance	<u>10,625</u>	<u>10,625</u>	<u>-</u>	<u>(10,625)</u>
Total Revenues	333,125	333,125	339,240	6,115
Expenditures and Other Uses:				
Current operations:				
General government	224,390	224,390	216,991	7,399
Capital outlay	52,000	52,000	24,690	27,310
Intergovernmental	<u>56,735</u>	<u>56,735</u>	<u>12,485</u>	<u>44,250</u>
Total Expenditures	<u>333,125</u>	<u>333,125</u>	<u>254,166</u>	<u>78,959</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,074</u>	<u>\$ 85,074</u>

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 Society

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 Position
Fiduciary Funds - All Private-Purpose Trust Funds

June 30, 2014

	<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>
<u>ASSETS</u>					
Investments	\$ 37,915	\$ 365,854	\$ 15,376	\$ 2,366	\$ 421,511
Total Assets	<u>\$ 37,915</u>	<u>\$ 365,854</u>	<u>\$ 15,376</u>	<u>\$ 2,366</u>	<u>\$ 421,511</u>
<u>NET POSITION</u>					
Held in trust	\$ 37,915	\$ 365,854	\$ 15,376	\$ 2,366	\$ 421,511
Total Liabilities and Net Position	<u>\$ 37,915</u>	<u>\$ 365,854</u>	<u>\$ 15,376</u>	<u>\$ 2,366</u>	<u>\$ 421,511</u>

TOWN OF DERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2014

	<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>
Additions:					
Investment earnings:					
Investment income	\$ 1,867	\$ 20,130	\$ 784	\$ 104	\$ 22,885
Net decrease in the fair value of investments	<u>2,187</u>	<u>20,664</u>	<u>903</u>	<u>137</u>	<u>23,891</u>
Total investment earnings	4,054	40,794	1,687	241	46,776
Less investment expense	<u>(129)</u>	<u>(1,263)</u>	<u>(52)</u>	<u>(9)</u>	<u>(1,453)</u>
Net investment earnings	3,925	39,531	1,635	232	45,323
Deductions:					
Benefits	<u>250</u>	<u>7,948</u>	<u>-</u>	<u>-</u>	<u>8,198</u>
Total deductions	<u>250</u>	<u>7,948</u>	<u>-</u>	<u>-</u>	<u>8,198</u>
Change in net position	3,675	31,583	1,635	232	37,125
Net position held in trust:					
Beginning of year	<u>34,240</u>	<u>334,271</u>	<u>13,741</u>	<u>2,134</u>	<u>384,386</u>
End of year	<u>\$ 37,915</u>	<u>\$ 365,854</u>	<u>\$ 15,376</u>	<u>\$ 2,366</u>	<u>\$ 421,511</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, 2014

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>
<u>Derry Cooperative School Agency Fund:</u>				
Assets - investments	\$ <u>182,200</u>	\$ <u>1,105</u>	\$ <u>(501)</u>	\$ <u>182,804</u>
Liabilities - due to other governments	\$ <u>182,200</u>	\$ <u>1,105</u>	\$ <u>(501)</u>	\$ <u>182,804</u>
<u>Performance Bond Agency Fund:</u>				
Assets - cash and cash equivalents	\$ <u>759,096</u>	\$ <u>115,370</u>	\$ <u>(467,200)</u>	\$ <u>407,266</u>
Liabilities - deposits held for others	\$ <u>759,096</u>	\$ <u>115,370</u>	\$ <u>(467,200)</u>	\$ <u>407,266</u>
<u>Totals:</u>				
Cash and cash equivalents	\$ 759,096	\$ 115,370	\$ (467,200)	\$ 407,266
Investments	<u>182,200</u>	<u>1,105</u>	<u>(501)</u>	<u>182,804</u>
Total Assets	\$ <u>941,296</u>	\$ <u>116,475</u>	\$ <u>(467,701)</u>	\$ <u>590,070</u>
Liabilities - due to other governments	\$ 182,200	\$ 1,105	\$ (501)	\$ 182,804
Liabilities - deposits held for others	<u>759,096</u>	<u>115,370</u>	<u>(467,200)</u>	<u>407,266</u>
Total Liabilities	\$ <u>941,296</u>	\$ <u>116,475</u>	\$ <u>(467,701)</u>	\$ <u>590,070</u>

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.

	<u>Page</u>
<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.	114
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	120
<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.	124
<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.	128
<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.	131

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 POSITION BY COMPONENTS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	2005	2006 (1)	2007 (3)	2008 (3)	2009 (3)	2010 (2) (3)	2011 (3)	2012 (3)	2013	2014
Government Activities										
Net investment in capital assets	\$96,093,430	\$95,250,347	\$94,729,202	\$96,865,055	\$98,687,664	\$101,530,681	\$104,936,447	\$104,697,003	\$105,780,715	\$105,790,237
Restricted	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675
Unrestricted	11,404,663	10,974,175	11,842,047	11,990,757	12,034,740	16,440,924	14,771,367	15,095,817	13,515,612	14,207,069
Total Governmental Activities Net Position	<u>\$117,047,305</u>	<u>\$115,799,175</u>	<u>\$117,364,905</u>	<u>\$120,634,778</u>	<u>\$121,699,585</u>	<u>\$124,273,269</u>	<u>\$126,267,268</u>	<u>\$126,796,620</u>	<u>\$126,421,323</u>	<u>\$127,465,981</u>
Business-type Activities										
Net investment in capital assets	\$15,150,037	\$17,763,369	\$21,835,614	\$22,742,827	\$23,516,728	\$24,472,039	\$25,544,919	\$26,024,107	\$26,070,283	\$26,033,422
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,489,164	7,035,465	3,786,915	3,533,156	3,210,828	3,842,923	3,964,008	4,257,248	4,742,682	5,127,537
Total Business-type Activities Net Position	<u>\$23,639,201</u>	<u>\$24,798,834</u>	<u>\$25,622,529</u>	<u>\$26,275,983</u>	<u>\$26,727,556</u>	<u>\$28,314,962</u>	<u>\$29,508,927</u>	<u>\$30,281,355</u>	<u>\$30,812,965</u>	<u>\$31,160,959</u>
Primary Government										
Net investment in capital assets	\$111,243,467	\$113,013,716	\$116,564,816	\$119,607,882	\$122,204,392	\$126,002,720	\$130,481,366	\$130,721,110	\$131,850,998	\$131,823,659
Restricted	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675
Unrestricted	19,893,827	18,009,640	15,628,962	15,523,913	15,245,568	20,283,847	18,735,375	19,353,065	18,258,294	19,334,606
Total Primary Government Net Position	<u>\$140,686,506</u>	<u>\$140,598,009</u>	<u>\$142,987,434</u>	<u>\$146,910,761</u>	<u>\$148,427,141</u>	<u>\$152,588,231</u>	<u>\$155,776,195</u>	<u>\$157,077,975</u>	<u>\$157,234,288</u>	<u>\$158,626,940</u>

(1) FY 2006 Governmental Activities Restricted and Unrestricted Net Assets have been reclassified to conform to the FY 2007 presentation.

(2) 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.

(3) As restated

SCHEDULE 2

TOWN OF DERRY, NEW HAMPSHIRE
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	2005	2006	2007 *	2008 *	2009 *	2010 *	2011 *	2012 *	2013	2014
Expenses										
<u>Governmental Activities</u>										
General government	\$4,675,203	\$4,698,161	\$4,864,395	\$4,922,872	\$5,856,375	\$5,415,866	\$5,772,403	\$5,241,472	\$5,770,858	\$5,941,095
Public Safety	13,300,358	18,307,118	18,688,924	18,790,889	18,927,195	19,220,474	19,716,889	20,088,167	19,705,078	20,004,575
Highway & streets	3,105,552	4,184,803	3,985,181	4,181,494	4,059,063	4,291,377	4,368,205	4,039,962	4,550,329	4,868,843
Health & welfare	784,435	1,000,856	778,619	795,072	775,357	813,431	735,916	643,871	712,326	812,632
Sanitation	1,567,928	1,685,965	1,430,509	1,562,223	1,621,743	1,591,142	1,579,299	1,634,394	1,632,599	1,620,297
Culture & recreation	2,701,585	2,827,877	2,897,392	2,965,628	2,857,095	2,908,787	2,940,331	3,351,764	3,062,131	3,301,712
Conservation	20,259	20,727	17,264	29,113	13,089	12,252	16,577	9,120	24,136	12,149
Redevelopment & housing	65,000	65,000	65,000	55,016	57,093	177,750	-	-	-	-
Economic development	66,430	311,494	638,497	729,122	329,462	405,316	1,437,987	702,479	1,440,817	179,717
Capital outlay	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Debt service	545,972	498,637	504,695	480,718	443,518	389,331	365,191	386,000	375,763	411,395
Intergovernmental	40,246	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	\$26,872,968	\$33,600,638	\$33,870,476	\$34,512,147	\$34,939,990	\$35,225,726	\$36,932,798	\$36,097,229	\$37,274,037	\$37,152,415
<u>Business-type Activities</u>										
Water	\$1,839,085	\$2,009,790	\$2,097,520	\$2,088,784	\$2,032,481	\$2,089,938	\$2,337,353	\$2,313,232	\$2,345,410	\$2,423,251
Sewer	1,799,338	1,876,727	1,837,379	1,927,217	1,935,968	1,948,520	1,944,450	1,937,795	1,978,125	2,033,106
Total Business-type Activities Expenses	\$3,638,423	\$3,886,517	\$3,934,899	\$4,016,001	\$3,968,449	\$4,038,458	\$4,281,803	\$4,251,027	\$4,323,535	\$4,456,357
Total Primary Government Expenses	\$30,511,391	\$37,487,155	\$37,805,375	\$38,528,148	\$38,908,439	\$39,264,184	\$41,214,601	\$40,348,256	\$41,597,572	\$41,608,772
Program Revenues										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$52,696	\$67,217	\$85,991	\$100,553	\$46,770	\$93,207	\$129,549	\$125,387	\$128,466	\$127,748
Public safety	909,456	1,231,802	1,057,789	1,164,763	1,075,782	1,611,004	1,690,832	1,410,038	1,307,973	1,834,499
Highway & streets	16,834	76,647	48,404	62,045	29,679	21,772	40,214	92,982	41,149	27,958
Health & welfare	1,831	21,533	17,604	1,108	2,455	22,932	26,959	27,927	30,275	33,290
Sanitation	472,859	455,484	363,737	449,513	373,011	397,267	450,465	508,259	382,358	416,529
Culture & recreation	126,747	103,283	161,648	163,453	164,581	170,374	194,859	199,406	159,898	151,294
Conservation commission	-	-	-	-	-	-	-	-	-	-
Operating grants & contributions	1,799,080	2,111,103	2,065,068	2,072,594	2,523,130	2,210,538	1,819,782	1,447,375	1,297,582	1,581,906
Capital grants & contributions	1,631,388	734,573	516,750	1,069,575	926,437	1,200,803	2,695,727	1,330,203	402,110	303,000
Total Governmental Activities Program Revenues	\$5,010,891	\$4,801,642	\$4,316,991	\$5,083,604	\$5,141,845	\$5,727,897	\$7,048,387	\$5,141,577	\$3,749,811	\$4,476,224

(continued)

SCHEDULE 2 (continued)

CHANGE IN NET POSITION, LAST TEN FISCAL YEARS (Continued)

	Fiscal Year Ended June 30									
	2005	2006	2007 *	2008 *	2009 *	2010 *	2011 *	2012 *	2013	2014
Business-type Activities										
Charges for services										
Water	\$1,674,138	\$2,409,189	\$2,211,514	\$2,362,870	\$2,286,130	\$2,270,130	\$2,458,522	\$2,533,351	\$2,546,316	\$2,502,674
Sewer	1,626,060	2,050,767	1,823,410	1,835,606	1,866,285	2,012,193	2,071,878	2,071,417	2,093,096	2,061,384
Operating grants & contributions	-	-	-	-	-	643,106	205,444	88,403	91,288	19,112
Capital grants & contributions	257,513	175,930	404,617	104,105	93,155	97,496	661,175	164,409	65,771	97,309
Total Business-type Activities Program Revenues	\$3,557,711	\$4,635,886	\$4,439,541	\$4,302,581	\$4,245,570	\$5,022,925	\$5,397,019	\$4,857,580	\$4,796,471	\$4,680,479
Total Primary Government Revenues	\$8,568,602	\$9,437,528	\$8,756,532	\$9,386,185	\$9,387,415	\$10,750,822	\$12,445,406	\$9,999,157	\$8,546,282	\$9,156,703
Net (Expense) Revenue										
Governmental activities	(\$21,862,077)	(\$28,798,996)	(\$29,553,485)	(\$29,428,543)	(\$29,798,145)	(\$29,497,829)	(\$29,884,411)	(\$30,955,652)	(\$33,524,226)	(\$32,676,191)
Business-type activities	(80,712)	749,369	504,642	286,580	277,121	984,467	1,115,216	606,553	472,936	224,122
Total Primary Government Net Expense	(\$21,942,789)	(\$28,049,627)	(\$29,048,843)	(\$29,141,963)	(\$29,521,024)	(\$28,513,362)	(\$28,769,195)	(\$30,349,099)	(\$33,051,290)	(\$32,452,069)
General Revenues & Other Changes in Net Position										
Governmental Activities										
Property & other taxes	\$18,396,205	\$20,982,682	\$21,794,063	\$22,828,221	\$23,179,184	\$23,360,148	\$23,962,310	\$23,668,700	\$24,818,369	\$24,918,410
Licenses & permits	5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	4,669,813	4,717,598	4,899,562	5,072,002	5,444,800
Grants & contributions not restricted to specific programs	1,580,389	1,686,188	1,800,063	1,910,166	1,992,361	1,694,458	1,780,356	1,542,507	1,594,268	1,572,865
Interest & investment earnings	1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,509	784,714	471,109	615,937	1,022,648
Miscellaneous	1,175,759	652,178	752,406	382,952	399,645	687,969	633,431	917,755	1,033,023	762,126
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	(1,303,751)	(24,148)	(24,810)	(24,493)	(5,391)	(31,272)	-	(14,629)	15,330	-
Total Governmental Activities	\$26,192,879	\$30,893,832	\$32,331,294	\$32,698,416	\$30,862,952	\$30,904,625	\$31,878,409	\$31,485,004	\$33,148,929	\$33,720,849
Business-type Activities										
Income & investment earnings	\$187,058	\$307,192	\$239,399	\$126,801	\$40,308	\$11,012	\$9,166	\$17,884	\$18,886	\$30,679
Miscellaneous	50,681	77,424	54,844	215,580	128,753	52,071	69,583	133,363	55,118	93,193
Special items-gain on sale of capital assets	-	1,500	-	-	-	-	-	-	-	-
Transfers	1,303,751	24,148	24,810	24,493	5,391	31,272	-	14,629	(15,330)	-
Total Business-type Activities	\$1,541,490	\$410,264	\$319,053	\$366,874	\$174,452	\$94,355	\$78,749	\$165,876	\$58,674	\$123,872
Total Primary Government	\$27,734,369	\$31,304,096	\$32,650,347	\$33,065,290	\$31,037,404	\$30,998,980	\$31,957,158	\$31,650,880	\$33,207,603	\$33,844,721
Change in Net Position										
Governmental Activities	\$4,330,802	\$2,094,836	\$2,777,809	\$3,269,873	\$1,064,807	\$1,406,796	\$1,993,998	\$529,352	(\$375,297)	\$1,044,658
Business-type Activities	\$1,460,778	\$1,159,633	\$823,695	\$653,454	\$451,573	\$1,078,822	\$1,193,965	\$772,429	\$531,610	\$347,994
Total Primary Government	\$5,791,580	\$3,254,469	\$3,601,504	\$3,923,327	\$1,516,380	\$2,485,618	\$3,187,963	\$1,301,781	\$156,313	\$1,392,652

* As restated

SCHEDULE 3

**TOWN OF DERRY, NEW HAMPSHIRE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006 *	2007	2008	2009	2010	2011 **	2012	2013	2014
General Fund:										
Reserved	\$2,216,019	\$673,990	\$338,614	\$322,826	\$346,810	\$566,455	-	-	-	-
Unreserved	10,642,509	10,369,762	10,551,610	11,846,663	12,490,200	10,330,675	-	-	-	-
Nonspendable	-	-	-	-	-	-	47,666	74,168	56,696	54,481
Restricted	-	-	-	-	-	-	620,550	571,271	433,634	97,984
Committed ***	-	-	-	-	-	-	5,530,589	5,203,971	8,114,454	9,669,390
Assigned	-	-	-	-	-	-	349,130	1,092,965	916,653	878,530
Unassigned ***	-	-	-	-	-	-	10,244,689	12,806,496	11,332,187	11,174,926
Total General Fund	\$12,858,528	\$11,043,752	\$10,890,224	\$12,169,489	\$12,837,010	\$10,897,130	\$16,792,624	\$19,748,871	\$20,853,624	\$21,875,311
All Other Governmental Funds:										
Reserved	\$5,240,551	\$4,643,325	5,101,862	\$5,973,394	\$5,322,806	\$6,785,990	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,653,906	5,032,432	6,267,446	6,532,750	6,498,122	6,419,871	-	-	-	-
Capital project funds	1,519,159	1,726,865	1,514,997	1,213,880	1,378,833	2,018,817	-	-	-	-
Permanent funds	430,416	911,679	1,154,918	289,267	298,844	419,344	-	-	-	-
Nonspendable	-	-	-	-	-	-	5,038,112	5,304,598	5,368,609	5,574,790
Restricted	-	-	-	-	-	-	2,171,234	3,287,736	2,721,806	5,186,410
Committed	-	-	-	-	-	-	2,117,395	1,575,289	4,607,773	2,394,239
Unassigned	-	-	-	-	-	-	-	-	(75,846)	-
Total All Other Governmental Funds	\$10,844,032	\$12,314,301	\$14,039,223	\$14,009,291	\$13,498,605	\$15,644,022	\$9,326,741	\$10,167,623	\$12,622,342	\$13,155,439

* 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.

*** Beginning in FY 2013, balances reflects the allocation of unassigned fund balance to committed fund balance pursuant to the Fund Balance Policy adopted by the Town Council on June 18, 2013.

SCHEDULE 4

**TOWN OF DERRY, NEW HAMPSHIRE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$18,556,414	\$20,932,527	\$21,498,501	\$22,637,596	\$23,208,798	\$23,452,828	\$23,451,834	\$23,610,788	\$24,848,384	\$24,875,060
Licenses & permits	5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	5,065,518	5,107,026	5,190,764	5,392,415	5,842,408
Intergovernmental	3,525,787	4,418,285	3,876,582	4,352,278	4,523,157	4,507,678	5,326,913	3,677,367	3,297,746	3,154,771
Charges for services	1,603,736	1,893,122	1,659,790	1,830,467	1,632,130	1,920,850	2,143,450	2,072,796	1,729,707	2,193,710
Interest & investment income	1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,510	784,712	471,108	615,937	1,022,647
Contributions	-	-	-	-	-	-	-	424,077	-	-
Miscellaneous	1,508,103	1,861,531	1,326,191	593,386	500,239	563,107	504,729	590,296	975,022	652,172
Total Revenues	\$31,516,617	\$36,309,020	\$36,351,136	\$36,467,142	\$35,148,127	\$36,033,491	\$37,318,664	\$36,037,196	\$36,859,211	\$37,740,768
Expenditures:										
Current operations-										
General government	\$3,880,750	\$4,237,011	\$4,518,629	\$4,480,579	\$4,644,991	\$4,662,711	\$5,051,656	\$4,919,263	\$4,993,375	\$5,008,945
Public safety	13,915,103	17,363,724	17,969,416	17,810,998	18,142,797	17,872,831	18,334,892	18,592,809	18,491,033	18,726,144
Highways & streets	3,010,545	3,957,932	3,849,479	4,139,025	3,773,442	4,103,297	3,802,837	3,885,826	3,875,348	4,350,830
Health & welfare	774,804	1,005,108	762,059	812,303	771,933	801,740	716,642	604,040	663,639	763,935
Sanitation	1,460,844	1,637,541	1,595,580	1,507,164	1,576,541	1,510,116	1,559,847	1,576,299	1,558,825	1,554,347
Culture & recreation	2,335,255	2,552,929	2,577,082	2,664,121	2,644,736	2,697,540	2,679,467	2,953,589	2,647,311	2,707,141
Conservation	20,259	21,001	17,264	29,112	13,089	12,252	16,148	9,120	24,136	12,149
Redevelopment & housing	65,000	65,000	65,000	55,016	57,093	177,750	-	-	-	-
Economic Development	66,430	361,494	272,647	230,800	220,282	332,133	365,399	172,481	42,628	13,153
Capital outlay	3,705,771	4,980,552	1,678,387	3,425,537	1,631,514	1,620,455	4,905,502	2,246,600	3,975,511	2,005,736
Debt service-										
Principal retirement	935,000	870,000	860,000	855,000	920,000	1,447,116	953,863	937,612	930,539	1,174,325
Interest & fiscal charges	846,710	881,908	955,020	881,480	767,109	678,112	368,055	379,504	401,483	408,797
Intergovernmental	40,246	112,183	58,172	38,929	12,826	9,983	10,009	10,369	10,074	12,485
Total Expenditures	\$31,056,717	\$38,046,383	\$35,178,735	\$36,930,064	\$35,176,353	\$35,926,036	\$38,764,317	\$36,287,512	\$37,613,902	\$36,737,987
Excess revenues over (under) expenditures	\$459,900	(\$1,737,363)	\$1,172,401	(\$462,922)	(\$28,226)	\$107,455	(\$1,445,653)	(\$250,316)	(\$754,691)	\$1,002,781

SCHEDULE 4 (continued)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses):										
Proceeds from sale of capital assets	\$0	\$0	\$0	\$550,000	\$47,335	\$129,354	\$125,472	\$294,416	\$70,654	\$112,979
Issuance of long-term bonds	-	1,000,000	100,000	647,116	-	-	-	3,400,000	4,000,000	-
Bond premium	-	-	-	-	-	-	-	-	3,787	-
Issuance of refunding debt	-	-	-	-	-	-	-	-	1,250,000	-
Payments to refunding escrow	-	-	-	-	-	-	-	-	(1,228,676)	-
Issuance of capital leases	473,539	438,380	323,803	547,134	150,617	-	898,394	367,654	203,068	439,023
Transfers in	2,974,518	4,877,188	5,252,138	4,126,327	3,216,376	4,764,888	3,595,665	1,289,095	598,621	1,307,611
Transfers out	(4,278,269)	(4,901,336)	(5,276,948)	(4,150,820)	(3,221,767)	(4,796,160)	(3,595,665)	(1,303,723)	(583,291)	(1,307,611)
Premium paid on asset exchange	-	(21,376)	-	(7,502)	(7,500)	-	-	-	-	-
Total other financing sources (uses)	(\$830,212)	\$1,392,856	\$398,993	\$1,712,255	\$185,061	\$98,082	\$1,023,866	\$4,047,442	\$4,314,163	\$552,002
Net change in fund balances	(\$370,312)	(\$344,507)	\$1,571,394	\$1,249,333	\$156,835	\$205,537	(\$421,787)	\$3,797,126	\$3,559,472	\$1,554,783
Debt service as a percentage of non-capital expenditures	6.5%	5.3%	5.4%	5.2%	5.0%	6.2%	3.9%	3.9%	4.0%	4.6%

SCHEDULE 5

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

Fiscal Year	Residential Property	Commercial Property (1)	Industrial Property (1)	Less: Tax-Exempt Property	Total Taxable Assessed Value (2)	Total Town Direct Tax Rate	Estimated Actual Taxable Value	Total Assessed Value as a % of Estimated Actual Taxable Value
2005	\$1,891,864,100	\$391,236,800	\$0	\$16,796,375	\$2,266,304,525	\$8.58	\$2,806,879,197	80.741%
2006	1,916,485,900	393,363,300	0	18,412,875	\$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%
2012	2,047,409,452	399,299,617	77,978,400	29,780,675	\$2,494,906,794	9.52	2,355,908,210	105.900%
2013	1,891,691,991	446,126,677	78,549,100	29,122,507	\$2,387,245,261	10.39	2,428,530,276	98.300%
2014	1,905,452,576	405,159,727	84,415,817	28,835,371	\$2,366,192,749	10.39	2,517,226,329	94.000%

Sources: DerryMS-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 2005 & 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's goal is to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year. A partial valuation update was done in 2008 for FY09, with the most recent full valuation update being done in 2012 for FY13.

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	
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
2012	9.52	0.00	9.52	14.22	2.49	1.04	17.75	27.27
2013	10.39	0.00	10.39	16.35	2.59	1.15	20.09	30.48
2014	10.39	0.00	10.39	17.34	2.62	1.14	21.10	31.49

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 2014			FY 2005		
		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	\$54,030,180	1	2.28%	\$48,944,800	1	2.16%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	32,081,500	2	1.36%	30,664,300	2	1.35%
Public Service Company of NH (PSNH)	Utility - Electric	21,981,200	3	0.93%	12,397,500	5	0.55%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	20,293,600	4	0.86%	19,124,200	3	0.84%
Derry MZL LLC	Commercial - Retail	18,716,000	5	0.79%	15,990,400	4	0.71%
WP Hood Associates, LLC (Hood Plaza)	Commercial - Retail	15,004,100	6	0.63%	10,862,000	6	0.48%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh I)	Commercial - Retail	13,378,700	7	0.57%			
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Liv.	9,719,300	8	0.41%			
EKMK Associates Ltd. Partnershi	Real Estate - Apartments	9,577,700	9	0.40%			
Two Tsienneto Road Realty LLC	Medical Office Building	9,340,300	10	0.39%	5,815,200	10	0.26%
Wal-Mart Realty Co (Wal-Mart Store, Manchester Road)	Commercial - Retail w/Fueling Station				7,710,500	8	0.34%
Franklin Derry Limited Partnershi	Real Estate - Apartments				6,746,600	9	0.30%
Sanmina Corp. (Sanmina/Hadco)	Industrial Manufacturing				11,294,500	7	0.50%
Totals		\$204,122,580		8.63%	\$169,550,000		7.48%
Total Taxable Assessed Valuation is:		\$2,366,192,749			\$2,266,304,525		

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

SCHEDULE 8

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Abatement of Original Tax Levy	Total Collections and Abatements to Date	
		Tax Amount	Percentage of Levy			Amount	Percentage of Levy
2005	\$ 20,219,964	\$ 18,634,503	92.16%	\$ 1,338,942	\$ 243,817	\$ 20,217,263	99.99%
2006	21,717,219	20,737,653	95.49%	567,087	409,557	21,714,297	99.99%
2007	21,886,058	21,271,716	97.19%	483,115	125,955	21,880,786	99.98%
2008	** 22,529,760	21,908,661	97.24%	496,340	118,217	22,523,218	99.97%
2009	23,338,263	22,660,097	97.09%	552,966	107,953	23,321,016	99.93%
2010	23,037,481	22,505,738	97.69%	433,550	68,333	23,007,621	99.87%
2011	23,477,396	23,019,793	98.05%	347,951	55,649	23,423,394	99.77%
2012	23,817,145	23,360,347	98.08%	273,740	57,469	23,691,556	99.47%
2013	24,408,192	24,022,106	98.42%	107,457	45,533	24,175,096	99.05%
2014	24,623,357	24,190,174	98.24%	0	41,367	24,231,540	98.41%

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

* The data presented above represents information for taxes collected for Town Services and two fire districts (consolidated in FY2006). It excludes taxes raised for School District and the County, even though the Town bears the full burden for any uncollected taxes, since the town having fully disbursed taxes assessed for the school and county.

** 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			Tax Increment Financing Bonds	Business Type Activities					Total Primary Government	Total Primary Government Debt	
	General Obligation Bonds	Bond Anticipation Note	Capital Leases		Water Bonds	Water Capital Leases	Water Notes	Wastewater Bonds	Wastewater Capital Leases		As a % of Personal Income	Per Capita
2005	\$8,515,000	\$0	\$596,529	\$2,000,000	\$1,638,740	\$0	\$15,000	\$6,884,158	\$0	\$19,649,427	N/A	\$566
2006	8,645,000	-	669,308	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	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	2,000,000	844,940	1,964	-	5,569,362	1,964	16,808,119	N/A	491
2009	6,090,000	747,116	541,256	1,920,000	613,140	1,336	-	4,867,899	1,336	14,782,083	N/A	434
2010	5,470,000	600,000	282,672	1,840,000	450,000	681	-	4,156,280	681	12,800,314	N/A	373
2011	4,960,000	-	814,225	1,760,000	400,000	1,058	-	3,649,730	1,059	11,586,072	0.26%	350
2012	4,450,000	-	836,286	5,080,000	350,000	-	-	3,136,078	-	13,852,364	0.22%	420
2013	7,990,000	-	698,815	5,000,000	800,000	-	-	2,865,000	-	17,353,815	0.18%	522
2014	7,250,000	-	783,506	4,920,000	2,448,500	-	-	4,230,500	-	19,632,506	0.16%	595

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>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>% of Actual Taxable Value of Property</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Tax Increment Financing Bonds</u>	<u>Total</u>		
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
2012	4,450,000	5,080,000	9,530,000	0.38%	289
2013	7,990,000	5,000,000	12,990,000	0.55%	391
2014	7,250,000	4,920,000	12,170,000	0.51%	369

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, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct & Overlapping Debt</u>
Direct:			
Town of Derry - Bonds	\$12,170,000	100.00%	\$12,170,000
Town of Derry - Capital Leases	783,506	100.00%	<u>783,506</u>
Sub Total - Direct Debt			<u>\$12,953,506</u>
Overlapping:			
Rockingham County	8,170,000	6.4055%	523,329
Derry Cooperative School District	13,610,000	100.00%	<u>13,610,000</u>
Sub Total - Overlapping Debt			<u>14,133,329</u>
Total Direct and Overlapping Debt			<u><u>\$27,086,835</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 2014 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 2014	
Equalized assessed valuation	\$2,685,372,579
General Fund debit limit (3% of equalized Valuation)	80,561,177
Water Fund debit limit (10% of equalized Valuation)	268,537,258

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Debt Limit	\$85,564,379	\$98,038,070	\$94,842,992	\$90,625,085	\$84,783,824	\$79,472,053	\$75,472,246	\$75,570,494	\$73,292,846	\$80,561,177
Total debt applicable to limit	13,185,000	13,400,000	13,225,000	12,450,000	10,445,263	9,584,283	8,270,066	11,711,880	11,240,779	10,500,778
Legal debt margin	\$72,379,379	\$84,638,070	\$81,617,992	\$78,175,085	\$74,338,561	\$69,887,770	\$67,202,180	\$63,858,614	\$62,052,067	\$70,060,399
Total debt applicable to limit as a percentage of debt limit	15.41%	13.67%	13.94%	13.74%	12.32%	12.06%	10.96%	15.50%	15.34%	13.03%
Water Fund										
Debt Limit	\$285,214,598	\$326,793,568	\$316,143,307	\$302,086,017	\$282,612,747	\$264,906,843	\$251,574,153	\$251,901,647	\$244,309,487	\$268,537,258
Total debt applicable to limit	1,638,740	1,372,740	1,106,740	844,940	613,140	450,000	400,000	2,568,500	2,518,500	2,448,500
Legal debt margin	\$283,575,858	\$325,420,828	\$315,036,567	\$301,241,077	\$281,999,607	\$264,456,843	\$251,174,153	\$249,333,147	\$241,790,987	\$266,088,758
Total debt applicable to limit as a percentage of debt limit	0.57%	0.42%	0.35%	0.28%	0.22%	0.17%	0.16%	1.02%	1.03%	0.91%

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**

Fiscal Years Ended June 30,	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
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%
2012	33,008	993,177,712	30,089	5,900	6.5%
2013	33,220	1,038,257,880	31,254	5,863	5.6%
2014	32,988	1,031,171,892	31,259	5,690	4.9%

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 (NHES), 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 2013-2014 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 had not been available from the New Hampshire Office of Energy & Planning (NHOEP), though available in FY2011 due to the 2010 census and going forward based on an update from NHES. Prior to 2010, this information is derived from the census data done every 10 years.

SCHEDULE 14

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

Employer	Type of Business	Fiscal Year 2014			Fiscal Year 2005		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	620	1	3.31%	850	1	4.43%
HCA Health Services of NH	Healthcare/Hospital	532	2	2.84%	850	2	4.43%
Pinkerton Academy	Education	462	3	2.46%			
Town of Derry	Municipal services	364	4	1.94%	209	4	1.09%
Wal-Mart Store	Retail chain	265	5	1.41%	125	7	
Hannaford Supermarket	Supermarket	142	6	0.76%	149	6	0.78%
Fireye	Fire Equipment	115	7	0.61%	200	5	1.04%
Shaw's Supermarket	Supermarket	105	8	0.56%	225	3	1.17%
Biosan Laboratories	Vitamin, supplements & minerals	100	9	0.53%			
Sanmina/Hadco	Electronics	88	10	0.47%			
Electronics Corporation	Industrial controls				100	8	0.52%
Standard Sash & Door Co.	Door, window units				100	9	0.52%
McCord, Winn & textron, Inc.	Automotive components				100	10	0.52%

Source: NH Department of Employment Security (NHDES), Economic & Labor Market Information Bureau's *Community Profiles*, while total town-wide 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: Fiscal Year 2014 and 2005 information is from the 2013 and 2004 calendar year Community Profiles, respectively, as well as from Town of Derry records.

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Governmental Activities</u>										
General Government	24	26	27	27	27	26	25	24	24	25
Public Safety	149	165	162	162	162	153	153	152	150	149
Highway & Streets	28	28	28	28	28	28	27	27	27	27
Health & Welfare	2	3	3	3	3	3	3	3	3	4
Sanitation	6	6	6	6	6	5	5	5	5	5
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	3	3	2	2	2	2	2
<u>Business-Type Activities</u>										
Water	6	6	6	6	6	6	6	6	6	7
Sewer	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Totals	<u>232</u>	<u>251</u>	<u>249</u>	<u>250</u>	<u>250</u>	<u>238</u>	<u>236</u>	<u>234</u>	<u>232</u>	<u>234</u>

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									
	2005	2006	2007	2008 *	2009	2010	2011	2012	2013	2014
Public safety										
Number of police calls answered	27,446	25,979	22,709	21,850	23,426	24,690	26,663	26,939	26,607	26,034
Physical arrests	1,906	1,723	1,427	1,373	1,250	1,363	1,272	1,412	1,330	1,433
Traffic violations	1,803	1,294	1,035	801	833	960	1,144	1,052	1,008	991
Parking violations	969	901	797	616	396	482	534	1,182	966	866
Total Offenses Reported (prior calendar year basis)										
Group A	2,719	2,654	2,642	2,543	2,544	2,691	2,854	3,033	2,880	2,520
Group B	1,370	1,354	1,176	1,150	1,199	1,107	1,048	1,071	1,051	919
Fire & rescue calls dispatched (5 towns)										
Total fire & rescue responses	3,844	4,126	4,060	4,199	4,519	4,546	4,393	4,282	4,193	4,281
Fire emergency services	713	785	907	860	1,248	1,513	1,405	1,396	1,445	1,447
False alarms	289	453	337	446	409	407	422	393	387	412
EMS/Rescue	2,842	2,888	2,816	2,893	2,991	3,033	2,939	2,886	2,886	3,081
Patients treated & transported	1,971	2,009	2,075	2,305	2,503	2,327	2,360	2,247	2,299	2,398
Patients treated only	15	14	18	29	53	25	10	22	29	21
Inspections conducted										
Fire code				866	1,012	705	697	713	744	862
Permits				182	78	648	198	627	773	721
Fire Permits	4,058	1,640	1,704	1,766	3,691	3,691	4,012	2,495	2,114	1,412
Public safety education programs	344	379	421	130	128	122	138	61	72	32
Program attendees	3,635	3,735	4,340	2,766	4,824	4,877	4,965	2,179	815	819
Water										
Daily average water consumption	1.36 MGD	1.32 MGD	1.28 MGD	1.30 MGD	1.18 MGD	1.24 MGD	1.34 MGD	1.41 MGD	1.42 MGD	1.47 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	1.66 MGD	1.88 MGD	1.75 MGD	1.67 MGD	1.85 MGD	1.80 MGD	1.59 MGD	1.72 MGD	1.54 MGD	1.54 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:

* 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
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	5	4	4	4	4	4	4	4	4	4
Fire/EMS Response Apparatus	31	31	30	30	30	30	30	30	30	30
Highways & streets										
Miles of streets	161.5	161.7	160.9	160.9	162.4	162.4	162.8	163.2	163.2	163.2
Number of street lights	921	921	921	921	921	921	921	923	923	923
Miles of sidewalks	19	19	19	19.3	19.3	19.3	19.3	19.3	19.7	19.7
Culture & recreation										
Community centers	6	6	6	6	6	6	6	6	6	6
Parks	6	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	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	5	5	5	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	68	68	68	68.2	68.2	68.7	70.31	70.31	70.31	70.31
Service connections	3,927	3,945	3,966	3,977	3,989	4,005	4,028	4,041	4,050	4,071
Fire hydrants	571	573	575	575	591	592	614	614	614	614
Sewer										
Miles of sanitary sewers	46	46	46	46.6	48.9	48.9	48.9	48.9	48.9	48.9
Miles of storm sewers	17	18	18	18	18	18	19	19	19	19
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	2,954	2,984	2,995	3,021	3,029	3,049	3,064	3,082	3,087	3,096

Source: Various town departments