

TOWN OF DERRY, NEW HAMPSHIRE

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended

June 30, 2008

Issued by:

**Frank L. Childs
Chief Financial Officer**

**TOWN OF DERRY, NEW HAMPSHIRE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008**

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Introductory Section

Town of Derry, NH

Office of the Finance Department

Frank L. Childs
Chief Financial Officer
frankchilds@ci.derry.nh.us

14 Manning Street
Derry, NH 03038-3208
(603) 432-6103

December 29, 2008

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, 2008, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, and component units of the Town of Derry, New Hampshire. All disclosures necessary to enable the reader to gain an understanding of the Town of Derry, New Hampshire's financial activities have been included.

Component units are legally separate entities for which the primary government is financially accountable, or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity. There are no component units.

Related Organizations

The government provides a full range of services. These services include police and fire protection; provision of ambulance service; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; libraries; general welfare assistance; maintenance of land use records; raising and collection of taxes; community & economic development; health & code enforcement activities; land conservation; and maintenance of vital records. In addition to general government activities, the governing body exercises, or has the ability to exercise, oversight of the Water, Wastewater and Community Access Cable TV departments. Therefore, these activities 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 council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the government's administrator. The government's Town Administrator is responsible for carrying out the policies of the government, appointing the heads of the government's departments, and general supervision of all town operations. Council members are elected to three-year staggered terms with two council members elected every year, with the exception of three councilors being elected every third year. Four of the council members are elected from within their respective districts. The remaining three council members are elected at large.

The government, incorporated in 1827, is located in the southeastern part of the state, and ranks as the fourth largest municipality in New Hampshire with a population increase of over 12 percent over the past decade. The government currently has a land area of 37.18 square miles and an estimated population of 34,200, which is a decrease of 0.5% from the prior year. While a very slight decrease, it is evidence of a reduction in the number of individuals inhabiting a residence. That evidence is further supported by a 2% decline in school population, similar to state-wide statistics that portray a declining enrollment. The Town of Derry, NH had an employed labor force of 247 full time permanent employees as of June 30, 2008.

The Town performs a cycled inspection 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 full revaluation in 2006, the Town Council, acting as the Board of Assessors, has reinstated the cycled inspection process, as well as authorized assessment updates (indexing) every other year, beginning in 2008. This indexing by the Town, in conjunction with the cycled inspection process, is intended to keep assessed values tracking more closely with then existing market values and providing equitable assessments among property owners. In 2008, an assessment update was done on residential home values in light of the depressed real estate market. This valuation resulted in a net reduction of 11% in assessed valuation compared to that in 2007. A full valuation update of all property is scheduled for 2009.

Economic Condition and Outlook

The economic condition in the area is reflected by the citizens of Derry's outlook on their personal economic welfare as measured by the number and value of motor vehicle registrations. The number of motor vehicle registrations processed by the Tax Collector/Municipal Agent decreased by 586 in FY 2008 to 39,175, a 1.5% decrease compared to a 1% increase the prior year. While the number of permits decreased, the average value of each registration also declined by 2%, compared to the previous year's just under 3% decrease in average value. This data is consistent with a continuing national trend in fewer purchases of new vehicles. Not only are Derry residents registering fewer vehicles, a reduction of over 1,000 over the past two years, but they also exhibit patterns of purchasing more used vehicles rather than new vehicles.

Another local indicator of economic condition can be found in the building permits issued, which showed an increase in single-family home permits and a slight decrease in addition & remodeling permits. The number of permits for residential single-family homes and multi-family units increased in FY 2008 to levels experienced in FY 2005 and FY 2006, going from 28 to 80, with increases of 23 permits for single family units and 29 multi-family units permits,

compared to the prior year. The average construction value of each residential unit decreased significantly from the previous year due to a higher mix of lower valued multi-family unit permits, 33 permits in FY2008 versus 4 the prior year. Permits for additions and remodeling in FY 2008 experienced a 2% decrease from the prior year compared to a 12% decrease in FY 2007 versus FY 2006. Permits for additions & remodeling continue to lag behind the high level experienced in FY 2004, though they have been fairly consistent over the past four fiscal years. These overall trends are reflective of a general downturn in the housing market nationally. While in FY 2008 the Town saw an improvement in the number of permits single family homes and for multi-family housing, with additions and remodeling showing only a slight decline, we are seeing a significant decline in permits in all areas in the early months of FY 2009.

Residential Units	2005	2006	2007	2008
Permits	75	76	28	80
Total Value	\$9.1M	\$9.3M	\$4.9M	\$8.6
Average Value	\$121K	\$122K	\$176K	\$107

Local area unemployment statistics showed a slight decrease in the unemployment rate in the greater Derry area from a year ago, 4.4% vs. 4.5%. The current unemployment rate for Derry is generally consistent with other communities in the Southern portion of New Hampshire, with some having a higher rate and some a lower rate, generally falling within a range of 1% +/- from the Derry rate. The overall economic situation resulted in a slight increase in unemployment from July through October, 2008, with the October 2008 unemployment rate of 4.5%, only 0.1% higher than June 2008 rate, though higher than the October 2007 rate of 3.6%. Overall, the economic outlook for Derry continues to be generally consistent with the Southern New Hampshire economy.

Major Initiatives

For the Year

As with prior years, the principal focus of the fiscal year 2008 budget continued to be enhancing the quality of life for and maintaining the level of services to Derry residents, while operating under a tax cap for general Town services. The facility built on the fourth and final lot in the Town's 18-acre Ash Street Tax Increment Financing (TIF) District was occupied and became operational during 2008. Successful development of the sites within this park has expanded the tax base and provided new employment opportunities within the community. It was anticipated that once the site was ready for development, that it would take 5 years for a full build-out of the park; however, the build-out was completed in 3 ½ years...a very successful project.

Late in FY 2007, Sanmina Corporation re-opened one of their two remaining buildings in Derry. Sanmina, a manufacturer of printed circuit boards, indicated that the number of employees will initially be around 80. The employment level has now grown to 125. Some of the workers employed at this facility came from another Sanmina facility located and currently operational in Manchester, NH, while some came from a Sanmina facility that was closed in Woburn, MA. Sanmina's only Northeast facilities are in Derry and Manchester, NH, with an expectation that the Derry facility may ultimately employ 140-150. The majority of these employees will be involved with manufacturing assembly, but the facility will also house some research and office

personnel. It is an economic boost to Derry that Sanmina has chosen to return and reopen at least one of their buildings.

The Town completed an expansion of the Forest Hill Cemetery, which entailed the alteration of approximately 3.5 acres on the easterly side of the Town-owned parcel. The new section provides an additional 1500 full burial plots and 2000 cremation plots for purchase by Town residents. The supply of burial plots and cremation plots is expected to last for 15-20 years based on past demand projections.

Another pharmacy and a gas station/convenience store were constructed and opened at a major intersection near Parkland Medical Center and the site where a new congregate care facility is being constructed. A small bank branch is still scheduled to be constructed adjacent to the pharmacy and gas station. Conversion of the former Chases Mill manufacturing facility into 36 high-end condominiums was completed during the year. This conversion was accomplished while maintaining the historical architectural features of the mill. During the year, the MacDonald's in Town was razed and a new, modern facility was constructed and opened in the summer of 2008.

The Wastewater Division's \$6.4 million effluent force main upgrade project was completed and placed in service at the end of the year. This upgrade increases the Town's wastewater discharge capacity from 3.2 to 6.2 million gallons per day to allow for future growth in the wastewater system.

The Town of Derry completed a new 18,000 square foot steel building to serve as the new Highway Garage, replacing a facility built in the 1940's. The former facility was sold for a commercial/industrial use and placed back on the tax rolls in the summer of 2008. The new Highway Garage is situated next to the existing Vehicle Maintenance facility on the Public Works Operation Center and can house up to 20 pieces of Highway division equipment in a modern and energy efficient facility. The Town also completed construction of a nylon canopy, state-of-the-art, environmentally safe structure adjacent to the new Highway Garage to store rock salt and sand. The storage capacity of the new salt shed is approximately 3,000 tons. Both facilities were placed in service in January 2008.

The Town continued to expand, broaden and upgrade existing facilities for the general recreational needs of its citizens, particularly meeting the demands of an active youth population. Investments continued in the replacement and updating of equipment required for the efficient operation of various Town Departments.

For the Future

The primary focus for the Town Council and Town staff going forward continues to be economic development that includes: a broader base of commercial and industrial property; mitigation of the planned Interstate 93 widening; the development of Exit 4-A, with the final Environmental Impact Statement (EIS) being completed for submission to the Federal Highway Administration and the NH Department of Transportation (NHDOT) in spring 2009, as well as commencing serious efforts to secure financing sources for that project based on the filing of the final EIS; significant development in the Route 28 Corridor TIF District; a review of the Town's master plan and growth control ordinance, to be completed in 2009; acquisition of open space; and

creation of a merchants/downtown organization. Additionally, the Town will be looking at specific zoning changes to increase the available commercial/industrial acreage, thereby reducing the zones where residential uses are permitted. Also to be considered are the implementation of impact fees and instituting a slum/blight ordinance. These considerations are intended to make the community more attractive to businesses considering Derry as a place to conduct business. The goal of increased commercial and industrial development is to alleviate the tax burden on single-family homeowners.

Early in FY2007, the Town Council approved the creation of a second TIF District within the Town. The Route 28 Corridor TIF District was established to encourage further commercial and industrial development within this District. The impetus for such a District and the necessary roadway infrastructure improvements to support development came from the interest of Wal-Mart in constructing a Super Store to replace their current facility in Derry, the anticipated redevelopment of the current Wal-Mart site, the potential redevelopment of the former Sanmina property and other developers. A disappointment during the year was Wal-Mart's February 2008 withdrawal of their expansion plan for Derry. However, within days of that withdrawal notification, other major developers contacted the Town to express interest in developing the major 55 acre site which Wal-Mart had planned to build on and the 12 acre site on the former Sanmina manufacturing facility stood. The undeveloped properties in this District are prime locations for development since they are already serviced by municipal water and sewer. Roadway improvements related to this TIF District were initially estimated to be \$6.5 million. The engineering design of these improvements is 95% and some of the required permits have been filed with the State of New Hampshire. More engineering work is required before the final design is submitted to the State, though that work has been slowed down until the prospects for economic development appear stronger. The New Hampshire Department of Transportation has committed \$700,000 and the Town has authorized a bond of up to \$4.9 million towards this project, however, contributions from other prospective developers will be required for these infrastructure improvements to go forward.

The Town is awaiting improvements to the Route 28/Route 102 intersection. The NHDOT is managing the design and construction of the intersection upgrade. The realignment of the intersection will improve the operational capacity of a major downtown intersection. The project is in its final design phase with the project going to bid in December 2008. Construction is planned to begin in spring 2009, with completion expected in 2010. The Town is committed to a 20% cost share (\$320,000 of an estimated \$1,600,000 total project cost).

Revitalization of the downtown area continues and there is still a focus on encouraging the removing/upgrading of less than attractive commercial/residential properties. The planning Board has approved a three-story mixed use, residential/commercial/office building in the heart of the Town's downtown area. This building will have an old style Victorian design and replaces an abandoned service station. Construction is scheduled to begin in 2009. In late 2008, the Town entered into a purchase and sales agreement to acquire a parcel in the downtown area that sits between two Town-owned, undeveloped properties. This acquisition will create a larger, contiguous piece of property to be sold for future environmentally-friendly development, improving on its current use in the downtown area.

Despite the current economic downturn nationally, discussions continue with major retailers who are considering new facilities in Derry. Another new bank building has been approved for construction adjacent to the Hood Commons commercial plaza, which itself has seen new

businesses occupying vacant space following completion of a major upgrading of its buildings and site. The new bank is scheduled to break ground in the spring of 2009 and will be adjacent to another bank that is schedule to open in late 2008 or early 2009. An early education/child care school is currently before the Planning Board seeking approval for construction of a new facility on a major thoroughfare near the 2 year old Overlook Medical Office Park and the recently opened Center for Life Management (CLM). An automotive retail tire facility is also under construction in this same area and is scheduled to open for business in the spring of 2009. A 124 unit congregate care, for profit facility is nearing completion and scheduled to open in December 2008 at one of the Town's major intersections near Parkland Hospital. Construction of the infrastructure for 2 residential subdivisions with a combined 51 house lots continues, but the building of homes on these lots has been impacted by the crisis in the housing market. While not providing any tax benefit to the Town, the construction of the Town's first Synagogue is underway utilizing a shared lot with the local Episcopal Church. During fiscal year 2009, sewer main extensions will take place in the Upstone Lane and Brookview Drive areas of Town. These expansions of the Towns sewer system were approved in response to petitions from the residents in those neighborhoods. As a result of all of this activity and despite the current economic situation, the Town sees steady economic activity in 2009 and beyond.

Efforts and Accomplishment Focus

A key accomplishment for FY2008 was final build-out of lots in the Ash Street Corporate Park TIF District, increasing the tax base of the Town and adding additional employment opportunities. As mentioned earlier, the build-out of this park was accomplished in 3 ½ years, versus the 5 years projected in the original plan.

The completion of a much needed cemetery expansion, a new highway facilities and a major effluent force main project for the Wastewater Division were significant accomplishments for the Town.

A downtown marketing study was begun and completed in 2008, with numerous recommendations, e.g. creation of a downtown merchants association, increased Town marketing efforts, suggested zoning changes, signage improvements and increasing downtown parking.

In conjunction with development project during fiscal year 2008, the Town worked collaboratively with 2 developers to have them include extensions of sewer main on Rockingham Road to Shutes Corner and on Kendall Pond road in their project's costs. Both of these extensions not only served the projects being developed, but opened up service to other residential and commercial properties.

The Town continues to develop and nurture strong alliances with the Derry Economic Development Corporation, the Greater Derry Chamber of Commerce, the Derry Housing & Redevelopment Authority, Rockingham Economic Development Corporation and the Derry Cooperative School District, alliances that will contribute to improving the quality of life in Derry and its social and economic equity. All these efforts are towards making Derry a "destination community", as well as better balancing the tax burden between residential vs. industrial/commercial properties. Some effort continued on a regional approach to good government and services through a collaborative effort of the Greater Manchester Chamber of Commerce and area communities, through a regional organization called *Metro Center*. Much of

the recent work through the *Metro Center* is looking at the regional supply of workforce housing. It is believed that an increase in workforce housing would attract business expansion and/or relocation from Massachusetts, where many of our workforce currently return to at the end of the workday. There is also an effort through the Metro Center to do a regional web page or to link to the web pages of some of the regional communities.

Financial Information

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

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 and document compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government. During FY 2008, one audit of Homeland Security funds was conducted by the New Hampshire Department of Safety on Public Safety Equipment comprised of communication, rescue and training equipment, resulting in a very positive audit report that included no adverse findings. To date in FY 2009, an audit of three grant funds has been conducted by one governmental agency, with similar conclusions.

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, 2008 disclosed no deficiencies in internal control that were considered to be material weaknesses.

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

The Management 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 Unreserved Fund Balance, Debt Administration, Cash Management, Risk Management and Fiduciary Funds.

General Government Functions and General Fund Balance

Unreserved Fund Balance

The unreserved general fund balance increased by \$1.2 million from the prior year reported \$10.6 million level to \$11.8 million at June 30, 2008. The New Hampshire Department of Revenue Administration (DRA) supports the range recommended by the Government Finance Officers Association of 8-17% regarding retention of a percentage of total appropriations as unreserved fund balance. The Town of Derry's unreserved general fund balance at June 30, 2008 equals 13.5% of total appropriations, 1% above the midpoint of the recommended guideline range. The unreserved fund balance remains strong and could be used as a source of funds for supplemental appropriations or to reduce the taxation burden in establishing future tax rates, though the management recommendation is to maintain a fund balance of at least 12.5%.

Debt Administration

The government has 21 general obligation debt issues outstanding at June 30, 2008. The outstanding general government principal amount of \$8.9 million reflects a decrease from the prior year level of \$9.8 million due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2008. The \$8.9 million outstanding includes a \$2 million Tax Increment Financing bond for the Ash Street TIF District. Outstanding bond debt for the Water and Wastewater departments was \$6.4 million at June 30, 2008 and \$7.4 million at June 30, 2007. The decrease of \$1.0 million was due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2008. Based on an estimated population of 34,200, general government bonded debt per capita was \$203 per Derry resident at June 30, 2008, down 10% from the \$226 reported in the prior year. This decrease is due to the net effect of no new bonded debt issued during FY 2006, ongoing scheduled repayment of bond principal and a slight decline in the estimated population, discussed earlier in this letter. The government has an A1 rating from Moody's Investors Service. 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. The Fitch rating had been AAA, but was lowered on July 2, 2008 due to the downgrade of ratings for insurance providers insuring NHMBB bonds. Under current state statutes, the government's general obligation bonded debt issuance is subject to a local limitation based on a percentage of the Town's State of New Hampshire equalized assessed valuation. As of June 30, 2008, the government's general obligation bonded debt in the general fund, both issued and authorized, was only 13.7% of the legal debt limit (3% of equalized assessed valuation) and \$78.2 million below that limit. The Water Fund bonded debt was \$301.2 million below and only 0.3% of the legal debt limit (10% of equalized assessed valuation). The Wastewater Fund, Landfill Closure and TIF District debt have no limits.

Cash Management

Cash temporarily idle during the year is invested in demand deposits, repurchase agreements secured by the U.S. Government, treasury bills, agency funds of the federal government and certificates of deposit. The trust fund's investment portfolio also includes corporate stocks and

bonds, U.S. treasury notes, and Federated Short-term Government Securities. The average yield on investments was 3.33%, compared to the 6.15% yield for FY2007. The decline in average yield is primarily impacted by the recognition of a loss in fair market value of investments for permanent funds at June 30, 2008, versus recognition of a gain the prior year, and declining interest rates on general fund investments during the last half of FY 2008.

Risk Management

The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The Federal Deposit Insurance Corporation insures deposits. General Fund collateralization is established at \$3 million. All General Fund investments are classified in the category of lowest credit risk. Various risk control techniques, including an active Town-wide Joint Loss Management Committee (supported by departmental or location safety committees), employee accident prevention training, facility safety inspections, healthy lifestyle programs and health awareness fairs are used to minimize losses. Third-party coverage is currently maintained for workers' compensation claims and other potential losses. Risks are also transferred contractually in two ways: by purchasing liability insurance, and by use of indemnification agreements with contractors, lessees/lessors and vendors/buyers.

Other Information

Independent Audit

The Town Charter requires an annual audit by an independent certified public accountant. The Town's Charter also requires that the audit firm be changed at least every five years. Beginning in Fiscal Year 2005, the auditing firm of Vachon, Clukay & Co., PC, Manchester, NH, was selected to perform audits of the Town's accounting and financial records for Fiscal Years 2005-2007, with the firm having an audit option, at the sole discretion of the Town, for Fiscal Years 2008 & 2009. The Town has chosen to continue utilizing the services of Vachon, Clukay & Co., PC for Fiscal Years 2008 and 2009.

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, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

Frank L. Childs

Frank L. Childs

Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Derry
New Hampshire

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

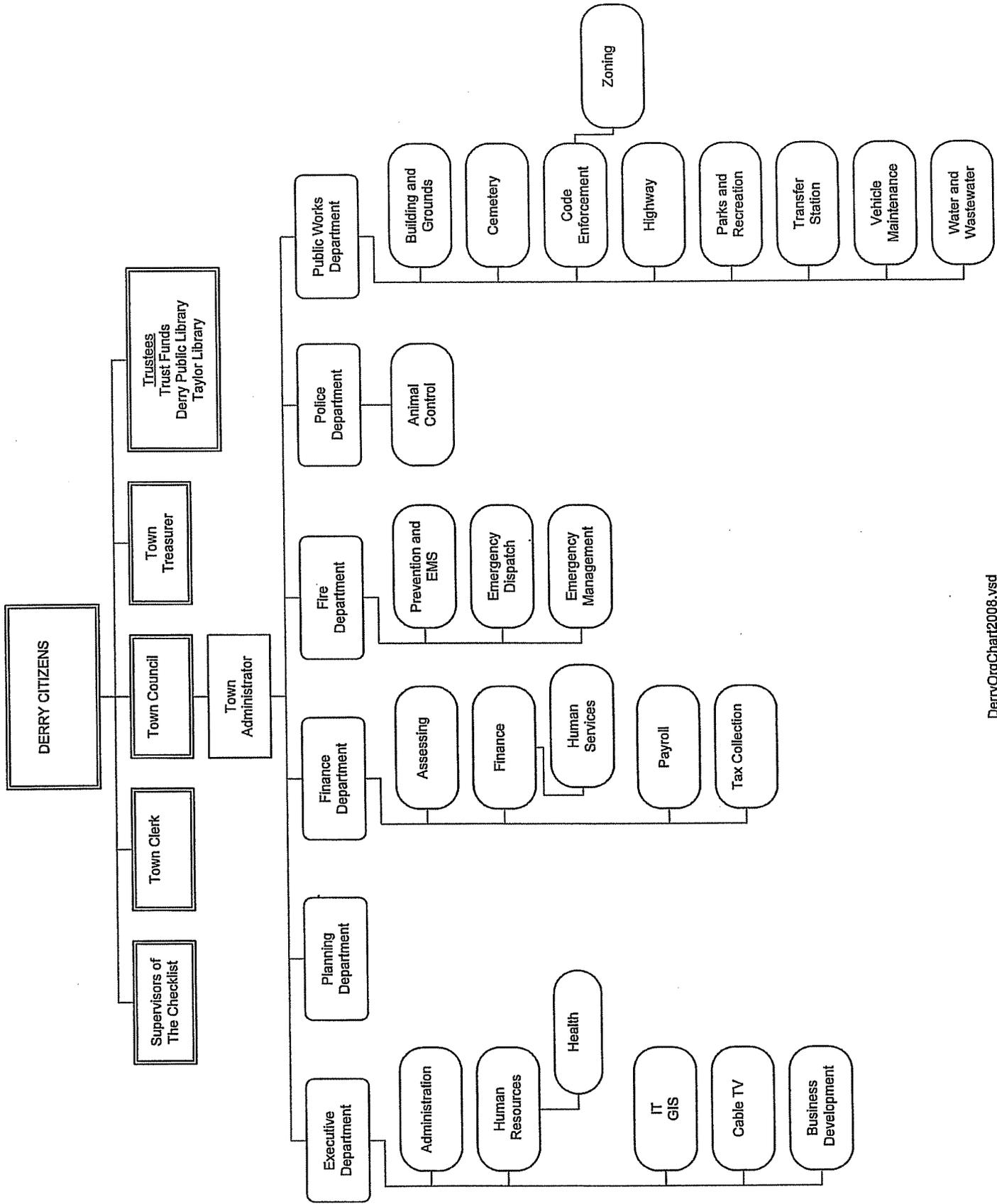


Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



**TOWN OF DERRY, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2008**

Town Council

Richard M. Metts	Chair, Councilor-at-Large
Kevin L. Coyle	Councilor-at-Large
Bradley N. Benson	Councilor-at-Large
Janet Fairbanks	Councilor-District #1
Brent R. Carney	Councilor-District #2
Neil F. Wetherbee	Councilor-District #3
Brian K. Chirichiello	Councilor-District #4

Administration

Richard G. Stenhouse	Town Administrator
Marlene L. Bishop	Animal Control Officer
David N. Gomez	Assessor
Paul Dionne	Chair, Conservation Commission
Richard Holmes	Chair, Heritage Commission
Virginia Roach	Chair, Planning Board
Mario Iannaccone	Chair, Trustees of Trust Funds
Alan Virr	Chair, Zoning Board of Adjustment
Frank L. Childs	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
George H. Sioras	Community Development Director
Janice A. Mobsby	Controller
Cheryl A. Lynch	Director, Derry Public Library
Lawrence D. Budreau	Director of Human Resources & Administration
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
George Klauber	Emergency Management Director
George Klauber	Fire Chief
Jill E. McLaughlin	Human Services Administrator
Eric H. Bodenrader	Parks & Recreation Director
Patricia M. Milone	Tax Collector
Denise E. Neale	Town Clerk
Rita M. Correia	Town Treasurer
Margaret Ives	Town Moderator

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Derry, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire (the Town) as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information and the modified approach for infrastructure on pages 15-29 and 65-68, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Derry, New Hampshire's basic financial statements. The combining nonmajor fund and fiduciary fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund and fiduciary fund financial statements and other schedules have been subjected to the auditing procedures

applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jackson, Clakay & Co., PC

December 30, 2008

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, 2008.

A Brief Discussion of the Basic Financial Statements

Using This Annual Report

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

Reporting the Town as a Whole

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

These two statements report the Town's *net assets* and changes in them. You can think of the Town's net assets—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial* position. Over time, *increases* or *decreases* in the Town's net assets are one indicator of whether its *financial* health is improving or deteriorating. You will need to consider other non-financial 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 Assets and the Statement of Activities, we divide the Town into three kinds of activities:

Governmental activities - Most of the Town's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes, fees, and state and federal grants finance most of these activities.

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

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

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds provides detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants.

However, the Town Council establishes many other funds to help it control and manage money for particular purposes (Capital Project Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as Special Revenue Funds used to account for Public Safety or Health grant revenue).

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

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

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

The Town as Trustee

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

Condensed Financial Statements

Financial Highlights

- Total Net assets increased \$4.2 million over the prior year, representing 2.9% growth due to capital asset investment in governmental and business type activities, net of related debt.
- Net assets totaled \$121 million for governmental activities of which \$12 million is unrestricted and may be used to meet the Town's ongoing obligations that benefit the citizens of Derry.
- The General Fund unreserved and undesignated fund balance increased from \$10.1 million to \$11.4 million at June 30, 2008.
- A bond anticipation note for \$747,116 was issued during the year in governmental activities to partially fund a new highway garage and engineering study expenses associated with Exit 4A and payoff \$100,000 short term BAN previously issued.

- The Town is collecting 97% of property taxes billed in the first year of the tax levy. Cumulatively over a 10-year period, less than .5% of taxes levied have not yet been collected.

The Town as a Whole

Government-Wide Financial Analysis

The following analysis focuses on net assets and changes in net assets of the Town's governmental and business-type activities and separately considers the operations of governmental and business-type activities.

Town of Derry, NH						
Net Assets (in millions)						
6/30/2008 and 6/30/2007						
	2008			2007		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 61.7	\$ 3.9	\$ 65.6	\$ 61.0	\$ 4.3	\$ 65.3
Capital assets	107.6	29.1	136.7	105.2	29.3	134.5
Total Assets	\$ 169.3	\$ 33.0	\$ 202.3	\$ 166.2	\$ 33.6	\$ 199.8
Liabilities:						
Current liabilities	\$ 35.9	\$ 1.2	\$ 37.1	\$ 36.7	\$ 1.5	\$ 38.2
Long-term debt outstanding	12.3	5.6	17.9	12.0	6.5	18.5
Total Liabilities	48.2	6.8	55.0	48.7	8.0	56.7
Net Assets:						
Invested in capital assets, net of related debt	97.3	22.7	120.0	94.9	21.8	116.7
Restricted net assets	11.8	-	11.8	10.8	-	10.8
Unrestricted net assets	12.0	3.5	15.5	11.8	3.8	15.6
Total Net Assets	121.1	26.2	147.3	117.5	25.6	143.1
Total Liabilities and Net Assets	\$ 169.3	\$ 33.0	\$ 202.3	\$ 166.2	\$ 33.6	\$ 199.8

Governmental Activities

Net assets totaling \$121.1 million for governmental activities includes \$97.3 million in capital assets, net of related debt. The asset value of \$97.3 million is not available for future spending. It is the difference between the depreciated property value of roadways, land, buildings, vehicles and equipment after being reduced by the amount of outstanding bonds or leases associated with these assets. Roadways, bridges and sidewalks comprise most of the asset value (\$76.1 million) and provide a function to citizens of Derry, but would not be sold to fund future town obligations. Restricted net assets of \$11.8 million are subject to restrictions external to local government and these funds are not available to pay for other Town obligations. Unrestricted net assets of \$12 million increased by \$200 thousand. Unrestricted net assets provide 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, however 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 level retained by the Town is at the midpoint of the recommended range of 8-17%.

Business Type Activities

Net Assets of the water and sewer enterprises total \$26.2 million. Net Assets include the investment of \$22.7 million in water and sewer lines, pump stations, and lagoon infrastructure, net of related debt from bonds and capital leases are funds that are not available to be spent on future activities. Before another major wastewater expansion project is initiated, the plan is to grow the \$3.5 million unrestricted net asset balance that is available to fund future activities in the water/wastewater divisions by state aid grant reimbursement expected in 2010 and by rate increases to service revenue and further reduction of debt.

Town of Derry, NH
Changes in Net Assets (in millions)
6/30/2008 and 6/30/2007

	2008			2007		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenue						
<u>Program revenue:</u>						
Charges for services	1.94	4.20	6.14	1.73	4.03	5.76
<u>Grants:</u>						
Operating grants	2.07	-	2.07	2.07	-	2.07
Capital grants	1.07	0.10	1.17	0.52	0.40	0.92
<u>General revenue:</u>						
Property taxes	22.83	-	22.83	21.79	-	21.79
Other general revenue	9.35	0.34	9.69	10.54	0.30	10.84
Total revenue	37.26	4.64	41.90	36.65	4.73	41.38
<u>Program expenses:</u>						
Town:						
General government	4.92		4.92	4.87		4.87
Public safety	18.79		18.79	18.69		18.69
Highway and streets	4.18		4.18	3.99		3.99
Health, welfare and sanitation	2.35		2.35	2.21		2.21
Culture and recreation	2.97		2.97	2.89		2.89
Conservation	0.03		0.03	0.02		0.02
Economic development	0.54		0.54	0.56		0.56
Interest on long-term debt	0.48		0.48	0.50		0.50
Water	-	2.09	2.09	-	2.09	2.09
Sewer	-	1.92	1.92	-	1.84	1.84
Total Program expenses	34.26	4.01	38.27	33.73	3.93	37.66
Excess (deficiency) before special items and transfers	3.00	0.63	3.63	2.92	0.80	3.72
<u>Special items and Transfers:</u>						
Transfers	(0.02)	0.02	-	(0.02)	0.02	-
Contributions to Permanent Fund principal	0.01	-	0.01	0.02	-	0.02
Gain on sale of capital assets	0.53	-	0.53	-	-	-
Total Special items & transfers	0.52	0.02	0.54	-	0.02	0.02
Total expenses, special items and transfers	34.78	4.03	38.81	33.73	3.95	37.68
Increase (decrease) in net assets	3.52	0.65	4.17	2.92	0.82	3.74

Analysis of the Overall Financial Position and Results of Operations

Net Assets

Governmental Activities

Total Net Assets for governmental activities increased by \$3.5 million due to several factors. Notably, there was an operating surplus primarily because actual expenses were lower than budgeted and because property tax revenues were stronger than anticipated.

Notably, additions to capital assets funded by donations and grants increased total net assets by \$1.1 million and the difference of \$1.3 million was raised by prior funding, bond issuance or by taxation to achieve the \$2.4 million increase in capital assets. The capital asset acquisitions had a major impact on the \$3 million overall increase in total assets and are discussed further in a section of this management discussion and analysis.

Long-term debt increased \$.2 million after debt service of \$1.2 million. The cost of earned time due to staff (compensated absences) increased \$.4 million as a result of higher accumulated hours of unused earned time and higher pay and retirement rates that are used to calculate the liability. The issuance of additional debt including increasing bond anticipation notes by \$647,116 and adding capital leases offset the debt service payments leading to a smaller increase.

Net tax receivables decreased by \$.4 million over the prior year due to improved collections. This is the fifth consecutive year of improvement in the percentage of property taxes collected during the first year of the levy. At a collection rate of 97.25% of the current year levy, these timely tax collections more quickly converted the amounts owed to the town to cash. Improved tax collection is affected as more homeowners escrow for taxes as gaps between mortgage debt and property values narrow and by current property owners' ability to meet their tax burden more quickly.

Cash and investments of governmental funds increased by \$.1 million. The increase associated with improved collection of taxes and ambulance service revenue was offset by a \$.8 million reduction in internal cash balances held on behalf of the water/wastewater enterprise. Internal balances between the governmental activities and business type activities arise because the town collects user fees and assessments and any other state aid or miscellaneous revenue sources, writes checks from the funds on deposit with the general fund, and recognizes the business type cash transactions as either increasing or decreasing the amount due from the general fund to the business type activities.

Unearned revenue of \$32.7 million includes the tax levy balances billed in May, 08 that are used to fund the tax year July 1, 2008 to June 30, 2009.

Unrestricted governmental net assets---the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements---increased from \$ 11.8 million at June 30, 2007, to \$12 million at the end of this fiscal year.

Business Type Activities

The increase in our water/sewer net assets was derived primarily because \$1 million in debt was retired through service revenues and state reimbursement grants in 2008. This reduction in debt was offset by the use of \$.3 million from unrestricted net assets lead to the 2.6% increase in total net assets. In fiscal year 2009, the water and sewer commissioners recently approved a water and sewer rate increase. The purpose of the rate increase is to enable a re-building of net assets to prepare for the investment needs of future capital projects so as to reduce impact of operations on reducing unrestricted net assets.

Water and sewer service revenues were up slightly from the prior year due to the effect of new customers, though mitigated by the effect of sustained water conservation for the past two years. Sewer usage cost to customers who receive both water and sewer service is calculated based on metered water consumption and are affected also by lower water usage. There were 11 more water users and 26 more sewer customers added during the year. However, the consumption average of the past two years is 20% less than the average sustained during the prior 8 years. This change was affected by the decline from a major commercial customer and residential water conservation.

Miscellaneous sewer revenues were less than the prior year because 2007 was affected by a one-time \$158 thousand reimbursement of infrastructure improvements by the state. Because the wastewater capital improvements have been multi-year projects, state reimbursement will not become available until 2010 for work that has been done over the past several years in regard to the force main project.

Investment income was less because cash on hand decreased 24% over the prior year as it was used to retire debt and invest in capital. Over 15 years ago, a high level of capital expansion was done and was funded by bond debt. Some of the expense was assessed to the customers benefiting from the network expansion. These utility assessments are repaid to the water/sewer division under terms previously approved by the water/sewer commissioners and are collected and used toward these debt service payments.

Lower capital asset investment of \$.4 million in total, is consistent long term planning to slow expansion projects and to primarily sustain the system with annual maintenance for the next several years. This value of net assets also increased as debt service was retired, including \$.8 million in the wastewater division and \$.3 million in the water division.

While the internal balances in from governmental activities due to business type activities decreased \$.8 million, capital assets net of related debt in the business type activities increased reflecting the business enterprises efforts to continue to invest in its infrastructure while reducing long term debt.

Analysis of Balances and Transactions of Individual Funds

Governmental Fund Activities

A snapshot of the general fund balance sheet reflects an increase in cash balances as tax and general billing receivables were more rapidly converted to cash.

Amounts due from the general fund to other funds decreased \$1.3 million to \$5.9 million. Most of the decrease is attributable to the enterprise fund utilizing money raised in a prior year for the force main project and to previously raised utility assessments for debt service payments. The decrease in inter-fund balances was also affected by capital project activities including Crystal Ave/Broadway intersection engineering and the Cemetery expansion. The closure of the Ash Street fund was applied to the associated bond's debt service payment. The expansion of the Tsienneto Road sidewalks to the Rider fields consumed the balance of the Pathways inter-fund balance.

Overall, though the general fund assets are \$.2 million lower than the prior year, the general funds liabilities decreased by a much greater margin and resulted in a stronger unreserved fund balance that grew by \$1.2 million and represents a 12% increase over the prior year. Other reasons impacting this improvement are discussed in the final budget to actual changes noted after this section.

General Fund Encumbrances (commitments to fund obligations that were not completed at year end) decreased less by a third of the level open in the prior year to \$264,156.

Permanent funds investments decreased \$.5 million due to a \$.1 million net loss in fair value of the investments and \$.2 million transferred out to other funds from expendable interest earnings.

Capital Project Funds had a minimal net change in fund balances, but over \$1.7 million was expended on active projects. The offset to these current year expenditures included a contribution from the sale of the former Highway Garage land and buildings and issuance of a Bond Anticipation Note for \$500,000 toward the Replacement Highway Garage and Salt Shed project. Other changes occurred as a result of a supplemental appropriation during the year from the Land and Building Capital Reserve fund to establish funding for two projects \$225,000 for Rail Trail improvements for a pedestrian path and \$225,000 for the acquisition of a Central Court property. This property is to be consolidated with an adjacent town owned property to be subsequently sold or used for economic development in the central area of downtown business district.

Notable activity in special revenue funds includes an annual transfer to fund library services from general fund taxation totaling \$1.2 million. The libraries are allowed to retain fines, program revenues, interest and other miscellaneous revenue. After annual expenditures of \$1.2 million, minimal surplus revenues were added to the libraries accumulated fund balances: \$34,300 for Derry Library Fund and \$2,400 for Taylor Library Fund. Derry Library retained \$129,000 and Taylor library retained \$73,000 in unreserved fund balance as of June 30, 2008 and these funds are available for future appropriation by the Library Trustee Board.

In addition to general fund operations, the town engages in grants from state and federal sources that provide an added benefit to the residents of Derry. In 2008, Public Health Grant activities primarily associated with developing a regional public health network and preparing and planning for an emergency response to a potential pandemic health threat and Public Safety grant expenditures totaled \$.6 million during the year.

Capital Reserve Funds remained fairly stable and because transfers in from budgeted funds in the general fund plus investment interest of \$.3 million offset the transfers out of the fund that supplement and act as a tool for long range planning of capital projects. This tool has been an important part of effectively planning for major projects under the tax cap constraints on annual net appropriations.

Annual fund transfers (\$297,377 in 2008) from general fund restricted fund balance to capital reserve to fund accumulated earned time and associated employer taxes, retirement and workers compensation liabilities has enabled the capital reserve interest of \$.1 million to partially fund the annual growth in the obligation. The earned time obligation increases when contractual wage rates or other employer pay related expense contributions increase. The compensated absence liability of \$3.5 million is second only to bond debt, town-wide. The amount required to fully fund the capital reserve for said purpose is less than \$.5 million.

The net cost of services set forth below shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Town of Derry, NH
Net Cost of Services (in millions)
6/30/2008 and 6/30/2007

	2008			2007		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
General government	\$ 4.9	\$ 0.1	\$ 4.8	\$ 4.9	\$ 0.1	\$ 4.8
Public safety	18.7	2.6	16.1	18.7	2.1	16.6
Highway and streets	4.2	1.4	2.8	4.0	1.3	2.7
Health, welfare and sanitation	2.4	0.7	1.7	2.2	0.5	1.7
Culture and recreation	3.0	0.2	2.8	2.9	0.1	2.8
All others	1.1	0.1	1.0	1.0	0.2	0.8
Total	34.3	5.1	29.2	33.7	4.3	29.4

Enterprise Fund Activities

A substantial component of their budget is debt service, however, which is not a variable cost, but has been declining over the past several years. Interest revenues in the wastewater division were lower because funds set aside for capital improvements were spent resulting in less interest earnings. Capital contributions were lower in 2008 than in prior years.

Analysis of Significant General Fund Budget Variations

A summary of General Fund budget to actual information may be found in the Required Supplementary Schedule on page 66 of the audit report.

Original to Revised Budget Changes

Within the Derry town 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 following amounts in the general fund were appropriated after the original budget was issued:

Within the Finance department, the council authorized a supplemental appropriation of \$147,116 to complete the next phase associated with the Environmental impact statement of proposed Exit 4A. The source of the appropriation was a Bond Anticipation Note of on a previously authorized, but unissued \$5 million bond for Exit 4A. Funding totaling \$12,692 to close the Charter Commission special revenue fund was also transferred to the general fund Finance department. Excess debt service budgeted (\$30,000) for the Highway Garage BAN were also transferred to fund the balance of the engineering study.

An appropriation of \$59,648 was added to the original police department budget in order to acquire computer equipment for the Police station rather than enter into an operating lease for similar equipment. The source of funds used was a capital lease agreement and the amount approved for an operating lease/rental was transferred to cover the first year's debt service payment.

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

Most budget transfers to cover higher than anticipated costs were funded within each department. The only exception was \$56,000 transferred from excess funds available from Human Services general assistance to the Fire Department to cover payments to fire employees of accumulated earned time in excess of budget. The Fire Department reclassified \$22,570 from repairs & maintenance budget in order to supplement funding of a capitalized electrical upgrade to the Hampstead Road fire station and for thermal imaging camera capital equipment. The Fire Department also transferred \$7,000 from supplies to fund added cost of equipment and its cost share associated with materials breathing apparatus equipment purchased through the Fire Act Grant.

The Police Department transferred funds available from personnel vacancies to invest \$17,950 in necessary radio equipment, ballistic shields and tasers.

The Information Technology division of the Executive department transferred \$20,000 from general fund capital equipment to transfer the funds to a multiyear capital project in order to bid out a project with funds from 2008 and 2009 to build better technological connectivity between the fire station, police station and municipal center.

Final Budget to Actual Variances

General fund revenues overall were \$.3 million stronger than anticipated and was affected by a few factors. Primary reasons include higher interest/penalties collected than budgeted and less tax abatements to the budgeted overlay. Overlay is an amount raised by taxes to cover tax abatements. Property tax revenue exceeded budget by \$.8 million because of the favorable level of tax lien collections and a more rapid rate of collection of current year taxes. Of note, tax liens are not budgeted as revenue because they were levied to fund activities of prior tax years. This achievement mitigated the \$.3 million shortfall in license, permit in fee revenue affected by lower motor vehicle registration revenue. A condition of the economy, residents registered fewer cars and the value of the cars that were registered was lower than estimated.

Intergovernmental revenue was favorably impacted by stronger meals and rooms tax revenue derived from the State.

Charge for service revenue exceeded budget by \$.3 million primarily because ambulance service revenue exceeded budget by \$.2 million. The elimination of an old contract with Anthem Blue Cross increased the percentage of revenue collected per run for those insured. Revenues were also enhanced by more effective collection efforts by town staff and supplement our third party billing company's efforts. Ambulance service activities provide the largest charge for service revenue stream to the town, representing 49% of the towns charge for service revenues.

Building permit revenue exceeded budget by \$.1 million and was affected by three major projects: A new Congregate care facility, new pharmacy and gas station at Shutes Corner and for improvements to a commercial site at the Ash Street Corporate Park.

Transfer station recycling revenues were stronger than anticipated for metal, newspaper and cardboard materials, which offset lower service revenue from the police department.

Interest rates in the latter part of the fiscal year began to lag resulting in 10% lower interest revenues than budgeted and affected the \$.1 million budget shortfall for interest.

Miscellaneous revenues were \$.4 million less than budgeted because revenue budgeted for the sale of the last lot at Ash Street Corporate Park was budgeted in 2008, but the closing occurred in late 2007 and was collected before the start of the fiscal year. This variance had no fiscal impact because it was to be transferred to the land and building capital reserve fund, but was just completed a year earlier.

Overall, total general fund expenditures were \$2 million less than budgeted. The reasons for the difference are listed below:

Higher than anticipated snowplowing costs exceeded budget by \$.3 million, but savings in other areas of the public works budget including a mix from the transfer station, building and grounds, cemetery and recreation divisions offset the increase. These factors, combined with increased revenues from permits and recycling made up for the impact of a stormy winter within the department.

Health insurance rates were lower than the estimates provided by our insurance company in the preliminary budget setting process. As a result of lower than estimated rates and vacancies primarily in the public safety area, the Town saved \$.5 million associated with health benefits from the budgeted level. This factor was primarily responsible for the \$.3 million savings in prevention and emergency services, alone.

Police and animal control budgets were \$.5 million below budget primarily due to personnel related costs. The health insurance issue discussed above and staffing vacancies affected a \$.2 million savings in health benefits. The impact of retirements and vacancies reduced salary and wages by \$.2 million and a lower outlay for special detail overtime was offset by the decline in police service revenue.

The Executive department's expense was \$.2 million lower than budgeted. The new Business Development position was filled half way through the year, three months later than budgeted and contributed a \$45,000 savings. Mosquito control costs were \$20,000 less than budgeted because the larviciding program was successful and monitoring indicated that further containment efforts were not warranted. The Administrative segment of the department saved \$85,000 in salary and benefits and by using less of the contingency funds available in the budget.

The Finance department actual expenditures were \$1 million less than budgeted and impacted by the following:

The town budgets an estimate for earned time payments and related wage benefit costs for eligible staff upon retirement. The amount incurred was \$.4 million less than budgeted, but is offset with equal funding that would be transferred in from compensated absences non-capital reserve fund. Because it is budget neutral, it has no effect on net assets when not spent. This factor is responsible for lower Finance department expenditures and lower transfers in.

Continued verifications of human service applicant's eligibility and enhanced utilization of outside service agencies that reduce the cost of human service obligations born by taxpayers generated a \$.2 million savings when compared to budgeted appropriations.

Primarily due to lower assessing fees due to contracted revaluation work and abatement hearings, this division's expenditures were \$.1 million less than budgeted.

Wage and benefit reductions due staffing changes plus overall savings related to the health insurance actual rate increase being lower than budgeted also impacted the Finance departments lower department expenditures.

Debt service was \$.1 million lower and was associated with better financing rates and less borrowing, an extension of the BAN without principal reduction and using the remaining funds in the Ash Street Corporate Park fund to cover part of the TIF bond debt all reduced the payments for general fund debt service.

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 and Long-Term Debt Activity

Capital Assets

Town of Derry, NH
Capital Assets 6/30/08 and 6/30/07
(Net of Depreciation)

	2008			2007		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 6,976,725	\$ 269,191	7,245,916	\$ 6,811,401	\$ 270,091	7,081,492
Buildings	14,013,493	102,027	14,115,520	13,291,537	104,418	13,395,955
Vehicles & Equipment	4,815,800	236,308	5,052,108	4,585,142	215,069	4,800,211
Construction Work in Progress	1,457,789	21,483	1,479,272	568,936	8,650	577,586
Infrastructure & Improvements	80,296,780	28,532,050	108,828,830	79,891,362	28,688,877	108,580,239
Totals	\$ 107,560,587	\$ 29,161,059	\$136,721,646	\$105,148,378	\$ 29,287,105	\$134,435,483

Governmental Activities

The Town's financial position in regard to capital assets has improved during the year. In 2008, additions to capital assets totaling \$4.6 million contributed to a net increase of \$2.6 million in capital asset value after depreciation and asset disposals over the prior year. This increase was achieved with a combination of funding by donations, grants, taxes and debt.

Assets disposed during the year included the sale of the former highway garage and land and aging vehicles and equipment that had an aggregate net book value of \$164,000.

Capital additions included a new highway garage and adjoining road salt storage shed on the public works campus. The replacement of the highway garage and salt shed enabled the town to sell the former highway garage land and buildings and generate a new on-going source of commercial property tax revenue for the town. Another positive outcome was that the new buildings were moved to the public works campus where the transfer station, vehicle maintenance building, and wastewater facilities reside. Other capital additions included engineering and right of way acquisitions in our urban compact zone relating to the Rte 28 and Rte 102 intersection project managed by the NH Department of Transportation and funded by town, state and federal money. A new loader was also added to the public works fleet to replace older equipment. Federal funds available through the Federal Fire Act Grant program enabled the town to acquire \$279,000 in Breathing Apparatus (SCBA Equipment) for use in the Town's fire services.

Major acquisitions in 2008 are reported to the nearest thousand are noted below:

- \$ 896,000 – New Highway Garage
- \$ 799,000 – Rte 28 / Rte 102 Intersection Improvement
- \$ 279,000 – SCBA Equipment
- \$ 246,000 – Rte 28 TIF District Corridor Roadway Improvements
- \$ 245,000 – Highway Salt Shed
- \$ 180,000 – New Loader (Case)

During the year, a committee of local townspeople raised funds and solicited in kind labor donations in order to erect a monument at MacGregor Park to honor veterans from the Iraq and Afghanistan wars. The monument is valued in capital assets at \$66,000, but carries a more meaningful value to others.

Playground improvements, including a new water park at Don Ball Park has developed into a popular site for our young residents.

Conservation efforts were successful with the acquisition of a \$115,000 conservation easement on agricultural land located on Chester Road funded by a Federal Ranch Land Preservation Grant and accumulated land use change taxes that benefit conservation efforts.

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 in maintaining 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.

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 (a rating of 80 to 100 is considered "Excellent"). The last complete assessment of roads was done in 2006 and the roads were rated a 77. In 2008, an interim assessment year, a PCI rating of 82 was noted, which is above the range adopted by the Town Council. This PCI rating takes the baseline level that was adopted at last full review, and updates the system related to improvements to the system. The PCI indicator in any interim year may be overstated, but reflects the value and progressive improvements made to the roadway system, though it excludes deterioration of non-improved roads. The Town currently estimates that an annual expenditure of \$1.3 million would be required to maintain the current rating level. In 2008, \$1.3 million was either expended or encumbered for maintaining the roadway infrastructure.

The Town is able to continue to value its roadway and sidewalk networks without depreciation because it is investing in and maintaining these assets at a measured level that demonstrates that it is not deteriorating. (The official three year conditional assessment rating of 77 is within the adopted range.)

There are three bridges scheduled to be replaced with a combination of local funding already set aside plus state reimbursement grants. These remaining bridge projects are in the engineering stages and will be replaced in conjunction with NH Department of Transportation. Bridge infrastructure is depreciated.

Business Type Activities

A continued investment in the wastewater effluent force main project of \$.4 million was the primary major investment in business type activities in 2008. The investment in capital assets did not keep at full pace with the level of depreciation as evidenced by a slight decline in the net book value of capital assets of \$126,000 when compared to the prior year. However, this slow down in investment was anticipated as there were substantial improvements done in 2007 which increased net book value of the water/wastewater systems capital assets by over \$3 million.

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

Long-Term Debt

Governmental Activities

As of June 30, 2008, outstanding bonds and notes payable decreased by \$.2 million for governmental activities as bond anticipation notes were increased by \$647,116 to partially fund the new highway garage and Exit 4A engineering costs and bond debt of \$.9 million was retired.

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds (Backed by the Town)	\$ 7.68	\$ 7.89	\$ 6.40	\$ 7.44	\$ 14.08	\$ 15.33
TIF financing bonds	2.00	2.00				
Notes payable	-	-	-	0.01	\$ -	\$ 0.01
	<u>\$ 9.68</u>	<u>\$ 9.89</u>	<u>\$ 6.40</u>	<u>\$ 7.45</u>	<u>\$ 14.08</u>	<u>\$ 15.34</u>
Annual change (decrease)	(0.21)		(1.05)		(1.26)	
Percent change	-2.1%		-14.1%		-8.2%	

The Town of Derry's bond rating was last reaffirmed as A1 in June, 2006 when Moody's Investor's Service assigned the premium rating to Derry in connection with a bond issue funding a police station addition and effluent main upgrades. The Town received a favorable interest rate of 3.2% on the bond anticipation note that was issued during the year.

The Town obtains capital lease agreements with ease as several banking or leasing institutions compete for the Town's business when the town seeks to lease new equipment. Capital lease debt totaled \$712.8 thousand for governmental activities, reflective of a trend to enter into capital leasing arrangements for major vehicle and equipment purchases.

During 2007, the Town Council authorized bonds for construction of a new highway garage and Route 28 TIF roadway improvements. To date, only \$600,000 has been issued in a bond anticipation note to cover engineering services. The construction phase of Rte 28 TIF roadway improvements was delayed in part because the developer share of the construction project was not raised.

The State of New Hampshire limits the amount of general obligation debt to 3% of the assessed value of all taxable property within the Town's corporate limits. The Town's outstanding general obligation debt subject to the limit of \$12.4 million is favorable as it is significantly below the legal limit at 13.7% of the state imposed cap of \$90.6 million for our community.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 10 to the financial statements.

Business Type Activities

Water bond debt totaled \$844.9 thousand and is a quarter of what it was 10 years earlier and in 2010 will be less than half of what it is presently if no debt is issued. Wastewater debt totals \$5.6 million. According to the Capital Improvement Plan, outstanding debt will continue to decrease until 2011. Of the

three outstanding bonds in the Water division, two will retire by 1/15/2010 and four of the nine bonds issued by the wastewater division will retire during the same time frame.

Known Facts, Decisions, or Conditions Currently

Economic Factors and Next Year's Budgets and Rates

The Town Services budget for fiscal year ending June 30, 2009 was set below the tax cap for town services, once again. The tax rate that covers the 2009 fiscal year operations was set at \$25.53, of which town services represent \$8.81 of the tax rate. The average homeowner saw a 3.3% increase in their total property tax bill. Fiscal year 2009 appropriations for town services are \$35.2 million, of which \$23.4 will be raised by property taxation. Revenue estimates were conservatively budgeted based on economic indicators.

The 2009 Capital Improvement Plan proposed expenditures of \$1 million that include \$420,000 to replace vehicles & equipment for fire, police, highway, cable and water/wastewater infrastructure and \$60,000 for sidewalk infrastructure. Of the capital plan budgeted funding sources, 76% is derived by operating revenue, 23% by capital lease revenue and 1% by trust revenue. In addition, the town continues to invest in roadway maintenance at \$1.4 million per year in 2009. The Town has continued to maintain the capacity to fund core capital improvements due to effective vehicle replacement programs and investment and use of capital reserves.

The ongoing challenge regarding budgets is to provide an acceptable level of service to local residents and to fund a responsible capital improvement plan under our local tax cap. This challenge will become more of an issue in the future as our municipality bears greater personnel costs, notably due to the rising costs of retirement due to the insufficient funding level of the state retirement system.

Age distribution is of particular interest in developing projections, especially in long term planning. As of 2007, the estimated population of Derry was 34,200 up only slightly from the actual 2000 census of 34,021. The population estimate was lowered in 2007 from previous estimates to account for an aging population and a lower birth rate.

The Town's community development and planning efforts that attract a younger population are evident in flexible zoning, and available workforce housing, apartments and condominiums. Most of the younger population rents property and after applying a formula that includes median income and local rental rates, Derry is an affordable community to reside according to statistical data gathered by the Southern NH Planning Commission.

Per the 2000 census, the median age in Derry was 33.6, the 10th lowest age in the state and below the national average of 35.3, with 30.1% of the population under the age of 18 and 6.2% age 65 or older. The largest group was the 25-34 year olds. In 2008, the fastest growing group by far is the 45-54 year olds that increased by 64% over the past decade, while the nationwide increase was only 49.4%. Closely behind, the 55-59 year old age group increased by 40.2%. An aging population will demand more health services, social services and recreational services.

On the opposite end of the age scale, 10-14 year olds increased by only 30% according to the 2000 census. In New Hampshire, the under 5-year old age group decreased 10.5% since 1990. This is in contrast to a 4.5% increase in the group nationwide. The total New Hampshire population is growing more slowly than the United States as a whole. This is of particular interest to capital planning for schools in this state.

Until 2006, median home prices for the purchase of a primary home in New Hampshire continued to rise. The purchase price of a new home in New Hampshire increased from 2003 to 2006 by 17%, while the

purchase price of existing homes increased 19% during the same period. Consistent with national trends, data available from the 1st half of 2008 shows a reduction in the purchase price of both new and existing homes. Annually, prices have decreased 3.8% and 4% respectively as compared to 2006 averages. For 2008 tax rate setting, property assessments were lowered to reflect the changes in property values regionally. The median assessed value of all property in Derry is 96.4% of market value, according to the 2008 equalization study. Previously, the median ratio was 100%.

Recent news reports that Southern NH has experienced increasing foreclosures, and Derry is not immune to this trend. It has been reported that in 2006, 2007 and 2008, 134, 232 and 243 properties have been foreclosed upon in our community, respectively. To note a more positive outcome, many of these properties have since been resold to new homeowners. Less than 75 properties at recent count remain bank owned and are not concentrated in any one area of town.

The per capita annual income (\$41,512) for the region exceeded the national level by more than 8% and ranked 8th highest in the nation. For renters, it takes an income of about \$34,200 a year to cover the cost of a typical two-bedroom apartment (average rent of \$1,026 a month).

The unemployment rate in Derry at June 30, 2008 was 4.4%, down from 4.5% at June 30, 2007. The average rate in the State of New Hampshire at June 30, 2008 was 4.0%, and the national average was 5.5%. The unemployment rate continues to be impacted by the general decline of the economy nationwide.

Inflation in the Greater Boston metropolitan area that includes the Town was higher than the increase to the U.S. City Average Consumer Price Index (CPI). The area CPI rate of increase was 3.7% for fiscal year 2008 compared with the national rate of 4.23%. Higher energy costs nationwide has attributed to increased costs of transportation and building materials, including asphalt and road salt and essentials such as food and clothing.

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

Contacting the Town's Financial Management

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

EXHIBIT A
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Net Assets
June 30, 2008

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 28,042,080		\$ 28,042,080
Investments	27,737,328	\$ 406,514	28,143,842
Taxes receivable, net	7,893,940		7,893,940
Accounts receivable, net	343,271	674,915	1,018,186
Due from other governments	46,156		46,156
Internal balances	(2,485,166)	2,485,166	-
Prepaid items	81,727	9,037	90,764
Total Current Assets	<u>61,659,336</u>	<u>3,575,632</u>	<u>65,234,968</u>
Noncurrent Assets:			
Accounts receivable, net		299,942	299,942
Capital assets:			
Non-depreciable capital assets	82,771,884	290,674	83,062,558
Depreciable capital assets, net	24,788,703	28,870,385	53,659,088
Total Noncurrent Assets	<u>107,560,587</u>	<u>29,461,001</u>	<u>137,021,588</u>
Total Assets	<u>\$ 169,219,923</u>	<u>\$ 33,036,633</u>	<u>\$ 202,256,556</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 467,592	\$ 88,866	\$ 556,458
Accrued expenses	696,286	106,247	802,533
Retainage payable	19,586		19,586
Unearned revenue	32,786,624	9,441	32,796,065
Deposits payable	54,559		54,559
Due to other governments	5,349		5,349
Other liabilities	162,196		162,196
Current portion of compensated absences	482,934	16,222	499,156
Current portion of general obligation bonds payable	840,000	933,264	1,773,264
Current portion of tax increment financing bonds payable	80,000		80,000
Current portion of capital leases payable	289,660	1,258	290,918
Current portion of estimated liability for landfill postclosure care costs	16,797		16,797
Total Current Liabilities	<u>35,901,583</u>	<u>1,155,298</u>	<u>37,056,881</u>
Noncurrent Liabilities:			
Compensated absences	2,997,387	121,642	3,119,029
General obligation bonds payable	6,837,116	5,481,038	12,318,154
Tax increment financing bonds payable	1,920,000		1,920,000
Capital leases payable	423,112	2,672	425,784
Estimated liability for landfill postclosure care costs	120,303		120,303
Total Noncurrent Liabilities	<u>12,297,918</u>	<u>5,605,352</u>	<u>17,903,270</u>
Total Liabilities	<u>48,199,501</u>	<u>6,760,650</u>	<u>54,960,151</u>
NET ASSETS			
Invested in capital assets, net of related debt	97,250,699	22,742,827	119,993,526
Restricted			
Endowments - permanently restricted	5,476,043		5,476,043
Conservation	748,880		748,880
Economic development	132,446		132,446
Expendable capital reserve purposes	5,408,152		5,408,152
Tax increment financing	12,874		12,874
Bonded capital improvements	571		571
Unrestricted	11,990,757	3,533,156	15,523,913
Total Net Assets	<u>121,020,422</u>	<u>26,275,983</u>	<u>147,296,405</u>
Total Liabilities and Net Assets	<u>\$ 169,219,923</u>	<u>\$ 33,036,633</u>	<u>\$ 202,256,556</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,922,872	\$ 100,553	\$ 64,727	\$ 280,739	\$ (4,757,592)		\$ (4,757,592)
Public safety	18,790,889	1,164,763	1,101,333	691,088	(16,244,054)		(16,244,054)
Highways and streets	4,181,494	62,045	580,964		(2,847,397)		(2,847,397)
Health and welfare	795,072	1,108	143,744		(650,220)		(650,220)
Sanitation	1,562,223	449,513	13,395		(1,099,315)		(1,099,315)
Culture and recreation	2,965,628	163,453	342	40,248	(2,761,585)		(2,761,585)
Conservation	29,113		3,829	57,500	32,216		32,216
Redevelopment and housing	55,016				(55,016)		(55,016)
Economic development	482,886		15,000		(467,886)		(467,886)
Interest on long-term debt	480,718		149,260		(331,458)		(331,458)
Total governmental activities	<u>34,265,911</u>	<u>1,941,435</u>	<u>2,072,594</u>	<u>1,069,575</u>	<u>(29,182,307)</u>		<u>(29,182,307)</u>
Business-type activities:							
Water	2,088,784	2,362,870		104,105		274,086	274,086
Sewer	1,927,217	1,835,606		104,105		12,494	12,494
Total business-type activities	<u>4,016,001</u>	<u>4,198,476</u>	<u>-</u>	<u>104,105</u>	<u>-</u>	<u>286,580</u>	<u>286,580</u>
Total primary government	<u>\$ 38,281,912</u>	<u>\$ 6,139,911</u>	<u>\$ 2,072,594</u>	<u>\$ 1,173,680</u>	<u>(29,182,307)</u>	<u>286,580</u>	<u>(28,895,727)</u>
General revenues:							
Property and other taxes					22,828,221		22,828,221
Licenses and permits					5,584,941		5,584,941
Grants and contributions not restricted to specific programs:							
State shared revenues					458,804		458,804
Rooms and meals tax distribution					1,451,362		1,451,362
Interest and investment earnings					1,468,474	126,801	1,595,275
Miscellaneous					382,952	215,580	598,532
Contributions to permanent fund principal					13,500		13,500
Special item - gain on sale of capital asset (land)					534,655		534,655
Transfers					(24,493)	24,493	-
Total general revenues, contributions to permanent fund principal, special items and transfers					<u>32,698,416</u>	<u>366,874</u>	<u>33,065,290</u>
Change in net assets					<u>3,516,109</u>	<u>653,454</u>	<u>4,169,563</u>
Net assets - beginning					<u>117,504,313</u>	<u>25,622,529</u>	<u>143,126,842</u>
Net assets - ending					<u>\$ 121,020,422</u>	<u>\$ 26,275,983</u>	<u>\$ 147,296,405</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF DERRY, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 28,038,221	\$ 3,859	\$ 28,042,080
Investments	17,067,815	10,669,513	27,737,328
Taxes receivable, net	7,879,940	14,000	7,893,940
Accounts receivable, net	277,731	65,540	343,271
Due from other governments	24,510	21,646	46,156
Due from other funds	40,604	3,439,871	3,480,475
Prepaid items	45,796	35,931	81,727
Total Assets	<u>\$ 53,374,617</u>	<u>\$ 14,250,360</u>	<u>\$ 67,624,977</u>
LIABILITIES			
Accounts payable	\$ 408,812	\$ 58,780	\$ 467,592
Accrued expenditures	493,009	49,779	542,788
Retainage payable	17,086	2,500	19,586
Unearned revenue	32,786,624		32,786,624
Deferred revenue	1,422,643	19,219	1,441,862
Deposits payable		54,559	54,559
Due to other governments	5,349		5,349
Due to other funds	5,909,409	56,232	5,965,641
Other liabilities	162,196		162,196
Total Liabilities	<u>41,205,128</u>	<u>241,069</u>	<u>41,446,197</u>
FUND BALANCES			
Reserved for endowments		5,476,043	5,476,043
Reserved for encumbrances	264,156	461,420	725,576
Reserved for prepaid items	45,796	35,931	81,727
Reserved for tax increment financing	12,874		12,874
Unreserved, reported in:			
General fund	11,846,663		11,846,663
Special revenue funds		6,532,750	6,532,750
Capital projects funds		1,213,880	1,213,880
Permanent funds		289,267	289,267
Total Fund Balances	<u>12,169,489</u>	<u>14,009,291</u>	<u>26,178,780</u>
Total Liabilities and Fund Balances	<u>\$ 53,374,617</u>	<u>\$ 14,250,360</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 107,560,587

Property taxes and other revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis 1,441,862

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:

General obligation bonds payable (7,677,116)
Tax increment financing bonds payable (2,000,000)
Capital leases payable (712,772)
Accrued interest on long-term obligations (153,498)
Estimated liability for landfill postclosure care costs (137,100)
Compensated absences payable (3,480,321)

Net assets of governmental activities \$ 121,020,422

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 22,455,524	\$ 182,072	\$ 22,637,596
Licenses and permits	5,404,221	180,720	5,584,941
Intergovernmental	3,771,272	4,352,278	8,123,550
Charges for services	1,826,009	4,458	1,830,467
Interest and investment income	1,259,858	208,616	1,468,474
Miscellaneous	488,927	104,459	593,386
Total Revenues	<u>35,205,811</u>	<u>1,261,331</u>	<u>36,467,142</u>

Expenditures:			
Current operations:			
General government	4,315,506	165,073	4,480,579
Public safety	17,714,820	96,178	17,810,998
Highways and streets	4,139,025		4,139,025
Health and welfare	671,442	140,861	812,303
Sanitation	1,407,164		1,407,164
Culture and recreation	1,409,167	1,254,954	2,664,121
Conservation	7,500	21,612	29,112
Redevelopment and housing	55,016		55,016
Economic development	225,431	5,369	230,800
Capital outlay	1,173,192	2,252,345	3,425,537
Debt service:			
Principal retirement	855,000		855,000
Interest and fiscal charges	802,955	78,525	881,480
Intergovernmental	17,792	21,137	38,929
Total Expenditures	<u>32,894,010</u>	<u>4,036,054</u>	<u>36,930,064</u>

Excess revenues over (under) expenditures (2,774,723)

Other financing sources (uses):			
Proceeds from sale of capital assets	147,116	550,000	550,000
Issuance of long-term bonds	547,134	500,000	647,116
Issuance of capital leases	981,348	3,144,979	4,126,327
Transfers in	(2,700,632)	(1,450,188)	(4,150,820)
Transfers out	(7,502)		(7,502)
Premium paid on asset exchange	(1,032,536)	2,744,791	1,712,255
Total other financing sources (uses)			<u>(462,922)</u>

Net change in fund balances	1,279,265	(29,932)	1,249,333
Fund balances at beginning of year	10,890,224	14,039,223	24,929,447
Fund balances at end of year	<u>\$ 12,169,489</u>	<u>\$ 14,009,291</u>	<u>\$ 26,178,780</u>

TOWN OF DERRY, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Net Change in Fund Balances--Total Governmental Funds \$ 1,249,333

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,780,001

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 or loss 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. (99,128)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 884,756

The economic development fund was established to loan monies to businesses within the Town. Current year activity is recognized in the governmental funds as revenues and expenditures. However, loaned funds and the repayment are not reflected in the statement of activities. 3,743

Proceeds from bond and capital lease issues are other financing sources in the funds, but bond and capital lease issues increase long-term liabilities in the statement of net assets. (1,194,250)

Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,244,130

In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due. 11,632

Some expenses reported in the statement of activities, such as compensated absences and the estimated liability for landfill post-closure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (364,108)

Change in Net Assets of Governmental Activities \$ 3,516,109

EXHIBIT E
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Investments	\$ 8,064	\$ 398,450	\$ 406,514
Accounts receivable, net	319,083	355,832	674,915
Due from other funds	1,455,529	1,029,637	2,485,166
Prepaid items	4,212	4,825	9,037
Total Current Assets	<u>1,786,888</u>	<u>1,788,744</u>	<u>3,575,632</u>
Noncurrent Assets:			
Accounts receivable, net	214,133	85,809	299,942
Non-depreciable capital assets	206,259	84,415	290,674
Depreciable capital assets, net	9,311,863	19,558,522	28,870,385
Total Noncurrent Assets	<u>9,732,255</u>	<u>19,728,746</u>	<u>29,461,001</u>
Total Assets	<u>\$ 11,519,143</u>	<u>\$ 21,517,490</u>	<u>\$ 33,036,633</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 26,711	\$ 62,155	\$ 88,866
Accrued expenses	36,482	69,765	106,247
Unearned revenue	8,443	998	9,441
Current portion of compensated absences	8,111	8,111	16,222
Current portion of bonds payable	231,800	701,464	933,264
Current portion of capital leases payable	629	629	1,258
Total Current Liabilities	<u>312,176</u>	<u>843,122</u>	<u>1,155,298</u>
Noncurrent Liabilities:			
Compensated absences	60,821	60,821	121,642
Bonds payable	613,140	4,867,898	5,481,038
Capital leases payable	1,336	1,336	2,672
Total Noncurrent Liabilities	<u>675,297</u>	<u>4,930,055</u>	<u>5,605,352</u>
Total Liabilities	<u>987,473</u>	<u>5,773,177</u>	<u>6,760,650</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,671,217	14,071,610	22,742,827
Unrestricted	1,860,453	1,672,703	3,533,156
Total Net Assets	<u>10,531,670</u>	<u>15,744,313</u>	<u>26,275,983</u>
Total Liabilities and Net Assets	<u>\$ 11,519,143</u>	<u>\$ 21,517,490</u>	<u>\$ 33,036,633</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities		
	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 2,362,870	\$ 1,835,606	\$ 4,198,476
Miscellaneous	41,208	165,619	206,827
Total operating revenues	<u>2,404,078</u>	<u>2,001,225</u>	<u>4,405,303</u>
Operating expenses:			
Personal services	743,014	746,333	1,489,347
Repairs and maintenance	141,833	63,587	205,420
Materials and supplies	69,986	47,410	117,396
Utilities	770,372	271,855	1,042,227
Depreciation	197,556	463,370	660,926
Miscellaneous	110,443	75,927	186,370
Total operating expenses	<u>2,033,204</u>	<u>1,668,482</u>	<u>3,701,686</u>
Operating income	<u>370,874</u>	<u>332,743</u>	<u>703,617</u>
Non-operating revenues (expenses):			
Interest revenue	49,512	77,289	126,801
Interest expense	(55,580)	(258,735)	(314,315)
Gain on sale of asset	8,503	250	8,753
Net non-operating revenues (expenses)	<u>2,435</u>	<u>(181,196)</u>	<u>(178,761)</u>
Income before capital contributions and transfers	373,309	151,547	524,856
Capital contributions		104,105	104,105
Transfers in		24,493	24,493
Change in net assets	373,309	280,145	653,454
Total net assets at beginning of year	<u>10,158,361</u>	<u>15,464,168</u>	<u>25,622,529</u>
Total net assets at end of year	<u>\$10,531,670</u>	<u>\$ 15,744,313</u>	<u>\$ 26,275,983</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,876,571	\$ 1,710,799	\$ 3,587,370
Cash receipts from interfund services provided	403,387		403,387
Other operating cash receipts	41,208	165,619	206,827
Cash paid to suppliers	(1,355,494)	(673,927)	(2,029,421)
Cash paid to employees	(531,326)	(536,687)	(1,068,013)
Net cash provided by operating activities	<u>434,346</u>	<u>665,804</u>	<u>1,100,150</u>
Cash flows from capital and related financing activities:			
Capital contributions		104,105	104,105
Transfers from other funds		24,493	24,493
Purchases of capital assets	(58,461)	(644,862)	(703,323)
Proceeds from sale of capital assets	15,502	250	15,752
Principal paid on bonds payable	(261,800)	(765,253)	(1,027,053)
Principal paid on notes payable	(5,000)		(5,000)
Principal paid on capital leases payable	(603)	(603)	(1,206)
Interest paid on long-term debt	(63,462)	(273,180)	(336,642)
Net cash used for capital and related financing activities	<u>(373,824)</u>	<u>(1,555,050)</u>	<u>(1,928,874)</u>
Cash flows from investing activities:			
Purchase of investments	(2,500)	(77,773)	(80,273)
Interest on investments	49,210	62,108	111,318
Net cash provided (used) by investing activities	<u>46,710</u>	<u>(15,665)</u>	<u>31,045</u>
Net increase (decrease) in cash and cash equivalents	107,232	(904,911)	(797,679)
Cash and cash equivalents at beginning of year (reported as due from other funds)	<u>1,348,297</u>	<u>1,934,548</u>	<u>3,282,845</u>
Cash and cash equivalents at end of year (reported as due from other funds)	<u>\$ 1,455,529</u>	<u>\$ 1,029,637</u>	<u>\$ 2,485,166</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 370,874	\$ 332,743	\$ 703,617
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	197,556	463,370	660,926
Changes in assets and liabilities:			
Accounts receivable, net	(89,067)	(125,588)	(214,655)
Prepaid items	(3,620)	(4,233)	(7,853)
Accounts payable	(55,380)	(15,330)	(70,710)
Accrued expenses	501	6,734	7,235
Unearned revenue	6,155	781	6,936
Compensated absences	7,327	7,327	14,654
Net cash provided by operating activities	<u>\$ 434,346</u>	<u>\$ 665,804</u>	<u>\$ 1,100,150</u>
Supplemental disclosure of non-cash transactions:			
Cost basis of disposed capital assets	\$ 227,970	\$ 43,528	\$ 271,498
Capital asset additions included in year end liabilities		36,526	36,526
Increase in fair value of investments	38	1,910	1,948
	<u>\$ 228,008</u>	<u>\$ 81,964</u>	<u>\$ 309,972</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 1,120,313
Investments	<u>\$ 366,822</u>	<u>183,564</u>
Total assets	<u>\$ 366,822</u>	<u>\$ 1,303,877</u>
LIABILITIES		
Due to other governments		\$ 183,564
Deposits held for others		<u>1,120,313</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,303,877</u>
NET ASSETS		
Held in trust	<u>366,822</u>	
Total net assets	<u>\$ 366,822</u>	

See accompanying notes to the basic financial statements

EXHIBIT I
TOWN OF DERRY, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Investment income	\$ 21,131
Net decrease in the fair value of investments	<u>(22,948)</u>
Total Investment Earnings	(1,817)
Less investment expense	<u>1,008</u>
Net Investment Earnings	<u>(2,825)</u>
DEDUCTIONS:	
Benefits	<u>10,176</u>
Total Deductions	<u>10,176</u>
 Change in Net Assets	 (13,001)
Net assets - beginning of year	<u>379,823</u>
Net assets - end of year	<u>\$ 366,822</u>

See accompanying notes to the basic financial statements

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Derry, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Derry, New Hampshire (the Town) was incorporated in 1827. In March of 1993, the voters of the Town of Derry adopted a new 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.

The financial statements include those of the various departments governed by the Town Council and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Town's major governmental fund:

The General Fund is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's 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 sanitation operations.

The Water and Sewer Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds.

Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains four private purpose trust funds, which account for monies designated to benefit individuals within the Town. These funds are maintained by the Trustees of Trust Funds and have been established for the provisions of the Derry public schools, Derry Visiting Nurse Association, Inc. East Derry improvements, and Memorial Day flowers to be placed on an individual's cemetery lot.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency fund accounts for the capital reserve funds of the Derry Cooperative School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance bonds.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Property taxes, intergovernmental revenues, and charges for services are recognized only as they become susceptible to accrual (measurable and available).

Licenses and permits and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Deferred Revenue:

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned.

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been met. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Under the modified accrual basis of accounting, revenue must also be susceptible to accrual (measurable and available). Accordingly, receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Budgetary Data

General government revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. The budget represents departmental appropriations as authorized by the Town Charter with annual or special budgetary public hearings. By the same procedures additional amounts may be appropriated during the year in emergency cases. There were several supplemental budgetary appropriations voted during the year. The Town Council adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the governmental unit as a whole rather than on the basis of fund types. Special Revenue Fund budgets for the cable television fund and Enterprise Fund budgets for the water and sewer departments are adopted. Capital Project Funds do not have adopted budgets.

State statutes require balanced budgets when the tax rates are set, but provide for the use of beginning General Fund Unreserved Fund Balance to reduce the property tax rate. For the year ended June 30, 2008, the Town applied \$297,378 of its unappropriated fund balance to reduce taxes.

1. Intradepartmental Transfers

The Town Administrator may approve a transfer of appropriations from one budgeted account to another budgeted account within a department, provided that the transfer or transfers do not exceed the greater of 10 percent of the appropriated budget for the department for the fiscal year or \$10,000, that funds are available to support the transfer and that the amount to be transferred is not essential for the effective operation of the account or accounts from which the transfer is to be made.

2. Interdepartmental Transfers

With the approval of the Town Council, the Town Administrator may transfer any unencumbered appropriation balance or any portion thereof from one department to another.

3. Lapse of Appropriations

All appropriations, and any amount which hasn't been spent, lapse at fiscal year's end, unless carried forward through encumbrances (commitments for spending in a binding way), with the exception of capital expenditures or dedicated funds permitted by State law. The purpose of any such appropriation shall be deemed abandoned after two years pass. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

4. Supplemental Appropriations

There were supplemental appropriations approved in the amount of \$219,456 in fiscal year 2008.

5. 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.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

6. 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.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at June 30, 2008 are recorded as receivables net of reserves for estimated uncollectibles of \$493,000.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. 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.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

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.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	10-50
Equipment and vehicles	5-10
Infrastructure and other assets	20-50

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to the Town personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Assets

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

The Town’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Fund Balance Reserves

The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances, prepaid items and tax increment financing.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the water fund and sewer fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense and the allowance for uncollectible taxes.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D) includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the Statement of Activities (Exhibit B).

One element of that reconciliation explains that “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 as depreciation expense.” The details of this \$1,780,001 difference are as follows:

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Capital outlay	\$ 3,409,632
Depreciation expense	<u>(1,629,631)</u>
	<u>\$ 1,780,001</u>

Another element of that reconciliation states that "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." The details of this (\$99,128) difference are as follows:

Gain on disposed capital assets	\$ 538,322
Proceeds received from the sale of capital assets	<u>(637,450)</u>
	<u>\$ (99,128)</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$884,756 difference are as follows:

Deferred revenue - June 30, 2008	\$ 1,441,862
Deferred revenue - June 30, 2007	(1,284,699)
Fair value of donated capital assets	731,336
Miscellaneous revenue in the Economic Development Revolving Loan Fund	<u>(3,743)</u>
	<u>\$ 884,756</u>

Another element of that reconciliation states that "Proceeds from bond and capital lease issues are other financing sources in the funds." The details of this (\$1,194,250) difference are as follows:

Proceeds from long-term bonds	\$ (647,116)
Proceeds from capital leases	<u>(547,134)</u>
	<u>\$ (1,194,250)</u>

Another element of that reconciliation states that "Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets". The details of this \$1,244,130 difference are as follows:

Repayment of principal on general obligation bonds payable	\$ 855,000
Repayment of principal on capital leases payable	389,130
	<u>\$ 1,244,130</u>

Another element of that reconciliation states that "In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due". The details of this \$11,632 difference are as follows:

Accrued interest on long-term obligations - June 30, 2008	\$ (153,498)
Accrued interest on long-term obligations - June 30, 2007	<u>165,130</u>
	<u>\$ 11,632</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Another element of that reconciliation states that "Some expenses reported in the statement of activities, such as compensated absences and the estimated liability for landfill postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this (\$364,108) difference are as follows:

Long-term liabilities at June 30, 2008:	
Estimated liability for landfill postclosure care costs	\$ (137,100)
Compensated absences payable	(3,480,321)
Long-term liabilities at June 30, 2007:	
Estimated liability for landfill postclosure care costs	147,225
Compensated absences payable	<u>3,106,088</u>
	<u>\$ (364,108)</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town has no material violations of finance related provisions.

NOTE 4--PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,979,467,632 as of April 1, 2007) and are due in two installments on July 1, 2007 and December 3, 2007. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Derry Cooperative School District and Rockingham County, independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$40,243,325 and \$2,687,916 for the Derry Cooperative School District and Rockingham County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 5--RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2008, the Town was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The Town currently reports all of its risk management activities in its General Fund and Proprietary Funds. This Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2008.

Property and Liability Insurance

PRIMEX provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of PRIMEX, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. For the year ended June 30, 2008, the Trust retained \$500,000 of each loss, up to an aggregate of \$2,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

PRIMEX provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 6--DEPOSITS AND INVESTMENTS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 28,042,080
Investments	28,143,842
Statement of Fiduciary Net Assets:	
Cash and cash equivalents	1,120,313
Investments	550,386
Total deposits and investments	<u>\$ 57,856,621</u>

Deposits and investments at June 30, 2008 consist of the following:

Cash on hand	\$ 2,551
Deposits with financial institutions	46,159,842
Investments	11,694,228
Total deposits and investments	<u>\$ 57,856,621</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

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).

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.

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. 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.

The Town's investment policy minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations. Not more than 5% of the Town's total investment portfolio is to be invested in securities with maturities greater than one year.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
U.S. Treasury notes	\$ 2,797,678	\$ 1,219,032	\$ 1,368,084	\$ 210,562
U.S. Treasury bonds	122,867			122,867
Federal agency securities	262,640	103,406	159,234	
Corporate bonds	864,948		626,379	238,569
State investment pool	67,815	67,815		
	<u>\$ 4,115,948</u>	<u>\$ 1,390,253</u>	<u>\$ 2,153,697</u>	<u>\$ 571,998</u>

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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Government agencies, and the New Hampshire Public Deposit Investment Pool, no more than 75% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution, unless 100% collateralized.

The following is the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Rating as of Year End</u>				
	<u>AAA</u>	<u>AA-</u>	<u>A+</u>	<u>A</u>	<u>Not rated</u>
Corporate bonds	\$ 864,948	\$ 151,080	\$ 287,939	\$ 52,897	\$ 373,032
State investment pool	67,815				67,815
Money market funds	4,832,899				4,832,899
	<u>\$ 5,765,662</u>	<u>\$ 151,080</u>	<u>\$ 287,939</u>	<u>\$ 52,897</u>	<u>\$ 373,032</u>
					<u>\$ 4,900,714</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty 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.

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).

As of June 30, 2008, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury notes	\$ 2,797,678
U.S. Treasury bonds	122,867
Federal agency securities	262,640
Corporate bonds	864,948
Equity securities	2,724,671
Money market funds	4,832,899
Tangible assets	20,710
	<u>\$ 11,626,413</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. As of June 30, 2008, the Town held \$622,699 in foreign equity securities.

The Town's investments in foreign currency are held by the Trustees of Trust Funds, which follow the prudent investor guidelines.

Investment in NHPDIP

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.

NOTE 7--DUE FROM OTHER GOVERNMENTS

Receivables from other governments at June 30, 2008 consist of various federal and state fundings. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables is as follows:

Downtown study grant	\$	15,000
Public safety grants		9,234
Household hazardous waste grant		6,796
Public health network grant		12,412
Miscellaneous intergovernmental receivables		2,714
	\$	<u>46,156</u>

NOTE 8--CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	<u>07/01/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/08</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 6,811,401	\$ 180,668	\$ (15,344)	\$ 6,976,725
Infrastructure and other assets	74,242,329	160,265	(65,224)	74,337,370
Construction in process	568,936	2,926,457	(2,037,604)	1,457,789
Total capital assets not being depreciated	<u>81,622,666</u>	<u>3,267,390</u>	<u>(2,118,172)</u>	<u>82,771,884</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

	<u>07/01/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/08</u>
Other capital assets:				
Buildings and improvements	16,669,956	1,328,665	(196,898)	17,801,723
Equipment and vehicles	9,846,190	1,275,976	(446,901)	10,675,265
Infrastructure and other assets	7,457,563	581,373		8,038,936
Total other capital assets at historical cost	<u>33,973,709</u>	<u>3,186,014</u>	<u>(643,799)</u>	<u>36,515,924</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,378,419)	(574,145)	164,334	(3,788,230)
Equipment and vehicles	(5,261,048)	(994,098)	395,681	(5,859,465)
Infrastructure and other assets	(1,808,530)	(270,996)		(2,079,526)
Total accumulated depreciation	<u>(10,447,997)</u>	<u>(1,839,239)</u>	<u>560,015</u>	<u>(11,727,221)</u>
Total other capital assets, net	<u>23,525,712</u>	<u>1,346,775</u>	<u>(83,784)</u>	<u>24,788,703</u>
Total capital assets, net	<u>\$ 105,148,378</u>	<u>\$ 4,614,165</u>	<u>\$ (2,201,956)</u>	<u>\$ 107,560,587</u>

The following is a summary of changes in capital assets in the proprietary funds:

Capital assets not depreciated:				
Land	\$ 270,091		\$ (900)	\$ 269,191
Construction in process	<u>8,650</u>	<u>\$ 464,584</u>	<u>(451,751)</u>	<u>21,483</u>
Total capital assets not being depreciated	<u>278,741</u>	<u>464,584</u>	<u>(452,651)</u>	<u>290,674</u>
Other capital assets:				
Buildings and improvements	255,140		(135,577)	119,563
Equipment and vehicles	751,134	81,308	(135,021)	697,421
Infrastructure and other assets	<u>39,254,560</u>	<u>447,738</u>		<u>39,702,298</u>
Total other capital assets at historical cost	<u>40,260,834</u>	<u>529,046</u>	<u>(270,598)</u>	<u>40,519,282</u>
Less accumulated depreciation for:				
Buildings and improvements	(150,722)	(2,391)	135,577	(17,536)
Equipment and vehicles	(536,065)	(53,970)	128,922	(461,113)
Infrastructure and other assets	<u>(10,565,683)</u>	<u>(604,565)</u>		<u>(11,170,248)</u>
Total accumulated depreciation	<u>(11,252,470)</u>	<u>(660,926)</u>	<u>264,499</u>	<u>(11,648,897)</u>
Total other capital assets, net	<u>29,008,364</u>	<u>(131,880)</u>	<u>(6,099)</u>	<u>28,870,385</u>
Total capital assets, net	<u>\$ 29,287,105</u>	<u>\$ 332,704</u>	<u>\$ (458,750)</u>	<u>\$ 29,161,059</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 417,472
Public safety	626,768
Highways and streets	248,540
Health and welfare	2,204
Sanitation	58,244
Culture and recreation	<u>276,403</u>
	<u>\$ 1,629,631</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Reconciliation of total additions to accumulated depreciation to depreciation charge by function:

Total additions to depreciation	\$ 1,839,239
Less accumulated depreciation on assets transferred from business-type activities to governmental activities	<u>(209,608)</u>
Depreciation expense by function	<u>\$ 1,629,631</u>

Business-type activities:

Water Fund	\$ 197,556
Sewer Fund	463,370
	<u>\$ 660,926</u>

The balance of the assets acquired through capital leases as of June 30, 2008 is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Equipment and vehicles	\$ 1,376,161	\$ 6,486	\$ 1,382,647
Less accumulated depreciation for:			
Equipment and vehicles	<u>(251,979)</u>	<u>(2,702)</u>	<u>(254,681)</u>
	<u>\$ 1,124,182</u>	<u>\$ 3,784</u>	<u>\$ 1,127,966</u>

During the year ending June 30, 2008, the Town received donated capital assets. These assets have been recorded at their fair value as of the date received and are included in the government-wide financial statements. The total value received and capitalized during the year is as follows:

Construction in process	\$ 639,099
Equipment and vehicles	27,324
Infrastructure and other assets	64,913
	<u>\$ 731,336</u>

NOTE 9--EMPLOYEE RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 11.84%, 15.92%, and 8.74%, respectively. The Town contributes 65% of the employer cost for police officers and fire employees, and the State contributes the remaining 35% of the employer cost. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$763,149 have been reported as a revenue and expenditure of the General Fund in these financial statements. Amounts applicable to the Special Revenue Funds are not material to these financial statements.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending June 30, 2008, 2007, and 2006 were \$2,009,436, \$1,745,012, and \$1,656,548, respectively, equal to the required contributions for each year.

Post Employment Benefits

The Town provides post-employment benefits for retired employees. The Town provides health and dental insurance coverage as part of its group plans for retirees. Under the terms of three union agreements (public works, support staff, and professional and technical employees), the Town provides supplemental Medicare coverage when retirees reach the age of 65, if they have 10 years or more of service to the Town. The amount paid for these expenses for the year ended June 30, 2008 was \$35,620, which represents benefits for twelve participants. Four additional retirees, based on a provision of the AFSCME public works contract and professional and technical employees contract, are eligible to receive health care coverage for a maximum of five years in connection with their disability retirement. The amount of expense paid for these four retirees for the year ended June 30, 2008, was \$28,651. All other employees are eligible to stay on the group plan at their own expense. Some New Hampshire Retirement System Group 1 and Group 2 retirees are eligible to receive a health insurance supplement that is paid directly to the Health Insurance Trust from the New Hampshire Retirement System. The retirees are required to pay the difference on a "pay as you go" basis.

NOTE 10--LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended June 30, 2008 are as follows:

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

	Balance 07/01/07	Additions	Reductions	Balance 06/30/08	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 7,885,000	\$ 647,116	\$ (855,000)	\$ 7,677,116	\$ 840,000
Tax increment financing bonds payable	2,000,000			2,000,000	80,000
Capital leases payable	554,768	547,134	(389,130)	712,772	289,660
Compensated absences	3,106,088	2,170,637	(1,796,404)	3,480,321	482,934
Estimated liability for landfill postclosure care costs	147,225		(10,125)	137,100	16,797
Totals	\$ 13,693,081	\$ 3,364,887	\$ (3,050,659)	\$ 14,007,309	\$ 1,709,391
Business-type activities:					
General obligation bonds payable	\$ 7,441,355		\$ (1,027,053)	\$ 6,414,302	\$ 933,264
Notes payable	5,000		(5,000)	-	-
Capital leases payable	5,136		(1,206)	3,930	1,258
Compensated absences	123,210	\$ 107,952	(93,298)	137,864	16,222
Totals	\$ 7,574,701	\$ 107,952	\$ (1,126,557)	\$ 6,556,096	\$ 950,744

Payments on the general obligation bonds, capital leases and landfill postclosure care costs are paid out of the General Fund. Payments on the tax increment financing bonds payable are paid out of the General Fund and the Ash Street Corporate Park TIF Capital Projects Fund. Payments on the general obligation bonds, notes payable and capital leases payable of the business-type activities are paid out of the Water and Sewer Funds. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

General obligation bonds payable at June 30, 2008 is comprised of the following individual issues:

	Interest Rate	Final Maturity Date	Annual Principal Payment	Amount Issued	Balance at 6/30/08
Governmental activities:					
Home Brook Bridge	7.50%-7.82%	1/15/09	\$ 25,000	\$ 949,000	\$ 25,000
Library Addition and Ash Street Bypass	6.75%-6.80%	7/15/09	110,000-115,000	3,393,000	225,000
Court House	5.25%-5.625%	7/15/15	90,000	1,839,710	720,000
Landfill Closure	3.90%-5.00%	8/15/18	80,000-85,000	840,000	80,000
Land Purchase	4.00%-4.80%	1/15/19	25,000-150,000	1,735,000	385,000
Humphrey Field House	5.375%-5.75%	1/15/20	90,000-95,000	1,890,000	1,130,000
Humphrey Road Complex	4.75%-5.25%	1/15/21	20,000-25,000	489,605	315,000
Municipal Center	4.25%-5.00%	2/1/21	150,000	3,000,000	1,950,000
Municipal Services Infrastructure	3.20%-4.00%	3/15/24	75,000	1,500,000	1,200,000
Police Station Addition	4.10%-5.00%	6/15/26	50,000	1,000,000	900,000
Highway Garage Replacement bond anticipation note	3.20%	6/29/10	600,000	600,000	600,000
Exit 4A bond anticipation note	3.20%	6/29/10	147,116	147,116	147,116
					<u>\$ 7,677,116</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Principal Payment</u>	<u>Amount Issued</u>	<u>Balance at 6/30/08</u>
Business-type activities:					
Water Fund:					
Water Main Upgrade	6.95%-7.85%	7/15/08	\$ 60,000	\$ 1,210,000	\$ 60,000
4 Million Gallon Water Tank	6.875%-7.00%	1/15/10	113,140-126,000	2,500,000	234,940
Water Main Upgrade	3.90%-5.00%	8/15/18	50,000	1,000,000	550,000
					<u>844,940</u>
Sewer Fund:					
Septage and Grit Pits	7.35%-7.62%	1/15/09	5,000-10,000	190,975	5,000
Horne Brook Interceptor	5.00%	6/15/13	41,076-89,237	1,244,714	411,877
Beaver Lake Sewer	6.80%-6.875%	1/15/10	80,000	1,607,000	160,000
Beaver Lake Sewer	6.875%-7.00%	1/15/10	23,200-31,860	486,500	55,060
Beaver Lake Sewer	6.70%-6.80%	1/15/10	100,000	2,013,500	200,000
Beaver Brook III Interceptor	4.94%	8/15/12	32,717-81,841	1,075,451	372,425
Upgrade Sewer Lagoons	4.90%-5.875%	8/15/13	115,000-120,000	2,358,000	690,000
Wastewater Force Main	2.50%-3.25%	5/15/23	185,000	3,700,000	2,775,000
Wastewater Effluent Upgrade	4.10%-5.00%	6/15/26	50,000	1,000,000	900,000
					<u>5,569,362</u>
					<u>\$ 6,414,302</u>

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 840,000	\$ 344,147	\$ 1,184,147
2010	1,367,116	304,831	1,671,947
2011	510,000	253,864	763,864
2012	510,000	230,139	740,139
2013	510,000	206,382	716,382
2014-2018	2,370,000	681,121	3,051,121
2019-2023	1,345,000	195,787	1,540,787
2024-2028	225,000	17,675	242,675
	<u>\$ 7,677,116</u>	<u>\$ 2,233,946</u>	<u>\$ 9,911,062</u>

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2008 was \$362,278 on general obligation debt for governmental activities.

A portion of the interest paid on the above bonds to the New Hampshire Municipal Bond Bank is refunded annually to reflect current interest rates.

The State of New Hampshire annually reimburses the Town for its share of the courthouse and landfill closure related debt service payments. For the year ended June 30, 2008, the reimbursement was \$132,120 and \$17,140 for the courthouse and landfill closure debt service payments, respectively.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Debt service requirements to retire general obligation bonds for business-type activities at June 30, 2008 are as follows:

Water Fund

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 231,800	\$ 45,348	\$ 277,148
2010	163,140	32,213	195,353
2011	50,000	21,250	71,250
2012	50,000	18,750	68,750
2013	50,000	16,250	66,250
2014-2018	250,000	43,750	293,750
2019	50,000	1,250	51,250
	<u>\$ 844,940</u>	<u>\$ 178,811</u>	<u>\$ 1,023,751</u>

Sewer Fund

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 701,464	\$ 233,717	\$ 935,181
2010	711,618	199,610	911,228
2011	506,550	165,000	671,550
2012	513,652	143,542	657,194
2013	521,078	121,760	642,838
2014-2018	1,290,000	400,333	1,690,333
2019-2023	1,175,000	177,400	1,352,400
2024-2026	150,000	14,675	164,675
	<u>\$ 5,569,362</u>	<u>\$ 1,456,037</u>	<u>\$ 7,025,399</u>

The State of New Hampshire annually reimburses the Town for its share of Sewer related debt service payments. For the year ended June 30, 2008, the reimbursement was \$104,105.

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2008 was \$314,149 on general obligation debt for business-type activities.

Tax Increment Financing Bonds

Tax increment financing bonds payable at June 30, 2008 is comprised of the following individual issue:

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payment</u>	<u>Amount Issued</u>	<u>Balance at 6/30/08</u>
Governmental activities:					
Ash Street Corporate Park	4.25%-5.00%	4/15/33	\$ 80,000	\$ 2,000,000	<u>\$ 2,000,000</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2008 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 80,000	\$ 93,400	\$ 173,400
2010	80,000	90,000	170,000
2011	80,000	86,600	166,600
2012	80,000	83,200	163,200
2013	80,000	79,800	159,800
2014-2018	400,000	347,800	747,800
2019-2023	400,000	258,200	658,200
2024-2028	400,000	160,000	560,000
2029-2033	400,000	60,000	460,000
	<u>\$ 2,000,000</u>	<u>\$ 1,259,000</u>	<u>\$ 3,259,000</u>

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2008 was \$93,400 on tax increment financing bonds for governmental activities.

The Town has pledged a portion a portion of future tax increment financing revenues to repay \$2,000,000 in tax increment bonds issued in April 2004 to finance the economic development of the Ash Street Corporate Park. The bonds are payable solely from the tax increment financing taxes generated by businesses in the commercial/light industrial park. Incremental taxes were projected to produce 162.5 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,259,000, payable through April 2033. For the current year, principal and interest paid and total tax increment finance revenues were \$93,400 and \$101,678, respectively.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the individual capital lease obligations at June 30, 2008:

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payment</u>	<u>Amount Issued</u>	<u>Balance at 6/30/08</u>
Governmental activities:					
2006 Public Works Vehicle	3.52%	8/2/08	\$ 70,918	\$ 269,530	\$ 68,507
2006 Copiers	4.10%	8/1/10	23,367	100,385	60,795
2007 Code Enforcement Vehicle	4.36%	8/4/10	4,131	19,000	11,386
2007 Public Works Vehicles	4.36%	8/4/10	24,929	114,655	68,710
2007 Parks and Recreation Vehicles	4.36%	8/4/10	8,512	39,148	23,460
2007 Police Vehicles	4.36%	9/11/10	29,693	136,566	81,840
2007 Police Vehicle	4.36%	11/9/10	3,138	14,434	8,650
2008 Cemetery Vehicle	4.44%	8/15/11	10,517	48,299	37,782
2008 Public Works Vehicle	4.44%	8/15/11	27,435	125,999	98,564

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

2008 Parks and Recreation Vehicles	4.44%	8/15/11	9,149	42,017	32,868
2008 Police Vehicles	3.48%	2/1/10	93,500	271,172	177,672
2008 Police Laptops	10.01%	3/14/11	17,109	59,648	42,538
					<u>\$ 712,772</u>

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payment</u>	<u>Amount Issued</u>	<u>Balance at 6/30/08</u>
Business-type activities:					
Water Fund:					
2006 Copier	4.10%	8/1/10	\$ 675	\$ 3,243	\$ 1,965
Sewer Fund:					
2006 Copier	4.10%	8/1/10	675	3,243	1,965
					<u>\$ 3,930</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	
2009	\$ 320,980
2010	250,061
2011	156,562
2012	<u>47,101</u>
Total minimum lease payments	774,704
Less: amount representing interest	<u>(61,932)</u>
Present value of minimum lease payments	<u>\$ 712,772</u>

Debt service requirements to retire capital lease obligations outstanding for business-type activities at June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
2009	\$ 709	\$ 709
2010	709	709
2011	<u>709</u>	<u>709</u>
Total minimum lease payments	2,127	2,127
Less: amount representing interest	<u>(162)</u>	<u>(162)</u>
Present value of minimum lease payments	<u>\$ 1,965</u>	<u>\$ 1,965</u>

Authorized and Unissued Debt

As of June 30, 2008, the Town had the following debt authorized and unissued:

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

<u>Description</u>	<u>Amount</u>
Exit 4-A	\$ 4,852,884
Route 28 Corridor TIF District	<u>4,900,000</u>
	<u>\$ 9,752,884</u>

Available Debt Margin

The Town is subject to State statute which limits debt outstanding to a percentage (dependent of purpose) of a valuation calculation made annually by the State. As of June 30, 2008, the Town had an available debt margin of \$301,241,077 for water and \$78,175,805 for all other purposes. Per State law, debt incurred for sewer expansion, landfill cleanup, and tax increment financing is not included in the limitation calculations.

NOTE 11--LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. An estimated liability has been recorded based on the future postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. These landfill postclosure care costs are based on the amount of the landfill used. The estimated liability for landfill postclosure care costs has a balance of \$137,100 as of June 30, 2008, which is based on 100% usage of the landfill. The estimated total current cost of the landfill postclosure care of \$137,100 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2008. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town's landfill was closed during the year ended June 30, 1987. The closure and remaining postclosure care costs are financed through the issuance of debt and grant proceeds from the State of New Hampshire. The Town has issued \$1,320,000 and \$840,000 in general obligation bonds for the closure of the landfill during the years ended June 30, 1985 and 1998, respectively.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended June 30, 2008:

Balance - July 1, 2007	\$ 147,225
Current year expenditures	(5,511)
Net change in estimated liability for postclosure care costs	<u>(4,614)</u>
Balance - June 30, 2008	<u>\$ 137,100</u>

NOTE 12--INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2008 are as follows:

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

	General Fund	Due from Nonmajor Governmental	
		Funds	Totals
Due to General Fund		\$ 40,604	\$ 40,604
Nonmajor Governmental Funds	\$ 3,424,243	15,628	3,439,871
Water Fund	1,455,529		1,455,529
Sewer Fund	1,029,637		1,029,637
	<u>\$ 5,909,409</u>	<u>\$ 56,232</u>	<u>\$ 5,965,641</u>

During the year, several interfund transactions occurred between funds. The various transfers between the General Fund, Nonmajor Governmental Funds and Sewer Fund were made in accordance with budgetary authorizations. Transfers of \$212,106 out of the Permanent Funds to the General Fund and other Nonmajor Governmental Funds were to distribute the earned income during the year to support the Town's programs.

Interfund transfers for the year ended June 30, 2008 are as follows:

	General Fund	Transfer from Nonmajor Governmental	
		Funds	Totals
Transfer to General Fund		\$ 981,348	\$ 981,348
Nonmajor Governmental Funds	\$ 2,676,139	468,840	3,144,979
Sewer Fund	24,493		24,493
	<u>\$ 2,700,632</u>	<u>\$ 1,450,188</u>	<u>\$ 4,150,820</u>

NOTE 13--PERMANENT FUNDS

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. Principal and income balances at June 30, 2008 are as follows:

	Principal	Income	Total
General cemetery care	\$ 2,195,967	\$ 107,403	\$ 2,303,370
Parks and playgrounds	3,121,271	158,866	3,280,137
Libraries	85,406	1,132	86,538
Highways and streets	28,938	9,005	37,943
Human services	44,461	12,861	57,322
	<u>\$ 5,476,043</u>	<u>\$ 289,267</u>	<u>\$ 5,765,310</u>

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

NOTE 14—UNRESERVED FUND BALANCE

The components of unreserved fund balance as of June 30, 2008 are as follows:

	General <u>Fund</u>	Other Governmental <u>Funds</u>
Designated for compensated absences	\$ 447,950	
Undesignated, reported in:		
General Fund	11,398,713	
Special Revenue Funds		\$ 6,532,750
Capital Projects Funds		1,213,880
Permanent Funds		289,267
	<u>\$ 11,846,663</u>	<u>\$ 8,035,897</u>

NOTE 15--TOP TAXPAYERS

The following are the five major property owners as they relate to the assessed valuation of \$2,656,333,624 (as of April 1, 2008):

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Greenways Limited Partnership (Fairways)	\$ 56,347,260	2.12%
Campbell, Gilbert G. (Aladden Village & Derry Country Club Estates)	40,410,200	1.52%
HCA Health Services (Parkland Medical Center)	20,544,900	0.77%
Mariner Derry Meadows LLC	18,529,900	0.70%
Public Service of New Hampshire	14,447,400	0.54%

NOTE 16--ENDOWMENTS

Under state laws governing endowment funds received by a municipality, the trustees may expend income and net appreciation of \$289,267 earned on endowment investments. Permanently restricted endowment funds are reflected at cost on the Statement of Net Assets. Unexpended net appreciation and income of \$434,400 are included in unrestricted net assets since the Trustees of Trust Funds may expend these funds for the purposes intended by the endowments for specific operating expenditures.

NOTE 17--PERFORMANCE DEPOSITS

The Town requires performance bonds or letters of credit from developers until projects have been completed to Town standards. At June 30, 2008, the Town held performance bonds totaling \$15,545,000. Letters of Credit with a value of \$3,746,589 are not included in these financial statements.

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2008

NOTE 18—COMMITMENTS AND CONTINGENCIES

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Required Supplementary Information

SCHEDULE 1

TOWN OF DERRY, NEW HAMPSHIRE

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 21,835,220	\$ 21,835,220	\$ 22,646,149	\$ 810,929
Licenses and permits	5,669,942	5,669,942	5,404,221	(265,721)
Intergovernmental	2,922,860	2,922,860	2,976,844	53,984
Charges for services	1,589,306	1,589,306	1,845,233	255,927
Interest and investment income	1,400,000	1,400,000	1,259,858	(140,142)
Miscellaneous	903,327	903,327	488,817	(414,510)
Total Revenues	<u>34,320,655</u>	<u>34,320,655</u>	<u>34,621,122</u>	<u>300,467</u>
Expenditures:				
Prevention and emergency services	10,317,972	10,373,972	10,094,750	279,222
Emergency management	98,888	98,888	90,504	8,384
Police and animal control	7,970,387	8,030,035	7,546,859	483,176
Executive	1,434,159	1,434,159	1,233,533	200,626
Finance	7,217,815	7,321,623	6,316,636	1,004,987
Town clerk and elections	137,777	137,777	137,038	739
Community development	255,291	255,291	216,559	38,732
Public works	9,127,854	9,127,854	9,129,813	(1,959)
Total Expenditures	<u>36,560,143</u>	<u>36,779,599</u>	<u>34,765,692</u>	<u>2,013,907</u>
Excess revenues over (under) expenditures	<u>(2,239,488)</u>	<u>(2,458,944)</u>	<u>(144,570)</u>	<u>2,314,374</u>
Other financing sources:				
Issuance of long-term bonds		147,116	147,116	-
Issuance of capital leases	555,988	615,636	547,134	(68,502)
Transfers in	1,386,122	1,398,814	981,348	(417,466)
Total other financing sources	<u>1,942,110</u>	<u>2,161,566</u>	<u>1,675,598</u>	<u>(485,968)</u>
Net change in fund balances	(297,378)	(297,378)	1,531,028	1,828,406
Fund balance at beginning of year				
- Budgetary Basis	<u>11,796,948</u>	<u>11,796,948</u>	<u>11,796,948</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 11,499,570</u>	<u>\$ 11,499,570</u>	<u>\$ 13,327,976</u>	<u>\$ 1,828,406</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
TOWN OF DERRY, NEW HAMPSHIRE
Required Supplementary Information
Modified Approach for Infrastructure
Capital Assets
For the Year Ended June 30, 2008

<u>Fiscal Year of</u> <u>Assessment</u>	<u>Rating</u>	<u>Condition</u>
2006	77	good
2003	75	good
2000	72	good

Comparison of Estimated to Actual Maintenance/Preservation

<u>Year Ending</u> <u>June 30,</u>	<u>Estimated</u> <u>Costs</u>	<u>Actual</u> <u>Costs</u>
2008	\$ 1,315,150	\$ 1,312,074
2007	1,317,740	1,465,006
2006	1,628,066	1,537,588
2005	1,389,300	1,073,155
2004	1,462,000	991,810

See accompanying notes to the required supplementary information

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008

NOTE 1--BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Other revenue sources are also recognized on the budgetary basis as services are provided rather than when susceptible to accrual under the modified accrual basis. Budgetary expenditures were adjusted for encumbrances and on-behalf payments for fringe benefits.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 36,881,409	\$ 35,602,144
Difference in property taxes and other revenues meeting susceptible to accrual criteria	178,460	
Encumbrances, June 30, 2007		(337,459)
Encumbrances, June 30, 2008		264,156
On-behalf fringe benefits	<u>(763,149)</u>	<u>(763,149)</u>
Per Schedule 1	<u>\$ 36,296,720</u>	<u>\$ 34,765,692</u>

NOTE 2--BUDGETARY FUND BALANCES

The components of the budgetary fund balance for the General Fund are as follows:

Reserved for prepaid items	\$ 45,796
Reserved for tax increment financing	12,874
Unreserved:	
Designated for compensated absences	447,950
Undesignated	<u>12,821,356</u>
	<u>\$ 13,327,976</u>

NOTE 3--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:

TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2008

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

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

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

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

Each road is surveyed and graded on its condition and given a rating. This helps the Town prioritize which roads should be treated and the assessment of what type of treatment is necessary in the development of a long-range repair and maintenance plan.

The last three assessments effective in 2000, 2003, and 2006 reflected a consistently "Good" PCI rating of 72, 75, 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. During the year ended June 30, 2008, \$1,315,150 was available via budget and encumbrances for roadway maintenance. As of June 30, 2008, \$0 was encumbered to fund roadway maintenance projects in process.

The current PCI of 77 is in line with the Council's goal of preserving the network in the "good" range between 68 and 80. The currently defined system of roadway and sidewalk networks is not depreciated because the Town's conditional assessment rating falls within its adopted range. During the year ended June 30, 2008, \$1,312,074 was expended on roadway maintenance.

The Town has expended an average of \$1,299,210 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.

SCHEDULE A
TOWN OF DERRY, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2008

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	Total Other Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,859			\$ 3,859
Investments	4,896,727		\$ 5,772,786	10,669,513
Taxes receivable, net	14,000			14,000
Accounts receivable, net	65,540			65,540
Due from other governments	21,646			21,646
Due from other funds	1,749,205	\$ 1,690,066	600	3,439,871
Prepaid items	19,706	16,225		35,931
Total Assets	<u>\$ 6,770,683</u>	<u>\$ 1,706,291</u>	<u>\$ 5,773,386</u>	<u>\$ 14,250,360</u>
LIABILITIES				
Accounts payable	\$ 36,274	\$ 22,506		\$ 58,780
Accrued expenditures	49,779			49,779
Retainage payable		2,500		2,500
Deferred revenue	19,219			19,219
Deposits payable	54,559			54,559
Due to other funds	48,156		\$ 8,076	56,232
Total Liabilities	<u>207,987</u>	<u>25,006</u>	<u>8,076</u>	<u>241,069</u>
FUND BALANCES				
Reserved for endowments			5,476,043	5,476,043
Reserved for encumbrances	10,240	451,180		461,420
Reserved for prepaid items	19,706	16,225		35,931
Unreserved, reported in:				
Special revenue funds	6,532,750			6,532,750
Capital projects funds		1,213,880		1,213,880
Permanent funds			289,267	289,267
Total Fund Balances	<u>6,562,696</u>	<u>1,681,285</u>	<u>5,765,310</u>	<u>14,009,291</u>
Total Liabilities and Fund Balances	<u>\$ 6,770,683</u>	<u>\$ 1,706,291</u>	<u>\$ 5,773,386</u>	<u>\$ 14,250,360</u>

SCHEDULE B
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ 182,072			\$ 182,072
Licenses and permits	180,720			180,720
Intergovernmental	581,006			581,006
Charges for services	4,458			4,458
Interest and investment income	276,863	\$ 2,624	\$ (70,871)	208,616
Miscellaneous	82,706	21,753		104,459
Total Revenues	<u>1,307,825</u>	<u>24,377</u>	<u>(70,871)</u>	<u>1,261,331</u>
Expenditures:				
Current operations:				
General government	149,383		15,690	165,073
Public safety	96,178			96,178
Health and welfare	140,861			140,861
Culture and recreation	1,254,954			1,254,954
Conservation	21,612			21,612
Economic development	5,369			5,369
Capital outlay	534,750	1,717,595		2,252,345
Debt service:				
Interest and fiscal charges	2,398	76,127		78,525
Intergovernmental	21,137			21,137
Total Expenditures	<u>2,226,642</u>	<u>1,793,722</u>	<u>15,690</u>	<u>4,036,054</u>
Excess revenues under expenditures	<u>(918,817)</u>	<u>(1,769,345)</u>	<u>(86,561)</u>	<u>(2,774,723)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets		550,000		550,000
Issuance of long-term bonds		500,000		500,000
Transfers in	2,380,243	751,236	13,500	3,144,979
Transfers out	<u>(1,191,284)</u>	<u>(46,798)</u>	<u>(212,106)</u>	<u>(1,450,188)</u>
Total other financing sources (uses)	<u>1,188,959</u>	<u>1,754,438</u>	<u>(198,606)</u>	<u>2,744,791</u>
Net change in fund balances	270,142	(14,907)	(285,167)	(29,932)
Fund balances at beginning of year	<u>6,292,554</u>	<u>1,696,192</u>	<u>6,050,477</u>	<u>14,039,223</u>
Fund balances at end of year	<u>\$ 6,562,696</u>	<u>\$ 1,681,285</u>	<u>\$ 5,765,310</u>	<u>\$ 14,009,291</u>

TOWN OF DERRY, NEW HAMPSHIRE
SPECIAL REVENUE FUNDS
June 30, 2008

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

1. **Taylor Library Fund** – This fund is used to account for library revenues and expenditures incurred in the operation of this public library located in East Derry.
2. **Derry Public Library Fund** – This fund is used to account for library revenues and expenditures incurred in the operation of Derry's main library.
3. **Cable Television Fund** – The cable television fund has been established to account for the revenues from the cable television franchise fees and other related miscellaneous income and the related expenses.
4. **Conservation Commission Fund** – This fund is used to account for revenue and expenses associated with acquiring conservation land and forest management and includes 100% of Land Use Change Tax (current use) and NH Forest Management Grant revenues.
5. **Pathways Fund** – This fund is used to account for the cost of sidewalk expansion improvements in the Town of Derry.
6. **Economic Development Revolving Loan Fund** – This fund is used to account for funds available to stimulate economic development in the Town of Derry.
7. **Charter Commission Fund** - This fund is used to account for the budget assigned to the Charter Commission for legal expenses and supplies associated with review and preparation of an amendment of the Town of Derry Charter for voters consideration.
8. **Emergency Management Flood Fund** – This fund is used to account for expenses associated with the May, 2006 and April, 2007 Floods and the 75% reimbursement from FEMA for eligible expenses.
9. **Central Court Land Acquisition Fund** – This fund is used to account for all costs necessary to acquire property located at 3 Central Court.
10. **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 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 as well as grant funds from the New Hampshire Charitable Foundation.
11. **Public Safety Grants Fund** – This fund is used to account for grants and donations received and expended 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 planning, training and equipping for domestic preparedness under grant programs such as Homeland Security and Justice Assistance.
12. **Miscellaneous Grants Fund** – This fund is used to account for various donations or grants received and their related expenditures.

13. Capital Reserve Funds –

1. **Assessor Data Collection Reserve** has been established to fund town-wide reassessment programs.
2. **Derry Fire Vehicle Replacement Reserve** has been established to facilitate replacement of fire vehicles in accordance with a planned vehicle replacement program.
3. **Derry Public Library Improvements Reserve** has been established to provide resources for future capital expenditures of the Derry Public Library.
4. **E-Gov Reserve** has been established to provide resources for software and hardware purchases in accordance with the Information Technology Division of the Executive Department's capital improvement plan.
5. **Emergency Management Equipment Fund** has been established to provide resources for capital purchases in accordance with the Emergency Management Department's capital improvement plan.
6. **Fire Facility and Equipment Fund** has been established to provide resources for capital purchases in accordance with the Fire Department's capital improvement plan.
7. **The Town of Derry Compensated Absence Reserve** has been established to provide for future payments of earned time to all town employees excluding Fire, Water/Wastewater, and Library employees.
8. **Highway Winter Maintenance Reserve** has been established to provide resources for unanticipated costs that may occur during a harsh winter from unexpended winter maintenance cost experience during mild winters. This fund operates under the provisions of RSA 35:1 C.
9. **Land and Buildings Reserve** has been established to ease the financial burden of the taxpayers under the provisions of RSA 35:1 for the purpose of land and building acquisition.
10. **Park Facilities Reserve** has been established to fund capital improvements to Park land and buildings.
11. **Police Vehicle Reserve** has been established to facilitate replacement of police vehicles in accordance with the scheduled vehicle replacement program.
12. **Taylor Library Reserve** has been established to provide resources for future capital expenditures of the Taylor Library.
13. **Transportation Improvement Reserve** has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways.
14. **Waste Tire Reclamation Fund** – The Waste Tire 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.

SCHEDULE C-1
TOWN OF DERRY, NEW HAMPSHIRE
 Combining Balance Sheet
 Governmental Funds - All Nonmajor Capital Reserve Funds
 June 30, 2008

	Assessor Data Collection Fund	Derry Fire Vehicle Replacement Fund	Derry Public Library Improvements Fund	E-Gov Fund	Emergency Management Equipment Fund	Fire Facility and Equipment Fund	Compensated Absences Fund	Highway Winter Maintenance Fund	Land and Buildings Fund
ASSETS									
Investments	\$ 130,510	\$ 146,525	\$ 46,961	\$ 78,627	\$ 4,245	\$ 456,614	\$ 3,044,969	\$ 102,184	\$ 371,630
Due from other funds	<u>5,000</u>	<u>5,000</u>	<u>2,254</u>						
Total Assets	<u>\$ 130,510</u>	<u>\$ 151,525</u>	<u>\$ 49,215</u>	<u>\$ 78,627</u>	<u>\$ 4,245</u>	<u>\$ 456,614</u>	<u>\$ 3,044,969</u>	<u>\$ 102,184</u>	<u>\$ 371,630</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,365	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES									
Unreserved, reported in:									
Special revenue funds	130,510	151,525	49,215	78,627	4,245	430,249	3,044,969	102,184	371,630
Total Fund Balances	<u>130,510</u>	<u>151,525</u>	<u>49,215</u>	<u>78,627</u>	<u>4,245</u>	<u>430,249</u>	<u>3,044,969</u>	<u>102,184</u>	<u>371,630</u>
Total Liabilities and Fund Balances	<u>\$ 130,510</u>	<u>\$ 151,525</u>	<u>\$ 49,215</u>	<u>\$ 78,627</u>	<u>\$ 4,245</u>	<u>\$ 456,614</u>	<u>\$ 3,044,969</u>	<u>\$ 102,184</u>	<u>\$ 371,630</u>

(Continued)

SCHEDULE C-1
TOWN OF DERRY, NEW HAMPSHIRE
 Combining Balance Sheet
 Governmental Funds - All Nonmajor Capital Reserve Funds
 June 30, 2008
 (Continued)

	Park Facilities Fund	Police Vehicle Replacement Fund	Taylor Library Fund	Transportation Improvement Fund	Waste Tire Reclamation Fund	Total Nonmajor Capital Reserve Funds
ASSETS						
Investments	\$ 43,480	\$ 693	\$ 172,292	\$ 32,088	\$ 265,909	\$ 4,896,727
Due from other funds				4,762		12,016
Total Assets	<u>\$ 43,480</u>	<u>\$ 693</u>	<u>\$ 172,292</u>	<u>\$ 36,850</u>	<u>\$ 265,909</u>	<u>\$ 4,908,743</u>
LIABILITIES						
Due to other funds			\$ 1,103		\$ 13,136	\$ 40,604
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ 13,136</u>	<u>\$ 40,604</u>
FUND BALANCES						
Unreserved, reported in:						
Special revenue funds	43,480	693	171,189	36,850	252,773	4,868,139
Total Fund Balances	<u>43,480</u>	<u>693</u>	<u>171,189</u>	<u>36,850</u>	<u>252,773</u>	<u>4,868,139</u>
Total Liabilities and Fund Balances	<u>\$ 43,480</u>	<u>\$ 693</u>	<u>\$ 172,292</u>	<u>\$ 36,850</u>	<u>\$ 265,909</u>	<u>\$ 4,908,743</u>

SCHEDULE D
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Taylor Library Fund	Derry Public Library Fund	Cable Television Fund	Conservation Commission Fund	Pathways Fund	Economic Development Revolving Loan Fund	Charter Commission Fund	Emergency Management Flood Fund	Central Court Fund	Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund	Capital Reserve Funds	Total Nonmajor Special Revenue Funds
Revenues:														
Taxes		\$ 3,040	\$ 177,680	\$ 182,072				\$ 12,908		\$ 140,861	\$ 365,566		\$ 240,280	\$ 182,072
Licenses and permits		342		61,329										180,720
Intergovernmental	\$ 1,763	2,228	467	25,037						525	3,423	\$ 125	\$ 240,280	581,006
Charges for services	2,854	4,619		312		\$ 3,743				150		38,661		4,458
Interest and investment income	1,952	37,493	395			3,743				141,386	369,139	38,786		276,863
Miscellaneous	6,569	47,722	178,542	268,750				12,908					240,280	82,706
Total Revenues														1,307,825
Expenditures:														
Current operations:														
General government			149,383							140,861	96,178			149,383
Public safety														96,178
Health and welfare														140,861
Culture and recreation	160,299	1,090,584		21,612								4,071		1,254,954
Conservation					41,325									21,612
Economic development			22,503	115,445					5,369		314,967	40,510		5,369
Capital outlay														534,750
Debt service:														
Interest and fiscal charges		2,398												2,398
Intergovernmental	160,299	1,092,982	7,384	137,057	41,325			12,908		525	320	44,581		21,137
Total Expenditures														2,226,642
Excess revenues over (under) expenditures	(153,730)	(1,045,260)	(728)	131,693	(41,325)	3,743			(5,369)		(42,326)	(5,795)	240,280	(918,817)
Other financing sources (uses):														
Transfers in	163,724	1,081,818						6,240	225,000		8,646	25,000	869,815	2,380,243
Transfers out	(7,590)	(2,254)					(12,692)					(7,500)	(1,161,248)	(1,191,284)
Total other financing sources (uses)	156,134	1,079,564					(12,692)	6,240	225,000		8,646	17,500	(291,433)	1,188,959
Net change in fund balances	2,404	34,304	(728)	131,693	(41,325)	3,743	(12,692)	6,240	219,631		(33,680)	11,705	(51,153)	270,142
Fund balances at beginning of year	71,022	1,119,777	243,848	617,187	41,325	109,484	12,692				135,049	30,678	4,919,292	6,292,554
Fund balances at end of year	\$ 73,426	\$ 1,462,811	\$ 243,120	\$ 748,880	\$ -	\$ 113,227	\$ -	\$ 6,240	\$ 219,631	\$ -	\$ 101,369	\$ 42,383	\$ 4,868,139	\$ 6,562,696

SCHEDULE D-1
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Capital Reserve Funds
For the Year Ended June 30, 2008

	Assessor Data Collection Fund	Derry Fire Vehicle Replacement Fund	Derry Public Library Improvements Fund	E-Gov Fund	Emergency Management Fund	Fire Facility and Equipment Fund	Compensated Absences Fund	Highway Winter Maintenance Fund	Land and Buildings Fund
Revenues:									
Interest and investment income	\$ 4,894	\$ 13,613	\$ 1,746	\$ 7,996	\$ 155	\$ 16,972	\$ 132,881	\$ 4,608	\$ 36,340
Total Revenues	<u>4,894</u>	<u>13,613</u>	<u>1,746</u>	<u>7,996</u>	<u>155</u>	<u>16,972</u>	<u>132,881</u>	<u>4,608</u>	<u>36,340</u>
Other financing sources (uses):									
Transfers in	40,000	5,000	17,254		1,500	200,000	297,377		(550,000)
Transfers out	<u>40,000</u>	<u>(178,003)</u>	<u>(17,254)</u>	<u>(113,070)</u>	<u>1,500</u>	<u>(60,320)</u>	<u>(67,273)</u>		<u>(550,000)</u>
Total other financing sources (uses)		<u>(173,003)</u>	<u>17,254</u>	<u>(113,070)</u>		<u>139,680</u>	<u>230,104</u>		
Net change in fund balances	44,894	(159,390)	19,000	(105,074)	1,655	156,652	362,985	4,608	(513,660)
Fund balances at beginning of year	85,616	310,915	30,215	183,701	2,590	273,597	2,681,984	97,576	885,290
Fund balances at end of year	<u>\$ 130,510</u>	<u>\$ 151,525</u>	<u>\$ 49,215</u>	<u>\$ 78,627</u>	<u>\$ 4,245</u>	<u>\$ 430,249</u>	<u>\$ 3,044,969</u>	<u>\$ 102,184</u>	<u>\$ 371,630</u>

(Continued)

SCHEDULE D-1
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Capital Reserve Funds
For the Year Ended June 30, 2008
(Continued)

	Park Facilities Fund	Police Vehicle Replacement Fund	Taylor Library Fund	Transportation Improvement Fund	Waste Tire Reclamation Fund	Total Nonmajor Capital Reserve Funds
Revenues:						
Interest and investment income	\$ 1,713	\$ 31	\$ 7,274	\$ 1,771	\$ 10,286	\$ 240,280
Total Revenues	<u>1,713</u>	<u>31</u>	<u>7,274</u>	<u>1,771</u>	<u>10,286</u>	<u>240,280</u>
Other financing sources (uses):						
Transfers in	10,000		27,522	161,726	109,436	869,815
Transfers out	<u>10,000</u>	<u>-</u>	<u>(8,693)</u>	<u>(128,000)</u>	<u>(55,889)</u>	<u>(1,161,248)</u>
Total other financing sources (uses)			<u>18,829</u>	<u>33,726</u>	<u>53,547</u>	<u>(291,433)</u>
Net change in fund balances	11,713	31	26,103	35,497	63,833	(51,153)
Fund balances at beginning of year	<u>31,767</u>	<u>662</u>	<u>145,086</u>	<u>1,353</u>	<u>188,940</u>	<u>4,919,292</u>
Fund balances at end of year	\$ <u>43,480</u>	\$ <u>693</u>	\$ <u>171,189</u>	\$ <u>36,850</u>	\$ <u>252,773</u>	\$ <u>4,868,139</u>

SCHEDULE E
TOWN OF DERRY, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - Cable TV Fund
For the Year Ended June 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 168,000	\$ 168,000	\$ 177,680	\$ 9,680
Charges for services	500	500	467	(33)
Miscellaneous	25	25	395	370
Total Revenues	<u>168,525</u>	<u>168,525</u>	<u>178,542</u>	<u>10,017</u>
Expenditures:				
Current:				
General government	155,301	155,301	148,877	6,424
Capital outlay	28,000	28,000	22,503	5,497
Intergovernmental	7,500	7,500	7,384	116
Total Expenditures	<u>190,801</u>	<u>190,801</u>	<u>178,764</u>	<u>12,037</u>
Net change in fund balances	(22,276)	(22,276)	(222)	22,054
Fund balance at beginning of year				
- Budgetary Basis	<u>243,342</u>	<u>243,342</u>	<u>243,342</u>	-
Fund balance at end of year				
- Budgetary Basis	<u>\$ 221,066</u>	<u>\$ 221,066</u>	<u>\$ 243,120</u>	<u>\$ 22,054</u>
Reconciliation:				
Cable TV General Government Expenditures per Schedule D			\$ 149,383	
Encumbrances - June 30, 2007			<u>(506)</u>	
Cable TV General Government Expenditures - Budgetary Basis			<u>\$ 148,877</u>	

**TOWN OF DERRY, NEW HAMPSHIRE
CAPITAL PROJECTS FUNDS**

June 30, 2008

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital projects, other than those financed by proprietary or trust funds.

1. **Crystal/Broadway Reconstruction Fund** – This fund is used to account for the Town's share of the State of NH managed redesign of the Crystal Avenue and Broadway intersection.
2. **Ash Street Corporate Park TIF** – This fund is used to account for the purchase of the Cooper property, infrastructure improvements and site preparations for subsequent sale to stimulate economic development as a commercial/light industrial park.
3. **Bridge Improvements Fund** – This fund is used to account for the construction of new bridges on South Avenue, Fordway, Bradford Street and Florence Street. The State of New Hampshire funds 80% of the costs.
4. **Municipal Services Fund** – This fund is used to account for roadway water and sewer improvements to serve the general community as well as the newly constructed Barka Elementary School.
5. **Public Safety Capital Fund** – This fund is used to account for improvements to public safety facilities and equipment. The fund was renamed and purpose was expanded from fire truck equipment in 2006 to include Island Pond Fire Station Parking Lot and Drain Separator improvements and acquisition of a mobile generator.
6. **Cemetery Improvements Fund** – This fund is used to account for the planning, designing, engineering or construction of land, building or roadway improvements in the Town's cemetery.
7. **Police Building Fund** – This fund is used to account for unexpended bond proceeds from a \$1,000,000 Police building addition bond issued in 2006 for the purpose of funding the addition's final construction, equipment and related furnishing costs. Funds not expended or obligated as of June 30, 2007 will be used to reimburse the general fund for the debt service of the bond.
8. **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 funded by a bond.
9. **Highway Garage Replacement Fund** – This fund is used to account for the engineering and construction costs associated with building a garage to house town vehicles and equipment.
10. **Recreation Facility Fund** – This fund is used to account for the engineering, construction and land acquisition costs associated with a new recreational facility for the community.
11. **Rail Trail Fund** – This fund is used to account for all costs associated with improving the Derry Rail Trail. The Town's appropriation becomes available once the Derry Rail Trail Association raises the remaining funds required to complete the project. The funds will laps on 6/30/2011 of not obligated or expended.
12. **Manning Street Extension Fund** – This fund is used to account for the engineering and construction costs associated with the extension of Manning Street, subsequently named Courthouse Lane.

13. **Network Infrastructure Fund** – This fund is used to account for consulting, design, purchasing and installation costs associated with computer network integration between the Town's municipal facilities.

SCHEDULE F
TOWN OF DERRY, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Capital Projects Funds
June 30, 2008

	Crystal/ Broadway Reconstruction Fund	Bridge Improvements Fund	Municipal Services Fund	Cemetery Improvements Fund	Police Building Fund	Highway Garage Replacement Fund	Recreation Facility Fund
ASSETS							
Due from other funds	\$ 280,828	\$ 835,239	\$ 3,590	\$ 2,500	\$ 571	\$ 14,885	\$ 225,000
Prepaid items	16,225						
Total Assets	<u>\$ 297,053</u>	<u>\$ 835,239</u>	<u>\$ 3,590</u>	<u>\$ 2,500</u>	<u>\$ 571</u>	<u>\$ 14,885</u>	<u>\$ 225,000</u>
LIABILITIES							
Accounts payable		\$ 18,345	\$ 3,590	\$ 2,500	\$ 571		
Retainage payable							
Total Liabilities	<u>\$ -</u>	<u>\$ 18,345</u>	<u>\$ 3,590</u>	<u>\$ 2,500</u>	<u>\$ 571</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES							
Reserved for encumbrances	150,000	300,580					
Reserved for prepaid items	16,225						
Unreserved, reported in:							
Capital projects funds	130,828	516,314				14,885	225,000
Total Fund Balances	<u>297,053</u>	<u>816,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,885</u>	<u>225,000</u>
Total Liabilities and Fund Balances	<u>\$ 297,053</u>	<u>\$ 835,239</u>	<u>\$ 3,590</u>	<u>\$ 2,500</u>	<u>\$ 571</u>	<u>\$ 14,885</u>	<u>\$ 225,000</u>

(Continued)

SCHEDULE F
TOWN OF DERRY, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Capital Projects Funds
June 30, 2008
(Continued)

	Rail Trail Fund	Manning Street Extension Fund	IT Network Infrastructure Fund	Total Nonmajor Capital Projects Funds
ASSETS				
Due from other funds	\$ 229,253	\$ 78,200	\$ 20,000	\$ 1,690,066
Prepaid items	<u>229,253</u>	<u>78,200</u>	<u>20,000</u>	<u>16,225</u>
Total Assets	\$ 229,253	\$ 78,200	\$ 20,000	\$ 1,706,291
LIABILITIES				
Accounts payable				\$ 22,506
Retainage payable				<u>2,500</u>
Total Liabilities	\$ -	\$ -	\$ -	<u>25,006</u>
FUND BALANCES				
Reserved for encumbrances		600		451,180
Reserved for prepaid items				16,225
Unreserved, reported in:				
Capital projects funds	229,253	77,600	20,000	1,213,880
Total Fund Balances	<u>229,253</u>	<u>78,200</u>	<u>20,000</u>	<u>1,681,285</u>
Total Liabilities and Fund Balances	\$ 229,253	\$ 78,200	\$ 20,000	\$ 1,706,291

SCHEDULE G
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008

		Crystal/ Broadway Reconstruction Fund	Ash Street Corporate Park TIF Fund	Bridge Improvements Fund	Municipal Services Fund	Public Safety Capital Fund	Cemetery Improvements Fund	Police Building Fund	Route 28 TIF Fund
Revenues:									
Interest and investment income	\$	2,624							
Miscellaneous	\$	<u>17,500</u>	<u>2,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues		<u>159,775</u>	<u>5,850</u>	<u>33,106</u>	<u>3,590</u>	<u>5,872</u>	<u>116,220</u>	<u>13,878</u>	<u>246,236</u>
Expenditures:									
Capital outlay									
Debt service:									
Interest and fiscal charges		76,127							
Total Expenditures		<u>159,775</u>	<u>81,977</u>	<u>33,106</u>	<u>3,590</u>	<u>5,872</u>	<u>116,220</u>	<u>13,878</u>	<u>246,236</u>
Excess revenues over (under) expenditures		<u>(142,275)</u>	<u>(79,353)</u>	<u>(33,106)</u>	<u>(3,590)</u>	<u>(5,872)</u>	<u>(116,220)</u>	<u>(13,878)</u>	<u>(246,236)</u>
Other financing sources (uses):									
Proceeds from sale of capital assets									
Issuance of long-term bonds									246,236
Transfers in					(18,644)		(28,154)		<u>246,236</u>
Transfers out					<u>(18,644)</u>		<u>(28,154)</u>		
Total other financing sources (uses)					<u>(22,234)</u>	<u>(5,872)</u>	<u>(144,374)</u>	<u>(13,878)</u>	
Net change in fund balances		<u>(142,275)</u>	<u>(79,353)</u>	<u>(33,106)</u>	<u>(22,234)</u>	<u>(5,872)</u>	<u>(144,374)</u>	<u>(13,878)</u>	<u>-</u>
Fund balances at beginning of year		<u>439,328</u>	<u>79,353</u>	<u>850,000</u>	<u>22,234</u>	<u>5,872</u>	<u>144,374</u>	<u>13,878</u>	<u>-</u>
Fund balances at end of year	\$	<u>297,053</u>	<u>-</u>	<u>\$ 816,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SCHEDULE G
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008
(Continued)

	Highway Garage Replacement Fund	Recreation Facility Fund	Rail Trail Fund	Manning Street Extension Fund	IT Network Infrastructure Fund	Total Nonmajor Capital Projects Funds
Revenues:						
Interest and investment income			\$ 4,253			\$ 2,624
Miscellaneous		\$ -	4,253			21,753
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>4,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>24,377</u>
Expenditures:						
Capital outlay	1,131,268			1,800		1,717,595
Debt service:						
Interest and fiscal charges				1,800		76,127
Total Expenditures	<u>1,131,268</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>1,793,722</u>
Excess revenues over (under) expenditures	<u>(1,131,268)</u>	<u>-</u>	<u>4,253</u>	<u>(1,800)</u>	<u>-</u>	<u>(1,769,345)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	550,000					550,000
Issuance of long-term bonds	500,000					500,000
Transfers in		180,000	225,000	80,000	20,000	751,236
Transfers out		180,000	225,000	80,000	20,000	(46,798)
Total other financing sources (uses)	<u>1,050,000</u>	<u>180,000</u>	<u>229,253</u>	<u>80,000</u>	<u>20,000</u>	<u>1,754,438</u>
Net change in fund balances	<u>(81,268)</u>	<u>180,000</u>	<u>229,253</u>	<u>78,200</u>	<u>20,000</u>	<u>(14,907)</u>
Fund balances at beginning of year	<u>96,153</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,192</u>
Fund balances at end of year	<u>\$ 14,885</u>	<u>\$ 225,000</u>	<u>\$ 229,253</u>	<u>\$ 78,200</u>	<u>\$ 20,000</u>	<u>\$ 1,681,285</u>

**TOWN OF DERRY, NEW HAMPSHIRE
PERMANENT FUNDS**

June 30, 2008

Permanent funds are used to account for assets held by the Town of Derry, New Hampshire in trust for specific purposes. These funds are grouped and categorized based on their intended use.

The Trustees of the Trust Funds of Derry oversee the permanent fund investments. The name and purpose of each trust fund is listed below:

<u>Name</u>	<u>Designated Purpose</u>
Perpetual Care	Perpetual Care at Cemetery
East Derry Cemetery	Cemetery expenses
MacGregor Pioneer Park	MacGregor Park upkeep
Taylor Library	Taylor Library general expenses
Sylvanus Brown	For the benefit of the poor of Derry with emphasis on clothing
Sarah MacMurphy	Derry Public Library books
Helen Hood	Derry Public Library books and musical recordings
Arts & Crafts	Derry Public Library art books
Charles Adams	Street Repair
Dr. William Carr & Harrison Alexander	Operations and Improvements to Alexander-Carr Park

SCHEDULE H
TOWN OF DERRY, NEW HAMPSHIRE
 Combining Balance Sheet
 Governmental Funds - All Nonmajor Permanent Funds
 June 30, 2008

	General Cemetery Care	Parks and Playgrounds	Libraries	Highways and Streets	Human Services	Total Nonmajor Permanent Funds
ASSETS						
Investments	\$ 2,302,770	\$ 3,287,826	\$ 86,925	\$ 37,943	\$ 57,322	\$ 5,772,786
Due from other funds	600					600
Total Assets	<u>\$ 2,303,370</u>	<u>\$ 3,287,826</u>	<u>\$ 86,925</u>	<u>\$ 37,943</u>	<u>\$ 57,322</u>	<u>\$ 5,773,386</u>
LIABILITIES						
Due to other funds	\$ 7,689	\$ 387				\$ 8,076
Total Liabilities	<u>\$ -</u>	<u>\$ 7,689</u>	<u>\$ 387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,076</u>
FUND BALANCES						
Reserved for endowments	2,195,967	3,121,271	85,406	28,938	44,461	5,476,043
Unreserved, reported in:						
Permanent funds	107,403	158,866	1,132	9,005	12,861	289,267
Total Fund Balances	<u>2,303,370</u>	<u>3,280,137</u>	<u>86,538</u>	<u>37,943</u>	<u>57,322</u>	<u>5,765,310</u>
Total Liabilities and Fund Balances	<u>\$ 2,303,370</u>	<u>\$ 3,287,826</u>	<u>\$ 86,925</u>	<u>\$ 37,943</u>	<u>\$ 57,322</u>	<u>\$ 5,773,386</u>

SCHEDULE I
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Permanent Funds
For the Year Ended June 30, 2008

	General Cemetery Care	Parks and Playgrounds	Libraries	Highways and Streets	Human Services	Total Nonmajor Permanent Funds
Revenues:						
Interest and investment income	\$ (18,020)	\$ (50,927)	\$ (344)	\$ (590)	\$ (990)	\$ (70,871)
Total Revenues	<u>(18,020)</u>	<u>(50,927)</u>	<u>(344)</u>	<u>(590)</u>	<u>(990)</u>	<u>(70,871)</u>
Expenditures:						
Current operations:						
General government	6,294	8,945	245	81	125	15,690
Total Expenditures	<u>6,294</u>	<u>8,945</u>	<u>245</u>	<u>81</u>	<u>125</u>	<u>15,690</u>
Excess revenues under expenditures	<u>(24,314)</u>	<u>(59,872)</u>	<u>(589)</u>	<u>(671)</u>	<u>(1,115)</u>	<u>(86,561)</u>
Other financing sources (uses):						
Transfers in	13,500					13,500
Transfers out	<u>(55,000)</u>	<u>(153,512)</u>	<u>(2,594)</u>		<u>(1,000)</u>	<u>(212,106)</u>
Total other financing sources (uses)	<u>(41,500)</u>	<u>(153,512)</u>	<u>(2,594)</u>	<u>-</u>	<u>(1,000)</u>	<u>(198,606)</u>
Net change in fund balances	(65,814)	(213,384)	(3,183)	(671)	(2,115)	(285,167)
Fund balances at beginning of year	<u>2,369,184</u>	<u>3,493,521</u>	<u>89,721</u>	<u>38,614</u>	<u>59,437</u>	<u>6,050,477</u>
Fund balances at end of year	<u>\$ 2,303,370</u>	<u>\$ 3,280,137</u>	<u>\$ 86,538</u>	<u>\$ 37,943</u>	<u>\$ 57,322</u>	<u>\$ 5,765,310</u>

TOWN OF DERRY, NEW HAMPSHIRE
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2008

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.

<u>Trust Name</u>	<u>Trust Purpose</u>
Hopkins Home	Derry Visiting Nurses for the care and treatment of elderly women and men who are 55 or more and reside in the Towns of Derry, Windham or Londonderry
James D. Alexander	Support of the public schools in Derry
Edward T. Parker	East Derry Improvements
Harold V. Abbott	For educational entertainment, civic betterment, music, sports, and emergency needs in said Town's of Derry and Londonderry
Frank Adams	Scholarship
Helen Noyes	For flowers to be placed each Memorial Day upon her lot in Forest Hills Cemetery

SCHEDULE J
TOWN OF DERRY, NEW HAMPSHIRE
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds - All Private-Purpose Trust Funds
 June 30, 2008

	Derry Public Schools	Derry Visiting Nurses	East Derry Improvements Society	Memorial Day Flowers	Total Private-Purpose Trust Funds
ASSETS					
Investments	\$ 28,399	\$ 319,886	\$ 16,723	\$ 1,814	\$ 366,822
Total assets	<u>28,399</u>	<u>319,886</u>	<u>16,723</u>	<u>1,814</u>	<u>366,822</u>
NET ASSETS					
Held in trust	28,399	319,886	16,723	1,814	366,822
Total net assets	<u>\$ 28,399</u>	<u>\$ 319,886</u>	<u>\$ 16,723</u>	<u>\$ 1,814</u>	<u>\$ 366,822</u>

SCHEDULE K
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - All Private-Purpose Trust Funds
For the Year Ended June 30, 2008

	<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	\$ 1,551	\$ 18,802	\$ 699	\$ 79	\$ 21,131
Net decrease in the fair value of investments	<u>(1,706)</u>	<u>(20,115)</u>	<u>(1,014)</u>	<u>(113)</u>	<u>(22,948)</u>
Total Investment Earnings	(155)	(1,313)	(315)	(34)	(1,817)
Less investment expense	<u>70</u>	<u>901</u>	<u>33</u>	<u>4</u>	<u>1,008</u>
Net Investment Earnings	<u>(225)</u>	<u>(2,214)</u>	<u>(348)</u>	<u>(38)</u>	<u>(2,825)</u>
DEDUCTIONS:					
Benefits	<u>250</u>	<u>9,906</u>	<u>-</u>	<u>20</u>	<u>10,176</u>
Total Deductions	<u>250</u>	<u>9,906</u>	<u>-</u>	<u>20</u>	<u>10,176</u>
 Change in Net Assets	 (475)	 (12,120)	 (348)	 (58)	 (13,001)
 Net assets - beginning of year	 <u>28,874</u>	 <u>332,006</u>	 <u>17,071</u>	 <u>1,872</u>	 <u>379,823</u>
Net assets - end of year	<u>\$ 28,399</u>	<u>\$ 319,886</u>	<u>\$ 16,723</u>	<u>\$ 1,814</u>	<u>\$ 366,822</u>

TOWN OF DERRY, NEW HAMPSHIRE
AGENCY FUNDS
June 30, 2008

Agency funds are used to account for assets held by the Town of Derry, New Hampshire purely as a custodian for individuals, private organizations or other governmental units as follows:

1. **Derry Cooperative School District 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.

SCHEDULE L
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - All Agency Funds
June 30, 2008

	Derry Cooperative School Agency Funds	Performance Bond Agency Funds	Total Agency Funds
ASSETS			
Cash and cash equivalents		\$ 1,120,313	\$ 1,120,313
Investments	\$ 183,564		183,564
Total assets	<u>\$ 183,564</u>	<u>\$ 1,120,313</u>	<u>\$ 1,303,877</u>
LIABILITIES			
Due to other governments	\$ 183,564		\$ 183,564
Deposits held for others		\$ 1,120,313	1,120,313
Total liabilities	<u>\$ 183,564</u>	<u>\$ 1,120,313</u>	<u>\$ 1,303,877</u>

SCHEDULE M
TOWN OF DERRY, NEW HAMPSHIRE
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds - All Agency Funds
For the Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Derry Cooperative School Agency Funds	\$ 175,287	\$ 8,277		\$ 183,564
Performance Bond Agency Funds	<u>464,369</u>	<u>1,578,953</u>	<u>\$ 923,009</u>	<u>1,120,313</u>
Total assets	<u>\$ 639,656</u>	<u>\$1,587,230</u>	<u>\$ 923,009</u>	<u>\$ 1,303,877</u>
LIABILITIES				
Funds held for Derry Cooperative School	\$ 175,287	\$ 8,277		\$ 183,564
Funds held for Performance Bonds	<u>464,369</u>	<u>1,578,953</u>	<u>\$ 923,009</u>	<u>1,120,313</u>
Total liabilities	<u>\$ 639,656</u>	<u>\$1,587,230</u>	<u>\$ 923,009</u>	<u>\$ 1,303,877</u>

TOWN OF DERRY, NEW HAMPSHIRE
GENERAL CAPITAL ASSETS
June 30, 2008

General Capital Assets, which include property, plant, equipment and road, bridge and sidewalk infrastructure are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net assets and in the individual proprietary funds.

SCHEDULE N
TOWN OF DERRY, NEW HAMPSHIRE
Schedule of General Capital Assets By Function
June 30, 2008

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Equipment and Vehicles	Depreciable Infrastructure	Total
General government	\$ 1,667,598	\$ 11,274,087	\$ 694,026	\$ 13,635,711
Public safety	757,207	9,199,018	144,870	10,101,095
Highways and streets	75,234,511	3,237,990	3,706,467	82,178,968
Health and welfare	41,359	82,844	-	124,203
Sanitation	-	1,002,044	125,090	1,127,134
Culture and recreation	901,013	3,681,005	3,368,483	7,950,501
Conservation	4,170,196	-	-	4,170,196
Total General Capital Assets	<u>82,771,884</u>	<u>28,476,988</u>	<u>8,038,936</u>	<u>119,287,808</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(9,647,695)</u>	<u>(2,079,526)</u>	<u>(11,727,221)</u>
Net General Capital Assets	<u>\$ 82,771,884</u>	<u>\$ 18,829,293</u>	<u>\$ 5,959,410</u>	<u>\$ 107,560,587</u>

SCHEDULE O
TOWN OF DERRY, NEW HAMPSHIRE
Schedule of Changes in General Capital Assets By Function
June 30, 2008

	General Capital Assets <u>6/30/07</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets <u>6/30/08</u>
General government	\$ 13,418,049	\$ 759,432	\$ (541,770)	\$ 13,635,711
Public safety	9,353,124	1,330,373	(582,402)	10,101,095
Highways and streets	79,823,815	3,822,211	(1,467,058)	82,178,968
Health and welfare	92,368	31,835		124,203
Sanitation	1,107,840	57,598	(38,304)	1,127,134
Culture and recreation	7,746,428	290,536	(86,463)	7,950,501
Conservation	<u>4,054,751</u>	<u>180,669</u>	<u>(65,224)</u>	<u>4,170,196</u>
Total General Capital Assets	115,596,375	6,472,654	(2,781,221)	119,287,808
Less: Accumulated Depreciation	<u>(10,447,997)</u>	<u>(1,839,239)</u>	<u>560,015</u>	<u>(11,727,221)</u>
Net General Capital Assets	<u>\$ 105,148,378</u>	<u>\$ 4,633,415</u>	<u>\$ (2,221,206)</u>	<u>\$ 107,560,587</u>

Statistical Section

STATISTICAL SECTION

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

Contents	Page
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.</i>	100-105
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	106-109
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.</i>	110-113
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.</i>	114-115
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 services the government provides and the activities it performs.</i>	116-118

Sources: Each of the schedules comprising the Statistical Section show the source from which the information contained therein is derived and where expanded from prior years' reports the information comes from those relevant comprehensive annual financial reports.

SCHEDULE I

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

	Fiscal Year Ended June 30								
	2000	2001	2002	2003	2004	2005	2006 *	2007	2008
Government Activities									
Invested in capital assets, net of related debt	\$2,683,083	\$77,581,979	\$87,603,942	\$94,356,098	\$91,175,678	\$96,093,430	\$95,250,347	\$94,868,610	\$97,250,699
Restricted	33,497,136	38,193,602	38,815,986	43,645,255	45,701,286	9,549,212	9,574,653	10,793,656	11,778,966
Unrestricted	6,624,160	5,578,514	4,798,047	5,486,475	6,435,210	11,404,663	10,974,175	11,842,047	11,990,757
Total Governmental Activities Net Assets	\$42,804,379	\$121,354,095	\$131,217,975	\$143,487,828	\$143,312,174	\$117,047,305	\$115,799,175	\$117,504,313	\$121,020,422
Business-type Activities									
Invested in capital assets, net of related debt	(\$1,040,981)	\$14,337,216	\$14,882,195	\$11,630,420	\$13,098,363	\$15,150,037	\$17,763,369	\$21,835,614	\$22,742,827
Restricted	961,573	807,593	1,178,122	855,585	5,837,523	0	0	0	0
Unrestricted	3,651,411	3,392,876	2,592,953	3,115,378	3,242,537	8,489,164	7,035,465	3,786,915	3,533,156
Total Business-type Activities Net Assets	\$3,572,003	\$18,537,685	\$18,653,270	\$15,601,383	\$22,178,423	\$23,639,201	\$24,798,834	\$25,622,529	\$26,275,983
Primary Government									
Invested in capital assets, net of related debt	\$1,642,102	\$91,919,195	\$102,486,137	\$105,986,518	\$104,274,041	\$111,243,467	\$113,013,716	\$116,704,224	\$119,993,526
Restricted	34,458,709	39,001,195	39,994,108	44,500,840	51,538,809	9,549,212	9,574,653	10,793,656	11,778,966
Unrestricted	10,275,571	8,971,390	7,391,000	8,601,853	9,677,747	19,893,827	18,009,640	15,628,962	15,523,913
Total Primary Government Net Assets	\$46,376,382	\$139,891,780	\$149,871,245	\$159,089,211	\$165,490,597	\$140,686,506	\$140,598,009	\$143,126,842	\$147,296,405

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

* FY 2006 Governmental Activities Restricted and Unrestricted Fund Balance have been reclassified to conform to the FY 2007 presentation.

SCHEDULE 2

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

	Fiscal Year Ended June 30								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Expenses									
Governmental Activities									
General government	\$4,320,841	\$3,611,433	\$3,755,691	\$4,453,797	\$6,351,809	\$4,675,203	\$4,698,161	\$4,864,395	\$4,922,872
Public safety	8,750,835	10,452,318	11,797,669	12,766,918	12,523,032	13,300,358	18,307,118	18,688,924	18,790,889
Highway & streets	3,143,624	3,355,098	3,299,274	3,79,026	3,933,288	3,105,552	4,184,803	3,985,181	4,181,494
Health & welfare	352,396	600,680	531,433	598,089	839,564	784,435	1,000,856	778,619	795,072
Sanitation	1,332,681	1,159,071	1,200,810	1,447,868	1,486,947	1,567,928	1,685,965	1,430,509	1,562,223
Culture & recreation	1,508,553	2,085,031	1,197,658	2,417,619	2,488,465	2,701,585	2,827,877	2,897,392	2,965,628
Conservation	839	10,727	9,189	2,477	1,350	20,259	17,264	17,264	29,113
Redevelopment & housing	50,000	63,316	65,000	55,000	65,000	65,000	65,000	65,000	55,016
Economic development	88,000	60,000	72,000	80,000	71,300	66,430	311,494	499,089	482,886
Capital outlay	2,351,074	0	1,308,857	0	0	0	0	0	0
Depreciation	428,619	0	0	0	0	0	0	0	0
Debt service	386,138	449,354	627,386	517,367	476,890	545,972	498,637	504,695	480,718
Intergovernmental	0	0	0	0	0	40,246	0	0	0
Total Governmental Activities Expenses	\$22,713,600	\$21,847,028	\$23,864,967	\$22,718,161	\$28,237,645	\$26,872,968	\$33,600,638	\$33,731,068	\$34,265,911
Business-type Activities									
Water	\$1,487,875	\$1,602,650	\$1,590,005	\$1,747,561	\$1,758,219	\$1,839,085	\$2,009,790	\$2,097,520	\$2,088,784
Sewer	1,593,127	1,789,271	1,652,598	1,429,859	1,687,975	1,799,338	1,876,727	1,837,379	1,927,217
Total Business-type Activities Expenses	\$3,081,002	\$3,391,921	\$3,242,603	\$3,177,420	\$3,446,194	\$3,638,423	\$3,886,517	\$3,934,899	\$4,016,001
Total Primary Government Expenses	\$25,794,602	\$25,238,949	\$27,107,570	\$25,895,581	\$31,683,839	\$30,511,391	\$37,487,155	\$37,665,967	\$38,281,912
Program Revenues									
Governmental Activities									
Charges for services:									
General government	\$4,478,049	\$5,332,602	\$4,808,199	\$4,991,846	\$5,428,129	\$2,696	\$67,217	\$85,991	\$100,553
Public safety	722,472	1,104,974	747,283	1,347,918	844,669	909,456	1,231,802	1,057,789	1,164,763
Highway & streets	132,698	43,708	0	45,398	26,577	16,834	76,647	48,404	62,045
Health & welfare	28,267	37,493	0	23,350	7,997	1,831	21,533	17,604	1,108
Sanitation	334,632	390,881	224,510	286,028	344,204	472,859	455,484	363,737	449,513
Culture & recreation	108,797	115,428	42,435	141,648	161,776	126,747	103,283	161,648	163,453
Conservation commission	72,856	54,934	42,005	101,943	140,300	0	0	0	0
Operating grants & contributions	948,753	469,861	693,500	940,661	971,153	1,799,080	2,111,103	2,065,068	2,072,594
Capital grants & contributions	911,241	908,419	705,643	45,329	0	1,631,388	734,573	516,750	1,069,575
Total Governmental Activities Program Revenues	\$7,737,765	\$8,458,300	\$7,263,575	\$7,924,121	\$7,924,805	\$5,010,891	\$4,801,642	\$4,316,991	\$5,083,604

CHANGE IN NET ASSETS, LAST EIGHT FISCAL YEARS (Continued)

	Fiscal Year Ended June 30								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Business-type Activities									
Charges for services	\$1,765,732	\$1,680,725	\$1,481,506	\$1,429,203	\$1,670,955	\$1,674,138	\$2,409,189	\$2,211,514	\$2,362,870
Water	2,348,882	2,114,796	1,801,409	1,785,985	1,691,184	1,626,060	2,050,767	1,823,410	1,835,606
Sewer	217,872	190,774	183,309	432,580	430,916	0	0	0	0
Operating grants & contributions	0	0	0	0	0	257,513	175,930	404,617	104,105
Capital grants & contributions	\$4,332,486	\$3,986,295	\$3,466,224	\$3,647,768	\$3,793,055	\$3,557,711	\$4,655,886	\$4,439,541	\$4,302,581
Total Business-type Activities Program Revenues	\$12,070,251	\$12,444,595	\$10,729,799	\$11,571,889	\$11,717,860	\$8,568,602	\$9,437,528	\$8,756,532	\$9,386,185
Total Primary Government Revenues									
Net (Expense) Revenue	(\$14,975,835)	(\$13,388,728)	(\$16,601,392)	(\$14,794,040)	(\$20,312,840)	(\$21,862,077)	(\$28,798,996)	(\$29,414,077)	(\$29,182,307)
Governmental activities	1,251,484	594,374	223,621	470,348	346,861	(80,712)	749,369	504,642	286,580
Business-type activities	(\$13,724,351)	(\$12,794,354)	(\$16,377,771)	(\$14,323,892)	(\$19,965,979)	(\$21,942,789)	(\$28,049,627)	(\$28,909,435)	(\$28,895,727)
Total Primary Government Net Expense									
General Revenues & Other Changes in Net Assets									
Governmental Activities									
Property & other taxes	\$9,363,538	\$16,668,370	\$22,401,000	\$20,855,611	\$22,696,627	\$18,396,205	\$20,982,682	\$21,794,063	\$22,828,221
Licenses & permits	1,223,503	2,214,999	1,912,352	1,791,022	1,977,812	5,271,171	5,456,525	5,430,606	5,584,941
Grants & contributions not restricted to specific programs									
State shared revenues						434,466	434,466	458,803	458,804
Rooms & meals tax distribution						1,145,923	1,251,722	1,341,260	1,451,362
Interest & investment earnings						1,051,406	1,747,030	2,559,466	1,468,474
Miscellaneous	2,027,837	1,599,247	1,977,133	870,262	1,776,278	1,175,759	652,178	752,406	382,952
Contributions to permanent fund principal	0	0	0	0	0	21,700	19,800	19,500	13,500
Special items-gain on sale of capital assets	0	0	0	0	0	0	373,577	0	534,655
Transfers	(433,891)	(212,782)	174,787	3,546,998	(6,109,538)	(1,303,751)	(24,148)	(24,810)	(24,493)
Total Governmental Activities	\$12,180,987	\$20,269,834	\$26,465,272	\$27,063,893	\$20,341,159	\$26,192,879	\$30,893,832	\$32,331,294	\$32,698,416
Business-type Activities									
Income & investment earnings	\$0	\$0	\$0	\$0	\$0	\$187,058	\$307,192	\$239,399	\$126,801
Miscellaneous	160,866	154,537	66,751	51,313	120,621	50,681	77,424	54,844	215,580
Special items-gain on sale of capital assets	0	0	0	0	0	0	1,500	0	0
Transfers	428,522	212,782	(174,787)	(3,546,998)	6,109,538	1,303,751	24,148	24,810	24,493
Total Business-type Activities	\$589,388	\$367,319	(\$108,036)	(\$3,495,685)	\$6,230,179	\$1,541,490	\$410,264	\$319,053	\$366,874
Total Primary Government	\$12,770,375	\$20,637,153	\$26,357,236	\$23,568,208	\$26,571,338	\$27,734,369	\$31,304,096	\$32,650,347	\$33,065,290
Change in Net Assets									
Governmental Activities	(\$2,794,848)	\$6,881,106	\$9,863,880	\$12,269,853	\$28,319	\$4,330,802	\$2,094,836	\$2,917,217	\$3,516,109
Business-type Activities	\$1,840,872	\$961,693	\$115,585	(\$3,075,337)	\$6,577,040	\$1,460,778	\$1,159,633	\$823,695	\$653,454
Total Primary Government	(\$953,976)	\$7,842,799	\$9,979,465	\$9,244,516	\$6,603,359	\$5,791,580	\$3,254,469	\$3,740,912	\$4,169,563

Note: The Town began to report accrual information when it implemented the provision of Governmental Accounting Standards Board Statement No. 34 effective with the fiscal year ended June 30, 2000, however capital assets were not fully recorded until fiscal year 2001. For fiscal years 2000-2004 shown above, General Revenues & Other Changes in Net Assets are not broken down in as much detail as are fiscal years 2005-2008, or as will future years.

SCHEDULE 3

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

	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006 *	2007	2008
General Fund:									
Reserved	\$2,286,987	\$1,451,765	\$1,946,269	\$1,475,903	\$1,124,603	\$2,216,019	\$673,990	\$338,614	\$322,826
Unreserved	7,069,962	5,961,084	8,064,459	8,980,534	9,771,634	10,642,509	10,369,762	10,551,610	11,846,663
Total General Fund	\$9,356,949	\$7,412,849	\$10,010,728	\$10,456,437	\$10,896,237	\$12,858,528	\$11,043,752	\$10,890,224	\$12,169,489
All Other Governmental Funds:									
Reserved	\$8,116,072	\$10,030,444	\$5,277,418	\$5,333,788	\$6,318,890	\$5,240,551	\$4,643,325	5,101,862	\$5,973,394
Unreserved, reported in:									
Special revenue funds	2,386,584	2,559,332	2,595,035	2,556,465	3,298,613	3,653,906	5,032,432	6,267,446	6,532,750
Capital project funds	33,205	1,767,260	2,130,816	4,762,050	3,779,049	1,519,159	1,726,865	1,514,997	1,213,880
Permanent funds	1,803,477	1,728,258	1,467,987	1,569,742	0	430,416	911,679	1,154,918	289,267
Total All Other Governmental Funds	\$12,339,338	\$16,085,294	\$11,471,256	\$14,222,045	\$13,396,552	\$10,844,032	\$12,314,301	\$14,039,223	\$14,009,291

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

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

\$21,696,287 \$23,498,143 \$21,481,984 \$24,678,482 \$24,292,789

SCHEDULE 4

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

	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Revenues:</u>									
Taxes	\$14,572,121	\$14,819,406	\$18,230,770	\$18,345,524	\$19,504,155	\$18,556,414	\$20,932,527	\$21,498,501	\$22,637,596
Licenses & permits	4,274,882	5,154,153	4,808,199	4,958,321	5,109,114	5,271,171	5,456,525	5,430,606	5,584,941
Intergovernmental	3,083,497	3,593,279	3,311,495	2,777,012	2,929,885	3,525,787	4,418,285	3,876,582	4,352,278
Charges for services	1,257,988	1,925,868	1,434,570	1,639,250	1,524,180	1,603,736	1,893,122	1,659,790	1,830,467
Interest & investment income	0	0	0	0	0	1,051,406	1,747,030	2,559,466	1,468,474
Miscellaneous	2,372,738	1,599,247	1,598,569	1,210,822	1,975,416	1,508,103	1,861,531	1,326,191	593,386
Total Revenues	\$25,561,226	\$27,091,953	\$29,383,603	\$28,930,929	\$31,042,750	\$31,516,617	\$36,309,020	\$36,351,136	\$36,467,142

Expenditures:

<u>Current operations-</u>									
General government	\$4,320,841	\$3,564,177	\$3,670,840	\$4,053,044	\$5,790,360	\$3,880,750	\$4,237,011	\$4,518,629	\$4,480,579
Public safety	8,750,835	10,386,621	11,885,888	12,521,663	12,245,280	13,915,103	17,363,724	17,969,416	17,810,998
Highways & streets	3,143,624	2,894,746	3,401,516	3,044,891	3,178,763	3,010,545	3,957,932	3,849,479	4,139,025
Health & welfare	352,396	438,737	527,379	594,035	837,234	774,804	1,005,108	762,059	812,303
Sanitation	1,332,681	1,159,071	1,329,057	1,375,185	1,449,345	1,460,844	1,637,541	1,595,580	1,507,164
Culture & recreation	1,508,553	1,994,160	2,504,897	2,170,242	2,423,084	2,335,255	2,552,929	2,577,082	2,664,121
Conservation	839	10,727	9,189	2,477	1,350	20,259	21,001	17,264	29,112
Redevelopment & housing	50,000	63,316	65,000	55,000	65,000	65,000	65,000	65,000	55,016
Economic Development	88,000	60,000	72,000	80,000	71,300	66,430	361,494	272,647	230,800
Capital outlay	3,610,398	6,553,560	6,738,989	4,037,589	1,295,877	3,705,771	4,980,552	1,678,387	3,425,537
Debt service-									
Principal retirement	773,468	1,421,035	939,751	1,279,936	1,139,342	935,000	870,000	860,000	855,000
Interest & fiscal charges	386,138	449,354	627,386	517,367	470,453	846,710	881,908	955,020	881,480
Intergovernmental	0	0	0	0	0	40,246	112,183	58,172	38,929
Total Expenditures	\$24,317,773	\$28,995,504	\$31,771,892	\$29,731,429	\$28,967,388	\$31,056,717	\$38,046,383	\$35,178,735	\$36,930,064

Excess revenues over (under) expenditures

	\$1,243,453	(\$1,903,551)	(\$2,388,289)	(\$800,500)	\$2,075,362	\$459,900	(\$1,737,363)	\$1,172,401	(\$462,922)
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CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)
LAST NINE FISCAL YEARS

	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses):									
Proceeds from sale of capital assets	\$1,890,000	\$3,489,605	\$0	\$0	\$3,500,000	\$0	\$1,000,000	\$100,000	\$550,000
Issuance of long-term bonds	240,639	428,584	197,343	450,000	148,503	473,539	438,380	323,803	647,116
Issuance of capital leases	4,289,121	7,628,657	4,280,104	8,498,265	7,412,929	2,974,518	4,877,188	5,252,138	547,134
Transfers in	(4,723,012)	(7,841,439)	(4,105,317)	(4,951,267)	(13,522,487)	(4,278,269)	(4,901,336)	(5,276,948)	4,126,327
Transfers out	0	0	0	0	0	0	(21,376)	0	(4,150,820)
Premium paid on asset exchange									(7,502)
Total other financing sources (uses)	\$1,696,748	\$3,705,407	\$372,130	\$3,996,998	(\$2,461,055)	(\$830,212)	\$1,392,856	\$398,993	\$1,712,255
Net change in fund balances	\$2,940,201	\$1,801,856	(\$2,016,159)	\$3,196,498	(\$385,693)	(\$370,312)	(\$344,507)	\$1,571,394	\$1,249,333

Debt service as a percentage of non-capital expenditures

5.6%	8.3%	6.3%	7.0%	5.8%	6.5%	5.3%	5.4%	5.2%
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Notes: The Town implemented the general provisions of Government Accounting Standards Board Statement No. 34 effective with the fiscal year-ended June 30, 2000. For fiscal years ended June 30, 2000 through 2004, interest & investment income was reported as miscellaneous revenue.

SCHEDULE 5

**TOWN OF DERRY, NEW HAMPSHIRE
ASSESSSED 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 Tax Rate	Estimated Actual Taxable Value	Total Assessed Value as a % of Estimated Actual Taxable Value
1999	849,797,992	240,252,908	0	12,895,505	\$1,077,155,395	43.89	1,191,097,606	90.434%
2000	862,078,739	241,608,090	0	13,540,495	\$1,090,146,334	32.64	1,377,766,979	79.124%
2001	881,880,562	247,055,580	0	12,465,900	\$1,116,470,242	35.58	1,660,707,301	67.229%
2002	1,440,599,243	319,199,400	0	12,778,170	\$1,747,020,473	27.34	1,922,968,824	90.850%
2003	1,306,592,918	481,743,475	0	17,671,550	\$1,770,664,843	29.18	2,300,549,847	76.967%
2004	1,346,912,118	461,190,325	0	17,268,500	\$1,790,833,943	32.17	2,665,169,654	67.194%
2005	1,891,864,100	391,236,800	0	16,796,375	\$2,266,304,525	25.19	2,806,879,197	80.741%
2006	1,916,485,900	393,363,300	0	18,412,875	\$2,291,436,325	27.03	3,117,340,578	73.506%
2007	2,478,166,614	433,996,506	64,134,100	20,075,232	\$2,956,221,988	22.16	3,082,608,955	95.900%
2008	2,522,675,292	419,301,173	62,022,100	19,345,933	\$2,984,652,632	22.05	2,984,652,632	100.000%

Notes:

- (1) Unable to breakout Commercial and Industrial assessed value for Fiscal Years 1997-2006. The total for Commercial and Industrial is shown under Commercial for those years. Beginning in FY 2007, the Town shows Commercial and Industrial separately.
- (2) Since 2003, the NH Department of Revenue Administration requires that all properties be reviewed at least every five years to insure that assessed property values are within a range of 90-110% of actual market value. The Town completed a revaluation in 2006 for FY07. The Town plans to try to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year.

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	Cooperative School District	State Education Tax	Rockingham County	Total Overlapping Rates		
1999	\$9.34	\$3.69	\$13.03	\$29.66	\$0.00	\$1.20	\$30.86	\$43.89	
2000	\$9.38	\$3.75	\$13.13	\$10.82	\$7.51	\$1.18	\$19.51	\$32.64	
2001	\$9.47	\$4.01	\$13.48	\$13.35	\$7.33	\$1.42	\$22.10	\$35.58	
2002	\$7.36	\$3.37	\$10.73	\$9.96	\$5.35	\$1.30	\$16.61	\$27.34	
2003	\$7.32	\$3.23	\$10.55	\$11.81	\$5.50	\$1.32	\$18.63	\$29.18	
2004	\$7.44	\$3.42	\$10.86	\$14.54	\$5.38	\$1.39	\$21.31	\$32.17	
2005	\$5.93	\$2.65	\$8.58	\$12.02	\$3.41	\$1.18	\$16.61	\$25.19	
2006	\$9.31	\$0.00	\$9.31	\$13.23	\$3.37	\$1.12	\$17.72	\$27.03	
2007	\$7.50	\$0.00	\$7.50	\$11.32	\$2.41	\$0.93	\$14.66	\$22.16	
2008	\$7.64	\$0.00	\$7.64	\$11.08	\$2.44	\$0.89	\$14.41	\$22.05	

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 2008			FY 1999		
		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.	\$56,347,260	1	2.12%	\$30,250,200	1	2.81%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	40,410,200	2	1.52%	18,530,400	2	1.72%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	20,544,900	3	0.77%	14,900,100	3	1.38%
Mariner Derry Meadows LLC	Commercial - Retail	18,529,900	4	0.70%			0.00%
Public Service Company of NH (PSNH)	Utility - Electric	14,447,400	5	0.54%	12,069,300	4	1.12%
WP Hood Associates, LLC (Hood Plaza)	Commercial - Retail	14,255,300	6	0.54%	11,694,900	5	1.09%
EKMK Associates Ltd. Partnership	Real Estate - Apartments	11,072,200	7	0.42%			
Wal-Mart Realty Co (Wal-Mart Store)	Commercial - Retail w/Fueling Station	9,566,500	8	0.36%	5,603,900	7	0.52%
Two Tsienmeto Road Realty LLC	Office - Medical Office Building	8,827,700	9	0.33%			0.00%
Franklin Derry Limited Partnership (Franklin Village Apartments)	Real Estate - Apartments	7,601,100	10	0.29%	4,657,500	8	0.43%
Saamina Corp. (Saamina/Hadco)	Industrial Manufacturing				6,181,400	6	0.57%
The Birches Development, Inc.	Commercial-Professional Offices				4,010,300	9	0.37%
CAM-Derry, LLC	Healthcare - Nursing Home				2,602,400	10	0.24%
Totals		\$201,602,460		7.59%	\$110,500,400		10.26%

Total Taxable Assessed Valuation is:

\$2,656,333,624

\$1,077,155,395

Source: Town of Derry, NH Assessing Records

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 to Date	
	Fiscal Year	Amount	Tax	Percentage of Levy			Amount	Percentage of Levy
1999	46,762,882	42,663,111	42,663,111	91.23%	\$3,954,521	\$145,250	\$46,762,882	100.00%
2000	35,053,178	31,724,618	31,724,618	90.50%	\$3,232,173	\$96,387	\$35,053,178	100.00%
2001	39,051,372	34,471,838	34,471,838	88.27%	\$4,440,650	\$138,884	\$39,051,372	100.00%
2002	47,224,554	38,432,500	38,432,500	81.38%	\$8,504,556	\$285,700	\$47,222,756	100.00%
2003	51,270,233	46,626,507	46,626,507	90.94%	\$4,491,929	\$144,058	\$51,262,494	99.98%
2004	57,184,186	51,474,513	51,474,513	90.02%	\$4,857,118	\$834,605	\$57,166,236	99.97%
2005	57,908,837	53,368,167	53,368,167	92.16%	\$3,794,711	\$698,219	\$57,861,097	99.92%
2006	61,968,623	59,173,498	59,173,498	95.49%	\$1,536,517	\$1,168,578	\$61,878,593	99.85%
2007	65,227,360 **	63,417,890	63,417,890	97.23%	\$949,568	\$330,809	\$64,698,267.	99.19%
2008	65,602,917	63,796,111	63,796,111	97.25%	\$0	\$315,925	\$64,112,036	97.73%

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

* The Town's total tax levy includes taxes collected for the School District and the County, in addition to the taxes to support Town services. The Town is required to forward revenues collected for the School District and County in full, regardless of whether the Town has collected those taxes. Therefore, the Town believes it is appropriate to present the property tax levies and collections in their totality to show the correct exposure that the Town bears solely for unpaid taxes.

** Taxes levied for the Fiscal Years beginning in FY 2007 and thereafter include additional lien levy

SCHEDULE 9

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

Fiscal Year	Governmental Activities				Business Type Activities						Total Primary Government Debt		
	General Obligation Bonds	Bond Anticipation Note	Capital Leases	Land Easement Note	Tax Increment Financing Bonds	Water Bonds	Water Capital Leases	Water Notes	Wastewater Bonds	Wastewater Capital Leases	Total Primary Government	As a % of Personal Income	Per Capita
1999	\$6,310,000	\$0	\$313,384	\$0	\$0	\$3,383,400	\$0	\$54,111	\$7,060,927	\$0	\$17,121,822	0.17%	\$532
2000	7,530,000	0	269,556	0	0	2,997,400	0	49,111	6,465,742	0	\$17,311,809	0.18%	\$533
2001	10,264,605	0	449,137	203,485	0	2,726,400	0	47,372	5,891,210	0	\$19,582,209	0.17%	\$576
2002	9,680,000	0	376,993	121,875	0	2,455,400	0	30,000	5,312,131	0	\$17,976,399	0.19%	\$522
2003	8,815,000	0	457,428	40,625	0	2,184,400	0	25,000	8,428,299	0	\$19,950,752	N/A	\$576
2004	9,450,000	0	408,100	0	2,000,000	1,913,400	0	20,000	7,654,497	0	\$21,445,997	N/A	\$618
2005	8,515,000	0	596,529	0	2,000,000	1,638,740	0	15,000	6,884,158	0	\$19,649,427	N/A	\$566
2006	8,645,000	0	669,308	0	2,000,000	1,572,740	3,244	10,000	7,099,727	3,244	\$19,803,263	N/A	\$571
2007	7,785,000	100,000	554,768	0	2,000,000	1,106,740	2,568	5,000	6,334,615	2,568	\$17,891,259	N/A	\$520
2008	6,930,000	747,116	712,773	0	2,000,000	844,940	1,964	0	5,569,362	1,964	\$16,808,119	N/A	\$491

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**

General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Total	% of Actual Taxable Value of Property	Per Capita
1999	6,310,000	0	\$6,310,000	0.59%	\$196
2000	7,530,000	0	\$7,530,000	0.69%	\$232
2001	10,264,605	0	\$10,264,605	0.92%	\$302
2002	9,680,000	0	\$9,680,000	0.55%	\$281
2003	8,815,000	0	\$8,815,000	0.50%	\$255
2004	9,450,000	2,000,000	\$11,450,000	0.64%	\$330
2005	8,515,000	2,000,000	\$10,515,000	0.46%	\$303
2006	8,645,000	2,000,000	\$10,645,000	0.46%	\$307
2007	7,785,000	2,000,000	\$9,785,000	0.33%	\$285
2008	6,930,000	2,000,000	\$8,930,000	0.30%	\$261

Notes:

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

See Schedule 5 for property value data.

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, 2008**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct & Overlapping Debt</u>
Direct:			
Town of Derry	\$16,091,418	100.00%	\$16,091,418
Overlapping:			
Rockingham County	3,545,000	6.6550%	235,920
Derry Cooperative School District	25,020,000	100.00%	<u>25,020,000</u>
Sub Total - Overlapping Debt			<u>25,255,920</u>
Total Direct and Overlapping Debt			<u><u>\$41,347,338</u></u>

Sources: Debt outstanding data is provided by each governmental unit and the percentage applicable to the Town of Derry for Rockingham County is provided by the County based on 2007 town allocation.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Debt Limit	\$36,646,424	\$42,494,546	\$49,801,464	\$58,111,018	\$69,705,292	\$81,255,082	\$85,564,379	\$98,038,070	\$94,842,992	\$90,625,805
Total debt applicable to limit	12,412,421	12,196,500	15,219,590	14,431,500	13,315,000	14,035,000	13,185,000	13,400,000	13,225,000	12,450,000
Legal debt margin	\$24,234,003	\$30,298,046	\$34,581,874	\$43,679,518	\$56,390,292	\$67,220,082	\$72,379,379	\$84,638,070	\$81,617,992	\$78,175,805
Total debt applicable to limit as a percentage of debt limit	33.87%	28.70%	30.56%	24.83%	19.10%	17.27%	15.41%	13.67%	13.94%	13.74%
Water Fund										
Debt Limit	\$122,154,748	\$141,648,488	\$166,004,880	\$193,703,393	\$232,350,974	\$270,850,273	\$285,214,598	\$326,793,568	\$316,143,307	\$302,086,017
Total debt applicable to limit	5,974,740	5,588,740	5,317,740	5,046,740	2,175,740	1,904,740	1,638,740	1,372,740	1,106,740	844,940
Legal debt margin	\$116,180,008	\$136,059,748	\$160,687,140	\$188,656,653	\$230,175,234	\$268,945,533	\$283,575,858	\$325,420,828	\$315,036,567	\$301,241,077
Total net debt applicable to limit as a percentage of debt limit	4.89%	3.95%	3.20%	2.61%	0.94%	0.70%	0.57%	0.42%	0.35%	0.28%

Notes:
Per New Hampshire Revised Statutes Annotated, the Town's general obligation debt and water district debt should not exceed 9% (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	Per Capita		School Enrollment	Unemployment Rate
		Personal Income	Personal Income		
1999	32,183	952,488,068	29,596	6,663	3.7%
2000	32,451	1,016,527,575	31,325	6,699	4.3%
2001	34,021	1,133,987,972	33,332	6,655	5.2%
2002	34,436	1,190,280,340	34,565	7,031	6.2%
2003	34,613	N/A	N/A	6,994	6.5%
2004	34,678	N/A	N/A	6,765	5.4%
2005	34,710	N/A	N/A	6,593	4.5%
2006	34,655	N/A	N/A	6,339	3.9%
2007	34,386	N/A	N/A	6,391	4.5%
2008	34,200	N/A	N/A	6,266	4.4%

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

Notes:

Population and personal income are based on information from the prior calendar year. School population is based on the 2006-2007 school year, while the unemployment rate is the unemployment rate for the last month of the fiscal year.

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

SCHEDULE 14

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

Employer	Type of Business	Fiscal Year 2008 (1)			Fiscal Year 1999 (2)		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	690	1	3.48%	510	1	3.08%
HCA Health Services of NH	Healthcare/Hospital	589	2	2.97%	416	3	2.51%
Pinkerton Academy	Education	474	3	2.39%			
Wal-Mart Store	Retail chain	200	4	1.01%			
Shaw's Supermarket	Supermarket	177	5	0.89%	280	4	1.69%
Fireye	Fire Equipment	150	6	0.76%			
Hannaford Supermarket	Supermarket	150	7	0.76%			
Saunina/Hadco	Electronics	80	8	0.40%	540	2	3.26%
Vermillion	Color separations	72	9	0.36%	80	7	0.48%
Merrimack Valley Wood Products	Door, window units	70	10	0.35%			
Dynaco	Electronics				120	5	0.72%
Treasure Master Corp.	Novelty Manufacturing				103	6	0.62%

Source: NH Department of Employment Security, Economic & Labor Market Information Bureau's *Community Profiles*.
 Information for Fiscal Year 1999 came from the Town's Public Offering Statement for the sale of bonds in 1999 and from the Derry Cooperative School District.

Note:

- (1) Fiscal Year 2008 information is from the 2007 calendar year profile.
- (2) Fiscal Year 1999 information is from the Town's Public Offering Statement for the sale of bonds in 1999 and from the Derry Cooperative School District, and is the closest information to Fiscal Year 1998 available. Information on only the top 7 employers is available.

SCHEDULE 15

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

Function/Program	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Governmental Activities</u>										
General government	23	24	25	26	25	24	24	26	27	27
Public Safety	123	129	136	140	143	141	149	165	162	162
Highway & streets	28	30	29	31	31	30	28	28	28	28
Health & welfare	1	1	1	1	1	1	2	3	3	3
Sanitation	4	4	5	5	5	5	6	6	6	6
Culture & recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	2	2	2	3
<u>Business-Type Activities</u>										
Water	6	6	6	6	6	6	6	6	6	6
Sewer	6	6	7	6	7	7	7	7	7	7
Totals	201	210	219	225	228	224	232	251	249	250

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.

SCHEDULE 16

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 *
Public safety										
Number of police calls answered	21,598	23,688	24,889	24,889	25,937	27,119	27,446	25,979	22,709	21,850
Physical arrests	1,330	1,671	1,619	1,619	1,438	1,757	1,906	1,723	1,427	1,373
Traffic violations	1,542	1,636	1,769	1,769	1,595	1,867	1,803	1,294	1,035	801
Parking violations	1,142	1,110	1,729	1,729	1,180	937	969	901	797	616
Total Offenses Reported (prior calendar year basis)										
Group A	2,137	2,224	2,453	2,648	2,623	2,479	2,719	2,654	2,642	2,543
Group B	1,403	1,281	1,481	1,448	1,301	1,132	1,370	1,354	1,176	1,150
Fire & rescue calls dispatched (5 towns)										
Total fire & rescue responses										
Fire emergency services										
False alarms	381	418	349	349	407	427	289	453	337	446
EMS/Rescue	1,870	1,851	2,142	2,142	3,422	2,422	2,842	2,888	2,816	2,893
Patients treated & transported										
Patients treated only										
Inspections conducted	1,326	1,317	3,016	3,016	2,945	1,245	1,089	1,444	769	866
Fire code										
Permits										
Fire Permits						3,837	4,058	1,640	1,704	1,766
Public safety education programs						168	344	379	421	130
Program attendees							3,635	3,735	4,340	2,766
Water										
Daily average water consumption	1.74 MGD	1.92 MGD	1.92 MGD	1.92 MGD	1.4 MGD	1.38 MGD	1.36 MGD	1.32 MGD	1.28 MGD	1.30 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	2.25 MGD	1.70 MGD	1.92 MGD	1.92 MGD	1.71 MGD	1.63 MGD	1.66 MGD	1.88 MGD	1.75 MGD	1.67 MGD
Maximum daily capacity	4.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD

Source: Various town departments

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

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

SCHEDULE 17

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	25	30	30	30	30	30	30	30	30
Fire stations	3	3	3	3	3	3	3	4	4	4
Fire/EMS Response Apparatus *						24	31	31	30	30
Highways & streets										
Miles of streets	162	165	158	158	158	161	161.5	161.7	160.9	160.9
Number of street lights	1,246	1,246	912	912	912	916	921	921	921	921
Miles of sidewalks	18	18	18	18	18	19	19	19	19	19.3
Culture & recreation										
Community centers	3	9	8	8	6	6	6	6	6	6
Parks	10	3	3	3	6	6	6	6	6	6
Park acreage	68.4	68.4	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields		4	4	4	9	9	9	9	9	9
Baseball/softball fields					8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	6	7	7	6	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	55	66	67	67	67	68	68	68	68	68.2
Service connections	3,696	3,733	3,726	3,726	3,864	3,913	3,927	3,945	3,966	3,977
Fire hydrants	495	525	525	525	540	562	571	573	575	575
Sewer										
Miles of sanitary sewers	35	56	45	45	45	46	46	46	46	46.6
Miles of storm sewers	16	16	16	16	16	17	17	18	18	18
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	2,790	2,796	2,984	2,984	2,999	2,928	2,954	2,984	2,995	3021

Source: Various town departments

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

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