



**TOWN OF DERRY, NEW HAMPSHIRE**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ending**

**June 30, 2010**

Photo on the Cover:  
New Florence Street Bridge Improves Roadway Infrastructure

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2010**

Prepared by:  
The Finance Department

Janice Mobsby  
Controller

Frank Childs  
Chief Financial Officer

Mark Fleischer  
Senior Accountant



Town of Derry, New Hampshire  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010

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## Introductory Section



Expanded Bike Path Leads to Bowers Road Crossing

# *Town of Derry, NH*

## **Office of the Finance Department**

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December 20, 2010

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, 2010, 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 just under 6 percent over the past decade. The government has a land area of 37.18 square miles and an estimated population of 34,318, which is an increase of 0.7% from the prior year. This was a slight increase, despite a 1.4% decline in school population for grades 1-12, following a 0.2% decline the previous year. School enrollment has been declining for three straight years, with a reduction of 3.6% over that period. This general decline in school population data is similar to statewide statistics that portray a declining enrollment generally in New Hampshire. Overall, school population increased slightly beginning in 2009 due to the initial year of kindergarten being provided. The Town of Derry, NH had an employed labor force of 245 full time permanent employees as of June 30, 2010, including employees of the Town's two libraries.

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, 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 2009, a full valuation update was completed that reflected a real estate market that continues to be depressed. This valuation resulted in a net reduction of 6.6% in assessed valuation compared to that in 2008, the second straight year of declined property values. In 2010, the town continued its cycled inspection program and review of completed building permits, as well as a review of all residential and commercial condominium complexes, including condex properties. Appropriate valuation adjustments were made resulting in a slight decline in 2010 of 0.1% from 2009, though this was the third straight year of a decline in the Town's valuation. In 2011, a valuation update will be performed on all utility property within the Town, as well the annual cycled inspection of one-fifth of properties and a review of all sold property. A full reassessment update is scheduled for 2012.

### ***Economic Condition and Outlook***

The economic condition in the area is reflected by the outlook of the citizens of Derry on their personal economic welfare as measured by the number and value of motor vehicle registrations. The number of motor vehicle registrations processed by the Tax Collector/Municipal Agent increased by 3,702 in FY 2010 to 38,251, a 10.7% increase compared to a 7.5% decrease the prior year. While the number of permits increased, the average value of each registration decreased in FY 2010 by 8.5%, from \$124 to \$105, compared to the previous year's increase in average value of 2.5%. This drop in value is despite the significant number of registrations

issued, reflecting the fact that older vehicles are charged a lower fee. This data continues to be consistent with the ongoing national trend of fewer purchases of new vehicles. While Derry residents are now registering vehicles at a level seen in FY 2008, the vehicles being registered are of lesser value, continuing citizen patterns of purchasing more used/older vehicles rather than new vehicles.

Another local indicator of economic condition can be found in the building permits issued, which showed a modest increase in residential permits, while addition & remodeling permits increased slightly. The number of permits for residential units increased slightly in FY 2010, going from 20 to 26. While increasing slightly, permits remain at the level experienced in FY 2007, but remain significantly below the FY 2008 level for the past two years. While the average construction value of each residential unit increased from the previous year, again this year permits included no lower valued multi-family unit permits. Permits issued in FY 2008 included 33 permits for multi-family units. Permits for additions and remodeling in FY 2010 experienced a 2.3% increase from the prior year compared to a 10% increase from FY 2008 to FY 2009. While permits for additions & remodeling have been fairly consistent over the past four fiscal years, the increase in FY 2010 indicates a continuing trend to fixing up existing homes versus building new ones. These overall trends are reflective of the continued general downturn/flatness in the housing market nationally. The trend of lower residential permits experienced in FY 2009 continued into the early months of FY 2010. Recent months have shown some slightly improved activity in permits for single family homes and limited indication of future activity for multi-family housing.

<b>Residential Units</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Permits	28	80	20	26
Total Value	\$4.9M	\$8.6M	\$2.4M	\$3.4M
Average Value	\$176K	\$107K	\$120K	\$132K

Local area unemployment statistics showed an improvement in the unemployment rate in the greater Derry area from a year ago at the end of June 2010, 6.4% vs. 7.8%, with 1,310 being unemployed versus 1,570 a year ago. The June 2010 unemployment rate for Derry is higher than the 5.8% rate for communities in the Southern portion of New Hampshire, and the overall state rate of 5.7%. While reflective of the overall economic situation throughout the United States, the unemployment rate trails the national level. The overall economic situation improved slightly during the July-October 2010 period with unemployment declining to 5.5%, 1,130 unemployed, and with the state rate at 5.0% at the end of October. The comparable rates for October 2009 and 2008 were 7.6% and 4.5%, respectively. Overall, the economic outlook for Derry remains generally consistent with the Southern New Hampshire economy and is impacted by the overall depressed national economy.

## **Major Initiatives**

### *For the Year*

The year was highlighted by the completion of the Town's Master Plan Update, as well as the work on the Open Space Plan, Route 102 Traffic Management Corridor Plan and the Beaver Lake Management Plan that were incorporated into the overall Master Plan Update. The process began with a Community Profile meeting that was well attended by a diverse group of citizens,

community organizations and civic groups. As a result of the community profile meeting, a number of working subcommittees were established that prepared specific goals, visions and work products that were also included in the Master Plan Update.

Building on that effort, the Town applied for and received a grant to conduct a Downtown Civic Profile Meeting through UNH. A very successful turnout for a community meeting on a Saturday in April involved nearly 60 people who discussed and strategized plans for the Town's continuing Downtown revitalization efforts. Success of that meeting saw the creation of the Downtown Farmer's Market and the re-establishment of the Downtown Committee. It is the Town's hope that monthly meetings of the Committee will evolve into more projects and initiatives for the future success of the Downtown. The Planning Department continues to work closely with Arnett Development Group, the Town's economic development consultant, on economic development efforts and the Enterprise Revitalization Zone application, which was approved by the NH Department of Resources and Economic Development. In the spring, a 'design charette' was held for the Planning Board and owners in the Route 28 Corridor TIF District to develop marketing ideas that would lead to a successful build-out of the TIF. The Town also worked with the Derry Housing and Redevelopment Authority for federal economic stimulus funding for the conversion of the former Floyd School into elderly housing.

While the state of the economy remains troublesome, as evidenced by a number of closures of downtown businesses, the Town saw the addition/reutilization of some new businesses. A closed convenience store was rehabbed and opened by a family member as a breakfast/luncheon restaurant. A new hair salon and spa was opened following the restoration of one of the original homes in the Derry Village section of Town. New auto repair, boat sales and service, and wood products businesses were opened, with the latter also bringing a construction business, a manufactured home business and commercial office space. The closed restaurant that had occupied the former downtown firehouse was reopened by a new group of owners. A Nazarene Church moved from a neighboring community to Derry. Construction of a six unit townhouse began, replacing a dilapidated multi-family building. Construction also began on an 115,000 square foot Freshman Building at Pinkerton Academy, the private high school that Derry children attend.

The upgrade of a major downtown intersection, the junction of Route 28/Route 102, was primarily completed during the fiscal year, with final completion occurring in early fall 2010. The NHDOT managed the design and construction of the intersection upgrade, with the Town committed to a 20% cost share for design and engineering and a 10% cost share for construction. The remainder of the project was funded through Federal highway funds. The realignment significantly improves the operational capacity of this intersection and improves traffic flow in the downtown area, as well as provides additional downtown parking.

In the fall of 2009, the Town Council approved an increase in the Town's Economic Development Revolving Loan Fund, more than doubling the funding to \$250,000. The fund and loans granted are managed by the Rockingham Economic Development Corporation, who has not had a default on any of the loans they have granted through other programs they manage. This fund will assist smaller businesses in starting up or expanding their operations in Derry, providing an additional economic development tool.

Reconstruction of the Florence Street and Fordway Bridges occurred during FY 2010. The Florence Street Bridge was completed in the spring of 2010 and was funded 80% by NHDOT

Bridge Aid and 20% by Town contribution. The Fordway Bridge was completed in the fall of 2010, with funding of design and engineering 80% by NHDOT Bridge Aid and 20% by Town contribution. 100% of the construction costs were funded by 60% Federal Highway funds and 40% NHDOT Bridge Aid funds, with no Town contribution required.

The Town continued to expand, broaden, and upgrade existing facilities for the general recreational needs of its citizens, as well as continued work on adding/improving infrastructure for roads, bridges and 'rail trails'. The Town of Derry, through the Derry Rail Trail Alliance, joined forces with Windham and Salem to create a Southern New Hampshire Rail Trail Alliance in which the group received \$1,200,000 in Federal Transportation Enhancement Funds. The Derry Rail Trail Alliance would receive \$400,000, primarily to upgrade the culvert at Bowers Road and allow an underground crossing as opposed to an at-grade crossing that currently exists, improving the safety of the trail at that road crossing. The award was announced in the spring of 2010. The ultimate goal of the various rail trail community groups is to have one continuous rail trail from Salem to Concord. Investments continued in the replacement and updating of equipment required for the efficient operation of various Town Departments.

### ***For the Future***

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

1. Broader base of commercial and industrial property to alleviate the tax burden on single-family homeowners.
2. Development in the Route 28 Corridor TIF District.
3. Consideration of extending water and sewer to the southern end of Route 28, heading to Windham, so as to better develop that area commercially and industrially following a build out of the Route 28 Corridor TIF District.
4. Acquisition of open space.
5. Consideration of a merchants/downtown organization in some form.
6. Mitigation of the planned Interstate 93 widening.
7. Possible development of Exit 4-A, with work continuing on a final Environmental Impact Statement (EIS) to be submitted to the Federal Highway Administration and the NH Department of Transportation (NHDOT).
8. The Town continues to review zoning changes that might appropriately increase the available commercial/industrial acreage, thereby reducing the zones where residential uses are permitted. An example is an area near the historic Robert Frost Farm, along Route 28, which is proposed to be rezoned to create a limited commercial/professional use in that area that is complimentary to the historic farm site. This rezoning has been approved by the Planning Board and will be presented to the Council requesting their approval as well. One of the Town's oldest residential neighborhoods adjacent to the Downtown has been rezoned to preserve the primarily single family residential nature of this area, eliminating future development of multi-family housing.
9. Fire and Code Enforcement continue to look into the merits of developing a blight ordinance to deal with distressed properties throughout the Town.

All of these efforts are intended to make the community more attractive to businesses considering Derry as a place to conduct business.

In FY 2010, the Town Council approved additional bonding for the necessary infrastructure improvement to support further commercial and industrial development in the Route 28 Corridor TIF District. This step to reinvigorate this infrastructure project has spurred renewed interest by Wal-Mart in developing a 55-acre site for a new Super Center store, in the 12-acre site on which the former Sanmina manufacturing facility stood, on the property once occupied by Allen Motors, which has been acquired by a commercial developer, and in other properties within the TIF District. Wal-Mart had their first preliminary site plan review with the Planning Board in July 2010 and plans another towards the end of 2010, with an indication that a formal filing will be made in early 2011. The undeveloped/underutilized properties in this District are prime locations for development since they are already serviced by municipal water and sewer. The Town presently estimates that the roadway improvements could be significantly less than the original \$6.5 million estimate. The Town is close to concluding its land acquisition efforts, is looking to put this project out to bid in January 2011, with a project award in March 2011 and commencement of construction in April 2011. The New Hampshire Department of Transportation has committed \$700,000, while the Town has authorized a bond of up to \$5.4 million towards this project and the use of \$400,000 of unreserved fund balance. The issuance of a bond to fund this project is anticipated in the first half of 2011. Contributions from future developers towards these infrastructure improvements will be sought to either reduce the amount to be bonded or to support the coverage of debt service. Within the TIF District, Sanmina is expanding their labor force from 30 to 100 employees, expanding operations into the second of their existing facilities, which were both closed a few years ago.

Revitalization of the downtown area continues to be a community-wide focus, by encouraging the occupancy of vacant storefronts and the removing/upgrading of less than attractive commercial/residential properties. Construction of a three-story mixed use, residential/commercial/office building in the heart of the Town's downtown area has been approved, replacing an abandoned service station. The Town is developing marketing options for environmentally-friendly development of a Town-owned parcel in the downtown area. A local entrepreneur and Derry resident has obtained approvals to open a medical technology college in downtown Derry. Students would be trained to become surgical technicians and for other careers in medical settings. Subject to obtaining final financing, the New England Institute of Medical Technology plans to begin operations in early 2011.

Despite the continued economic downturn nationally, there are ongoing discussions with retailers and other businesses that are considering construction of new facilities and expansion of existing facilities, as well as reopening closed facilities. A commercial office building is being proposed on the site that formerly housed the Town's highway garage. Plans have been developed for a new 24,000 square foot, three story medical office facility in the same area as the relatively new Goddard School early education/child care facility, Center for Life Management office building, the Overlook Medical Office Park and Tire Warehouse. Recently, the New Hampshire Community Development Finance Authority, utilizing federal Housing and Urban Development funding, has approved a \$5.3 million bond for this new medical office building. Construction of a motorcycle showroom and repair shop is proposed on Ryan's Hill on Route 28 south, replacing a dilapidated single family home. This facility is an indication of interest in further expansion of the Route 28 south area of Town for future commercial and industrial activity. Increased activity at the Overlook Medical Office Park and the Center for Life Management has led both to seek approval for expansion of the parking area at their facilities. Infrastructure work will continue in the future on bridge replacements, roadway improvements, and expansion of the Town's water

and sewer system. Despite the current economic situation, the Town sees slow-but-steady economic improvement in 2011 and beyond.

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

There were key accomplishments for FY2010: the rekindling of activity and funding for the Route 28 Corridor TIF District and the related resurrection of the Wal-Mart Superstore project, including the interest that their announcement has generated, not unlike other areas where Wal-Mart has constructed facilities; completing the update of the Town's Master Plan and all of the activities related to that project; the completion by the State of the Route 28/Route 102 key intersection in the center of Town; and the virtual completion of the reconstruction of the Florence Street and Fordway Bridges. All of these accomplishments have been discussed in more detail earlier in this section of the letter. The rezoning of some areas of Town to enable enhanced economic development activity and preserve that area's primarily single family residential nature were accomplishments as well. The Town's involvement with and facilitation of previously mentioned commercial development and related infrastructure activity during continuing, difficult economic times forebodes healthy economic development as the economy recovers.

The Town's emergency preparedness was again tested, only fifteen months after the devastating December 2008 ice storm that took two weeks for recovery. On the evening of February 25, 2010, a severe storm inflicted heavy wind damage and flooding throughout the Town. An emergency declaration was made early on February 26, 2010 that activated the Town's Emergency Operations Center and continued until March 2, 2010. The Town demonstrated remarkable resiliency despite the fact that at the height of the storm, approximately 11,000 of the Town's 35,000 residents were without electricity, many without water as well since only a small portion of the Town is served by the municipal water system. Town facilities that were damaged included the Drew road culvert being washed out, the roof being blown off the Alexander Carr Lodge recreational facility and the Vets Field fencing being blown over. The Town of Derry and Londonderry jointly opened and supported a shelter at Londonderry High School. The Town's Fire, Police, Public Works and Emergency Management Departments' staff, immediately sprung into action to cope with the storm's damage and its impact on citizens. The Derry CERT (Community Emergency Response Team) was also activated to assist in the response. The Town incurred costs of \$105,000, for which it has already been reimbursed \$79,000 by the Federal Emergency Management Agency. The Town may also be reimbursed \$13,000 from State emergency management funds.

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

## ***Financial Information***

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

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

As a part of the government's audit, tests were made of the government's internal control structure. Although this testing was not sufficient to support an opinion on the government's internal control system, the audit for the year ended June 30, 2010 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 and Debt Administration.

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

#### ***Unreserved Fund Balance***

The unreserved general fund balance decreased by \$2.2 million from the prior year reported \$12.5 million level to \$10.3 million at June 30, 2010. This decrease is primarily attributable to

supplemental appropriations for bridge projects, with the majority of that funding ultimately being returned to fund balance in future years. 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, 2010 equals 11.1% of total appropriations, 1.4% below 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 13 general obligation debt issues outstanding at June 30, 2010. The outstanding general government principal amount of \$7.3 million reflects a decrease from the prior year level of \$8.0 million due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2010. The \$7.3 million outstanding includes a \$1.8 million Tax Increment Financing bond for the Ash Street TIF District. Outstanding bond debt for the Water and Wastewater departments was \$4.6 million at June 30, 2010 and \$5.5 million at June 30, 2009. The decrease of \$0.9 million was due to the ongoing scheduled repayment of bond principal and no issuance of any bonds in FY 2010. Based on an estimated population of 34,318, general government bonded debt per capita, excluding the TIF bond, was \$159 per Derry resident at June 30, 2010, down 11% from the \$179 reported in the prior year. This decrease is due to the effect of no new bonded debt issued during FY 2010, ongoing scheduled repayment of bond principal and a slight increase in the estimated population, discussed earlier in this letter. The government has an Aa2 rating from Moody's Investors Service based on its 2010 recalibration of US Municipal bond ratings to the global scale. Prior to this recalibration, the Town's rating had been A1. Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody's, an AA rating from Standard & Poor's and an AA-rating from Fitch. Under current state statutes, the government's general obligation bonded debt issuance is subject to a local limitation based on a percentage of the Town's State of New Hampshire equalized assessed valuation. As of June 30, 2010, the government's general obligation bonded debt in the general fund, both issued and authorized, was only 12.1% of the legal debt limit (3% of equalized assessed valuation) and \$69.9 million below that limit. The Water Fund bonded debt was \$264.5 million below and only 0.2% of the legal debt limit (10% of equalized assessed valuation). The Wastewater Fund, Landfill Closure and TIF District debt have no limits.

### **Other Information**

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

The Town Charter requires an annual audit by an independent certified public accountant. The Town's Charter also requires that the audit firm be changed at least every five years. In 2010, a Town Charter Commission reviewed and accepted a request by management to change the Charter so that a Request for Proposal is required for an auditor at least every five years, but that would not require the auditor to be changed. However, that and other recommended Charter changes have not been submitted to citizens for their approval. Since, the auditing firm of Vachon, Clukay & Co., PC, Manchester, NH, had performed audits of the Town's accounting and financial records for five Fiscal Years, 2005-2009, the Town issued a Request for Proposals

for Auditing Services in early 2010. Melanson Heath & Company, PC, Nashua NH was selected to audit the Town for three years beginning with FY 2010, with an option at the Town's sole discretion for an additional two years.

The audit was designed to meet the requirements set forth in State statutes and was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The auditor's report on the basic financial statements, as well as combining and individual fund statements and schedules, is included in the financial section of this report.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) has once again awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Derry, NH for its comprehensive annual financial report for the year ended June 30, 2009. This was the twelfth consecutive year that the Town of Derry, NH has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### ***Acknowledgments***

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

Respectfully submitted,

***Frank L. Childs***

Frank L. Childs

Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Derry  
New Hampshire

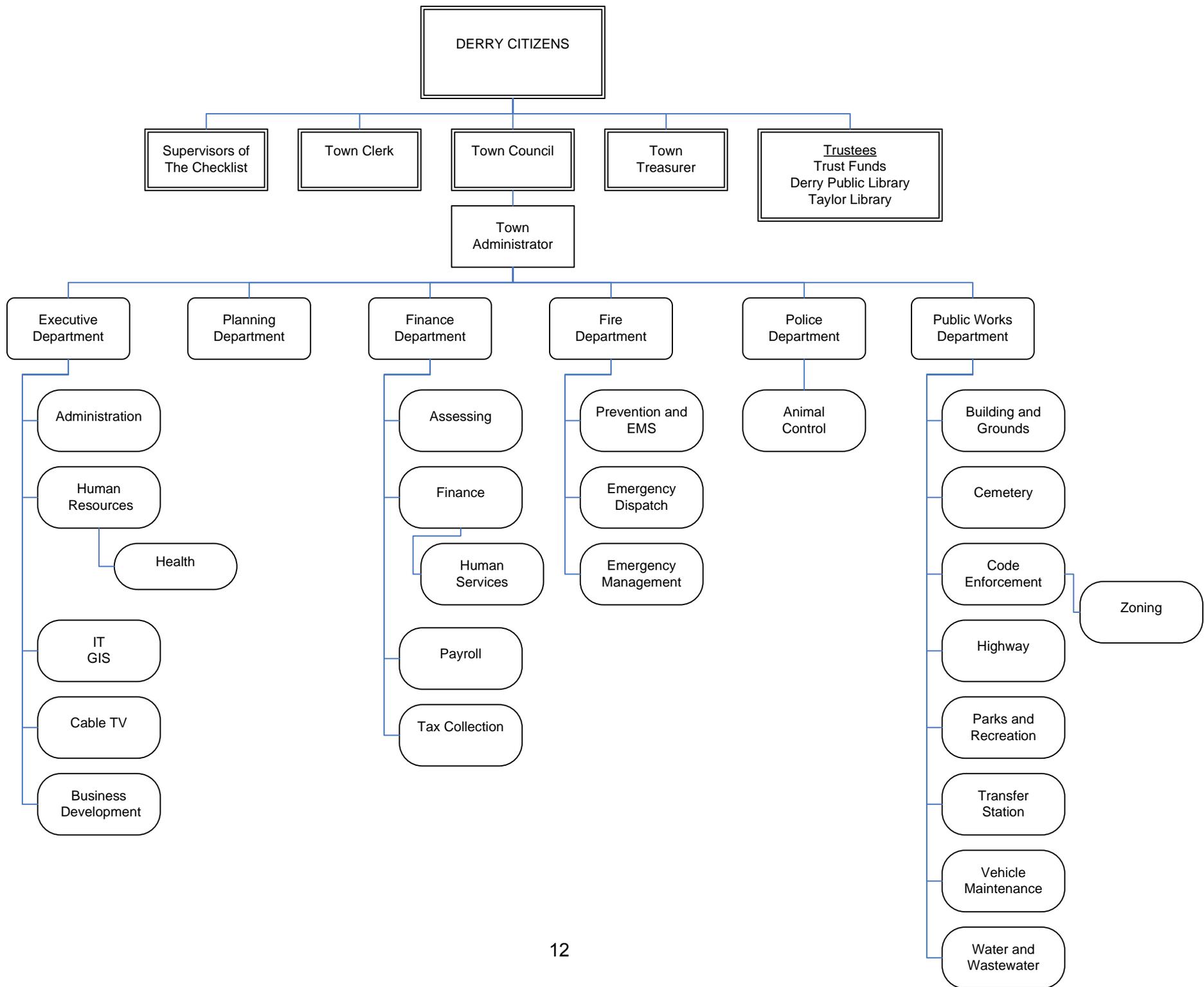
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



President

Executive Director



**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2010**

**Town Council**

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

**Administration**

Richard G. Stenhouse (1)	Town Administrator
Marlene L. Bishop	Animal Control Officer
David N. Gomez	Assessor
Margaret Ives	Chair, Conservation Commission
Frank Santiago	Chair, Heritage Commission
David Granese	Chair, Planning Board
Douglas Newell	Chair, Trustees of Trust Funds
Alan Virr	Chair, Zoning Board of Adjustment
Frank L. Childs	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Janice A. Mobsby	Controller
Cheryl A. Lynch	Director, Derry Public Library
Lawrence D. Budreau	Director of Human Resources & Administration
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
George Klauber	Emergency Management Director
George Klauber	Fire Chief
Jill E. McLaughlin	Human Services Administrator
Eric H. Bodenrader	Parks & Recreation Director
George H. Sioras	Planning Director
Nancy H. Watson	Tax Collector
Denise E. Neale	Town Clerk
Rita M. Correia	Town Treasurer
Margaret Ives	Town Moderator

(1) Mr. Stenhouse retired in November 2010; replaced by John P. Anderson

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## Financial Section



Expanded Derry Bike Path Utilizes Abandoned Railroad Bed



# MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT ADVISORS

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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Derry, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry New Hampshire, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Derry's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis appearing on the following pages, and the supplementary information appearing on pages 84 - 88, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
December 20, 2010

## 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, 2010.

### 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 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 for primary government (assets minus liabilities) increased \$2.5 million. To comply with new accounting standards, a restatement of balances to account for retroactive reporting of intangible assets (easements and software) totaling \$1.7 million is not included the \$2.5 million change.
- Net assets totaled \$124.7 million for governmental activities of which \$16.4 million is unrestricted and available to meet the Town's ongoing obligations that provide a benefit to the citizens of Derry.
- The General Fund unreserved fund balance decreased from \$11.2 million to \$10.3 million at June 30, 2010.
- No new bond debt was issued during the fiscal year ending 6/30/10 and the Town is dramatically below borrowing limits prescribed by State Law.
- The Town is collecting over 97.7% of property taxes billed in the first year of the tax levy.

## **The Town as a Whole**

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

The following analysis focuses on net assets and changes in net assets of the Town's governmental and business-type activities and separately considers the operations of governmental and business-type activities. The chart and analysis in this section shows prior year balances restated to reflect comparable information. GASB 51, Accounting and Reporting of Intangible Assets, came into effect this year. The restatement of the prior year makes it easier to understand the impact of operations during the current fiscal year that were not part of the new accounting rule that increased total assets by \$1.7 million due to the retroactive reporting.

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

	2010			2009		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets:</b>						
Current and other assets	\$ 64.5	\$ 4.2	\$ 68.7	\$ 63.0	\$ 3.6	\$ 66.6
Capital assets	110.2	29.1	139.3	109.6	29.5	139.1
<b>Total Assets</b>	<b>\$ 174.7</b>	<b>\$ 33.3</b>	<b>\$ 208.0</b>	<b>\$ 172.6</b>	<b>\$ 33.1</b>	<b>\$ 205.7</b>
<b>Liabilities:</b>						
Current liabilities	\$ 38.2	\$ 0.7	\$ 38.9	\$ 37.8	\$ 1.1	\$ 38.9
Long-term debt outstanding	11.8	4.3	16.1	11.5	4.8	16.3
<b>Total Liabilities</b>	<b>50.0</b>	<b>5.0</b>	<b>55.0</b>	<b>49.3</b>	<b>5.9</b>	<b>55.2</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	102.0	24.5	126.5	100.3	24.0	124.3
Restricted net assets	6.3	-	6.3	5.5	-	5.5
Unrestricted net assets	16.4	3.8	20.2	17.5	3.2	20.7
<b>Total Net Assets</b>	<b>124.7</b>	<b>28.3</b>	<b>153.0</b>	<b>123.3</b>	<b>27.2</b>	<b>150.5</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 174.7</b>	<b>\$ 33.3</b>	<b>\$ 208.0</b>	<b>\$ 172.6</b>	<b>\$ 33.1</b>	<b>\$ 205.7</b>

### Governmental Activities

Net assets totals \$124.7 million for governmental activities and includes \$102 million in capital assets, net of related debt. Capital assets net of related debt of \$102 million are not available for future spending. It is the difference between the depreciated property value of roadways, land, easements, buildings, vehicles, equipment and software 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 (\$77.8 million) and provide a function to citizens of Derry, but would not be sold to fund future town obligations. Restricted net assets of \$6.3 million are subject to use restrictions external to local government and these funds are not available to pay for general Town obligations. The value of permanent endowments is the largest component of restricted net assets. Unrestricted net assets of \$16.4 million decreased \$1.1 million affected by \$1.8 million in appropriations for bridge projects that were authorized and funded by unrestricted fund balance less the favorable impact of higher revenues and lower expenses from operations. 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 slightly below the median of the recommended range of 8-17% of appropriations required to fund town, county and school activities by taxes and other local government revenues.

### **Business Type Activities**

Net Assets of the water and sewer enterprises total \$28.3 million. Net Assets include investments of \$24.5 million in water and sewer pipes, pump stations, and lagoon infrastructure. Net of related debt from bonds and capital leases, these funds are not available to pay for future activities. At June 30, 2010, \$3.8 million of unrestricted net assets are available for future spending.

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

	2010			2009		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenue</b>						
<u>Program revenue:</u>						
Charges for services	2.31	4.30	6.61	1.69	4.15	5.84
Grants:						
Operating grants	2.21	0.64	2.85	2.52	-	2.52
Capital grants	1.20	0.09	1.29	0.93	0.09	1.02
General revenue:						
Property taxes	23.36	-	23.36	23.18	-	23.18
Other general revenue	7.57	0.06	7.63	7.68	0.17	7.85
Total revenue	<u>36.65</u>	<u>5.09</u>	<u>41.74</u>	<u>36.00</u>	<u>4.41</u>	<u>40.41</u>
Program expenses:						
Town:						
General government	5.41		5.41	5.86		5.86
Public safety	19.22		19.22	18.93		18.93
Highway and streets	4.29		4.29	4.06		4.06
Health, welfare & housing	0.99		0.99	0.84		0.84
Sanitation	1.59		1.59	1.62		1.62
Culture and recreation	2.91		2.91	2.86		2.86
Conservation	0.01		0.01	0.01		0.01
Economic development	0.39		0.39	0.27		0.27
Interest on long-term debt	0.39		0.39	0.44		0.44
Water	-	2.09	2.09	-	2.03	2.03
Sewer	-	1.95	1.95	-	1.93	1.93
Total program expenses	<u>35.20</u>	<u>4.04</u>	<u>39.24</u>	<u>34.89</u>	<u>3.96</u>	<u>38.85</u>
Changes in net assets before transfers and contributions to permanent funds	<u>1.45</u>	<u>1.05</u>	<u>2.50</u>	<u>1.11</u>	<u>0.45</u>	<u>1.56</u>
Transfers	(0.03)	0.03	-	(0.01)	0.01	-
Contributions to permanent fund principal	-	-	-	0.01	-	0.01
Change in net assets	<u>1.42</u>	<u>1.08</u>	<u>2.50</u>	<u>1.11</u>	<u>0.46</u>	<u>1.57</u>

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

### **Net Assets**

#### **Governmental Activities**

Total Net Assets for governmental activities increased by \$1.4 million due to an operating surplus primarily because actual expenses were lower than budgeted and because property tax revenues were stronger than anticipated. A prior year restatement relative to a new requirement to retroactively report land easements acquired since 1980 and computer software added \$1.2 million to the capital asset balances for governmental activities is not a component of the \$1.4 million increase.

Long-term debt, excluding current maturities increased \$.3 million due to \$1 million increase in long-term employment benefits: \$.8 million for Other Post Employment Benefits (OPEB) and \$.2 million in deferred earned time compensation. The affect of increased employment benefit long-term debt was offset by the \$.8 million bond and lease payments that reduced debt.

The value of earned time payable to employees (compensated absences) increased \$.2 million, affected by increased hours and pay rates, as staff used or requested payment of earned time at a rate slower than it accumulated.

As a result of GASB 45 financial reporting requirements, the Town obtained an actuarial analysis of the liability of OPEB that will be added in over thirty years. The net OPEB obligation of \$1.6 million for governmental activities represents the second year of the 30-year phase-in of debt recognizing the retiree's affect on the group healthcare insurance premiums. There is a value provided to retirees either through direct subsidy payments or an implicit subsidy gained through lower insurance premiums than what a retiree might otherwise pay if the retiree sought their own insurance. The affect of this liability is calculated based on current employees and retirees who are eligible for this benefit upon retirement.

Amounts due for outstanding taxes decreased \$1.2 million over the prior year. This is the seventh consecutive year of improvement in the percentage of property taxes collected during the first year of the levy. At a collection rate of 97.7% 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 their taxes monthly 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 activities have increased by \$2.3 million to \$59 million. The change was primarily affected by a \$1 million increase in collections of taxes levied for the next fiscal year period, \$600,000 advanced on a bond anticipation note to cover costs associated with a contract that had been committed, but not yet fully paid. The timing of reimbursements between the general fund and capital reserves or trusts and a \$.2 million increase in funds held for water

enterprise fund also impacted the increase in cash on hand. 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 \$34.6 million includes the tax levy balances billed in May, 10 that are used to fund the tax year July 1, 2010 to June 30, 2011.

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---decreased by \$1.1 million to \$16 million at June 30, 2010 affected by the mid year supplemental appropriation for capital funding of bridge projects that is subject to reimbursement either by state or federal aid in future periods when specific criteria is met and state funds become available.

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)						
For the year ended June 30,						
	2010			2009		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
General government	\$ 5.4	\$ 0.2	\$ 5.2	\$ 5.9	\$ 0.1	\$ 5.8
Public safety	19.2	2.8	16.4	18.9	2.7	16.2
Highway and streets	4.3	1.5	2.8	4.1	1.6	2.5
Health, welfare and sanitation	2.4	0.6	1.8	2.4	0.5	1.9
Culture and recreation	2.9	0.2	2.7	2.9	0.2	2.7
All others	1.0	0.4	0.6	0.8	0.1	0.7
Total	<u>\$ 35.2</u>	<u>\$ 5.7</u>	<u>\$ 29.5</u>	<u>\$ 35.0</u>	<u>\$ 5.2</u>	<u>\$ 29.8</u>

### Business Type Activities

The increase in water/sewer net assets of \$1.1 million is affected by retirement of debt funded in part by service revenues. Principal debt payments totaling \$875,000 increases the value of capital assets net of related debt. However, depreciation totaling \$660,000 mitigated the affect of \$487,000 investment in improvements and expansion of infrastructure.

A notable increase in accounts receivable due from other governments to \$602,000 is largely attributable to delayed reimbursement for work performed on completed

projects that are subject to reimbursement from the State of NH due to the State's budgetary issues.

Increases in Service revenue reflects the impact of new service connections, the single connection to the Pennichuck Water Works system that provides Town water to the Bedard Road area to improve water quality to a system that is not owned by the Town. The increased cost of purchasing water from Manchester to cover the 5% increase in consumption is evident in the higher expenses.

Investment rates ranging from ¼% to ½ % during the year generated dismal interest income.

While the internal balances from governmental activities related to business type activities decreased \$.1 million, capital assets net of related debt in the business type activities increased \$.6 million. This trend is a reflection of business enterprise efforts to continue to invest in its infrastructure while reducing long term debt. The Town has collected assessment revenue over the past several years for new service connections and these assessments were collected in lump sum or over time and are used to offset the payments of bonds incurred to expand water/wastewater systems.

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

#### **Governmental Funds**

A snapshot of the general fund balance sheet reflects a \$2 million increase in cash balances to \$48 million. These funds are earning 12 basis points over the three-month T Bill rate in the town's operating accounts. The Town had participated in a guaranteed funds program (TAGP) backed 100% by the federal government and earning a higher rate of return while the Town's bank participated in the program through 12/31/09.

Amounts due from the general fund to other funds increased \$1.3 million to \$6.4 million primarily affected by transfers of \$1.7 million to Bridge capital project funds and accumulated reimbursements from State or Federal sources for completed bridge work that will be used for future improvements to three other bridges. The inter-fund balances between the general fund and the Bridge project fund totaled \$2.5 million due to the Bridge fund at 6/30/10, higher than the enterprise fund inter-fund balances combined. It is expected that \$.5 million to \$1 million of the bridge funds will be returned to the general fund in 2011 after cost estimates are finalized for the remaining three bridge projects: South Ave, Rockingham Road, and North High Street.

Overall, general fund assets decreased \$.7 million during the year as tax receivables were converted to cash and equivalents, which increased \$2 million. This occurred

as 1.5% more in taxes were collected in advance of the fiscal year beginning 7/1/10 than the prior year, evidence of a continuing favorable tax collection trend.

Other factors impacting the \$2.2 million reduction in General Fund unreserved fund balance to \$10.3 million primarily result from events 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) increased from \$.3 million to \$.4 million at June 30, 2010.

Permanent Trust Fund non-expendable balances increased 2% (\$.1 million) due to gains in fair value, a partial recovery from the prior year loss in fair value of \$.5 million. The Trustee's of the Trust Funds transferred administration of the permanent trust funds and Capital Reserves from Bank of America to Citizens Bank in December, 2009 to better align investment philosophies and reporting.

The Town had 5 Governmental Capital Project Funds at the close of the year. The IT Network Infrastructure project, which improved connectivity between key municipal buildings, was completed and the project was closed in 2010.

The Crystal Avenue/Broadway Reconstruction fund was set aside to capture the town's share of construction costs of a major intersection in the urban compact area of the town. This project was funded and managed at the state level as it affects state route 102. The Town capitalizes the expansion of the intersection because the intersection is in an urban compact zone that is maintained by the Town.

Unreserved fund balances of \$6.4 million in special revenue funds were \$78,000 lower than the prior year. Three funds represent 63% of the unreserved fund balances: \$3 million for Compensated Absences, \$.6 million for Conservation, and \$.4 million for Fire Facilities and Equipment.

Notable activity in special revenue funds includes an annual transfer to fund library services from general fund taxation totaling \$1.3 million. The libraries are allowed to retain fines, program revenues, interest and other miscellaneous revenue. After annual expenditures of \$1.3 million, minimal surplus revenues were added to the libraries accumulated fund balances: \$12,955 for Derry Public Library and \$11,396 for Taylor Library Fund derived from program revenues raised at the libraries. Derry Public Library transferred \$115 and Taylor Library transferred \$48 to the Capital Reserves for the respective libraries in order to prevent available funds raised by taxation to lapse to general fund balance and preserve the intended program purpose of the appropriation for the Libraries. Derry Public Library retained \$185,408 and Taylor Library retained \$86,709 in total fund balance, of which \$175,954 and \$79,161 in unreserved fund balance as of June 30, 2010 are available for future appropriation by the respective Trustee Board of the Derry Public and Taylor Libraries.

Conservation Commission Fund received 100% of the land use change tax revenue totaling \$106,000 and carries an accumulated fund balance of \$608,945 after incurring fees of \$8,405.

Reflecting commitment to economic development, \$250,000 was transferred to the Rockingham Economic Development Corporation (REDC) to provide loans to businesses that will promote economic development and jobs to Derry. As of 6/30/10, \$19,924 of \$20,000 loaned to a local business remained outstanding.

Emergency Management Funds account for expenses and revenues associated with awarded grants from state and federal sources that provide an added benefit to the residents of Derry. These reimbursements are meant to minimize the effect on local taxation for regional emergencies plus offered funding for approved flood remediation. Pending reimbursements totaled \$77,000 for eligible expense to the Town.

Public Health Grant revenues provide funds to cover development of a regional public health network and planning and preparation for an emergency response to pandemic health threats and offset program expenditures of \$194,631 in 2010. Higher costs in 2010 were affected by increased costs to vaccinate and protect the region from the H1N1 virus.

Public Safety Grant revenues provide funds for annual programs meant to promote public safety and reduce speeding and driving while intoxicated activities. Reimbursements of overtime for police details that follow the grant requirements totaled \$30,000. Other purposes include Justice Assistance Grants that provide resources for important capital purchases of equipment for public safety that is not funded through the town's operating budget. In 2010, \$85,000 was used for capital purchases.

Capital Reserve Funds, included in special revenue funds, grew by \$115,690 to \$5.3 million after earning only \$28,000 in investment interest on deposits and after reflecting transfers out to cover eligible expenses of the reserves, particularly \$212,000 for fire vehicles, facilities and equipment, \$165,000 for transportation improvements, and \$45,000 for reassessment activities. Contributions were made as follows: \$99,000 for fire vehicles, \$31,000 for fire facilities and \$49,000 for E-Gov technology projects. Additionally \$158,000 and \$106,000 from annual motor vehicle registration fees were collected for the transportation improvement and the waste tire reclamation funds, respectively. Transfers in and out of these accounts assist in long-range capital planning and funding the compensated absences expendable trust. The use of these funds has been an important and effective planning tool to save and prepare for major projects under the tax cap constraints on annual net appropriations.

Annual fund transfers to capital reserve to fund accumulated earned time and associated employer taxes, retirement and workers compensation liabilities has enabled the capital reserve interest of \$18,000 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 \$3.8 million is second only to bond debt, town-wide. The amount required to fully fund the capital reserve for compensated absences for governmental activities is \$651,060 and is reported in the general fund unreserved fund balance. \$311,000 was transferred in to the trust from general fund mid year; however \$168,000 was withdrawn from the trust to fund retirement costs incurred in the general fund.

### **Enterprise Fund Activities**

A review of the water and wastewater division activities in 2010 reflects a continued pattern of lower debt service as both divisions continue to retire debt.

Consumer practices of water conservation, which includes the purchases of water efficient appliances, continue to affect a new lower norm in water revenues. However, sixteen new water service connections and twenty new sewer connections were added. These new service connections, combined with the affect of a full year of water consumption by the Pennichuck Water Works connection that serves 182 units in Bedard Avenue area also affected the changes in water revenues.

Of the twenty new sewer connections, three capital assessments were charged for property owners that hooked up to the system in designated areas in 2010.

Local wastewater ordinances do not require property owners to hook into the sewer system until there is a septic system failure.

After developing a two mile expansion of sewer lines in 2009, no expansion of the sanitary sewer system was done in 2010. A half a mile of new water mains were added in 2010.

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

A summary of General Fund budget to actual information may be found on page 48 of the financial statements.

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

Within the Town's government structure, the Town Council is authorized to adopt supplemental appropriations from time to time outside of the normal budget process. This ability allows town government to more easily take advantage of opportunities that may arise during the year.

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

This year four supplemental appropriations were authorized by the governing body: \$1,230,000 to fund the improvements to the Fordway Bridge, \$450,000 to fund the improvements to the Drew Road Bridge, \$20,000 to fund a newly elected Charter Commission established to review and recommend revisions to the existing Town Charter and \$136,773 to be added to Economic Development Loan Funds in order to transfer \$250,000 to the Rockingham Economic Development Corporation for program administration.

The above mentioned supplemental appropriations using general fund balance increased the general fund budget for transfers out to Capital Project Funds by \$1,680,000 and increased transfers out to Special Revenue Funds by \$156,773.

Adjustments that increased revenue were made at tax rate setting to reflect \$83,963 more from the State for an emergency event, \$16,882 more from State Highway Block Grant funds, \$1,439 more for Forest Lands, and \$23 for Payments in Lieu of Taxes. Adjustments to lower interest revenue by \$96,550 due to lagging interest rates and lower Meals and Rooms Tax revenue of \$5,757 offset the prior mentioned increases one for one.

The net effect of these changes in revenues and other sources budgeted was an increase in intergovernmental revenue of \$96,527, a decrease in interest revenue of \$96,550, an increase in taxes of \$23 and an increase of use of fund balance of \$1,836,773. The Expenditure budget in the Other Municipal Obligations division of the Finance department increased \$1,836,773 to reflect the transfers out to capital projects and special revenue funds mentioned previously.

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

General fund revenue, overall, was in line at \$15,650 better than anticipated, though there were material swings between categories of revenue: Tax revenues exceeded budget by \$744,000 due to a combination of improved collection rates on the current levy, \$220,000 collected for the TIF district that offsets debt service paid in Finance that is not budgeted and the collection of prior year tax liens and their related interest which is earned when paid. Of note, tax liens are not budgeted as revenue because they were levied to fund activities of prior tax years.

Licenses and permit revenues were \$125,000 lower than anticipated due to excess income from building permits of \$125,000 available to offset the \$250,000 lower than budgeted Motor Vehicle fees. The Freshman Building at Pinkerton Academy generated permit revenues in the range of \$150,000.

Intergovernmental revenue was \$52,000 above budget. Unanticipated grant reimbursements and an extension of an ARRA Federal program that provides funds to subsidize cobra payments offset \$23,500 of lower than budgeted highway block grant revenue that resulted from inaccurate information provided by the State at the time of tax rate setting.

Charge for service revenue was \$221,000 above budget primarily affected by a rebound in police details of \$90,000, higher ambulance revenues of \$74,000 due to more effective collection efforts, and stronger recycling revenues of \$60,000 for newspaper, cardboard and metals than budgeted.

After lowering the investment interest budget by 22% at tax rate setting to \$343,000, actual investment interest earned was \$221,000 below budget due to weak investment earning rates ranging from .25% to .5%.

Miscellaneous revenues exceeded budget by \$134,000 primarily because \$136,000 more than anticipated was received for reimbursements primarily from workers compensation, disability or property insurance for the Fire, Dispatch, Police, and Public Works divisions. These revenues usually offset a cost of additional coverage when an employee is out or reimburses a repair to Town property. Rental revenues exceeded budget by \$9,000 and civil forfeitures fees due to late dog licensing earned \$5,000 more than anticipated. District court fines, restitution and parking tickets lagged in revenue falling \$20,000 below budget. Donations exceeded budget by \$4,000.

Proceeds from sale of capital assets was \$583,000 below budget because a planned property auction of certain tax deeded property held for resale (Emerson Heights) was delayed until a future period. Of the \$712,000 budget for this item, any proceeds greater than \$350,000 were to be transferred to a land and building capital reserve and therefore had a \$259,000 net impact to fund balance. Tax sale revenue of \$91,500 was recorded from 3 other deeded properties sold in 2010. The annual property auction of town vehicles and equipment in addition to unclaimed property at the police department earned \$26,000 more than budgeted primarily for police and fire items.

A decision to purchase versus lease communication equipment for the Police department in 2010 eliminated capital lease revenue budgeted at \$12,000.

Transfers in were \$194,345 less than budgeted from capital reserve funds. Lower than anticipated expenses for a new ambulance reimbursed from capital reserve were attributable to \$17,000 less transferred in from the Fire vehicles capital reserve. Since it is difficult to predict unanticipated retirements, the cost of earned time payments due at retirement are budgeted annually with an offsetting revenue reimbursement from the Compensated Absences Capital Reserve Fund. Eligible earned time payments at retirement were \$126,000 less than budgeted. Finally, \$50,000 was not transferred from the land and building capital reserve fund to fund Parks as a result of effective management of Public Works expenditures.

Overall, total general fund expenditures were \$1,350,635 less than budgeted. Across the board, all major departments reduced expenditures to minimize the anticipated affect of lower revenues from motor vehicles, investment interest and sales of tax deeded property. The highlights of the differences are listed below:

Prevention and Emergency Services and Emergency management expenditures were \$128,000 less than budgeted. Despite \$81,000 more than budgeted issued for earned time payments, lower salary and benefit costs net a \$52,000 expenses exceeding budget for salary and benefits. Spending reductions for purchased professional services of \$26,000, contracted repairs for buildings and vehicles of 52,000, supplies, inventory and capital outlay of \$74,000 were responsible for the net overall lower budget for the department. Emergency management expenditures were \$28,000 lower than budgeted.

Police Department did not spend \$473,000 of its adopted budget centered in delayed hiring of personnel as a result of retirements and excess available funds for earned time. Overall salary and benefits were \$448,000 less than budget but were affected by these key costs: Permanent wages including holiday pay were \$264,000 lower, regular overtime was \$18,000 lower, and payroll benefits were \$84,000 lower. Higher overtime for billable police details of \$60,000 is offset by higher than anticipated charge for service revenue for police details. A surplus of \$137,000 from budgeted earned time payments as fewer earned time withdrawal requests were made by staff which are eligible to be paid on demand. Lower professional services, energy costs and supplies also contributed to the department savings. The vehicle replacement budget for the department was exceeded by \$50,000 as a result of a few vehicles being involved in accidents that required replacement. The vehicles were replaced by a combination of use of insurance proceeds and reduced equipment and building capital outlay and inventory appropriations to cover the unanticipated cost.

The Executive department contributed \$56,000 in savings to restore fund balance as a result of lower costs associated with the mosquito control program managed by the health department of and other cost savings totaling \$13,000 plus \$41,000 from information technology division due to lower professional services fees and lower telephone charges resulting from a new contract for cell phones.

Public Works divisions expenditures were \$233,000 lower than budget primarily due to the savings from a new waste hauling contract that reduced the need for \$66,000 in capital outlay that was budgeted for replacement trailers and lowered the cost of non recycled waste hauling. Lower costs for the Hood Park renovations resulted in a \$35,000 savings. Transfers to capital reserve totaling \$30,000 and \$50,000 transfer out from capital reserve to the parks division were not initiated in order to preserve more funds held in capital reserve and keep appropriations low. Lower cost of highway supplies of \$32,000 and \$73,000 lower roadway maintenance expenses were the key areas of cost containment during the year.

The Finance department actual expenditures were \$452,000 less than budgeted and was primarily impacted by lower transfers out to capital reserve funds impacted by the following:

The Town chose to delay the sale of tax deeded property with an anticipated market value of \$700,000 in order to obtain septic permits to ensure a strong return. In

conjunction with the original plan, the Town was to transfer \$350,000 to the Land and Building Capital Reserve fund. Since the sale did not occur, this transfer was not made.

Lower than budgeted costs for earned time payments and the related wage benefit costs at retirement represented \$100,000 of additional savings for the department. Since it is less than budgeted, it is offset by lower transfers in from the compensated absences capital reserves to fund the cost. Also, due to lower motor vehicle registrations, the transfers out to the Waste Tire Trust and Transportation improvement Funds funded by a portion of the motor vehicle registration fees were \$20,000 less than budgeted. Each item mentioned is budget neutral, as it has no effect on net assets when not transferred because it had lower offsetting revenue.

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 \$42,000 savings when compared to budgeted appropriations for human services. Lower legal costs of \$50,000 also contributed to the surplus as well as \$60,000 lower personnel costs affected by vacancies and changes in staffing in Finance and Tax Collector's office. Offsetting the lower costs was \$170,000 in debt service for the Ash Street TIF district that is not a budgetary item because its revenues are derived by an assessment that is not included when calculating amounts to be raised for town appropriations.

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 as of June 30,  
(Net of Depreciation)

	2010			2009		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 6,626,575	\$ 210,581	6,837,156	\$ 6,631,619	\$ 210,579	6,842,198
Buildings	13,490,626	124,187	13,614,813	13,750,987	128,054	13,879,041
Vehicles & Equipment	4,049,940	172,252	4,222,192	4,371,445	212,183	4,583,628
Construction Work in Progress	2,202,435	-	2,202,435	1,871,772	32,295	1,904,067
Infrastructure & Improvements	81,491,985	27,989,228	109,481,213	80,847,048	28,349,733	109,196,781
Intangibles	2,318,046	583,433	2,901,479	2,120,288	576,179	2,696,467
<b>Totals</b>	<b>\$ 110,179,607</b>	<b>\$ 29,079,681</b>	<b>\$ 139,259,288</b>	<b>\$ 109,593,159</b>	<b>\$ 29,509,023</b>	<b>\$ 139,102,182</b>

### Governmental Activities

There was marginal improvement in the Town's financial position in regard to capital assets during the year. In 2010, additions to capital assets totaling \$1.9 million contributed to a net increase of \$.6 million on capital asset value after depreciation and asset disposals over the prior year. This increase was achieved with a combination of funding by donations, taxes, grants and debt.

Additionally the required implementation of GASB 51, Accounting and Financial Reporting for Intangible Assets yielded a prior year adjustment of \$1.2 million in identifiable intangible assets, primarily right of way easements.

Assets disposed during the year included aging vehicles and equipment that had an aggregate net book value of \$30,000 and Tax Deeded Property values of \$97,500.

The largest capital addition was related to the substantially completion of Florence Street Bridge reconstruction project using state and town money. Other additions include road dedications accepted by the Town's governing body. Reconstruction work in our urban compact zone at the Rte. 28 and Rte. 102 intersection has been managed using town, and Federal money. The project is scheduled for completion in 2011. A developer donated (4) conservation easements in a development of single-family homes which helped increase the Town's inventory of protected lands.

Major acquisitions in 2010 are reported to the nearest thousand are noted below:

- \$477,000 – Florence Street Bridge
- \$332,000 – Donated Roadway Infrastructure
- \$253,000 – Rt. 28 and Rt. 102 Intersection Improvement
- \$240,000 – Donated Middleridge Rd.-Conservation Easements
- \$193,000 – GMC AEV Ambulance
- \$110,000 – Rail trail Improvements
- \$ 90,000 –Video Camera System for various Town Facilities
- \$ 85,000 – Police Station HVAC System Upgrade

Three bridges are scheduled for replacement with a combination of local funding already set aside plus state reimbursement grants. The Drew Road Bridge was added to the list during 2010 due to damage suffered during the February 2010 Wind Storm. These remaining bridge projects are in the engineering stages and will be replaced in conjunction with the NH Department of Transportation. The construction phase of one bridge, currently scheduled for the summer of 2010, will be funded with federal highway funds. Bridge infrastructure has an expected useful life of 50 years.

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

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

In FY 2003, the Town of Derry adopted a conditional assessment PCI rating range of 68-80 for its roadway maintenance program, which is considered a “Good” assessment ( a rating of 80 to 100 is considered “Excellent”). In FY 2010, a non-review year, a PCI rating of 81 was noted, which is in the range adopted by the Town Council. This PCI rating takes the baseline level that was adopted at last full review, and updates the system related to improvements to the system. Hence, the PCI indicator in any interim year maybe slightly overstated, but improvement to the rating reflects the progressive improvements in the roadway system since the last full system review but it does not reflect the impact of other roads that may deteriorate during the rating period. The Town currently estimates that an annual expenditure of \$1,380,000 would be required to maintain the current rating level. In FY 2010, \$1,335,000 was expended to maintain the roadways. This amount was slightly below the estimate due to Town Staff assisting with site work in order to keep costs down.

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

### **Business Type Activities**

Primary capital investment in 2010 is reported to the nearest thousand as noted below:

- \$190,000 – Scobie Pond Water System Upgrade
- \$ 30,000 – Meadowbrook Community Well Upgrade (Partially funded by ARRA funds)

Investment in water system expansions in the amount of \$.25 million was the primary major investment in business type activities in FY 2010. The implementation of GASB 51 also contributed a prior year adjustment of \$.5 million in right of way easements. The investment in capital assets did not keep full pace with the level of depreciation as evidenced by a decline in the net book value of capital assets of \$ 429,000 when compared to the prior year.

This year's results are due merely to timing of major projects as the last major investment of over \$3 million was done in 2007. However, the Town's water system to East Derry via Pond Road to East Derry/Hampstead Road will be expanded in 2011 for the purpose of interconnecting existing community water systems with the municipal system. This expansion will occur in partnership with Pennichuck Water Systems.

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, 2010, general obligation bonds for governmental activities decreased by \$620,000.

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds (Backed by the Town)	\$ 5.47	\$ 6.09	\$ 4.61	\$ 5.48	\$10.08	\$ 11.57
Tax increment financing bonds	1.84	1.92	-	-	1.84	1.92
	<u>\$ 7.31</u>	<u>\$ 8.01</u>	<u>\$ 4.61</u>	<u>\$ 5.48</u>	<u>\$11.92</u>	<u>\$ 13.49</u>
Annual change (decrease)	(0.70)		(0.87)		(1.57)	
Percent change	-8.7%		-15.9%		-11.6%	

The final payment on a bond issue of \$3.4 million for a library addition and the ash street bypass was paid during the past year. A \$600,000 highway garage replacement bond anticipation note and \$147,116 bond anticipation note for exit 4A were also paid off in 2010 using fund balance. A new bond anticipation note for \$800,000 was issued in late 2010 to fund \$600,000 for exit 4A and \$200,000 for the Rte 28 TIF district. Only \$600,000 of the note has been advanced as of 6/30/10.

The Town of Derry's strong bond rating was last reaffirmed as Aa2 in 2010.

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. However, capital lease debt totaling \$282,000 for governmental activities is substantially less than the prior year level because the Town opted to purchase items outright without lease debt. This factor combined with the annual debt service payments of \$259,000 was the reason for the lower lease debt. Strategically, the vehicle replacement program was designed to balance the debt service payments in order to stabilize the impact on the tax rate.

A delay in construction phase of Rte 28 TIF roadway improvements has affected the timing of issuing additional bond debt. In FY10, the governing body has voted to raise funds to cover the revenue shortfall for the project but the project is progressing more slowly as a result of negotiations with landowners and businesses. The authorized bond issue for this TIF district is expected to occur in 2011.

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 of \$9.6 million is favorable as it is significantly below the legal limit at 12.06% of the state imposed cap of \$79.5 million for our community.

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

### **Business Type Activities**

After retiring in 2010 a 4 million gallon water tank bond originally issued for \$2.5 million, water bond debt totaled \$450,000 and is at the lowest level in more than ten years. Only one bond issue remains for the water fund and will be retired in fiscal year 2019. No new bond debt was issued for the water or wastewater funds during the year.

The wastewater division retired three bonds for Beaver Lake Sewer improvements that were originally issued for \$4.1 million. The original purpose of those bonds to expand sewer to residents surrounding Beaver Lake has improved water quality of Beaver Lake. Assessments to Beaver Lake residents for a portion of the major sewer expansion project continued to generate cash flow that helped offset the debt service for these bonds. A few outstanding assessments will replenish fund balance for the debt service previously paid.

Wastewater debt totals \$4.2 million and is at the lowest level in more than 10 years affected by annual debt service payments and no new bonds issued.

### ***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, 2010 was set slightly below the tax cap, which remained unchanged due to a level CPI for 2009. The tax rate that covers the 2011 fiscal year budget was set at \$28.48, of which town services represents \$9.41 of the tax rate. The average homeowner's tax bill increased 2.2% due to the increased cost of the school and county appropriations. Values continue to decline in Derry as well as nationally. Values from new construction and additions/remodeling helped offset the reductions in overall property values and \$700,000 the increase in elderly exempt values.

The 2011 Capital Improvement Plan proposed expenditures of \$8.62 million that include \$1.39 million for vehicles and equipment replacement for fire, police, highway, cable, water and wastewater, \$0.31 million for fire and recreational facilities, \$6.5 million to widen the Rte. 28 corridor, \$.42 million for water & wastewater infrastructure. The funding of the capital plan is budgeted using the following funding sources: 62.6% from bonds or leases, 37.1% from taxes and other capital contributions, and .3% from trusts and capital reserves.

Budgets continue to be a challenge for Derry. Although a tax cap exists, the governing body has been setting appropriations to be less than the maximum

allowed under the tax cap to mitigate the tax burden at this time. It is difficult to continue to sustain the level of service to the residents as personnel cost continue to rise, especially those related to health and retirement. In FY2010, a 5% reduction in workforce was done to help lower costs. This reduction affected Public Safety programs the most.

Age distribution is of particular interest in developing projections, especially in long term planning. As of 2009, the estimated population of Derry was 34,318 up from the 2008 estimate of 34,071 as well as the actual 2000 census of 34,021. The estimated increase, which also applied to Rockingham County (295,525 in 2008 vs. 299,276 in 2009), where Derry is located, is being attributed to immigration as well as excess births over deaths. Per the 2000 census, the median age in Derry was 33.6, the 10th lowest 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 and older. The largest population group was the 35-44 year olds, making up 34.7% of the population. In 1990, the largest group was the 25-34 year olds. The fastest growing group by far is the 45-54 year old group, which 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 30% according to the census. The under 5-year old group declined by 10.5% in New Hampshire 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. Overall more people moved out of the state than moved in for the period of July 2008-July 2009. This is of particular interest to capital planning for schools in this state.

Until 2006, median home prices for the purchase of a primary home in New Hampshire continued to rise. The purchase price of a new home in New Hampshire had increased from 2003 to 2006 by 17%, while the purchase price of existing homes has increased 19% during the same period. Following national trends primarily due to the recent credit crisis, for the years 2007 & 2008, the purchase price for a new home fell 6% compared to the 2006 average and the purchase price of an existing home fell 3%. In 2009, home price fell another 7% for new homes and 13% for existing homes compared to 2008 averages. Data available for the first six months of 2010 shows a 7% decline for new homes and 5% decline for existing homes since December 2009. However, the overall median price of residential homes increased in June 2010 by 1.8% compared to June 2009. In Derry, the assessed value of homes is currently 100% of market value.

The regions per capita annual income (\$42,585) exceeded the national level by more than 7.5% and ranked 10th highest in the nation. For renters, it takes an income of about \$48,710 a year to cover the cost of a typical two-bedroom apartment (average rent of \$1,220 per month including utilities, based on a cap of 30% of income to cover rent and utilities). Growth control and zoning restrictions further restrict the market, while containing sprawl.

The unemployment rate (not seasonally adjusted) in Derry at June 30, 2010 was 6.4%, down from 7.8% at June 30, 2009. Derry residents continue to fare better than the national average of 9.6% but the rate remains higher than the states rate of 5.7%. The unemployment rate continues to be impacted by the general decline and slow recovery of the economy nationwide.

Inflation in the Greater Boston metropolitan area that includes the Town was lower than the increase in the U.S. City Average Consumer Price Index (CPI). The area CPI rate of increase was 1.3% for Fiscal year 2010 compared with the national increase rate of 1.1%. Higher energy, food and medical costs compared to Fiscal year 2009 nationwide has attributed to the increase.

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

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

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

The Chief Financial Officer may also be reached at [frankchilds@ci.derry.nh.us](mailto:frankchilds@ci.derry.nh.us) and the Controller may be reached at [janicemobsby@ci.derry.nh.us](mailto:janicemobsby@ci.derry.nh.us).



New Double Compartment Prisoner Transport Van

## TOWN OF DERRY, NEW HAMPSHIRE

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government Wide <u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 51,246,060	\$ -	\$ 51,246,060
Investments	7,744,547	454,406	8,198,953
Taxes receivable	6,815,036	-	6,815,036
Accounts receivable, net	167,372	702,401	869,773
Due from other governments	509,666	-	509,666
Internal balances	(2,153,025)	2,153,025	-
Prepaid items	191,776	12,200	203,976
Total current assets	<u>64,521,432</u>	<u>3,322,032</u>	<u>67,843,464</u>
Noncurrent:			
Accounts receivable, net	-	307,343	307,343
Due from other governments	-	602,778	602,778
Loans receivable	19,923	-	19,923
Capital assets:			
Non-depreciable capital assets	86,424,074	794,014	87,218,088
Depreciable capital assets, net	23,755,533	28,285,667	52,041,200
Total non-current assets	<u>110,199,530</u>	<u>29,989,802</u>	<u>140,189,332</u>
<b>TOTAL ASSETS</b>	<u>174,720,962</u>	<u>33,311,834</u>	<u>208,032,796</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	726,081	55,324	781,405
Accrued expenses	811,417	33,420	844,837
Retainage payable	-	18,316	18,316
Unearned revenue	34,584,664	4,492	34,589,156
Deposits payable	4,644	-	4,644
Due to other governments	6,162	-	6,162
Note payable	600,000	-	600,000
Other liabilities	121,401	-	121,401
Current portion of long-term liabilities:			
General obligation bonds payable	510,000	556,550	1,066,550
Tax increment financing bonds payable	80,000	-	80,000
Capital leases payable	176,224	1,362	177,586
Compensated absences	525,976	22,372	548,348
Estimated liability for landfill postclosure care costs	15,800	-	15,800
Other	898	1,298	2,196
Total current liabilities	<u>38,163,267</u>	<u>693,134</u>	<u>38,856,401</u>
Noncurrent:			
General obligation bonds payable	4,960,000	4,049,730	9,009,730
Tax increment financing bonds payable	1,760,000	-	1,760,000
Capital leases payable	106,447	-	106,447
Compensated absences	3,292,296	140,358	3,432,654
Other post-employment benefits payable	1,600,806	103,264	1,704,070
Estimated liability for landfill postclosure care costs	105,028	-	105,028
Other	3,594	10,386	13,980
Total non-current liabilities	<u>11,828,171</u>	<u>4,303,738</u>	<u>16,131,909</u>
<b>TOTAL LIABILITIES</b>	<u>49,991,438</u>	<u>4,996,872</u>	<u>54,988,310</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	101,986,936	24,472,039	126,458,975
Restricted for:			
Endowments - permanently restricted	4,953,645	-	4,953,645
Permanent funds - expendable	419,344	-	419,344
Conservation	608,945	-	608,945
Economic development	251,505	-	251,505
Tax increment financing	68,225	-	68,225
Unrestricted	16,440,924	3,842,923	20,283,847
<b>TOTAL NET ASSETS</b>	<u>124,729,524</u>	<u>28,314,962</u>	<u>153,044,486</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 174,720,962</u>	<u>\$ 33,311,834</u>	<u>\$ 208,032,796</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,415,866	\$ 93,207	\$ 137,707	\$ -
Public safety	19,220,474	1,611,004	1,176,785	-
Highways and streets	4,291,377	21,772	583,921	937,261
Health and welfare	813,431	22,932	209,395	-
Sanitation	1,591,142	397,267	5,472	-
Culture and recreation	2,908,787	170,374	395	23,422
Conservation	12,252	-	-	240,120
Redevelopment and housing	177,750	-	96,863	-
Economic development	389,295	-	-	-
Interest on long-term debt	389,331	-	-	-
Total Governmental Activities	<u>35,209,705</u>	<u>2,316,556</u>	<u>2,210,538</u>	<u>1,200,803</u>
<b>Business-Type Activities:</b>				
Water	2,089,938	2,270,130	39,112	7,254
Sewer	<u>1,948,520</u>	<u>2,012,193</u>	<u>603,994</u>	<u>90,242</u>
Total Business-Type Activities	<u>4,038,458</u>	<u>4,282,323</u>	<u>643,106</u>	<u>97,496</u>
Total primary government	<u>\$ 39,248,163</u>	<u>\$ 6,598,879</u>	<u>\$ 2,853,644</u>	<u>\$ 1,298,299</u>

**General Revenues:**

Property and other taxes  
 Motor vehicle registration and other taxes  
 Grants and contributions not restricted to specific programs  
 Interest and investment earnings  
 Miscellaneous  
 Transfers  
 Total general revenues and transfers

Change in Net Assets

**Net Assets:**

Beginning of year, as restated

End of year

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets

Governmental Activities	Business- Type Activities	Total
\$ (5,184,952)	\$ -	\$ (5,184,952)
(16,432,685)	-	(16,432,685)
(2,748,423)	-	(2,748,423)
(581,104)	-	(581,104)
(1,188,403)	-	(1,188,403)
(2,714,596)	-	(2,714,596)
227,868	-	227,868
(80,887)	-	(80,887)
(389,295)	-	(389,295)
<u>(389,331)</u>	<u>-</u>	<u>(389,331)</u>
(29,481,808)	-	(29,481,808)
-	226,558	226,558
<u>-</u>	<u>757,909</u>	<u>757,909</u>
-	984,467	984,467
(29,481,808)	984,467	(28,497,341)
23,360,148	-	23,360,148
4,669,813	-	4,669,813
1,694,458	-	1,694,458
523,509	11,017	534,526
687,969	52,066	740,035
<u>(31,272)</u>	<u>31,272</u>	<u>-</u>
<u>30,904,625</u>	<u>94,355</u>	<u>30,998,980</u>
1,422,817	1,078,822	2,501,639
<u>123,306,707</u>	<u>27,236,140</u>	<u>150,542,847</u>
<u>\$ 124,729,524</u>	<u>\$ 28,314,962</u>	<u>\$ 153,044,486</u>

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,164,934	\$ 3,081,126	\$ 51,246,060
Investments	-	7,744,547	7,744,547
Taxes receivable	6,815,036	-	6,815,036
Accounts receivable, net	97,372	70,000	167,372
Due from other governments	26,214	483,451	509,665
Due from other funds	-	4,374,120	4,374,120
Prepaid items	83,880	107,896	191,776
Loans receivable	-	19,924	19,924
TOTAL ASSETS	<u>\$ 55,187,436</u>	<u>\$ 15,881,064</u>	<u>\$ 71,068,500</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 571,886	\$ 154,196	\$ 726,082
Accrued expenditures	700,235	589	700,824
Unearned revenue	34,584,664	-	34,584,664
Deferred revenue	1,256,426	-	1,256,426
Deposits payable	-	4,644	4,644
Due to other governments	6,162	-	6,162
Due to other funds	6,449,532	77,613	6,527,145
Note payable	600,000	-	600,000
Other liabilities	121,401	-	121,401
TOTAL LIABILITIES	44,290,306	237,042	44,527,348
Fund Balances:			
Reserved for perpetual funds	-	4,953,645	4,953,645
Reserved for encumbrances	414,350	1,271,188	1,685,538
Reserved for expenditures	-	445,713	445,713
Reserved for prepaid items	83,880	107,896	191,776
Reserved for tax increment financing	68,225	-	68,225
Reserved for other purposes	-	7,548	7,548
Unreserved, reported in:			
General fund	10,330,675	-	10,330,675
Special revenue funds	-	6,419,871	6,419,871
Capital projects funds	-	2,018,817	2,018,817
Permanent funds	-	419,344	419,344
TOTAL FUND BALANCES	<u>10,897,130</u>	<u>15,644,022</u>	<u>26,541,152</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,187,436</u>	<u>\$ 15,881,064</u>	<u>\$ 71,068,500</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

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

JUNE 30, 2010

<b>Total governmental fund balances</b>	\$ 26,541,152
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li> </ul>	110,179,607
<ul style="list-style-type: none"> <li>• Property taxes and other revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis</li> </ul>	1,256,426
<ul style="list-style-type: none"> <li>• Long-term liabilities, including bonds payable and net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:</li> </ul>	
General obligation bonds payable	(5,470,000)
Tax increment financing bonds payable	(1,840,000)
Capital leases payable	(282,671)
Accrued interest on long-term obligations	(110,592)
Estimated liability for landfill postclosure care costs	(120,828)
Other post-employment benefits payable	(1,600,806)
Compensated absences payable	(3,818,272)
Other	(4,492)
	(12,540,067)
<b>Net assets of governmental activities</b>	<b>\$ <u>124,729,524</u></b>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 23,345,845	\$ 106,983	\$ 23,452,828
Licenses and permits	4,823,156	242,362	5,065,518
Intergovernmental	3,374,923	1,132,755	4,507,678
Charges for services	1,916,295	4,555	1,920,850
Interest and investment income	121,834	401,676	523,510
Miscellaneous	424,824	138,283	563,107
Total Revenues	<u>34,006,877</u>	<u>2,026,614</u>	<u>36,033,491</u>
<b>Expenditures:</b>			
Current operations:			
General government	4,422,402	240,309	4,662,711
Public safety	17,780,535	92,296	17,872,831
Highways and streets	4,103,078	219	4,103,297
Health and welfare	606,152	195,588	801,740
Sanitation	1,510,116	-	1,510,116
Culture and recreation	1,406,474	1,291,066	2,697,540
Conservation	3,847	8,405	12,252
Redevelopment and housing	55,000	122,750	177,750
Economic development	332,123	10	332,133
Capital outlay	633,877	986,578	1,620,455
Debt service:			
Principal retirement	1,447,116	-	1,447,116
Interest and fiscal charges	675,407	2,705	678,112
Intergovernmental	-	9,983	9,983
Total Expenditures	<u>32,976,127</u>	<u>2,949,909</u>	<u>35,926,036</u>
Excess (deficiency) of revenues over expenditures	1,030,750	(923,295)	107,455
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	129,354	-	129,354
Transfers in	838,462	3,926,426	4,764,888
Transfers out	(3,938,446)	(857,714)	(4,796,160)
Total Other Financing Sources (Uses)	<u>(2,970,630)</u>	<u>3,068,712</u>	<u>98,082</u>
Change in fund balance	(1,939,880)	2,145,417	205,537
Fund Balance at beginning of year	<u>12,837,010</u>	<u>13,498,605</u>	<u>26,335,615</u>
Fund Balance at end of year	<u>\$ 10,897,130</u>	<u>\$ 15,644,022</u>	<u>\$ 26,541,152</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, 2010

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 205,537

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

<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</li> </ul>	1,864,793
Capital asset purchases	1,864,793
Depreciation	(1,743,869)
<ul style="list-style-type: none"> <li>• Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.</li> </ul>	(132,596)
Capital asset disposals	(132,596)
<ul style="list-style-type: none"> <li>• Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</li> </ul>	505,443
Revenues	505,443
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	1,705,701
Repayment of principal on bonds and capital leases	1,705,701
<ul style="list-style-type: none"> <li>• In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when done.</li> </ul>	41,446
Interest	41,446
<ul style="list-style-type: none"> <li>• Some expenses reported in the Statement of Activities, such as compensated absences, other post-employment benefits 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.</li> </ul>	<u>(1,023,638)</u>
Compensated absences, other post-employment benefits and the estimated liability for landfill post-closure care costs	<u>(1,023,638)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>1,422,817</u></b>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Other Sources:</b>				
Taxes	\$ 22,601,587	\$ 22,601,610	\$ 23,345,845	\$ 744,235
Licenses and permits	4,948,050	4,948,050	4,823,156	(124,894)
Intergovernmental	2,574,649	2,671,176	2,722,813	51,637
Charges for services	1,695,293	1,695,293	1,916,295	221,002
Interest and investment income	440,000	343,450	121,834	(221,616)
Miscellaneous	290,547	290,547	424,824	134,277
Use of fund balance	1,083,333	2,920,106	2,920,106	-
Proceeds from sale of capital assets	712,000	712,000	129,354	(582,646)
Issuance of capital leases	12,000	12,000	-	(12,000)
Transfers in	1,032,807	1,032,807	838,462	(194,345)
	<u>35,390,266</u>	<u>37,227,039</u>	<u>37,242,689</u>	<u>15,650</u>
<b>Total Revenues and Other Sources</b>				
<b>Expenditures and Other Uses:</b>				
Prevention and emergency services	10,104,937	10,104,937	10,004,733	100,204
Emergency management	120,899	120,899	93,067	27,832
Police and animal control	8,030,228	8,030,228	7,556,765	473,463
Executive	1,197,510	1,197,510	1,141,169	56,341
Finance	7,049,873	8,886,646	8,434,685	451,961
Town clerk and elections	133,734	133,734	126,218	7,516
Community development	243,241	243,241	243,484	(243)
Public works	8,509,844	8,509,844	8,276,283	233,561
	<u>35,390,266</u>	<u>37,227,039</u>	<u>35,876,404</u>	<u>1,350,635</u>
<b>Total Expenditures and Other Uses</b>				
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,366,285</u>	\$ <u>1,366,285</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>ASSETS</u></b>			
Current:			
Investments	\$ 12,757	\$ 441,649	\$ 454,406
Accounts receivable, net	309,273	393,128	702,401
Due from other funds	1,776,634	376,391	2,153,025
Prepaid items	5,268	6,932	12,200
Total current assets	2,103,932	1,218,100	3,322,032
Noncurrent:			
Accounts receivable, net	200,811	106,532	307,343
Due from other governments	-	602,778	602,778
Non-depreciable capital assets	268,969	525,045	794,014
Depreciable capital assets, net	9,205,810	19,079,857	28,285,667
Total noncurrent assets	9,675,590	20,314,212	29,989,802
<b>TOTAL ASSETS</b>	<b>\$ 11,779,522</b>	<b>\$ 21,532,312</b>	<b>\$ 33,311,834</b>
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	\$ 16,588	\$ 38,736	\$ 55,324
Accrued expenses	8,347	25,073	33,420
Retainage payable	18,316	-	18,316
Unearned revenue	3,852	640	4,492
Current portion of long-term liabilities:			
Bonds payable	50,000	506,550	556,550
Capital leases payable	681	681	1,362
Compensated absences	11,186	11,186	22,372
Other	1,298	-	1,298
Total current liabilities	110,268	582,866	693,134
Noncurrent:			
Bonds payable	400,000	3,649,730	4,049,730
Compensated absences	70,179	70,179	140,358
Other post-employment benefits payable	51,632	51,632	103,264
Other	10,386	-	10,386
Total noncurrent liabilities	532,197	3,771,541	4,303,738
<b>TOTAL LIABILITIES</b>	<b>642,465</b>	<b>4,354,407</b>	<b>4,996,872</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	9,024,098	15,447,941	24,472,039
Unrestricted	2,112,959	1,729,964	3,842,923
<b>TOTAL NET ASSETS</b>	<b>11,137,057</b>	<b>17,177,905</b>	<b>28,314,962</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,779,522</b>	<b>\$ 21,532,312</b>	<b>\$ 33,311,834</b>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 2,270,130	\$ 2,012,193	\$ 4,282,323
Miscellaneous	<u>15,395</u>	<u>34,114</u>	<u>49,509</u>
Total Operating Revenues	2,285,525	2,046,307	4,331,832
<b>Operating Expenses:</b>			
Personnel services	817,464	790,404	1,607,868
Repairs and maintenance	174,661	84,831	259,492
Materials and supplies	65,330	48,061	113,391
Utilities	722,295	289,029	1,011,324
Depreciation	195,070	465,152	660,222
Miscellaneous	<u>86,821</u>	<u>83,556</u>	<u>170,377</u>
Total Operating Expenses	<u>2,061,641</u>	<u>1,761,033</u>	<u>3,822,674</u>
Operating Income (Loss)	223,884	285,274	509,158
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	6,550	4,467	11,017
Intergovernmental revenue	39,112	603,994	643,106
Other revenue	2,557	-	2,557
Interest expense	<u>(28,297)</u>	<u>(187,487)</u>	<u>(215,784)</u>
Total Nonoperating Revenues (Expenses), Net	<u>19,922</u>	<u>420,974</u>	<u>440,896</u>
Income (Loss) Before Capital Contributions	243,806	706,248	950,054
Capital contributions	7,254	90,242	97,496
Transfers in	5,671	31,691	37,362
Transfers out	<u>(2,640)</u>	<u>(3,450)</u>	<u>(6,090)</u>
Change in Net Assets	254,091	824,731	1,078,822
Net Assets at Beginning of Year, as restated	<u>10,882,966</u>	<u>16,353,174</u>	<u>27,236,140</u>
Net Assets at End of Year	<u>\$ 11,137,057</u>	<u>\$ 17,177,905</u>	<u>\$ 28,314,962</u>

TOWN OF DERRY, NEW HAMPSHIRE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from customers	\$ 2,302,749	\$ 2,065,643	\$ 4,368,392
Other operating cash receipts	15,395	34,110	49,505
Cash paid for interfund services provided	(137,923)	16,780	(121,143)
Cash paid to suppliers	(1,043,947)	(564,605)	(1,608,552)
Cash paid to employees	(781,452)	(754,392)	(1,535,844)
Net Cash Provided By Operating Activities	354,822	797,536	1,152,358
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Transfer to other funds	(2,640)	(3,450)	(6,090)
Net Cash Provided By (used for) Noncapital Financing Activities	(2,640)	(3,450)	(6,090)
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Capital contributions	7,254	90,242	97,496
Transfers from other funds	5,671	31,691	37,362
Purchases of capital assets	(230,879)	-	(230,879)
Principal paid on bonds payable	(163,140)	(711,619)	(874,759)
Proceeds from debt refinancing and other	14,241	-	14,241
Intergovernmental revenue	39,112	1,216	40,328
Principal paid on capital leases payable	(655)	(655)	(1,310)
Interest paid on long-term debt	(28,297)	(187,487)	(215,784)
Net Cash (Used For) Capital and Related Financing Activities	(356,693)	(776,612)	(1,133,305)
<b><u>Cash Flows From Investing Activities:</u></b>			
Sale of purchase of investments	(2,039)	(21,941)	(23,980)
Interest on investments	6,550	4,467	11,017
Net Cash Provided By (used for) Investing Activities	4,511	(17,474)	(12,963)
Cash and cash equivalents at beginning of year (reported as due from other funds)	-	-	-
Cash and cash equivalents at end of year (reported as due from other funds)	\$ -	\$ -	\$ -
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>			
Operating income	\$ 223,884	\$ 285,274	\$ 509,158
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation expense	195,070	465,152	660,222
Changes in assets and liabilities:			
Accounts receivable, net	38,240	53,219	91,459
Due from other funds	(137,923)	16,780	(121,143)
Prepaid items	(1,124)	(2,909)	(4,033)
Accounts payable	8,039	(10,007)	(1,968)
Accrued expenses	(20,071)	(24,568)	(44,639)
Retainage payable	18,316	(21,644)	(3,328)
Unearned revenue	(5,621)	227	(5,394)
Compensated absences	9,335	9,335	18,670
Other post-employment benefits	26,677	26,677	53,354
Net Cash Provided By Operating Activities	\$ 354,822	\$ 797,536	\$ 1,152,358

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ -	\$ 372,229
Investments	<u>332,981</u>	<u>357,583</u>
Total Assets	<u>\$ 332,981</u>	<u>\$ 729,812</u>
<b><u>LIABILITIES</u></b>		
Due to other governments	\$ -	\$ 357,583
Deposits held for others	<u>-</u>	<u>372,229</u>
Total Liabilities	-	729,812
<b><u>NET ASSETS</u></b>		
Held in trust	<u>332,981</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 332,981</u>	<u>\$ 729,812</u>

See notes to financial statements.

TOWN OF DERRY, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>	
Investment earnings:	
Investment income	\$ 12,673
Net decrease in the fair value of investments	<u>10,941</u>
Total investment earnings	23,614
Less investment expense	<u>(1,024)</u>
Net Investment Earnings	<u>22,590</u>
 <b>Deductions:</b>	
Benefits	<u>17,047</u>
Total deductions	<u>17,047</u>
Change in Net Assets	5,543
 <b>Net assets held in trust:</b>	
Beginning of year	<u>327,438</u>
End of year	<u>\$ 332,981</u>

See notes to financial statements.

# TOWN OF DERRY, NEW HAMPSHIRE

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2010, it was determined that no entities met the required GASB-39 criteria of component units.

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

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

##### Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### Fund Financial Statements

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

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

#### Government-Wide Financial Statements

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

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

#### Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

#### *E. Investments*

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

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

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

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

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

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

*G. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

*H. Inventories*

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

*I. Capital Assets*

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

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

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

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

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

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

*J. Compensated Absences*

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

*K. Long-Term Obligations*

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

*L. Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*M. Use of Estimates*

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

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

*A. Budgetary Information*

General government revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. The budget represents departmental appropriations as authorized by the Town Charter with annual or special budgetary public hearings. By the same procedures additional amounts may be appropriated during the year in emergency cases. There were several supplemental budgetary appropriations voted during the year. The Town Council adopts its budget under regulations of the New Hampshire Department of

Revenue Administration which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the governmental unit as a whole rather than on the basis of fund types. Special Revenue Fund budgets for the cable television fund and Enterprise Fund budgets for the water and sewer departments are adopted. Capital Project Funds do not have adopted budgets.

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

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

*B. Budgetary Basis*

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

*C. Legal Level of Control*

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

*D. Limitation of Budget Increases*

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

*E. Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 34,006,877	\$ 32,976,127
Other financing sources/uses (GAAP basis)	<u>967,816</u>	<u>3,938,446</u>
Subtotal (GAAP Basis)	34,974,693	36,914,573
Reverse beginning of year appropriation carryforwards from expenditures	-	(520,897)
Add end of year appropriation carryforwards to expenditures	-	134,838
To reverse the effect of non- budgeted State contributions for police, fire, and teachers retirement	(652,110)	(652,110)
Recognize use of fund balance as funding source	<u>2,920,106</u>	<u>-</u>
Budgetary basis	<u>\$ 37,242,689</u>	<u>\$ 35,876,404</u>

*F. Excess of Expenditures Over Appropriations*

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

Community Development	\$ (243)
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**3. Cash and Investments**

*A. Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to

recover the value of its investment or collateral securities that are in the possession of another party.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank."

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

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

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

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

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company.

The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

As of June 30, 2010, \$ 2,917,437 out of the Town's bank balance of \$ 51,063,613 was exposed to custodial credit risk as uninsured, uncollateralized and collaterally held by pledging bank's trust department not in the Town's name. The uninsured amount includes \$ 68,738 invested in state pool.

The Town's investments of \$ 8,889,517 are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the Town's brokerage firm, which is also Counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

#### *B. Credit Risk*

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>			
			<u>Aaa</u>	<u>A1-Aa3</u>	<u>A-A3</u>	<u>Other</u>
Debt Related Securities:						
U.S Treasury bonds	\$ 601,256	\$ -	\$ 601,256	\$ -	\$ -	\$ -
Corporate bonds	2,398,229	-	280,056	1,059,086	869,964	189,123
Corporate equities	1,642,712	1,642,712	-	-	-	-
Federal agency securities	4,247,320	-	4,247,320	-	-	-
<b>Total investments</b>	<b>\$ 8,889,517</b>	<b>\$ 1,642,712</b>	<b>\$ 5,128,632</b>	<b>\$ 1,059,086</b>	<b>\$ 869,964</b>	<b>\$ 189,123</b>

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Federal Home Loan Bank	0.85%	01/20/11	\$ 501,405
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**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt Related Securities:					
U.S. Treasury bonds	\$ 601,256	\$ 399,616	\$ 201,640	\$ -	\$ -
Federal agency securities	4,247,320	403,841	3,206,737	249,160	387,582
Corporate bonds	2,398,229	431,682	863,362	431,681	671,504
Total	\$ <u>7,246,805</u>	\$ <u>1,235,139</u>	\$ <u>4,271,739</u>	\$ <u>680,841</u>	\$ <u>1,059,086</u>

*E. Foreign Currency Risk*

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

**4. Taxes Receivable**

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

Taxes receivable at June 30, 2010 consist of the following (in thousands):

Real Estate	
2010	\$ 5,248
Tax Liens	2,709
Yield Taxes	<u>13</u>
Total	\$ <u>7,970</u>

### Taxes Collected for Others

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

### **5. Allowance for Doubtful Accounts**

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

	<u>Governmental</u>
Property taxes	\$ 1,155
Other accounts receivable	1,004

Management believes that the allowance for doubtful accounts for business-type accounts receivable is not material to the financial statements.

### **6. Due From Other Governments**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2010.

### **7. Interfund Fund Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2010 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:	\$ -	\$ 6,449,532
General fund		
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	194,775	-
Taylor Public Library	87,361	-
Cable Television	238,729	-
Conservation Commission	611,004	-

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(continued)

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Emergency Management Event	-	77,613
Public Health	5,795	-
Public Safety Grants	86,884	-
Charter Commission	11,330	-
Miscellaneous Grants	31,302	-
Derry Fire Vehicle Replacement	98,750	-
Fire Facility and Equipment	31,250	-
Taylor Library Reserve	48	-
Transportation Improvement	9,117	-
Waste Tire Reclamation	6,116	-
Capital Project Funds:		
Crystal/Broadway Reconstruction	96,545	-
Bridge Improvements	2,484,503	-
Route 28 TIF	1,855	-
Recreation Facility	224,000	-
Rail Trail	154,156	-
Permanent Funds:		
General Cemetery Care	600	-
Subtotal	<u>4,374,120</u>	<u>77,613</u>
Total Governmental Funds	<u>\$ 4,374,120</u>	<u>\$ 6,527,145</u>
<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Business-Type Activities:		
Water Fund	\$ 1,776,634	\$ -
Sewer Fund	<u>376,391</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 2,153,025</u>	<u>\$ -</u>

The government reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2010.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 838,462	\$ 3,938,446
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	1,117,412	115
Taylor Public Library	159,590	48
Cable Television	-	10,000
Conservation Commission	4,824	1,800
Economic Development Revolving Loan	136,773	-
Emergency Management Flood	5,889	-
Emergency Management Event	25,871	42,045
Public Safety Grants	241	-
Charter Commission	20,000	-
Miscellaneous Grants	-	301
Assessor Data Collection	-	45,000
Derry Fire Vehicle Replacement	98,750	183,446
Derry Public Library Improvements	-	36,720
E-Gov	48,652	-
Fire Facility and Equipment	31,250	29,000
Compensated Absences	311,217	167,883
Taylor Library Reserve	48	-
Transportation Improvement	157,700	165,000
Waste Tire Reclamation	105,888	38,500
Capital Project Funds:		
Bridge Improvements	1,680,000	-
Route 28 TIF	16,021	-
IT Network Infrastructure	-	83
Permanent Funds:		
General Cemetery Care	6,300	55,000
Parks and Playgrounds	-	78,154
Libraries	-	2,619
Human Services	-	2,000
Subtotal Nonmajor Funds	<u>3,926,426</u>	<u>857,714</u>
Total Governmental Funds	<u>\$ 4,764,888</u>	<u>\$ 4,796,160</u>
<u>Business-Type Activities:</u>		
Water Fund	\$ 5,671	\$ 2,640
Sewer Fund	<u>31,691</u>	<u>3,450</u>
Total Business-Type Activities	<u>\$ 37,362</u>	<u>\$ 6,090</u>

The transfers from the water and sewer fund to the general fund are made to cover indirect costs of water and sewer funds incurred by general fund.

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

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,632	\$ -	\$ (5)	\$ 6,627
Infrastructure and other assets	75,120	332	(98)	75,354
Construction in progress	1,872	1,484	(1,153)	2,203
Intangibles	<u>1,995</u>	<u>245</u>	<u>-</u>	<u>2,240</u>
Total capital assets, not being depreciated	85,619	2,061	(1,256)	86,424
Other capital assets:				
Buildings and improvements	17,999	212	(1)	18,210
Equipment and vehicles	10,623	601	(176)	11,048
Infrastructure and other assets	8,097	716	(46)	8,767
Intangibles	<u>573</u>	<u>26</u>	<u>-</u>	<u>599</u>
Total other capital assets at historical cost	<u>37,292</u>	<u>1,555</u>	<u>(223)</u>	<u>38,624</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,248)	(472)	1	(4,719)
Equipment and vehicles	(6,251)	(892)	146	(6,997)
Infrastructure and other assets	(2,373)	(306)	46	(2,633)
Intangibles	<u>(446)</u>	<u>(74)</u>	<u>-</u>	<u>(520)</u>
Total accumulated depreciation	<u>(13,318)</u>	<u>(1,744)</u>	<u>193</u>	<u>(14,869)</u>
Total other capital assets, net	<u>23,974</u>	<u>(189)</u>	<u>(30)</u>	<u>23,755</u>
Total capital assets, net	<u>\$ 109,593</u>	<u>\$ 1,872</u>	<u>\$ (1,286)</u>	<u>\$ 110,179</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 211	\$ -	\$ -	\$ 211
Construction in progress	32	224	(256)	
Intangibles	<u>576</u>	<u>7</u>	<u>-</u>	<u>583</u>
Total capital assets, not being depreciated	819	231	(256)	794
Other capital assets:				
Buildings and improvements	149	-	-	149
Equipment and vehicles	701	-	-	701
Infrastructure	<u>40,130</u>	<u>256</u>	<u>-</u>	<u>40,386</u>
Total other capital assets at historical cost	<u>40,980</u>	<u>256</u>	<u>-</u>	<u>41,236</u>
Less accumulated depreciation for:				
Buildings and improvements	(21)	(4)	-	(25)
Equipment and vehicles	(488)	(40)	-	(528)
Infrastructure and other assets	<u>(11,781)</u>	<u>(616)</u>	<u>-</u>	<u>(12,397)</u>
Total accumulated depreciation	<u>(12,290)</u>	<u>(660)</u>	<u>-</u>	<u>(12,950)</u>
Total other capital assets, net	<u>28,690</u>	<u>(404)</u>	<u>-</u>	<u>28,286</u>
Total capital assets, net	<u>\$ 29,509</u>	<u>\$ (173)</u>	<u>\$ (256)</u>	<u>\$ 29,080</u>

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

**Governmental Activities:**

General government	\$ 454
Public safety	685
Highway	244
Health and welfare	8
Sanitation	45
Culture and recreation	<u>307</u>
Total depreciation expense - governmental activities	<u>\$ 1,743</u>

**Business-Type Activities:**

Water	\$ 195
Sewer	<u>465</u>
Total depreciation expense - business-type activities	<u>\$ 660</u>

**9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses represent additional 2010 expenditures paid after June 30, 2010.

**10. Deferred Revenue**

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

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2010 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

**11. Notes Payable**

The Town had the following notes outstanding at June 30, 2010:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/10</u>
Exit 4A	2.49%	06/30/10	06/30/11	\$ <u>600,000</u>
Total				\$ <u><u>600,000</u></u>

The following summarizes activity in notes payable during fiscal year 2010:

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

**12. Capital Lease Obligations**

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2013. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2010:

	<u>Governmental</u>	<u>Business- Type</u>
2011	\$ 189,050	\$ 1,418
2012	79,591	-
2013	<u>32,490</u>	<u>-</u>
Total minimum lease payments	301,131	1,418
Less amounts representing interest	<u>(18,460)</u>	<u>(56)</u>
Present Value of Minimum Lease Payments	<u>\$ 282,671</u>	<u>\$ 1,362</u>

### 13. Long-Term Debt

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

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

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

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

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

General obligation bonds currently outstanding are as follows:

	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/10
<u>Governmental Activities:</u>				
Court House	07/15/15	5.25 - 5.625%	\$ 1,839,710	\$ 540,000
Land Purchase	01/15/19	4.00 - 4.80%	1,735,000	225,000
Humphrey Field House	01/15/20	5.375 - 5.75%	1,890,000	940,000
Humphrey Road Complex	01/15/21	4.75 - 5.25%	489,605	265,000
Municipal Center	02/01/21	4.25 - 5.00%	3,000,000	1,650,000
Municipal Services Infrastructure	03/15/24	3.20 - 4.00%	1,500,000	1,050,000
Police Station Addition	06/15/26	4.10 - 5.00%	1,000,000	800,000
Total Governmental Activities:				\$ <u>5,470,000</u>

	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/10
<u>Governmental Activities TIF:</u>				
Ash Street Corporate Park	04/15/33	4.25 - 5.00%	\$ 2,000,000	\$ <u>1,840,000</u>

	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/10
<u>Business-Type Activities:</u>				
Water Fund:				
Water Main Upgrade	08/15/18	3.90 - 5.00%	\$ 1,000,000	\$ 450,000
Sewer Fund:				
Beaver Brook III Interceptor	08/15/12	4.94%	1,075,451	234,139
Horne Brook Interceptor	06/15/13	5.00%	1,244,714	257,141
Upgrade Sewer Lagoons	08/15/13	5.30 - 5.875%	2,358,000	460,000
Wastewater Force Main	05/15/23	2.50 - 3.25%	3,700,000	2,405,000
Wastewater Effluent Upgrade	06/15/26	4.10 - 5.00%	1,000,000	800,000
Total Business-Type Activities:				\$ <u>4,606,280</u>

### C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2010 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 510,000	\$ 253,864	\$ 763,864
2012	510,000	230,139	740,139
2013	510,000	206,383	716,383
2014	510,000	182,620	692,620
2015	510,000	158,726	668,726
2016-2020	2,150,000	465,588	2,615,588
2021-2025	720,000	5,000	725,000
2026-2030	50,000	2,500	52,500
Total	\$ <u>5,470,000</u>	\$ <u>1,504,820</u>	\$ <u>6,974,820</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2010 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 80,000	\$ 86,600	\$ 166,600
2012	80,000	83,200	163,200
2013	80,000	79,800	159,800
2014	80,000	76,400	156,400
2015	80,000	71,300	151,300
2016-2020	400,000	313,100	713,100
2021-2025	400,000	221,200	621,200
2026-2030	400,000	120,000	520,000
2031-2033	240,000	24,000	264,000
Total	\$ <u>1,840,000</u>	\$ <u>1,075,600</u>	\$ <u>2,915,600</u>

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

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 556,550	\$ 186,250	\$ 742,800
2012	563,652	162,292	725,944
2013	571,078	138,010	709,088
2014	400,000	112,926	512,926
2015	285,000	98,935	383,935
2016-2020	1,375,000	332,158	1,707,158
2021-2025	805,000	90,890	895,890
2026-2030	50,000	2,500	52,500
Total	\$ <u>4,606,280</u>	\$ <u>1,123,961</u>	\$ <u>5,730,241</u>

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

During the year ended June 30, 2010, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/09</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/10</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/10</u>
<b><u>Governmental Activities</u></b>						
General obligation						
bonds payable	\$ 6,837	\$ -	\$ (1,367)	\$ 5,470	\$ (510)	\$ 4,960
Tax increment financing						
bonds payable	1,920	-	(80)	1,840	(80)	1,760
Capital leases payable	541	-	(259)	282	(176)	106
Compensated absences	3,624	2,297	(2,103)	3,818	(526)	3,292
Other post-employment benefits	774	1,049	(222)	1,601	-	1,601
Estimated liability for landfill postclosure care costs	123	-	(2)	121	(16)	105
Other	-	5	(1)	4	(1)	3
Totals	<u>\$ 13,819</u>	<u>\$ 3,351</u>	<u>\$ (4,034)</u>	<u>\$ 13,136</u>	<u>\$ (1,309)</u>	<u>\$ 11,827</u>

	Total Balance <u>7/1/09</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/10</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/10</u>
<b><u>Business-Type Activities</u></b>						
General obligation						
bonds payable	\$ 5,481	\$ -	\$ (875)	\$ 4,606	\$ (557)	\$ 4,049
Capital lease payable	3	-	(2)	1	(1)	-
Compensated absences	144	117	(99)	162	(22)	140
Other post-employment benefits	50	67	(14)	103	-	103
Other	-	13	(1)	12	(1)	11
Totals	<u>\$ 5,678</u>	<u>\$ 197</u>	<u>\$ (991)</u>	<u>\$ 4,884</u>	<u>\$ (581)</u>	<u>\$ 4,303</u>

**E. Authorized Unissued Debt**

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2010 are as follows:

General obligation bonds:

<u>Purpose</u>	<u>Amount</u>
Exit 4A	\$ 3,514,283
Highway Replacement Garage	<u>600,000</u>
Total	\$ <u>4,114,283</u>

Tax increment financing bond:

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

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

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

The \$ 120,828 reported as landfill postclosure care liability at June 30, 2010 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. This amount is based on what it would cost if all equipment, facilities, and services to monitor and maintain the landfill were acquired as of June 30, 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

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

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

**16. Reserves of Fund Equity**

“Reserves” of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use.

The following types of reserves are reported at June 30, 2010:

Reserved for Perpetual Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

Reserved for Encumbrances - An account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance.

Reserved for Expenditures - Represents amounts of fund balances appropriated to be used for subsequent year budget.

Reserved for Prepaid Items - An account used to segregate a portion of fund balance to indicate that prepaid items, although a component of assets, do not represent available spendable resources.

Reserved for Tax Increment Financing - Represents the amount of fund balance reserved for tax increment debt repayment purposes.

**17. Subsequent Events**

Subsequent to June 30, 2010, the Town has incurred the following additional Capital Leases:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
PW Truck	\$ 65,732	3.97%	10/01/10	10/15/15
Copier	\$ 54,177	3.62%	10/28/10	08/01/14
Police vehicles	\$ 165,198	2.23%	12/01/10	02/01/12
Fire truck	\$ 499,036	2.98%	12/14/10	12/14/16

**18. Commitments and Contingencies**

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

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

## 19. **Post-Employment Health Care and Life Insurance Benefits**

### **Other Post-Employment Benefits**

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

#### *A. Plan Description*

In addition to providing the pension benefits described, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's Single Employer Defined Benefit Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2007, the actuarial valuation date, approximately 116 retirees and 189 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

#### *B. Benefits Provided*

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

#### *C. Funding Policy*

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

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2010 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2010, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2007.

Annual Required Contribution (ARC)	\$ 1,106,227
Interest on net OPEB obligation	41,180
Adjustment to ARC	<u>(30,122)</u>
Annual OPEB cost	1,117,285
Contributions made	<u>(236,820)</u>
Increase in net OPEB obligation	880,465
Net OPEB obligation - beginning of year	<u>823,605</u>
Net OPEB obligation - end of year	<u><u>\$ 1,704,070</u></u>

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 1,117,285	20.9%	\$ 1,704,070
2009	\$ 1,041,450	20.9%	\$ 823,605

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2007, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 12,270,643
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,270,643</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 18,334,303</u>
UAAL as a percentage of covered payroll	<u>66.9%</u>

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

*F. Actuarial Methods and Assumptions*

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

In the June 30, 2007 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 5% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.5%.

## 20. Retirement System

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

### A. Plan Description

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

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 4 Chenell Drive, Concord, New Hampshire 03301-8509.

### B. Funding Policy

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 5% for general employees and 9.3% for police and fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and is 13.66% for police officers, 17.28% for fire employees, and 9.16% for all other covered employees. The Town's contributions to the System for the years ended June 30, 2010, 2009, and 2008 were \$ 2,169,946, \$ 1,988,598 and \$ 2,009,436, respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended June 30, 2010, was \$ 17,406,284. Contribution requirements for the year ended June 30, 2010, were as follows:

State of New Hampshire	\$ 652,110
Town	2,169,946
Employees' contributions	<u>1,268,411</u>
Total	<u>\$ 4,090,467</u>

**21. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**22. Beginning Net Assets Restatement**

The beginning (July 1, 2009) net assets have been restated as follows:

	Governmental Activities	Business-Type Activities		
		Water Fund	Sewer Fund	Total
As previously reported	\$ 122,139,819	\$ 10,827,511	\$ 15,900,045	\$ 26,727,556
To adjust intangible assets	<u>1,166,888</u>	<u>55,455</u>	<u>453,129</u>	<u>508,584</u>
As restated	<u>\$ 123,306,707</u>	<u>\$ 10,882,966</u>	<u>\$ 16,353,174</u>	<u>\$ 27,236,140</u>



Public Health Network Coordinator Counsels Family during H1N1 Flu Clinic

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

**June 30, 2010  
(Unaudited)**

**Other Post-Employment Benefits**

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

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Required Supplementary Information**  
**Modified Approach for Infrastructure**  
**Capital Assets**  
**For the Year Ended June 30, 2010**

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

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

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

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**TOWN OF DERRY, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2010**

**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 side walks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

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

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

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

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

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

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

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

In fiscal year 2003, the Town council adopted the “good” conditional assessment PCI rating range of 68 to 80 for its roadway maintenance program goal and it also estimated expenditures of \$ 1,300,000 per year are necessary to sustain the roadways rating level. During the year ended June 30, 2010, \$ 1,557,983 was available via budget and encumbrances for roadway maintenance.

The current PCI of 78 is in line with the council’s goal of preserving the network in the range between 68 and 80. The currently defined system of roadway and sidewalk networks is not depreciated because the Town’s conditional assessment rating falls within its adopted range. During the year ended June 30, 2010, \$ 1,484,929 was expended on roadway maintenance.

The Town has expended an average of \$ 1,240,839 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.



Florence Street Bridge being Reconstructed

## **Combining Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Derry Public Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of Derry's main library located at 64 East Broadway.
- Taylor Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of this public library located at 49 East Derry Road.
- Cable Television Fund: The cable television fund has been established to account for the revenues from the cable television franchise fees and other related miscellaneous income and the related expenses.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring conservation land and forest management and includes 100% of Land Use Change Tax (current use) and NH Forest Management Grant revenues.
- Economic Development Revolving Loan Fund: This fund is used to account for funds available to stimulate economic development in the Town of Derry.
- 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.
- Emergency Management Event Fund: This fund is used to account for expenses associated with the FY09 Ice Storm and FY10 Wind Storm and the 75% reimbursement from FEMA for eligible expenses.
- Public Health Fund: This fund is to account for the planning, testing and implementation of regional Public Health plans related to emergency preparedness as well as providing support for local health officers and school nurses. This fund is supported by federal funds passed through the New Hampshire Department of Health and Human Services and the National Association of County and City Health Officials (NACCHO).

- Public Safety Grants Fund: This fund is used to account for grants and donations received and expenses for the purpose of public safety including for the enforcement of underage drinking laws, DWI saturation, seat-belt compliance, off-road vehicle patrols and funding for domestic preparedness planning, training and equipment using federal pass-through funds from Rockingham County for Justice Assistance and New Hampshire Department of Justice, New Hampshire Highway Safety and New Hampshire Fish and Game.
- 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.
- Miscellaneous Grants Fund: This fund is used to account for various donations or grants received and their related expenditures.
- Assessor Data Collection Fund: has been established to fund town-wide reassessment programs.
- Derry Fire Vehicle Replacement Fund: has been established to facilitate replacement of fire vehicles in accordance with a planned vehicle replacement program.
- Derry Public Library Improvements Fund: has been established to provide resources for future capital expenditures of the Derry Public Library.
- E-Gov Fund: 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.
- Emergency Management Equipment Fund: has been established to provide resources for capital purchases in accordance with the Emergency Management Department's capital improvement plan.
- Fire Facility and Equipment Fund: has been established to provide resources for capital purchases in accordance with the Fire Department's capital improvement plan.
- Compensated Absences Fund: has been established to provide for future payments of earned time to all Town employees excluding Fire, Water/Wastewater, and Library employees.
- Highway Winter Maintenance Fund: 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.

- Land and Buildings Fund: 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.
- Park Facilities Fund: has been established to fund capital improvements to Park land and buildings.
- Police Vehicle Replacement Fund: has been established to facilitate replacement of police vehicles in accordance with the scheduled vehicle replacement program.
- Taylor Library Reserve Fund: has been established to provide resources for future capital expenditures of the Taylor Library.
- Transportation Improvement Fund: has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways.
- Waste Tire Reclamation Fund: The Waste Reclamation Trust was established pursuant to NH RSA 31:19A. The Trust was established to retain fees collected from motor vehicle registrations as authorized pursuant to NH RSA Chapter 263 (HB332). The purpose of the reserve is to fund the disposal of motor vehicle waste generated within the Town of Derry and to recycle and reclaim other types of solid waste.

### **CAPITAL PROJECT FUNDS**

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

The current funds were established for the following purposes:

- Crystal/Broadway Reconstruction Fund: This fund is used for the Town's share of the State of NH managed redesign of the Crystal Avenue and Broadway intersection.
- Bridge Improvements Fund: This fund is used to account for the construction of new bridges on South Avenue, Fordway, and Florence Street. The State of New Hampshire funds 80% of the costs.
- Route 28 TIF Fund: This fund is used to account for the engineering, construction and land acquisition costs associated with improving the Route 28 roadway within a TIF district formed in FY07 to be funded by a bond.

- Recreation Facility Fund: This fund is used to account for the engineering, construction and land acquisition costs associated with a new recreational facility for the community.
- Rail Trail Fund: This fund is used to account for all costs associated with improving the Derry Rail Trail. The Town's appropriation becomes available once the Derry Rail Trail Association raises the remaining funds required to complete the project. The fund will lapse on 6/20/2011 if not obligated or expended.
- IT 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.

### **PERMANENT FUNDS**

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

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



Public Health Nurse Administers H1N1 Flu Shot

**TOWN OF DERRY, NEW HAMPSHIRE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2010**

	Special Revenue Funds			
	Derry Public Library <u>Fund</u>	Taylor Library <u>Fund</u>	Cable Television <u>Fund</u>	Conservation Commission <u>Fund</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable, net	-	-	70,000	-
Due from other governments	-	-	-	-
Due from other funds	194,775	87,361	238,729	611,004
Prepaid items	840	-	-	-
Loans receivable	-	-	-	-
	-	-	-	-
Total Assets	\$ 196,111	\$ 87,711	\$ 308,729	\$ 611,004
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Accounts payable	\$ 10,503	\$ 1,002	\$ 50,074	\$ 2,059
Accrued liabilities	200	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	-	-	-	-
Total Liabilities	10,703	1,002	50,074	2,059
Fund Balances:				
Reserved for endowments	-	-	-	-
Reserved for encumbrances	8,614	-	-	-
Reserved for expenditures	-	-	-	-
Reserved for prepaid items	840	-	-	-
Reserved for other purposes	-	7,548	-	-
Unreserved, reported in:				
Special revenue funds	175,954	79,161	258,655	608,945
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	-	-	-	-
Total Fund Balances	185,408	86,709	258,655	608,945
Total Liabilities and Fund Balances	\$ 196,111	\$ 87,711	\$ 308,729	\$ 611,004

Special Revenue Funds

Economic Development Revolving Loan Fund	Emergency Management Flood Fund	Emergency Management Event Fund	Public Health Fund	Public Safety Grants Fund	Charter Commission Fund	Miscellaneous Grants Fund
\$ 231,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	77,613	44,975	15,670	-	-
-	-	-	5,795	86,884	11,330	31,302
-	-	-	-	-	-	-
19,924	-	-	-	-	-	-
<u>\$ 251,505</u>	<u>\$ -</u>	<u>\$ 77,613</u>	<u>\$ 50,770</u>	<u>\$ 102,554</u>	<u>\$ 11,330</u>	<u>\$ 31,302</u>
\$ -	\$ -	\$ -	\$ 45,737	\$ -	\$ -	\$ 9,091
-	-	-	389	-	-	-
-	-	-	4,644	-	-	-
-	-	77,613	-	-	-	-
-	-	77,613	50,770	-	-	9,091
-	-	-	-	-	-	-
-	-	-	-	10,869	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
251,505	-	-	-	91,685	11,330	22,211
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>251,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,554</u>	<u>11,330</u>	<u>22,211</u>
<u>\$ 251,505</u>	<u>\$ -</u>	<u>\$ 77,613</u>	<u>\$ 50,770</u>	<u>\$ 102,554</u>	<u>\$ 11,330</u>	<u>\$ 31,302</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>			
	Assessor Data Collection <u>Fund</u>	Derry Fire Vehicle Replacement <u>Fund</u>	Derry Public Library Improvements <u>Fund</u>	E-Gov <u>Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	108,376	66,723	13,353	156,361
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	98,750	-	-
Prepaid items	-	-	-	-
Loans receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 108,376</u>	<u>\$ 165,473</u>	<u>\$ 13,353</u>	<u>\$ 156,361</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved for endowments	-	-	-	-
Reserved for encumbrances	-	-	-	-
Reserved for expenditures	45,000	80,300	-	34,515
Reserved for prepaid items	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	63,376	85,173	13,353	121,846
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>108,376</u>	<u>165,473</u>	<u>13,353</u>	<u>156,361</u>
Total Liabilities and Fund Balances	<u>\$ 108,376</u>	<u>\$ 165,473</u>	<u>\$ 13,353</u>	<u>\$ 156,361</u>



(continued)

	<u>Special Revenue Funds</u>			
	<u>Park Facilities Fund</u>	<u>Police Vehicle Replacement Fund</u>	<u>Taylor Library Reserve Fund</u>	<u>Transportation Improvement Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	105,308	708	205,354	12,272
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	48	9,117
Prepaid items	-	-	-	-
Loans receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 105,308</u>	<u>\$ 708</u>	<u>\$ 205,402</u>	<u>\$ 21,389</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved for endowments	-	-	-	-
Reserved for encumbrances	-	-	-	-
Reserved for expenditures	-	-	-	21,389
Reserved for prepaid items	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	105,308	708	205,402	-
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>105,308</u>	<u>708</u>	<u>205,402</u>	<u>21,389</u>
Total Liabilities and Fund Balances	<u>\$ 105,308</u>	<u>\$ 708</u>	<u>\$ 205,402</u>	<u>\$ 21,389</u>

Special Revenue Funds		Capital Project Funds		
Waste Tire Reclamation Fund	Total Nonmajor Special Revenue Funds	Crystal/Broadway Reconstruction Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ 2,800,919	\$ -	\$ -	\$ -
393,260	2,652,365	-	-	-
-	70,000	-	-	-
-	138,258	-	345,193	-
6,116	1,412,461	96,545	2,484,503	1,855
-	840	107,056	-	-
-	19,924	-	-	-
<u>\$ 399,376</u>	<u>\$ 7,094,767</u>	<u>\$ 203,601</u>	<u>\$ 2,829,696</u>	<u>\$ 1,855</u>
\$ -	\$ 118,466	\$ -	\$ 31,353	\$ 1,855
-	589	-	-	-
-	4,644	-	-	-
-	77,613	-	-	-
-	201,312	-	31,353	1,855
-	-	-	-	-
-	19,483	-	1,239,962	9,693
-	445,713	-	-	-
-	840	107,056	-	-
-	7,548	-	-	-
399,376	6,419,871	-	-	-
-	-	96,545	1,558,381	(9,693)
-	-	-	-	-
<u>399,376</u>	<u>6,893,455</u>	<u>203,601</u>	<u>2,798,343</u>	<u>-</u>
<u>\$ 399,376</u>	<u>\$ 7,094,767</u>	<u>\$ 203,601</u>	<u>\$ 2,829,696</u>	<u>\$ 1,855</u>

(continued)

(continued)

	<u>Capital Project Funds</u>			
	<u>Recreation Facility Fund</u>	<u>Rail Trail Fund</u>	<u>IT Network Infrastructure Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	345,193
Due from other funds	224,000	154,156	-	2,961,059
Prepaid items	-	-	-	107,056
Loans receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 224,000</u>	<u>\$ 154,156</u>	<u>\$ -</u>	<u>\$ 3,413,308</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 2,522	\$ -	\$ -	\$ 35,730
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	2,522	-	-	35,730
Fund Balances:				
Reserved for endowments	-	-	-	-
Reserved for encumbrances	2,050	-	-	1,251,705
Reserved for expenditures	-	-	-	-
Reserved for prepaid items	-	-	-	107,056
Reserved for other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	219,428	154,156	-	2,018,817
Permanent funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>221,478</u>	<u>154,156</u>	<u>-</u>	<u>3,377,578</u>
Total Liabilities and Fund Balances	<u>\$ 224,000</u>	<u>\$ 154,156</u>	<u>\$ -</u>	<u>\$ 3,413,308</u>

Permanent Funds

General Cemetery Care	Parks and Playgrounds	Libraries	Highways and Streets	Human Services	Total Nonmajor Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ 280,207	\$ -	\$ -	\$ -	\$ 280,207	\$ 3,081,126
2,152,535	2,768,849	79,539	37,172	54,087	5,092,182	7,744,547
-	-	-	-	-	-	70,000
-	-	-	-	-	-	483,451
600	-	-	-	-	600	4,374,120
-	-	-	-	-	-	107,896
-	-	-	-	-	-	19,924
<u>\$ 2,153,135</u>	<u>\$ 3,049,056</u>	<u>\$ 79,539</u>	<u>\$ 37,172</u>	<u>\$ 54,087</u>	<u>\$ 5,372,989</u>	<u>\$ 15,881,064</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,196
-	-	-	-	-	-	589
-	-	-	-	-	-	4,644
-	-	-	-	-	-	77,613
-	-	-	-	-	-	237,042
1,998,886	2,812,749	77,188	25,528	39,294	4,953,645	4,953,645
-	-	-	-	-	-	1,271,188
-	-	-	-	-	-	445,713
-	-	-	-	-	-	107,896
-	-	-	-	-	-	7,548
-	-	-	-	-	-	6,419,871
-	-	-	-	-	-	2,018,817
154,249	236,307	2,351	11,644	14,793	419,344	419,344
<u>2,153,135</u>	<u>3,049,056</u>	<u>79,539</u>	<u>37,172</u>	<u>54,087</u>	<u>5,372,989</u>	<u>15,644,022</u>
<u>\$ 2,153,135</u>	<u>\$ 3,049,056</u>	<u>\$ 79,539</u>	<u>\$ 37,172</u>	<u>\$ 54,087</u>	<u>\$ 5,372,989</u>	<u>\$ 15,881,064</u>



**Fence at Veterans Field Sustains Wind Storm Damage**

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TOWN OF DERRY, NEW HAMPSHIRE

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2010

	Special Revenue Funds			
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 106,983
Licenses and permits	3,350	35	238,977	-
Intergovernmental	-	395	-	-
Charges for services	1,929	41	321	-
Interest and investment income	653	293	-	2,061
Miscellaneous	<u>31,877</u>	<u>2,806</u>	<u>59,800</u>	<u>250</u>
Total Revenues	37,809	3,570	299,098	109,294
Expenditures:				
Current:				
General government	-	-	199,614	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	1,125,880	151,716	-	-
Conservation	-	-	-	8,405
Redevelopment and housing	-	-	-	-
Economic development	-	-	-	-
Capital outlay	13,873	-	56,059	-
Debt services:				
Interest and fiscal charges	2,398	-	307	-
Intergovernmental	<u>-</u>	<u>-</u>	<u>9,980</u>	<u>-</u>
Total Expenditures	<u>1,142,151</u>	<u>151,716</u>	<u>265,960</u>	<u>8,405</u>
Excess (deficiency) of revenues over expenditures	(1,104,342)	(148,146)	33,138	100,889
Other Financing Sources (Uses):				
Transfers in	1,117,412	159,590	-	4,824
Transfers out	<u>(115)</u>	<u>(48)</u>	<u>(10,000)</u>	<u>(1,800)</u>
Total Other Financing Sources (Uses)	<u>1,117,297</u>	<u>159,542</u>	<u>(10,000)</u>	<u>3,024</u>
Net change in fund balance	12,955	11,396	23,138	103,913
Fund balances at beginning of year	<u>172,453</u>	<u>75,313</u>	<u>235,517</u>	<u>505,032</u>
Fund Balances at end of year	<u>\$ 185,408</u>	<u>\$ 86,709</u>	<u>\$ 258,655</u>	<u>\$ 608,945</u>

Special Revenue Funds

Economic Development Revolving Loan <u>Fund</u>	Emergency Management Flood <u>Fund</u>	Emergency Management Event <u>Fund</u>	Public Health <u>Fund</u>	Public Safety Grants <u>Fund</u>	Charter Commission <u>Fund</u>	Miscellaneous Grants <u>Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	16,496	77,613	194,628	118,191	-	122,750
-	-	-	-	-	-	2,264
817	-	-	3	270	-	18
698	-	-	-	100	-	7,752
<u>1,515</u>	<u>16,496</u>	<u>77,613</u>	<u>194,631</u>	<u>118,561</u>	<u>-</u>	<u>132,784</u>
-	-	-	-	-	8,670	24,699
-	-	61,439	-	30,811	-	-
-	-	-	-	-	-	-
-	-	-	194,628	-	-	795
-	-	-	-	-	-	4,000
-	-	-	-	-	-	-
-	-	-	-	-	-	122,750
10	-	-	-	-	-	-
-	28,625	-	-	85,445	-	-
-	-	-	-	-	-	-
-	-	-	3	-	-	-
<u>10</u>	<u>28,625</u>	<u>61,439</u>	<u>194,631</u>	<u>116,256</u>	<u>8,670</u>	<u>152,244</u>
1,505	(12,129)	16,174	-	2,305	(8,670)	(19,460)
136,773	5,889	25,871	-	241	20,000	-
-	-	(42,045)	-	-	-	(301)
<u>136,773</u>	<u>5,889</u>	<u>(16,174)</u>	<u>-</u>	<u>241</u>	<u>20,000</u>	<u>(301)</u>
138,278	(6,240)	-	-	2,546	11,330	(19,761)
<u>113,227</u>	<u>6,240</u>	<u>-</u>	<u>-</u>	<u>100,008</u>	<u>-</u>	<u>41,972</u>
<u>\$ 251,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,554</u>	<u>\$ 11,330</u>	<u>\$ 22,211</u>

(continued)

(continued)

	Special Revenue Funds			
	Assessor Data Collection <u>Fund</u>	Derry Fire Vehicle Replacement <u>Fund</u>	Derry Public Library Improvements <u>Fund</u>	E-Gov <u>Fund</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	591	326	65	882
Miscellaneous	-	-	-	-
Total Revenues	<u>591</u>	<u>326</u>	<u>65</u>	<u>882</u>
Expenditures:				
Current:				
General government	30	-	-	25
Public safety	-	46	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	9	-
Conservation	-	-	-	-
Redevelopment and housing	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt services				
Interest and fiscal charges	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	<u>30</u>	<u>46</u>	<u>9</u>	<u>25</u>
Excess (deficiency) of revenues over expenditures	561	280	56	857
Other Financing Sources (Uses):				
Transfers in	-	98,750	-	48,652
Transfers out	<u>(45,000)</u>	<u>(183,446)</u>	<u>(36,720)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>(84,696)</u>	<u>(36,720)</u>	<u>48,652</u>
Net change in fund balance	(44,439)	(84,416)	(36,664)	49,509
Fund Equity, beginning	<u>152,815</u>	<u>249,889</u>	<u>50,017</u>	<u>106,852</u>
Fund Equity, ending	<u>\$ 108,376</u>	<u>\$ 165,473</u>	<u>\$ 13,353</u>	<u>\$ 156,361</u>

Special Revenue Funds

Emergency Management Equipment <u>Fund</u>	Fire Facility and Equipment <u>Fund</u>	Compensated Absences <u>Fund</u>	Highway Winter Maintenance <u>Fund</u>	Land and Buildings <u>Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
23	2,443	17,586	581	2,110
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
23	2,443	17,586	581	2,110
-	97	650	-	79
-	-	-	-	-
-	-	-	22	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>97</u>	<u>650</u>	<u>22</u>	<u>79</u>
23	2,346	16,936	559	2,031
-	31,250	311,217	-	-
<u>-</u>	<u>(29,000)</u>	<u>(167,883)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>2,250</u>	<u>143,334</u>	<u>-</u>	<u>-</u>
23	4,596	160,270	559	2,031
<u>4,314</u>	<u>467,443</u>	<u>3,069,651</u>	<u>103,842</u>	<u>377,663</u>
<u>\$ 4,337</u>	<u>\$ 472,039</u>	<u>\$ 3,229,921</u>	<u>\$ 104,401</u>	<u>\$ 379,694</u>

(continued)

(continued)

	Special Revenue Funds			
	Park Facilities Fund	Police Vehicle Replacement Fund	Taylor Library Reserve Fund	Transportation Improvement Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	585	4	1,169	192
Miscellaneous	-	-	-	-
Total Revenues	585	4	1,169	192
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	12
Health and welfare	-	-	-	-
Culture and recreation	22	-	43	-
Conservation	-	-	-	-
Redevelopment and housing	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt services				
Interest and fiscal charges	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	22	-	43	12
Excess (deficiency) of revenues over expenditures	563	4	1,126	180
Other Financing Sources (Uses):				
Transfers in	-	-	48	157,700
Transfers out	-	-	-	(165,000)
Total Other Financing Sources (Uses)	-	-	48	(7,300)
Net change in fund balance	563	4	1,174	(7,120)
Fund Equity, beginning	104,745	704	204,228	28,509
Fund Equity, ending	\$ 105,308	\$ 708	\$ 205,402	\$ 21,389

Special Revenue Funds		Capital Project Funds		
Waste Tire Reclamation Fund	Total Nonmajor Special Revenue Funds	Crystal/Broadway Reconstruction Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ 106,983	\$ -	\$ -	\$ -
-	242,362	-	-	-
-	530,073	-	602,682	-
-	4,555	-	-	-
2,288	32,960	-	-	-
-	103,283	-	-	-
2,288	1,020,216	-	602,682	-
-	233,864	-	-	-
-	92,296	-	-	-
76	110	-	-	-
-	195,423	-	-	-
-	1,281,670	-	-	-
-	8,405	-	-	-
-	122,750	-	-	-
-	10	-	-	-
-	184,002	31,061	596,389	16,021
-	2,705	-	-	-
-	9,983	-	-	-
76	2,131,218	31,061	596,389	16,021
2,212	(1,111,002)	(31,061)	6,293	(16,021)
105,888	2,224,105	-	1,680,000	16,021
(38,500)	(719,858)	-	-	-
67,388	1,504,247	-	1,680,000	16,021
69,600	393,245	(31,061)	1,686,293	-
329,776	6,500,210	234,662	1,112,050	-
\$ 399,376	\$ 6,893,455	\$ 203,601	\$ 2,798,343	\$ -

(continued)

(continued)

	Capital Project Funds			
	Recreation Facility Fund	Rail Trail Fund	IT Network Infrastructure Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	602,682
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	35,000	-	35,000
Total Revenues	-	35,000	-	637,682
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Redevelopment and housing	-	-	-	-
Economic development	-	-	-	-
Capital outlay	3,522	109,985	45,598	802,576
Debt services				
Interest and fiscal charges	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	3,522	109,985	45,598	802,576
Excess (deficiency) of revenues over expenditures	(3,522)	(74,985)	(45,598)	(164,894)
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,696,021
Transfers out	-	-	(83)	(83)
Total Other Financing Sources (Uses)	-	-	(83)	1,695,938
Net change in fund balance	(3,522)	(74,985)	(45,681)	1,531,044
Fund Equity, beginning	225,000	229,141	45,681	1,846,534
Fund Equity, ending	\$ 221,478	\$ 154,156	\$ -	\$ 3,377,578

Permanent Funds

General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>	Highways and <u>Streets</u>	Human <u>Services</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,983
-	-	-	-	-	-	242,362
-	-	-	-	-	-	1,132,755
-	-	-	-	-	-	4,555
147,715	209,416	5,534	2,429	3,622	368,716	401,676
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,283</u>
147,715	209,416	5,534	2,429	3,622	368,716	2,026,614
6,445	-	-	-	-	6,445	240,309
-	-	-	-	-	-	92,296
-	-	-	109	-	109	219
-	-	-	-	165	165	195,588
-	9,155	241	-	-	9,396	1,291,066
-	-	-	-	-	-	8,405
-	-	-	-	-	-	122,750
-	-	-	-	-	-	10
-	-	-	-	-	-	986,578
-	-	-	-	-	-	2,705
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,983</u>
6,445	9,155	241	109	165	16,115	2,949,909
141,270	200,261	5,293	2,320	3,457	352,601	(923,295)
6,300	-	-	-	-	6,300	3,926,426
<u>(55,000)</u>	<u>(78,154)</u>	<u>(2,619)</u>	<u>-</u>	<u>(2,000)</u>	<u>(137,773)</u>	<u>(857,714)</u>
<u>(48,700)</u>	<u>(78,154)</u>	<u>(2,619)</u>	<u>-</u>	<u>(2,000)</u>	<u>(131,473)</u>	<u>3,068,712</u>
92,570	122,107	2,674	2,320	1,457	221,128	2,145,417
<u>2,060,565</u>	<u>2,926,949</u>	<u>76,865</u>	<u>34,852</u>	<u>52,630</u>	<u>5,151,861</u>	<u>13,498,605</u>
<u>\$ 2,153,135</u>	<u>\$ 3,049,056</u>	<u>\$ 79,539</u>	<u>\$ 37,172</u>	<u>\$ 54,087</u>	<u>\$ 5,372,989</u>	<u>\$ 15,644,022</u>



Regional Health Supply Trailer-February Wind Storm Damage & Debris

## **PRIVATE PURPOSE FUNDS**

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

### **Trust Name**

### **Trust Purpose**

Derry Public Schools

Support public schools in Derry

Derry Visiting Nurse Association, Inc.

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

East Derry Improvements

East Derry Improvements

Memorial Day Flowers

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

TOWN OF DERRY, NEW HAMPSHIRE

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

June 30, 2010

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b><u>ASSETS</u></b>					
Investments	\$ 28,159	\$ 292,071	\$ 11,003	\$ 1,748	\$ 332,981
Total Assets	<u>\$ 28,159</u>	<u>\$ 292,071</u>	<u>\$ 11,003</u>	<u>\$ 1,748</u>	<u>\$ 332,981</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>NET ASSETS</u></b>					
Held in trust	<u>28,159</u>	<u>292,071</u>	<u>11,003</u>	<u>1,748</u>	<u>332,981</u>
Total Liabilities and Net Assets	<u>\$ 28,159</u>	<u>\$ 292,071</u>	<u>\$ 11,003</u>	<u>\$ 1,748</u>	<u>\$ 332,981</u>

TOWN OF DERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2010

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b>Additions:</b>					
Investment earnings:					
Investment income (loss)	\$ 1,313	\$ 10,772	\$ 531	\$ 57	\$ 12,673
Net decrease in the fair value of investments	<u>914</u>	<u>9,572</u>	<u>398</u>	<u>57</u>	<u>10,941</u>
Total investment earnings	2,227	20,344	929	114	23,614
Less investment expense	<u>(82)</u>	<u>(889)</u>	<u>(48)</u>	<u>(5)</u>	<u>(1,024)</u>
Net Investment Earnings	2,145	19,455	881	109	22,590
<b>Deductions:</b>					
Benefits	<u>300</u>	<u>11,485</u>	<u>5,262</u>	<u>-</u>	<u>17,047</u>
Total deductions	<u>300</u>	<u>11,485</u>	<u>5,262</u>	<u>-</u>	<u>17,047</u>
Change in Net Assets	1,845	7,970	(4,381)	109	5,543
<b>Net assets held in trust:</b>					
Beginning of year	<u>26,314</u>	<u>284,101</u>	<u>15,384</u>	<u>1,639</u>	<u>327,438</u>
End of year	<u>\$ 28,159</u>	<u>\$ 292,071</u>	<u>\$ 11,003</u>	<u>\$ 1,748</u>	<u>\$ 332,981</u>



**New Hood Park Restroom and Landscaping**

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

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

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

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010

	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2010</u>
<u>Derry Cooperative School Agency Fund:</u>				
Assets - investments	\$ <u>406,196</u>	\$ <u>2,161</u>	\$ <u>(50,774)</u>	\$ <u>357,583</u>
Liabilities - due to other governments	\$ <u>406,196</u>	\$ <u>2,161</u>	\$ <u>(50,774)</u>	\$ <u>357,583</u>
 <u>Performance Bond Agency Fund:</u>				
Assets - cash and cash equivalents	\$ <u>885,434</u>	\$ <u>1,701,650</u>	\$ <u>(2,214,855)</u>	\$ <u>372,229</u>
Liabilities - deposits held for others	\$ <u>885,434</u>	\$ <u>1,701,650</u>	\$ <u>(2,214,855)</u>	\$ <u>372,229</u>
 <u>Totals:</u>				
Cash and cash equivalents	\$ 885,434	\$ 1,701,650	\$ (2,214,855)	\$ 372,229
Investments	<u>406,196</u>	<u>2,161</u>	<u>(50,774)</u>	<u>357,583</u>
Total Assets	\$ <u>1,291,630</u>	\$ <u>1,703,811</u>	\$ <u>(2,265,629)</u>	\$ <u>729,812</u>
Liabilities - due to other governments	\$ 406,196	\$ 2,161	\$ (50,774)	\$ 357,583
Liabilities - deposits held for others	<u>885,434</u>	<u>1,701,650</u>	<u>(2,214,855)</u>	<u>372,229</u>
Total Liabilities	\$ <u>1,291,630</u>	\$ <u>1,703,811</u>	\$ <u>(2,265,629)</u>	\$ <u>729,812</u>

# TOWN OF DERRY, NEW HAMPSHIRE

## STATISTICAL SECTION

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

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

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

SCHEDULE 1

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

	Fiscal Year Ended June 30									
	2001	2002	2003	2004	2005	2006 *	2007	2008	2009	2010 **
Government Activities										
Invested in capital assets, net of related debt	\$77,581,979	\$87,603,942	\$94,356,098	\$91,175,678	\$96,093,430	\$95,250,347	\$94,868,610	\$97,250,699	\$99,127,898	\$101,986,936
Restricted	38,193,602	38,815,986	43,645,255	45,701,286	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664
Unrestricted	5,578,514	4,798,047	5,486,475	6,435,210	11,404,663	10,974,175	11,842,047	11,990,757	12,034,740	16,440,924
Total Governmental Activities Net Assets	<u>\$121,354,095</u>	<u>\$131,217,975</u>	<u>\$143,487,828</u>	<u>\$143,312,174</u>	<u>\$117,047,305</u>	<u>\$115,799,175</u>	<u>\$117,504,313</u>	<u>\$121,020,422</u>	<u>\$122,139,819</u>	<u>\$124,729,524</u>
Business-type Activities										
Invested in capital assets, net of related debt	\$14,337,216	\$14,882,195	\$11,630,420	\$13,098,363	\$15,150,037	\$17,763,369	\$21,835,614	\$22,742,827	\$23,516,728	\$24,472,039
Restricted	807,593	1,178,122	855,585	5,837,523	-	-	-	-	-	-
Unrestricted	3,392,876	2,592,953	3,115,378	3,242,537	8,489,164	7,035,465	3,786,915	3,533,156	3,210,828	3,842,923
Total Business-type Activities Net Assets	<u>\$18,537,685</u>	<u>\$18,653,270</u>	<u>\$15,601,383</u>	<u>\$22,178,423</u>	<u>\$23,639,201</u>	<u>\$24,798,834</u>	<u>\$25,622,529</u>	<u>\$26,275,983</u>	<u>\$26,727,556</u>	<u>\$28,314,962</u>
Primary Government										
Invested in capital assets, net of related debt	\$91,919,195	\$102,486,137	\$105,986,518	\$104,274,041	\$111,243,467	\$113,013,716	\$116,704,224	\$119,993,526	\$122,644,626	\$126,458,975
Restricted	39,001,195	39,994,108	44,500,840	51,538,809	9,549,212	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664
Unrestricted	8,971,390	7,391,000	8,601,853	9,677,747	19,893,827	18,009,640	15,628,962	15,523,913	15,245,568	20,283,847
Total Primary Government Net Assets	<u>\$139,891,780</u>	<u>\$149,871,245</u>	<u>\$159,089,211</u>	<u>\$165,490,597</u>	<u>\$140,686,506</u>	<u>\$140,598,009</u>	<u>\$143,126,842</u>	<u>\$147,296,405</u>	<u>\$148,867,375</u>	<u>\$153,044,486</u>

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

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

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

SCHEDULE 2

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

	<b>Fiscal Year Ended June 30</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenses</b>										
<u>Governmental Activities</u>										
General government	\$3,611,433	\$3,755,691	\$4,453,797	\$6,351,809	\$4,675,203	\$4,698,161	\$4,864,395	\$4,922,872	\$5,856,375	\$5,415,866
Public Safety	10,452,318	11,797,669	12,766,918	12,523,032	13,300,358	18,307,118	18,688,924	18,790,889	18,927,195	19,220,474
Highway & streets	3,355,098	3,299,274	379,026	3,933,288	3,105,552	4,184,803	3,985,181	4,181,494	4,059,063	4,291,377
Health & welfare	600,680	531,433	598,089	839,564	784,435	1,000,856	778,619	795,072	775,357	813,431
Sanitation	1,159,071	1,200,810	1,447,868	1,486,947	1,567,928	1,685,965	1,430,509	1,562,223	1,621,743	1,591,142
Culture & recreation	2,085,031	1,197,658	2,417,619	2,488,465	2,701,585	2,827,877	2,897,392	2,965,628	2,857,095	2,908,787
Conservation	10,727	9,189	2,477	1,350	20,259	20,727	17,264	29,113	13,089	12,252
Redevelopment & housing	63,316	65,000	55,000	65,000	65,000	65,000	65,000	55,016	57,093	177,750
Economic development	60,000	72,000	80,000	71,300	66,430	311,494	499,089	482,886	274,872	389,295
Capital outlay	-	1,308,857	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Debt service	449,354	627,386	517,367	476,890	545,972	498,637	504,695	480,718	443,518	389,331
Intergovernmental	-	-	-	-	40,246	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>\$21,847,028</b>	<b>\$23,864,967</b>	<b>\$22,718,161</b>	<b>\$28,237,645</b>	<b>\$26,872,968</b>	<b>\$33,600,638</b>	<b>\$33,731,068</b>	<b>\$34,265,911</b>	<b>\$34,885,400</b>	<b>\$35,209,705</b>
<u>Business-type Activities</u>										
Water	\$1,602,650	\$1,590,005	\$1,747,561	\$1,758,219	\$1,839,085	\$2,009,790	\$2,097,520	\$2,088,784	\$2,032,481	\$2,089,938
Sewer	1,789,271	1,652,598	1,429,859	1,687,975	1,799,338	1,876,727	1,837,379	1,927,217	1,935,968	1,948,520
<b>Total Business-type Activities Expenses</b>	<b>\$3,391,921</b>	<b>\$3,242,603</b>	<b>\$3,177,420</b>	<b>\$3,446,194</b>	<b>\$3,638,423</b>	<b>\$3,886,517</b>	<b>\$3,934,899</b>	<b>\$4,016,001</b>	<b>\$3,968,449</b>	<b>\$4,038,458</b>
<b>Total Primary Government Expenses</b>	<b>\$25,238,949</b>	<b>\$27,107,570</b>	<b>\$25,895,581</b>	<b>\$31,683,839</b>	<b>\$30,511,391</b>	<b>\$37,487,155</b>	<b>\$37,665,967</b>	<b>\$38,281,912</b>	<b>\$38,853,849</b>	<b>\$39,248,163</b>
<b>Program Revenues</b>										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$5,332,602	\$4,808,199	\$4,991,846	\$5,428,129	\$52,696	\$67,217	\$85,991	\$100,553	\$46,770	\$93,207
Public safety	1,104,974	747,283	1,347,918	844,669	909,456	1,231,802	1,057,789	1,164,763	1,075,782	1,611,004
Highway & streets	43,708	-	45,398	26,577	16,834	76,647	48,404	62,045	29,679	21,772
Health & welfare	37,493	-	23,350	7,997	1,831	21,533	17,604	1,108	2,455	22,932
Sanitation	390,881	224,510	286,028	344,204	472,859	455,484	363,737	449,513	373,011	397,267
Culture & recreation	115,428	42,435	141,648	161,776	126,747	103,283	161,648	163,453	164,581	170,374
Conservation commission	54,934	42,005	101,943	140,300	-	-	-	-	-	-
Operating grants & contributions	469,861	693,500	940,661	971,153	1,799,080	2,111,103	2,065,068	2,072,594	2,523,130	2,210,538
Capital grants & contributions	908,419	705,643	45,329	-	1,631,388	734,573	516,750	1,069,575	926,437	1,200,803
<b>Total Governmental Activities Program Revenues</b>	<b>\$8,458,300</b>	<b>\$7,263,575</b>	<b>\$7,924,121</b>	<b>\$7,924,805</b>	<b>\$5,010,891</b>	<b>\$4,801,642</b>	<b>\$4,316,991</b>	<b>\$5,083,604</b>	<b>\$5,141,845</b>	<b>\$5,727,897</b>

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

	Fiscal Year Ended June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Business-type Activities</b>										
Charges for services										
Water	\$1,680,725	\$1,481,506	\$1,429,203	\$1,670,955	\$1,674,138	\$2,409,189	\$2,211,514	\$2,362,870	\$2,286,130	\$2,270,130
Sewer	2,114,796	1,801,409	1,785,985	1,691,184	1,626,060	2,050,767	1,823,410	1,835,606	1,866,285	2,012,193
Operating grants & contributions	190,774	183,309	432,580	430,916	-	-	-	-	-	643,106
Capital grants & contributions	-	-	-	-	257,513	175,930	404,617	104,105	93,155	97,496
Total Business-type Activities Program Revenues	<u>\$3,986,295</u>	<u>\$3,466,224</u>	<u>\$3,647,768</u>	<u>\$3,793,055</u>	<u>\$3,557,711</u>	<u>\$4,635,886</u>	<u>\$4,439,541</u>	<u>\$4,302,581</u>	<u>\$4,245,570</u>	<u>\$5,022,925</u>
Total Primary Government Revenues	<u>\$12,444,595</u>	<u>\$10,729,799</u>	<u>\$11,571,889</u>	<u>\$11,717,860</u>	<u>\$8,568,602</u>	<u>\$9,437,528</u>	<u>\$8,756,532</u>	<u>\$9,386,185</u>	<u>\$9,387,415</u>	<u>\$10,750,822</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(\$13,388,728)	(\$16,601,392)	(\$14,794,040)	(\$20,312,840)	(\$21,862,077)	(\$28,798,996)	(\$29,414,077)	(\$29,182,307)	(\$29,743,555)	(\$29,481,808)
Business-type activities	594,374	223,621	470,348	346,861	(80,712)	749,369	504,642	286,580	277,121	984,467
Total Primary Government Net Expense	<u>(\$12,794,354)</u>	<u>(\$16,377,771)</u>	<u>(\$14,323,692)</u>	<u>(\$19,965,979)</u>	<u>(\$21,942,789)</u>	<u>(\$28,049,627)</u>	<u>(\$28,909,435)</u>	<u>(\$28,895,727)</u>	<u>(\$29,466,434)</u>	<u>(\$28,497,341)</u>
<b>General Revenues &amp; Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property & other taxes	\$16,668,370	\$22,401,000	\$20,855,611	\$22,696,627	\$18,396,205	\$20,982,682	\$21,794,063	\$22,828,221	\$23,179,184	\$23,360,148
Licenses & permits					5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	4,669,813
Grants & contributions not restricted to specific programs	2,214,999	1,912,352	1,791,022	1,977,812	1,580,389	1,686,188	1,800,063	1,910,166	1,992,361	1,694,458
Interest & investment earnings					1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,509
Miscellaneous	1,599,247	1,977,133	870,262	1,776,278	1,175,759	652,178	752,406	382,952	399,645	687,969
Contributions to permanent fund principal	-	-	-	-	21,700	19,800	19,500	13,500	13,350	-
Special items-gain on sale of capital assets	-	-	-	-	-	373,577	-	534,655	-	-
Transfers	(212,782)	174,787	3,546,998	(6,109,558)	(1,303,751)	(24,148)	(24,810)	(24,493)	(5,391)	(31,272)
Total Governmental Activities	<u>\$20,269,834</u>	<u>\$26,465,272</u>	<u>\$27,063,893</u>	<u>\$20,341,159</u>	<u>\$26,192,879</u>	<u>\$30,893,832</u>	<u>\$32,331,294</u>	<u>\$32,698,416</u>	<u>\$30,862,952</u>	<u>\$30,904,625</u>
<b>Business-type Activities</b>										
Income & investment earnings	\$ -	\$ -	\$ -	\$ -	\$187,058	\$307,192	\$239,399	\$126,801	\$40,308	\$11,012
Miscellaneous	154,537	66,751	51,313	120,621	50,681	77,424	54,844	215,580	128,753	52,071
Special items-gain on sale of capital assets	-	-	-	-	-	1,500	-	-	-	-
Transfers	212,782	(174,787)	(3,546,998)	6,109,558	1,303,751	24,148	24,810	24,493	5,391	31,272
Total Business-type Activities	<u>\$367,319</u>	<u>(\$108,036)</u>	<u>(\$3,495,685)</u>	<u>\$6,230,179</u>	<u>\$1,541,490</u>	<u>\$410,264</u>	<u>\$319,053</u>	<u>\$366,874</u>	<u>\$174,452</u>	<u>\$94,355</u>
Total Primary Government	<u>\$20,637,153</u>	<u>\$26,357,236</u>	<u>\$23,568,208</u>	<u>\$26,571,338</u>	<u>\$27,734,369</u>	<u>\$31,304,096</u>	<u>\$32,650,347</u>	<u>\$33,065,290</u>	<u>\$31,037,404</u>	<u>\$30,998,980</u>
<b>Change in Net Assets</b>										
Governmental Activities	\$6,881,106	\$9,863,880	\$12,269,853	\$28,319	\$4,330,802	\$2,094,836	\$2,917,217	\$3,516,109	\$1,119,397	\$1,422,817
Business-type Activities	\$961,693	\$115,585	(\$3,025,337)	\$6,577,040	\$1,460,778	\$1,159,633	\$823,695	\$653,454	\$451,573	\$1,078,822
Total Primary Government	<u>\$7,842,799</u>	<u>\$9,979,465</u>	<u>\$9,244,516</u>	<u>\$6,605,359</u>	<u>\$5,791,580</u>	<u>\$3,254,469</u>	<u>\$3,740,912</u>	<u>\$4,169,563</u>	<u>\$1,570,970</u>	<u>\$2,501,639</u>

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

**SCHEDULE 3**

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006 *	2007	2008	2009	2010
<u>General Fund:</u>										
Reserved	\$1,451,765	\$1,946,269	\$1,475,903	\$1,124,603	\$2,216,019	\$673,990	\$338,614	\$322,826	\$346,810	\$566,455
Unreserved	5,961,084	8,064,459	8,980,534	9,771,634	10,642,509	10,369,762	10,551,610	11,846,663	12,490,200	10,330,675
Total General Fund	<u>\$7,412,849</u>	<u>\$10,010,728</u>	<u>\$10,456,437</u>	<u>\$10,896,237</u>	<u>\$12,858,528</u>	<u>\$11,043,752</u>	<u>\$10,890,224</u>	<u>\$12,169,489</u>	<u>\$12,837,010</u>	<u>\$10,897,130</u>
<u>All Other Governmental Funds:</u>										
Reserved	\$10,030,444	\$5,277,418	\$5,333,788	\$6,318,890	\$5,240,551	\$4,643,325	5,101,862	\$5,973,394	\$5,322,806	\$6,785,990
Unreserved, reported in:										
Special revenue funds	2,559,332	2,595,035	2,556,465	3,298,613	3,653,906	5,032,432	6,267,446	6,532,750	6,498,122	6,419,871
Capital project funds	1,767,260	2,130,816	4,762,050	3,779,049	1,519,159	1,726,865	1,514,997	1,213,880	1,378,833	2,018,817
Permanent funds	1,728,258	1,467,987	1,569,742	-	430,416	911,679	1,154,918	289,267	298,844	419,344
Total All Other Governmental Funds	<u>\$16,085,294</u>	<u>\$11,471,256</u>	<u>\$14,222,045</u>	<u>\$13,396,552</u>	<u>\$10,844,032</u>	<u>\$12,314,301</u>	<u>\$14,039,223</u>	<u>\$14,009,291</u>	<u>\$13,498,605</u>	<u>\$15,644,022</u>

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

**SCHEDULE 4**

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Revenues:</u>										
Taxes	\$14,819,406	\$18,230,770	\$18,345,524	\$19,504,155	\$18,556,414	\$20,932,527	\$21,498,501	\$22,637,596	\$23,208,798	\$23,452,828
Licenses & permits	5,154,153	4,808,199	4,958,321	5,109,114	5,271,171	5,456,525	5,430,606	5,584,941	5,132,828	5,065,518
Intergovernmental	3,593,279	3,311,495	2,777,012	2,929,885	3,525,787	4,418,285	3,876,582	4,352,278	4,523,157	4,507,678
Charges for services	1,925,868	1,434,570	1,639,250	1,524,180	1,603,736	1,893,122	1,659,790	1,830,467	1,632,130	1,920,850
Interest & investment income	-	-	-	-	1,051,406	1,747,030	2,559,466	1,468,474	150,975	523,510
Miscellaneous	1,599,247	1,598,569	1,210,822	1,975,416	1,508,103	1,861,531	1,326,191	593,386	500,239	563,107
<b>Total Revenues</b>	<b>\$27,091,953</b>	<b>\$29,383,603</b>	<b>\$28,930,929</b>	<b>\$31,042,750</b>	<b>\$31,516,617</b>	<b>\$36,309,020</b>	<b>\$36,351,136</b>	<b>\$36,467,142</b>	<b>\$35,148,127</b>	<b>\$36,033,491</b>
<u>Expenditures:</u>										
Current operations-										
General government	\$3,564,177	\$3,670,840	\$4,053,044	\$5,790,360	\$3,880,750	\$4,237,011	\$4,518,629	\$4,480,579	\$4,644,991	\$4,662,711
Public safety	10,386,621	11,885,888	12,521,663	12,245,280	13,915,103	17,363,724	17,969,416	17,810,998	18,142,797	17,872,831
Highways & streets	2,894,746	3,401,516	3,044,891	3,178,763	3,010,545	3,957,932	3,849,479	4,139,025	3,773,442	4,103,297
Health & welfare	438,737	527,379	594,035	837,234	774,804	1,005,108	762,059	812,303	771,933	801,740
Sanitation	1,159,071	1,329,057	1,375,185	1,449,345	1,460,844	1,637,541	1,595,580	1,507,164	1,576,541	1,510,116
Culture & recreation	1,994,160	2,504,897	2,170,242	2,423,084	2,335,255	2,552,929	2,577,082	2,664,121	2,644,736	2,697,540
Conservation	10,727	9,189	2,477	1,350	20,259	21,001	17,264	29,112	13,089	12,252
Redevelopment & housing	63,316	65,000	55,000	65,000	65,000	65,000	65,000	55,016	57,093	177,750
Economic Development	60,000	72,000	80,000	71,300	66,430	361,494	272,647	230,800	220,282	332,133
Capital outlay	6,553,560	6,738,989	4,037,589	1,295,877	3,705,771	4,980,552	1,678,387	3,425,537	1,631,514	1,620,455
Debt service-										
Principal retirement	1,421,035	939,751	1,279,936	1,139,342	935,000	870,000	860,000	855,000	920,000	1,447,116
Interest & fiscal charges	449,354	627,386	517,367	470,453	846,710	881,908	955,020	881,480	767,109	678,112
Intergovernmental	-	-	-	-	40,246	112,183	58,172	38,929	12,826	9,983
<b>Total Expenditures</b>	<b>\$28,995,504</b>	<b>\$31,771,892</b>	<b>\$29,731,429</b>	<b>\$28,967,388</b>	<b>\$31,056,717</b>	<b>\$38,046,383</b>	<b>\$35,178,735</b>	<b>\$36,930,064</b>	<b>\$35,176,353</b>	<b>\$35,926,036</b>
Excess revenues over (under) expenditures	(\$1,903,551)	(\$2,388,289)	(\$800,500)	\$2,075,362	\$459,900	(\$1,737,363)	\$1,172,401	(\$462,922)	(\$28,226)	\$107,455

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other financing sources (uses):</b>										
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$550,000	\$47,335	\$129,354
Issuance of long-term bonds	3,489,605	-	-	3,500,000	-	1,000,000	100,000	647,116	-	-
Issuance of capital leases	428,584	197,343	450,000	148,503	473,539	438,380	323,803	547,134	150,617	-
Transfers in	7,628,657	4,280,104	8,498,265	7,412,929	2,974,518	4,877,188	5,252,138	4,126,327	3,216,376	4,764,888
Transfers out	(7,841,439)	(4,105,317)	(4,951,267)	(13,522,487)	(4,278,269)	(4,901,336)	(5,276,948)	(4,150,820)	(3,221,767)	(4,796,160)
Premium paid on asset exchange	-	-	-	-	-	(21,376)	-	(7,502)	(7,500)	-
<b>Total other financing sources (uses)</b>	<b>\$3,705,407</b>	<b>\$372,130</b>	<b>\$3,996,998</b>	<b>(\$2,461,055)</b>	<b>(\$830,212)</b>	<b>\$1,392,856</b>	<b>\$398,993</b>	<b>\$1,712,255</b>	<b>\$185,061</b>	<b>\$98,082</b>
<b>Net change in fund balances</b>	<b>\$1,801,856</b>	<b>(\$2,016,159)</b>	<b>\$3,196,498</b>	<b>(\$385,693)</b>	<b>(\$370,312)</b>	<b>(\$344,507)</b>	<b>\$1,571,394</b>	<b>\$1,249,333</b>	<b>\$156,835</b>	<b>\$205,537</b>
<b>Debt service as a percentage of non-capital expenditures</b>	8.3%	6.3%	7.0%	5.8%	6.5%	5.3%	5.4%	5.2%	5.0%	6.2%

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

**SCHEDULE 5**

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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property (1)</b>	<b>Industrial Property (1)</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value (2)</b>	<b>Total Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Total Assessed Value as a % of Estimated Actual Taxable Value</b>
2001	\$ 881,880,562	\$ 247,055,580	\$ -	\$ 12,465,900	\$ 1,116,470,242	\$35.58	\$ 1,660,707,301	67.229%
2002	1,440,599,243	319,199,400	-	12,778,170	\$1,747,020,473	27.34	1,922,968,824	90.850%
2003	1,306,592,918	481,743,475	-	17,671,550	\$1,770,664,843	29.18	2,300,549,847	76.967%
2004	1,346,912,118	461,190,325	-	17,268,500	\$1,790,833,943	32.17	2,665,169,654	67.194%
2005	1,891,864,100	391,236,800	-	16,796,375	\$2,266,304,525	25.19	2,806,879,197	80.741%
2006	1,916,485,900	393,363,300	-	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	3,020,860,172	98.801%
2009	2,217,289,640	406,647,328	67,086,800	26,439,044	\$2,664,584,724	25.53	2,787,222,515	95.600%
2010	2,041,836,522	409,283,343	67,359,800	28,739,420	\$2,489,740,245	27.88	2,620,779,205	95.000%

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

Notes:

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

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

**SCHEDULE 6**

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

<b>Fiscal Year</b>	<b>Town Direct Rates</b>			<b>Total Overlapping Rates</b>				<b>Total Tax Rate (3)</b>
	<b>Town Services (1)</b>	<b>Fire District (2)</b>	<b>Total Direct Rate</b>	<b>Derry Cooperative School District</b>	<b>State Education Tax</b>	<b>Rockingham County</b>	<b>Total Overlapping Rates</b>	
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
2009	\$8.81	\$0.00	\$8.81	\$13.19	\$2.54	\$0.99	\$16.72	\$25.53
2010	\$9.39	\$0.00	\$9.39	\$14.85	\$2.59	\$1.05	\$18.49	\$27.88

**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 2010			FY 2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Fairfield Fairways Limited Partnership (Fairways)	Real Estate - Apartments	\$55,327,080	1	2.23%	\$30,250,200	1	2.68%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	39,487,500	2	1.59%	18,530,400	2	1.64%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	20,304,200	3	0.82%	15,425,500	3	1.37%
Mariner Derry Meadows LLC	Commercial - Retail	19,137,300	4	0.77%			
WP Hood Associates, LLC (Hood Plaza)	Commercial - Retail	15,169,800	5	0.61%	11,694,900	5	1.04%
Public Service Company of NH (PSNH)	Utility - Electric	14,318,700	6	0.58%	12,239,000	4	1.08%
EKMK Associates Ltd. Partnership	Real Estate - Apartments	10,409,800	7	0.42%			
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Living	9,896,100	8	0.40%			
Two Tsienneto Road Realty LLC	Medical Office Building	9,482,100	9	0.38%			
Wal-Mart Realty Co (Wal-Mart Store)	Commercial - Retail w/Fueling Station	9,185,700	10	0.37%	5,081,300	7	0.45%
Franklin Derry Limited Partnership (Franklin Village Apartments)	Real Estate - Apartments				4,657,500	8	0.41%
Sanmina Corp. (Sanmina/Hadco)	Industrial Manufacturing				8,570,800	6	0.76%
The Birches Development, Inc.	Commercial-Professional Offices				4,010,300	9	0.36%
CAM-Derry, LLC	Healthcare - Nursing Home				2,602,400	10	0.23%
<b>Totals</b>		<b>\$202,718,280</b>		<b>8.17%</b>	<b>\$113,062,300</b>		<b>10.01%</b>
<b>Total Taxable Assessed Valuation is:</b>		<b>\$2,481,717,169</b>			<b>\$1,128,936,142</b>		

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

**SCHEDULE 8**

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collection in Subsequent Years</b>	<b>Abatement of Original Tax Levy</b>	<b>Total Collections to Date</b>	
		<b>Tax Amount</b>	<b>Percentage of Levy</b>			<b>Amount</b>	<b>Percentage of Levy</b>
2001	\$ 14,467,565	\$ 12,770,961	88.27%	\$ 1,645,151	\$ 51,453	\$14,467,565	100.00%
2002	\$ 18,282,780	\$ 14,878,974	81.38%	\$ 3,292,502	\$ 110,608	\$18,282,084	100.00%
2003	\$ 18,368,212	\$ 16,704,538	90.94%	\$ 1,609,541	\$ 51,611	\$18,365,690	99.99%
2004	\$ 19,082,745	\$ 17,177,389	90.02%	\$ 1,624,256	\$ 278,513	\$19,080,158	99.99%
2005	\$ 20,219,964	\$ 18,634,503	92.16%	\$ 1,333,634	\$ 243,817	\$20,211,955	99.96%
2006	\$ 21,717,219	\$ 20,737,653	95.49%	\$ 556,346	\$ 409,557	\$21,703,556	99.94%
2007	** \$ 21,878,651	\$ 21,271,716	97.23%	\$ 442,221	\$ 125,955	\$21,839,893	99.82%
2008	\$ 22,529,149	\$ 21,908,661	97.25%	\$ 396,512	\$ 118,217	\$22,423,390	99.53%
2009	\$ 23,243,055	\$ 22,660,097	97.49%	\$ 232,546	\$ 107,953	\$23,000,596	98.96%
2010	\$ 23,028,731	\$ 22,505,738	97.73%	\$ -	\$ 67,997	\$22,573,735	98.02%

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

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

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

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

SCHEDULE 9

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

Fiscal Year	Governmental Activities					Business Type Activities					Total Primary Government Debt		
	General Obligation Bonds	Bond Anticipation Note	Capital Leases	Land Easement Note	Tax Increment Financing Bonds	Water Bonds	Water Capital Leases	Water Notes	Wastewater Bonds	Wastewater Capital Leases	Total Primary Government	As a % of Personal Income	Per Capita
2001	\$ 10,264,605	\$ -	\$ 449,137	\$ 203,485	\$ -	\$ 2,726,400	\$ -	\$ 47,372	\$ 5,891,210	\$ -	\$ 19,582,209	0.17%	\$576
2002	9,680,000	-	376,993	121,875	-	2,455,400	-	30,000	5,312,131	-	\$ 17,976,399	0.19%	\$522
2003	8,815,000	-	457,428	40,625	-	2,184,400	-	25,000	8,428,299	-	\$ 19,950,752	N/A	\$576
2004	9,450,000	-	408,100	-	2,000,000	1,913,400	-	20,000	7,654,497	-	\$ 21,445,997	N/A	\$618
2005	8,515,000	-	596,529	-	2,000,000	1,638,740	-	15,000	6,884,158	-	\$ 19,649,427	N/A	\$566
2006	8,645,000	-	669,308	-	2,000,000	1,372,740	3,244	10,000	7,099,727	3,244	\$ 19,803,263	N/A	\$571
2007	7,785,000	100,000	554,768	-	2,000,000	1,106,740	2,568	5,000	6,334,615	2,568	\$ 17,891,259	N/A	\$520
2008	6,930,000	747,116	712,773	-	2,000,000	844,940	1,964	-	5,569,362	1,964	\$ 16,808,119	N/A	\$491
2009	6,090,000	747,116	541,256	-	1,920,000	613,140	1,336	-	4,867,899	1,336	\$ 14,782,083	N/A	\$434
2010	5,470,000	600,000	282,672	-	1,840,000	450,000	681	-	4,156,280	681	\$ 12,800,314	N/A	\$373

**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**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>% of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Tax Increment Financing Bonds</b>	<b>Total</b>		
2001	\$ 10,264,605	\$ -	\$ 10,264,605	0.92%	\$302
2002	9,680,000	-	\$ 9,680,000	0.55%	\$281
2003	8,815,000	-	\$ 8,815,000	0.50%	\$255
2004	9,450,000	2,000,000	\$ 11,450,000	0.64%	\$330
2005	8,515,000	2,000,000	\$ 10,515,000	0.46%	\$303
2006	8,645,000	2,000,000	\$ 10,645,000	0.46%	\$307
2007	7,785,000	2,000,000	\$ 9,785,000	0.33%	\$285
2008	6,930,000	2,000,000	\$ 8,930,000	0.30%	\$261
2009	6,090,000	1,920,000	\$ 8,010,000	0.30%	\$235
2010	5,470,000	1,840,000	\$ 7,310,000	0.29%	\$213

**Notes:**

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

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

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

**SCHEDULE 11**

**TOWN OF DERRY, NEW HAMPSHIRE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct &amp; Overlapping Debt</u>
<b>Direct:</b>			
Town of Derry	\$12,516,280	100.00%	\$12,516,280
<b>Overlapping:</b>			
Rockingham County	1,105,000	6.3386%	70,042
Derry Cooperative School District	21,120,000	100.00%	<u>21,120,000</u>
Sub Total - Overlapping Debt			<u>21,190,042</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$33,706,322</u></u>

**Sources:** Debt outstanding data is provided by each governmental unit and the percentage applicable to the Town of Derry for Rockingham County, based on 2010 town allocation, is provided by the County.

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

SCHEDULE 12

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

Legal Debt Margin Calculation for Fiscal Year 2010	
Equalized assessed valuation	\$2,649,068,431
General Fund debit limit (3% of equalized Valuation)	79,472,053
Water Fund debit limit (10% of equalized Valuation)	264,906,843

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Debt Limit	\$49,801,464	\$58,111,018	\$69,705,292	\$81,255,082	\$85,564,379	\$98,038,070	\$94,842,992	\$90,625,085	\$84,783,824	\$79,472,053
Total debt applicable to limit	<u>15,219,590</u>	<u>14,431,500</u>	<u>13,315,000</u>	<u>14,035,000</u>	<u>13,185,000</u>	<u>13,400,000</u>	<u>13,225,000</u>	<u>12,450,000</u>	<u>10,445,263</u>	<u>9,584,283</u>
Legal debt margin	<u>\$34,581,874</u>	<u>\$43,679,518</u>	<u>\$56,390,292</u>	<u>\$67,220,082</u>	<u>\$72,379,379</u>	<u>\$84,638,070</u>	<u>\$81,617,992</u>	<u>\$78,175,085</u>	<u>\$74,338,561</u>	<u>\$69,887,770</u>
Total debt applicable to limit as a percentage of debt limit	30.56%	24.83%	19.10%	17.27%	15.41%	13.67%	13.94%	13.74%	12.32%	12.06%
<b>Water Fund</b>										
Debt Limit	\$166,004,880	\$193,703,393	\$232,350,974	\$270,850,273	\$285,214,598	\$326,793,568	\$316,143,307	\$302,086,017	\$282,612,747	\$264,906,843
Total debt applicable to limit	<u>5,317,740</u>	<u>5,046,740</u>	<u>2,175,740</u>	<u>1,904,740</u>	<u>1,638,740</u>	<u>1,372,740</u>	<u>1,106,740</u>	<u>844,940</u>	<u>613,140</u>	<u>450,000</u>
Legal debt margin	<u>\$160,687,140</u>	<u>\$188,656,653</u>	<u>\$230,175,234</u>	<u>\$268,945,533</u>	<u>\$283,575,858</u>	<u>\$325,420,828</u>	<u>\$315,036,567</u>	<u>\$301,241,077</u>	<u>\$281,999,607</u>	<u>\$264,456,843</u>
Total net debt applicable to limit as a percentage of debt limit	3.20%	2.61%	0.94%	0.70%	0.57%	0.42%	0.35%	0.28%	0.22%	0.17%

**Notes:**

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

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

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

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

**SCHEDULE 13**

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

<u>Fiscal Years Ended June 30,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2009	34,071	N/A	N/A	6,251	7.8%
2010	34,318	N/A	N/A	6,161	6.4%

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

**Notes:**

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

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

**SCHEDULE 14**

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

<u>Employer</u>	<u>Type of Business</u>	<u>Fiscal Year 2010 (1)</u>			<u>Fiscal Year 2001 (2)</u>		
		<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Town Employment</u>
Derry Cooperative School District	Education	670	1	3.62%	510	2	2.70%
HCA Health Services of NH	Healthcare/Hospital	589	2	3.18%	416	3	2.20%
Pinkerton Academy	Education	474	3	2.56%			
Town of Derry	Municipal services	324	4	1.75%	262	4	
Wal-Mart Store	Retail chain	200	5	1.08%			
Shaw's Supermarket	Supermarket	150	6	0.81%	280	5	1.48%
Hannaford Supermarket	Supermarket	147	7	0.79%			
Cedar Point Communications	Voice-Multimedia switch networks	140	8	0.76%			
Fireye	Fire Equipment	125	9	0.67%			
Sanmina/Hadco	Electronics	100	10	0.54%	540	1	2.85%
Dynaco	Electronics				120	6	0.63%
Treasure Master Corp.	Novelty Manufacturing				103	7	0.54%

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

**Note:**

- (1) Fiscal Year 2010 information is from the 2009 calendar year profile.
- (2) Fiscal Year 2001 information is from the Town's Public Offering Statement for the sale of bonds in 2001, from the Derry Cooperative School District and from Town payroll records. Information on only the top 7 employers is available.

**SCHEDULE 15**

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
<u>Governmental Activities</u>										
General government	25	26	25	24	24	26	27	27	27	26
Public Safety	136	140	143	141	149	165	162	162	162	153
Highway & streets	29	31	31	30	28	28	28	28	28	28
Health & welfare	1	1	1	1	2	3	3	3	3	3
Sanitation	5	5	5	5	6	6	6	6	6	5
Culture & recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	2	3	3	2
<u>Business-Type Activities</u>										
Water	6	6	6	6	6	6	6	6	6	6
Sewer	7	6	7	7	7	7	7	7	7	7
Totals	219	225	228	224	232	251	249	250	250	238

**Source:** Annual adopted budget information.

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

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

**SCHEDULE 16**

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008 *	2009	2010
<b>Public safety</b>										
Number of police calls answered	24,889	24,889	25,937	27,119	27,446	25,979	22,709	21,850	23,426	24,690
Physical arrests	1,619	1,619	1,438	1,757	1,906	1,723	1,427	1,373	1,250	1,363
Traffic violations	1,769	1,769	1,595	1,867	1,803	1,294	1,035	801	833	960
Parking violations	1,729	1,729	1,180	937	969	901	797	616	396	482
Total Offenses Reported (prior calendar year basis)										
Group A	2,453	2,648	2,623	2,479	2,719	2,654	2,642	2,543	2,544	2,691
Group B	1,481	1,448	1,301	1,132	1,370	1,354	1,176	1,150	1,199	1,107
<b>Fire &amp; rescue calls dispatched (5 towns)</b>										
Total fire & rescue responses				7,507	7,238	7,261	7,597	7,386	8,053	8,127
Fire emergency services				1,066	713	785	907	860	1,248	1,513
False alarms	349	349	407	427	289	453	337	446	409	407
EMS/Rescue	2,142	2,142	3,422	2,422	2,842	2,888	2,816	2,893	2,991	3,033
Patients treated & transported					1,971	2,009	2,075	2,305	2,503	2,327
Patients treated only					15	14	18	29	53	25
<b>Inspections conducted</b>										
Fire code	3,016	3,016	2,945	1,245	1,089	1,444	769			
Permits								866	1,012	705
Fire Permits				3,837	4,058	1,640	1,704	1,766	3,691	3,691
Public safety education programs			317	168	344	379	421	130	128	122
Program attendees					3,635	3,735	4,340	2,766	4,824	4,877
<b>Water</b>										
Daily average water consumption	1.92 MGD	1.92 MGD	1.4 MGD	1.38 MGD	1.36 MGD	1.32 MGD	1.28 MGD	1.30 MGD	1.18 MGD	1.24 MGD
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
<b>Sewer</b>										
Daily average treatment in gallons	1.92 MGD	1.92 MGD	1.71 MGD	1.63 MGD	1.66 MGD	1.88 MGD	1.75 MGD	1.67 MGD	1.85 MGD	1.80 MGD
Maximum daily capacity	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD

**Source:** Various Town departments

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

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

**SCHEDULE 17**

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	3	3	3	3	5	4	4	4	4	4
Fire/EMS Response Apparatus *				24	31	31	30	30	30	30
<b>Highways &amp; streets</b>										
Miles of streets	158	158	158	161	161.5	161.7	160.9	160.9	162.4	162.4
Number of street lights	912	912	912	916	921	921	921	921	921	921
Miles of sidewalks	18	18	18	19	19	19	19	19.3	19.3	19.3
<b>Culture &amp; recreation</b>										
Community centers	8	8	6	6	6	6	6	6	6	6
Parks	3	3	6	6	6	6	6	6	6	6
Park acreage	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields	4	4	9	9	9	9	9	9	9	9
Baseball/softball fields			8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	7	7	6	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Miles of water mains	67	67	67	68	68	68	68	68.2	68.2	68.7
Service connections	3,726	3,726	3,864	3,913	3,927	3,945	3,966	3,977	3,989	4,005
Fire hydrants	525	525	540	562	571	573	575	575	591	592
<b>Sewer</b>										
Miles of sanitary sewers	45	45	45	46	46	46	46	46.6	48.9	48.9
Miles of storm sewers	16	16	16	17	17	18	18	18	18	18
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	2,984	2,984	2,999	2,928	2,954	2,984	2,995	3,021	3,029	3,049

**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.