



*Rendering by Mitchell Associates Architects*

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

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ending**

**June 30, 2023**



**TOWN OF DERRY, NEW HAMPSHIRE**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2023**

Prepared by:  
The Finance Department

Mark A. Fleischer  
Chief Financial Officer



Town of Derry, New Hampshire  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	9
Organizational Chart	10
List of Principal Officials	11
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report	14
Management's Discussion and Analysis	20
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	35
Statement of Activities	37
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	39
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	40
Statement of Revenues, Expenditures, and Changes in Fund Balances	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42

<b>Proprietary Funds:</b>	
Statement of Net Position	43
Statement of Revenues, Expenses, and Changes in Net Position	44
Statement of Cash Flows	45
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position	46
Statement of Changes in Fiduciary Net Position	47
<b>Notes to Financial Statements</b>	48
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
<b>Budget and Actual:</b>	
Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual - General Fund	90
Notes to the Required Supplementary Information for General Fund Budget	91
<b>Pension:</b>	
Schedule of Proportionate Share of the Net Pension Liability	92
Schedule of Pension Contributions	93
<b>OPEB:</b>	
Schedules of Proportionate Share of the Net OPEB Liability and Contributions	94
Schedules of Changes in the Total OPEB Liability	95

**Other RSI:**

Modified Approach for Infrastructure Capital Assets	96
Notes to the Required Supplementary Information – Modified Approach for Infrastructure Capital Assets	97

**SUPPLEMENTARY STATEMENTS AND SCHEDULES:**

**Governmental Funds:**

Combining Financial Statements:

Combining Balance Sheet - Nonmajor Governmental Funds	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	110
Budgetary Comparison Schedule - Cable Television Fund	115

**Fiduciary Funds:**

Combining Financial Statements:

Combining Statement of Fiduciary Net Position	118
Combining Statement of Changes in Fiduciary Net Position	120

**STATISTICAL SECTION:**

**Financial Trends:**

Net Position by Components	125
Change in Net Position	126
Changes in Fund Balances, Governmental Funds	127

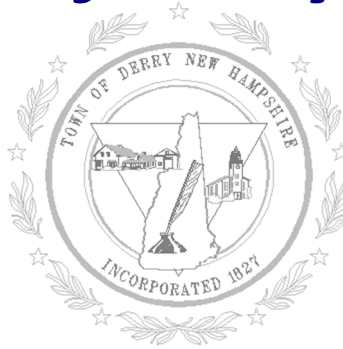
	<u>Page</u>
<b>Revenue Capacity:</b>	
Assessed Value and Estimated Actual Value of Taxable Property	128
Direct and Overlapping Property Tax Rates	129
Principal Property Taxpayers	130
Property Tax Levies and Collections	131
<b>Debt Capacity:</b>	
Ratios of Outstanding Debt by Type	132
Ratios of General Bonded Debt Outstanding	133
Direct and Overlapping Governmental Activities Debt	134
Legal Debt Margin Information	135
<b>Demographic and Economic Information:</b>	
Demographic and Economic Statistics	136
Principal Employers	137
Full-Time Town Employees by Function/Program	138
<b>Operating Information:</b>	
Operating Indicators by Function/Program	139
Capital Asset Statistics by Function/Program	140
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	141



## **INTRODUCTORY SECTION**

(This page intentionally left blank.)

# ***Town of Derry, NH***



December 12, 2023

To the Citizens and Members of the Town Council:

The Annual Comprehensive Financial Report (ACFR), formerly known as Comprehensive Annual Financial Report, of the Town of Derry for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. We also believe that the Town's existing internal control systems are adequate. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2023, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements and should be read from that perspective and in conjunction with all other sections of the ACFR.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Town's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the Town. The Town provides a full range of services including police and fire emergency medical services and protection, sanitation services,

the maintenance and construction of highways, streets, and related infrastructure, recreational activities, libraries, community access Cable TV, general welfare assistance, maintenance of land use records, raising and collection of taxes, community and economic development, health and code enforcement activities, land conservation, and maintenance of vital records. In addition to general government activities the governing body exercises, or has the ability to exercise, oversight of the Water and Sewer departments, and they are included in the reporting entity. This report does not include the funds of the Derry School District or Rockingham County. These governmental units are independent of the Town and do not meet the criteria for inclusion in this ACFR.

### ***Independent Audit***

State statutes require an annual audit by independent public accountants. The Town's accounting firm is Marcum. In addition to meeting the requirements set forth in state statutes. The financial statements, combining, and individual fund statements and schedules are included in the financial section of this report.

## **PROFILE OF THE GOVERNMENT**

**Geography.** The Town of Derry is located in Rockingham County in southern New Hampshire, approximately 40 minutes northwest of Boston via Route 93, and is situated between Salem and Londonderry. The Town has a population of 34,317 (according to the New Hampshire Office of Strategic Initiatives) and occupies 36.30 square miles.

Derry was incorporated in 1827 and since 1993 has operated under a charter with a seven-member Council. Policy making and legislative authority are vested in the governing council. All administrative and operational affairs of the Town are the responsibility of the Town Administrator.

Derry has a diverse character, combining residential, commercial, industrial, and recreational activities. Derry's proximity to two of New Hampshire's major north/south highways, as well as the presence of Manchester-Boston Regional Airport (MHT) makes Derry an attractive community to live and foster business development and growth. Derry is the fourth largest community in the State. MHT offers direct flights to many major cities around the nation.

**Governing Boards.** The Town Council consists of seven members elected to staggered three-year terms. The Council acts as the legislative body of the Town, including adoption of the annual budget, and appoints a Town Administrator to serve an indefinite term as the Town's chief executive. The funds with legal budgets approved by the Town Council include General Fund, Cable Special Revenue Fund, and Enterprise Funds.

**Administration.** Administrative functions of the Town are carried out by the Town Administrator. The Town Administrator is responsible for the administrative and financial affairs of the Town overseeing the day-to-day operations, and implements policies established by the Town Council. The Town Administrator is responsible for appointing the heads of the various departments, for negotiating with the various bargaining units of the Town, and making recommendations to the Town Council on various issues.

**Fiscal Year and Budget.** The Town's fiscal year begins on July 1st of each year and ends the following June 30th. In April 2022, the Town Council unanimously updated its Fund Balance Policy. This policy sets forth the categories of fund balance in accordance with GASB 54 and delineates the spending prioritizations of them. The policy also sets forth that annually, following completion of the annual financial audit, the Finance Department will calculate the percentage of Unassigned Fund Balance for that fiscal year. If the level of Unassigned Fund Balance exceeds the Town Council set point (9.5%), without action of the Town Council, the surplus shall be transferred to capital reserve funds for Fire, Information Technology, Police, and Public Works for the purpose of funding future capital improvements, as well as the Expendable Maintenance Trust Fund for Building Maintenance and Improvements. The allocation for the Expendable Maintenance Trust Fund for Building Maintenance and Improvements is 15% of the total amount available capped at \$225,000 annually. The Information Technology fund is allocated at 5% of the total amount available capped at \$75,000 annually. The remaining available balance is allocated to the Fire, Police, and Public Works funds proportionally based on the inventory value of equipment and vehicles funded through the capital reserve funds. The unassigned fund balance remains strong and provides increased flexibility for all Town operations.

Items identified for the annual operating budget are included in the Town Administrator's recommended annual budget. Departments are responsible for submitting their annual budget requests to the Town Administrator. After reviews with the departments, the Town Administrator makes any final adjustments to his/her recommended budget. The Department Heads and Town Administrator's recommended budget is presented to the Town Council beginning in April of each year.

The Town Council may adjust the Administrator's recommended annual budget by majority vote. The Council is required to hold a public hearing on the budget, and all budget adjustments are presented to the public. The budget is then presented for approval by the Town Council in May. The legal spending limit is at the department level, as approved by the Town Council.

## **INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION**

### ***Local Economy***

As we continue to recover from the COVID-19 pandemic, local economic conditions are favorable when compared to other regions. The Town's unemployment rate as of June 2023 is 1.9%, down slightly from the June 2022 unemployment rate of 2.0%. By comparison, the U.S. unemployment rate as of June 2023 was 3.6%, the same as June 2022. Three major areas of complimentary development are taking shape to provide unprecedented economic expansion within Derry that will benefit the entire State of New Hampshire.

### ***Long-Term Financial Planning***

The Town continues to revise its budget review process to ensure the efficient use of government resources, research additional revenue sources for one-time capital items, and as a result of the COVID-19 pandemic, aggressive tracking of revenue performance levels continues which assists in the development of operational policies.

During fiscal year 2022, the Town established an Expendable Trust for the Derry Recovery Plan to place the American Rescue Plan funds as they are received from the US Government. These funds will assist the Town with its recovery from the COVID-19 pandemic. The 1st tranche received in fiscal year 2022 totaled \$1,752,766. The 2nd tranche of an equal amount was received in fiscal year 2023. These funds must be obligated by December 31, 2024, and spent by December 31, 2026.

### ***The Town's Planning Department and Economic Development***

Fiscal year 2023 activity in the Planning Department continued at a steady pace for most of the year, post COVID-19, with both new development proposals as well as projects that had begun prior to COVID-19 and obtained town approvals this past year. This past year was one of our busiest in several years.

Highlights of development activity in fiscal year 2023 included several items of significance. They included amending design standards in the West Running Brook District to facilitate development and reviewing regulations to ensure the town was compliant for new development with the EPA's amended MS4 permit. The Planning Board conditionally approved the first project in the West Running Brook District including 104 apartments, 10 townhomes, and 14,000 square feet of new commercial space. Staff conducted a proactive traffic study of the Route 28 corridor to determine traffic impacts in the area and the appropriate mitigation measures. Staff also began a regulatory review of the zoning ordinance to ensure compliance with recent NH Legislative changes. Approval of several small single-family housing subdivisions (approximately 35-40 house lots) also occurred.

Notable approvals include the Residences at Skye (114-units of housing and commercial/office mix), Hyla Brook Wedding Venue, Starbucks Coffee, Aspen Dental, Appolo Vineyards expansion, Denali Estates (14 single-family house lots), Bridgeway Church, Paisano's Pizza expansion, BC Industries-commercial bays, 35 Maple Street redevelopment with new garage and office building, redevelopment of the former movie cinema on Ashleigh Drive for a new overhead door company, Chipotle on Crystal Avenue, and a new social studies building at Pinkerton Academy.

Zoning amendments this past year included amending the Independent Adult Community Overlay District (55+ housing) to keep in compliance with new state laws, moving several properties in the Traditional Business Overlay District to the Central Business District to encourage redevelopment opportunities in the Downtown, and finally working with the Planning Board subcommittees on a workforce housing ordinance which we hope to bring forward in fiscal year 2024.

The most significant work for the department in both 2020, 2021, 2022, and continuing in 2023 has been our work on the 2020 Master Plan Update and moving forward with long-term Goals and Implementation Strategies in conjunction with the Planning Board and town departments.

The department continues our work with the Southern New Hampshire Planning Commission (SNHPC), the Southern New Hampshire Regional Economic Development Corporation (REDC), Greater Derry-Salem Cooperative Alliance for Regional Transportation (CART), as well as the Greater Derry-Londonderry Chamber of Commerce on regional planning, business, and transportation issues. Staff is also working with the SNHPC, the New Hampshire Department of Transportation, and members of the Derry Heritage Commission on the Robert Frost/ Old Stagecoach Scenic Byway. The Scenic Byway celebrates and helps protect the historical features, rural character, and the natural and scenic qualities of the five corridor communities (Derry, Atkinson, Hampstead, Chester, Auburn) through which it passes.

This past year staff continued working with two excellent committees that will have a significant impact on future town policies and projects that will benefit the town. Staff has enjoyed and continues to enjoy being a part of these groups which includes the Building & Property Maintenance Committee, and the Derry Cooperative School District Facilities Study Committee. The Planning Department also closely interacts with the Economic Development Director and Office on economic development initiatives.

### ***Economic Development***

With the COVID-19 Pandemic becoming further in the rearview, the local economy has weathered many changes. Nationally, fiscal year 2023 saw the very gradual correction of supply chain issues, exceptionally low unemployment (hovering around 2% unemployment locally), and multiple interest rate hikes to quell inflation. At the time of this writing, economists are predicting a soft-landing for the national economy. In Derry, there are many businesses looking for help, struggling to keep up with hours and consumer demand, but business is strong for most.

One of the biggest issues that Derry is currently facing is in workforce numbers. During the pandemic years, many older workers retired and declined to go back to work, some workers switched to gig economy jobs, still others have not returned to the workforce due to lack of childcare. The biggest barrier to finding available workers, according to local employers, is a lack of affordable area housing options to meet the financial needs of workers.

Overall, fiscal year 2023 showed a pattern of continued growth in the project pipeline. Some category highlights include:

- **Retain and Grow Existing Business** – Although many of the COVID-era relief programs have ended, many businesses have continued to thrive. There has been a moderate return to regular programming and activities through organizations such as the Gr. Derry/Londonderry Chamber of Commerce, SCORE, Small Business Development Center, etc. as folks look to get “back to business”. Derry did see the closure of a handful of small businesses, for various reasons, but there is still a healthy demand for vacant spaces, particularly downtown.
- **Attract New Business** – Several new projects throughout various zones in town have been advanced. Crystal Ave. has 5 projects in various stages of the development process; West Running Brook Zone has three major mixed-use projects that are going through final approval; the NH Liquor Commission opened the doors to their newest store in the former Goodwill site; Ashleigh Drive saw the conversion of the former 5-Star Cinema to a new garage door supply company, as well as the purchase and subdivision of the vacant land Ashleigh Drive/37 Scobie Pond Rd, where a combined total of 400,000sf of commercial development is planned. This area of town has gleaned much attention now that the Exit 4-A project is visibly underway.
- **Plan for Smart Sustainable Growth** – The Town continues to benefit from the successful waterline into the southern end of Route 28 and is now planning on future sewer development in the Route 28 corridor to the south with an eye toward future commercial expansion. Housing is another area of expansion, as several mixed-use projects include market-rate and luxury housing unit plans. In addition, the Town is currently collaborating with a developer to bring a workforce housing project to the former brownfield site at 19 Elm St. Housing is needed at all levels, as the lack of supply has led to historic rent and purchase prices. A typical 2-bedroom rental is now hovering at \$2,100/month while the median home price is over \$425,000 as of this writing.
- **Marketing & Communication** – Marketing and communication is a constant focus, especially coming out of the pandemic. Social media continues to be a successful way to spread information. Although we do use local newspapers for some purposes, we have scaled back on print media. The public has embraced becoming a virtual partner, engaged with helping to promote local business in Derry. The downside is that it is increasingly difficult to reach certain segments of the population that are not engaged in social media. Changes in algorithms and social media platforms have made communication more difficult in some ways.



- **Placemaking** – Although weather has stymied many of the year’s outdoor events, most groups enthusiastically planned for getting “back to normal”. The Town had many opportunities for outdoor concerts, festivals, and fairs, as well as the annual Derry Homegrown Farm & Artisan Market, several outdoor dining options, hikes, trips to parks and more, as everything has now fully reopened. Public art projects were a highlight and included the collaboration between the Gr. Derry Arts Council and Derry Homegrown groups to install the market-themed crosswalk downtown. The Public Arts Committee also produced another public project, the painted waterfall stairway along the rail trail at Abbott Court. The project’s social media posts produced the highest engagement of any post to date – over 50,000 views and engagements. People from near and far now come to Derry to enjoy our outdoor trails, parks, and art – further proof that Derry is a wonderful place to live, work and play.

With permitted (and almost-permitted) projects lining up, Derry is poised to reap the benefits of commercial tax base expansion. Zoning changes in the recent past have helped to streamline the development process and open opportunities for thoughtful, flexible growth in the coming years.

### ***Debt Management***

The Town of Derry has adopted a debt management practice of issuing debt which restricts debt service payments to the amount budgeted in fiscal year 2019; this practice allows the Town to attend to its capital needs as older debt service is retired. The Town seeks out other revenue opportunities (cash, fund balance, and available grants) before entering the financial markets to sell a long-term debt issue. The Town utilizes finance arrangements for the replacement, upgrading, or addition of vehicles, trucks, and major equipment.

In fiscal year 2019, the Town issued \$4.02M in bonds for Exit 4-A, Hood Pond Dam and Recreation Facilities. The Town received a Net Interest Cost rate of 2.36% for the 20-year bonds, which is equivalent to a AAA-rated 22-year issuance. A rating of Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody’s, an AA rating from Standard & Poor’s, and an AA- rating from Fitch.

In early fiscal year 2023, the Town issued \$17,934,600 in bonds through the New Hampshire Municipal Bond Bank to fund the construction of a new Fire Station as well as upgrade (3) deteriorating culverts in Town. The bonds were sold at a premium in the amount of \$2,065,400 and the true interest rate was 3.61%.

### ***Awards and Acknowledgements***

This report continues to refine the financial reporting of the Town. It is the twenty-sixth year the Town has produced an Annual Comprehensive Financial Report (ACFR). The Town received the Certificate of Achievement for Excellence in Financial Reporting for the fiscal years beginning in 1998 through 2022. This recognized the Town Finance Department’s efforts for full disclosure of the financial information of the Town. An ACFR is a much more detailed reporting of the Town’s finances, as well as providing historical information in the statistical section of this report.

The Certificate of Achievement is valid for a period of one year only. The Town believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the Government Finance Officers Association to determine its eligibility for another certificate.

The Town invites you to visit our web site at [www.Derrynh.org](http://www.Derrynh.org) where summary financial information is prominently displayed.

The publication of the ACFR requires many staff hours to accomplish and would not have been possible without the dedication of the entire staff of the Finance Department.

The strong financial position of the Town would not have been possible without the guidance and direction of the Town Council through its fiscal policies; the professional and diligent efforts of the entire staff of the Town; all to whom we owe our sincere appreciation.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'David Caron', written in a cursive style.

David Caron  
Town Administrator

A handwritten signature in dark ink, appearing to read 'Mark A. Fleischer', written in a cursive style.

Mark A. Fleischer  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

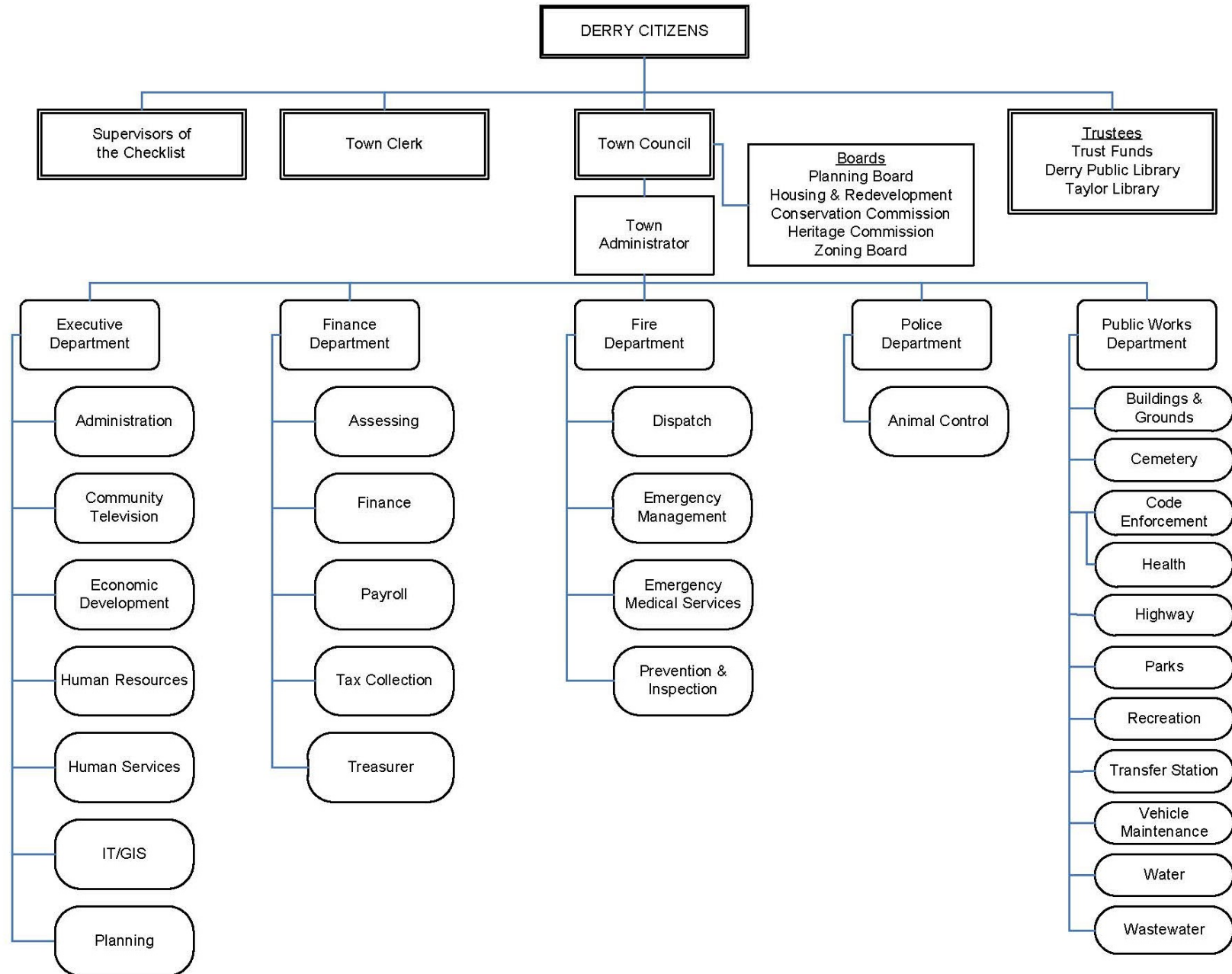
**Town of Derry  
New Hampshire**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Merrill*

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2023**

**Town Council**

Charles Foote	Chair, Councilor-District #2
Phyllis M. Katsakiores	Councilor-at-Large
Doug Flood	Councilor-at-Large
David Granese	Councilor-at-Large
Erin Spenser	Councilor-District #1
Jim MacEachern	Councilor-District #3
Brian K. Chirichiello	Councilor-District #4

**Administration**

Melinda Patterson	Animal Control Officer
James Degnan	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
John O'Connor	Chair, Planning Board
Craig Cunningham	Trustees of Trust Funds
Jeff Moulton	Trustees of Trust Funds
Craig Corbett	Chair, Trustees of Trust Funds
Lynn Perkins	Chair, Zoning Board of Adjustment
Mark A. Fleischer	Chief Financial Officer
George R. Feole	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Eric Stern	Director, Derry Public Library
Michael A. Fowler	Director of Public Works
Jen Thielker	Director, Taylor Library
James Richardson	Emergency Management Director
James Richardson	Fire Chief
Kim Walsh	Parks & Recreation Director
George H. Sioras	Planning Director
Stacey Beliveau	Tax Collector & Town Treasurer
David R. Caron	Town Administrator
Cristina Guilford	Town Clerk
Lisa Hultgren	Town Moderator
Judith Strakalaitis	Chair, Supervisor of the Checklist
Leslie Dombroski	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist

(This page intentionally left blank.)

**FINANCIAL  
SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Town Council  
**Town of Derry, New Hampshire**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 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 solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Andover, MA  
December 12, 2023

(This page intentionally left blank.)

## **BASIC FINANCIAL STATEMENTS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Derry, New Hampshire (the Town) is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2023.

### A Brief Discussion of the Basic Financial Statements

#### Using This Annual Report

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

#### Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and its changes during the past year. Over time, increases or decreases in the Town's net position are indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town's functions into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including police, fire, public works, finance, executive administration, and library department activities. Property taxes, fees, and state and federal grants finance most of these activities.

Business-type 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.

### **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 main 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 be converted readily to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following 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 as activities reported in the Statement of Net Position and the Statement of Activities. In fact, the Town’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

### **The Town as Trustee or Custodian**

The Town is the trustee, or fiduciary, responsible for other assets that can be used only for trust beneficiaries because of trust arrangements. The Town is responsible for ensuring that assets reported in these funds are used for their intended purpose. The Town also holds resources on behalf of other organizations and governments in a pure custodial capacity. All of the Town’s fiduciary activities are reported separately in the Statement of Fiduciary Net Position and

Statement of Changes in Fiduciary Net Position. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations.

## **Condensed Financial Statements**

### **Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$95,820,699, a change of \$7,223,389, and net position in business-type activities was \$42,751,202, a change of \$565,730.
- As of the close of the current fiscal year, governmental funds reported combined ending balances of \$67,964,333, a change of \$24,687,084 in comparison to the prior year. This is primarily due to the issuance of bonds for the new fire station.
- At the end of the current fiscal year, the total fund balance of the General Fund was \$32,835,931, a change of \$3,996,648 in comparison to the prior year. The unassigned fund balance of the General Fund was \$13,431,008, a change of \$3,279,782.

### **The Town as a Whole**

## **Government-Wide Financial Analysis**

The following analysis focuses on net position and changes in net position of the Town's governmental and business-type activities and separately considers the operations of both activities. The charts on the next few pages highlight current year and prior year comparisons of net position and changes in net position for governmental activities, business-type activities (water and sewer operations), and totals for each year.

	2023			2022		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets</b>						
Current and other assets	\$ 122,089	\$ 9,079	\$ 131,168	\$ 95,184	\$ 8,469	\$ 103,653
Capital assets	<u>119,824</u>	<u>40,168</u>	<u>159,992</u>	<u>118,675</u>	<u>40,009</u>	<u>158,684</u>
Total Assets	241,913	49,247	291,160	213,859	48,478	262,337
<b>Deferred Outflows of Resources</b>	12,225	651	12,876	12,644	661	13,305
<b>Liabilities</b>						
Other liabilities	6,079	456	6,535	4,343	193	4,536
Long-term debt	<u>98,670</u>	<u>6,069</u>	<u>104,739</u>	<u>68,469</u>	<u>5,628</u>	<u>74,097</u>
Total Liabilities	104,749	6,525	111,274	72,812	5,821	78,633
<b>Deferred Inflows of Resources</b>	53,568	622	54,190	65,094	1,133	66,227
<b>Net Position</b>						
Net Investment in capital assets	107,761	36,656	144,417	108,236	36,658	144,894
Restricted net position	12,075	-	12,075	11,049	-	11,049
Unrestricted net position	<u>(24,015)</u>	<u>6,095</u>	<u>(17,920)</u>	<u>(30,688)</u>	<u>5,527</u>	<u>(25,161)</u>
Total Net Position	<u>\$ 95,821</u>	<u>\$ 42,751</u>	<u>\$ 138,572</u>	<u>\$ 88,597</u>	<u>\$ 42,185</u>	<u>\$ 130,782</u>



**CHANGE IN NET POSITION (in thousands)**

	2023			2022		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3,531	\$ 6,003	\$ 9,534	\$ 3,325	\$ 5,704	\$ 9,029
Grants:						
Operating grants	2,018	304	2,322	1,085	127	1,212
Capital grants	1,277	157	1,434	995	100	1,095
General revenue:						
Property taxes	29,457	-	29,457	27,124	-	27,124
Other	15,105	379	15,484	10,660	47	10,707
Total Revenue	51,388	6,843	58,231	43,189	5,978	49,167
 Program expenses:						
General government	9,528	-	9,528	7,967	-	7,967
Public safety	20,969	-	20,969	18,466	-	18,466
Highway and streets	5,056	-	5,056	4,599	-	4,599
Health and welfare	412	-	412	395	-	395
Sanitation	3,019	-	3,019	2,451	-	2,451
Culture and recreation	3,321	-	3,321	3,192	-	3,192
Conservation	3	-	3	3	-	3
Economic development	693	-	693	803	-	803
Interest on long-term debt	1,333	-	1,333	432	-	432
Water services	-	3,617	3,617	-	2,464	2,464
Sewer services	-	2,490	2,490	-	1,999	1,999
Total Program Expenses	44,334	6,107	50,441	38,308	4,463	42,771
Excess, Before Transfers	7,054	736	7,790	4,881	1,515	6,396
Transfers In (Out)	170	(170)	-	174	(174)	-
Change in Net Position	7,224	566	7,790	5,055	1,341	6,396
Net Position - Beginning of Year	88,597	42,185	130,782	83,542	40,844	124,386
Net Position - End of Year	\$ 95,821	\$ 42,751	\$ 138,572	\$ 88,597	\$ 42,185	\$ 130,782

## Governmental Activities

The net position of \$95,820,699 for governmental activities includes \$107,760,831 of net investment in capital assets which is not available for future spending. Net investment in capital assets comprises depreciated property value of roadways, land, easements, buildings, vehicles, equipment, and software less the total amount of outstanding bonds or loans associated with these assets. Roadways, bridges, and sidewalks comprise most of the asset value and provide a function to citizens of Derry, but would not be sold to fund future Town obligations.

The restricted net position of \$12,074,994 is subject to use restrictions that are external to local government control and these funds are not available to pay for general Town obligations. Permanent endowments comprise the majority of restricted net position and are in the care of the Town's Trustees of the Trust Funds.

The unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The Town's

unrestricted net position is in a deficit of \$(24,015,126) primarily resulting from unfunded pension and OPEB liabilities.

Overall, the total net position of governmental activities increased by \$7,223,389. Key elements of this change are as follows:

General Fund operations	\$ 3,996,648
Conservation Fund operations	329,634
Permanent Fund excess of revenues over expenditures	734,644
Decrease in OPEB expense	729,402
Decrease in pension expense	548,240
Other	884,821
	<u>\$ 7,223,389</u>

The Net Cost of Services chart shown below demonstrates the financial impact that was placed on the Town's taxpayers by each of the Town functions. The Town's investment in public safety, fire, ambulance, and police services represents 47.3% of the net cost of the Town's local government.

**NET COST OF SERVICES (in thousands) GOVERNMENTAL ACTIVITIES**

	2023			2022		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
General government	\$ 9,528	\$ 1,160	\$ 8,368	\$ 7,967	\$ 185	\$ 7,782
Public safety	20,969	3,301	17,668	18,466	3,077	15,389
Highway and streets	5,056	1,279	3,777	4,599	680	3,919
Health and welfare	412	56	356	395	39	356
Sanitation	3,019	919	2,100	2,451	1,015	1,436
Culture and recreation	3,321	101	3,220	3,192	73	3,119
Economic development	693	10	683	803	336	467
All others	1,336	-	1,336	435	-	435
	<u>\$ 44,334</u>	<u>\$ 6,826</u>	<u>\$ 37,508</u>	<u>\$ 38,308</u>	<u>\$ 5,405</u>	<u>\$ 32,903</u>

The net cost of services for governmental activities increased by approximately \$4,605,000. The increase primarily results from a 15.7% increase in the cost of services due to the other post-employment benefits accrual. See note disclosure 19 for additional information on changes in assumptions and changes in benefit terms and the related impact on the other post-employment benefits accrual.

### Business-Type Activities

The net position of the water and sewer enterprise funds totals \$42,751,202. The capital assets of \$40,168,247 in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related debt of \$3,227,539, comprise most of the value in the net position of the business-type activities. The net investment in capital assets of \$36,656,518 is not available to pay for future activities and reflects a decrease from the previous fiscal year of \$(1,808).

The unrestricted net position totaling \$6,094,684 is available for future spending. This represents an increase of \$567,538.

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

#### **Governmental Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund reporting reflects short-term inflows, outflows, and remaining balances of expendable resources. Fund balance includes restricted funds that are nonspendable or are subject to restrictions external to local government control and unrestricted fund balances that are available for future use. Of the \$67,964,333 total fund balance for governmental funds, \$32,610,056 is nonspendable or restricted and \$35,354,277 is unrestricted (committed, assigned, and unassigned).

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$67,964,333, a change of \$24,687,084 in comparison to the prior year. Key elements of this change are as follows:

General Fund change in fund balance	\$ 3,996,648
Fire Station major fund change in fund balance	18,120,748
Nonmajor governmental funds change in fund balance	<u>2,569,688</u>
Total Changes	<u>\$ 24,687,084</u>

The governmental funds financial statements can be found on pages 39 to 42.

#### ***General Fund***

The General Fund is the chief operating fund and total fund balance increased by \$3,996,648 during fiscal year 2023. Overall, revenues were up \$4,820,991 (11%), while expenditures increased by \$3,015,036 (7%). The revenue growth was primarily the result of strong tax collection, an increase in state aid, and more favorable investment income in fiscal year 2023. On the expenditure side, the most functional categories reported approximately a 3% increase, the exceptions being sanitation which increased by 19% and capital outlay which increased by 50%.

Key elements of this change are as follows:

Revenue in excess of budget	\$ 3,004,225
Expenditures less than budget	1,122,369
Other financing sources greater than budget	237,719
Use of unassigned fund balance	(1,945,250)
Change in carryforwards	823,698
Other	<u>753,887</u>
Total Changes	<u>\$ 3,996,648</u>

Of the total \$32,835,931 fund balance of the General Fund, \$13,431,008 was unassigned as of June 30, 2023.

In accordance with the Town's fund balance policy, as amended in fiscal 2022, the amount of unassigned fund balance is limited to 9.50% of the Town's General Fund operating appropriations, the state education tax amount, the local school net tax commitment, and the county appropriation. The first \$650,000 of excess unassigned fund balance may be used to stabilize the tax rate and further excess is committed to fund future capital improvements, with a maximum transfer of \$1,500,000. At the end of fiscal year 2023, the unassigned fund balance of the General Fund was over the 9.5% of the above appropriations. As a result, \$850,000 was transferred to capital reserves.

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

The effect of events discussed in Budgetary Highlights section of this Management's Discussion and Analysis contribute to the changes in the fund balance of the General Fund. The amount of revenues and other sources that exceed expenditures and other uses add to the unassigned fund balance of the General Fund at year-end. Any restrictions or commitments or assignments of funds are carved from the unassigned fund balance to reflect restrictions due to external obligations or commitments made by the Town Council or assignments made by management.

A summary of the changes to the Town's available fund balance, per the Town's Fund Balance Policy, is provided below:

	Summary of Changes in Unassigned Fund Balance per <u>Town's Policy</u>
Available fund balance per ACFR July 1, 2022	\$ 10,257,565
Revenues in excess of budget	3,004,225
Revenues in excess of budget, net of transfers to TIF fund	(582,419)
Revenues in excess of budget, net of transfers to capital reserve fund	(78,452)
Unspent appropriations	1,122,369
Other financing sources less than budget	237,719
Change in prepaid	(12,023)
Change in deeded properties	61,307
Change in restricted	(5,560)
Change in appropriation carryforwards	823,698
Change in CBA expendable trust	(269,467)
Bank of America lease adjustment FY23 schedule 7 and 8 to assigned	9,501
Use of fund balance for fiscal year 2024	(247,232)
Fiscal year 2024 transfer of 2023 surplus	(850,000)
Change in unearned revenue for ARPA grant	(1,261,216)
Assigned DCC TIF Fund Balance for Hood Park Improvements	43,849
Fiscal year 2023 reclass of TIF fund balances due to assessed value error	1,820,296
Fiscal year 2023 DOC TIF encumbrances	(702,771)
Other	<u>59,619</u>
Unassigned fund balance per Town's policy	13,431,008
Required retention per policy	<u>11,554,041</u>
Excess above policy	1,876,967
Subsequent events:	
Use of fund balance - Electricity reversal at 2023 tax rate setting	107,232
Use of fund balance - Wage study reversal at 2023 tax rate setting	<u>40,000</u>
Final available fund balance retained per above policy	\$ <u><u>2,024,199</u></u>

The following reconciliation of unassigned fund balance with amount available per the Town's Fund Balance Policy is provided below:

	Reconciliation of Unassigned Fund Balance with <u>Town's Policy</u>
GAAP reporting, including MTBE reimbursement to date and planned FY23 use of fund balance to stabilize tax rate	\$ 13,431,008
Other amounts available per policy:	
Use of fund balance - Electricity reversal at 2023 tax rate setting	107,232
Use of fund balance - Wage study reversal at 2023 tax rate setting	<u>40,000</u>
Total available per policy	13,578,240
Required retention per policy	<u>11,554,041</u>
Final available fund balance retained above policy	\$ <u><u>2,024,199</u></u>

The Town's Fund Balance Policy requires that 9.50% of the subsequent years' total net levy be retained. The following is a calculation of the required retention amount per Town's Fund Balance Policy:

2022 Total Net Levy	\$ 121,621,483
Retention percentage	<u>9.50%</u>
Required Retention per Fund Balance Policy	\$ <u><u>11,554,041</u></u>

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

<u>Committed:</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Compensated Absences	\$ 1,610,358	\$ 2,176,953	\$ (566,595)
COVID-19 Mitigation	576,993	569,314	7,679
DCC Redevelopment	755,716	520,472	235,244
Derry Economic Redevelopment	222,292	95,921	126,371
Derry Public Library	175,773	169,195	6,578
Derry Recovery	1,579,016	1,304,519	274,497
Emergency Management	11	11	-
Fire	1,897,922	1,903,728	(5,806)
Fire Facilities and Equipment	2,212,314	27,137	2,185,177
Gateway TIF District	1,016,457	500,352	516,105
Hazardous & Dilapidated Building	97,846	96,585	1,261
Highway Winter Maintenance	193,186	190,696	2,490
Information Technology	182,404	107,243	75,161
Opioid Mitigation & Response	164,328	26,087	138,241
Parks Facilities Fund	29,675	29,293	382
Police	833,949	921,173	(87,224)
Public Works	1,061,212	1,063,039	(1,827)
Taylor Library	350,636	339,266	11,370
EMT	402,202	341,617	60,585
	<u>\$ 13,362,290</u>	<u>\$ 10,382,601</u>	<u>\$ 2,979,689</u>

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

#### *Fire Station Fund – Major Governmental Fund*

The fund balance of the Fire Station Fund changed by \$18,120,748, primarily due to the issuance of bonds in fiscal year 2023.

#### *Nonmajor Governmental Funds*

The fund balance of nonmajor governmental funds changed by \$2,569,688, primarily due to the issuance of bond proceeds related to the upgrade of three culverts and Permanent Fund investment income.

## **Enterprise Fund Activities**

Charges for service revenue reported a 6.7% increase in the Water Fund and a 3.4% increase in the Sewer Fund, compared with the prior year. This is due to an increase in the water and sewer rates as discussed further in this section.

The Water Fund operating income of \$20,578 decreased by (97.5)% primarily from an increase in personnel services and repairs and maintenance costs. The increase in personnel services in fiscal year 2023 compared to the prior year is primarily due to the prior year other post-employee benefits accrual.

The Sewer Fund operating income of \$164,784 decreased by (71.4)% primarily from an increase in personnel services costs. The increase in personnel services in fiscal year 2023 compared to the prior year is primarily due to the prior year other post-employee benefits accrual.

Water and sewer rates changed on July 1, 2022. This is the third of three consecutive increases that started in fiscal year 2021. The water rate increased 2.23% for Town of Derry residents and 2.37% for nonresidents. The sewer rate increased 3.78% for both Town of Derry residents and for nonresidents.

## **Budgetary Highlights**

The fiscal year 2023 budget was voted by the Town Council in May 2022 at a total of \$46,562,490 (\$45,880,264 for General Fund and \$682,226 for Cable Special Revenue Fund). The General Fund original budget was increased by the following supplemental resolutions increasing the General Fund original budget to \$68,630,264 as presented on page 90:

- \$2,750,000 for the Fire Facilities Capital Reserve Fund.
- \$1,600,000 to replace culverts on Sunset Avenue and Franklin Street.
- \$18,400,000 to construct a replacement central fire station.

The Town Council approved multiple supplemental resolutions during the year which increased the General Fund budget by \$5,832,287 to \$74,462,551. Of the supplemental resolutions, the Town approved the following significant items:

- \$573,050 for the highway budget.
- \$549,946 for the culvert replacement program.
- \$1,122,996 for the Derry Recovery Plan Expendable Trust.
- \$845,250 for the design of the DCC TIF parking structure.
- \$605,315 for accumulated leave obligations.
- \$519,188 for debt service payments on the central fire station bond.



The Town also approved prior year carryforwards of \$1,666,895, the fiscal year 2022 surplus transfer of \$1,217,380, and \$1,780 library appropriations increasing the General Fund budget to \$77,348,606.

The fiscal year closed with a General Fund surplus of \$4,126,594, before considering other financing sources. The surplus is largely related to the following items:

- \$997,381 of excess tax revenues, which is primarily due to approximately \$582,000 of TIF district revenues collected based on property values that exceeded the budgeted amount that was based on projected expenditures.
- \$506,993 of excess revenues received in licenses and permits, primarily due to conservative budgeting for motor vehicle registrations.
- \$1,236,570 of excess miscellaneous revenues received, primarily due to approximately \$1,017,000 of interest income on investments, due to improved market conditions.
- \$542,747 of expenditures under budget for the police and animal control department, primarily due to three vacant positions in the police department.
- \$384,779 of expenditures under budget for the executive department, primarily due to computer dispatch upgrades being scaled back due to the new fire station being constructed.

Other financing sources were in excess of \$422,337, which was primarily due to the unbudgeted sale of Town property for \$410,000.

## **Capital Assets and Debt Administration**

### **Capital Asset Activity**

	<b>CAPITAL ASSETS</b>					
	(Net of depreciation, in thousands)					
	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 9,162	\$ 191	\$ 9,353	\$ 9,162	\$ 195	\$ 9,357
Infrastructure and other assets	84,500	37,062	121,562	84,661	37,490	122,151
Monuments	192	-	192	192	-	192
Tax deeded property - retained	203	-	203	216	-	216
Construction in progress	2,515	751	3,266	420	349	769
Intangibles	3,201	967	4,168	3,150	967	4,117
Land improvements	2,080	4	2,084	1,765	4	1,769
Buildings	8,375	273	8,648	8,686	279	8,965
Buildings improvements	1,881	124	2,005	1,799	20	1,819
Machinery and equipment	3,839	339	4,178	4,364	396	4,760
Vehicles	3,876	457	4,333	4,260	309	4,569
Totals	<u>\$ 119,824</u>	<u>\$ 40,168</u>	<u>\$ 159,992</u>	<u>\$ 118,675</u>	<u>\$ 40,009</u>	<u>\$ 158,684</u>

More information regarding capital assets is presented in note disclosure 9 to the financial statements.

#### *Governmental Activities*

The total investment in capital assets for governmental activities at year-end amounted to \$119,824,130 (net of accumulated depreciation), a change of \$1,149,092 from the prior year. This investment includes land, land improvements, infrastructure and other assets, monuments, retained tax deeded properties, intangibles, buildings, building improvements, machinery and equipment, vehicles, and construction in progress.

Additions were funded by donations, grants, debt, and use of fund balance. Major acquisitions in fiscal year 2023 are noted below:

- \$973,654 – central fire station; engineering and design (fire)
- \$698,947 – Pierce Saber 2500-gallon pumper tanker (fire)
- \$444,392 – 2023 Ford Explorer Interceptor (police)
- \$371,950 – Alexander Carr skatepark rebuild (parks)
- \$188,286 – 2022 Mack dump truck with plow (highway)
- \$140,381 – West Running Brook field upgrade (parks)
- \$135,855 – HVAC catwalks (library)
- \$99,305 – 2022 Ford F660 dump truck with plow (highway)
- \$77,863 – Franklin Street culvert replacement (highway)
- \$67,500 – Apex training simulator (police)

#### *Business-Type Activities*

The total investment in capital assets for business-type activities at year-end amounted to \$40,168,247 (net of accumulated depreciation), a change of \$158,541 from the prior year. This investment includes land, land improvements, infrastructure and other assets, intangibles, buildings, building improvements, machinery and equipment, vehicles, and construction in progress.

Primary capital investments in fiscal year 2023 are reported below:

- \$377,851 – Autumn Woods Community well arsenic removal system
- \$288,894 – FY22 water main improvements
- \$214,320 – FY23 water main improvements
- \$100,890 – Sewer Treatment Plant HVAC replacements
- \$83,850 – Sewer Treatment Plant generator

## Long-Term Liabilities

Changes to our outstanding bonds and loans are reflected in the chart below:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Bonds and loans	\$ 30,947	\$ 11,058	\$ 3,227	\$ 3,297	\$ 34,174	\$ 14,355
Tax increment financing bonds	1,895	2,110	-	-	1,895	2,110
	<u>\$ 32,842</u>	<u>\$ 13,168</u>	<u>\$ 3,227</u>	<u>\$ 3,297</u>	<u>\$ 36,069</u>	<u>\$ 16,465</u>
Annual change (decrease)	\$ 19,674		\$ (70)		\$ 19,604	
Percent change	149.4%		-2.1%		119.1%	

On May 2, 2019, Standard & Poor's issued an AA+ rating to the Town of Derry's \$4.0M general obligation bonds issued in fiscal year 2019.

The Town issued a new bond in fiscal year 2023 through the New Hampshire Municipal Bond Bank that did not require a new bond rating.

More information regarding bonds, notes, and other long-term debt is presented in note disclosure 15 to the financial statements.

Other long-term liabilities include net pension liability, accrued vacation pay, sick leave, and other post-employment benefits (OPEB). More information on the net pension liability can be found in note disclosure 18 of the financial statements and required supplementary schedules found on pages 92-93. More detailed information about the Town's net OPEB liability is presented in note disclosure 19 to the financial statements and required supplementary schedules found on pages 94-95.

## Next Year's Budgets

The fiscal year 2024 budget was voted by the Town Council in May 2023 at a total of \$58,712,053 for all funds. Post budget approval, the Town Council approved the following fiscal year 2024 supplemental appropriations:

- \$110,000 for a forestry tanker chassis (fire) funded via capital lease revenue via TD Bank.
- \$190,424 for roadway upgrades funded by additional State of New Hampshire highway aid.
- \$152,720 for bridge upgrades funded by State of New Hampshire bridge aid.
- \$393,384 for equipment (transfer station) funded via capital lease revenue via TD Bank.
- \$74,686 for six months of a K-9 program (police).

- \$20,000 to replace a fire alarm system (library) funded by the Taylor Library Capital Reserve.

With the exception of the K-9 program, all of the supplemental appropriations are offset by revenues.

The finalized fiscal year 2024 Town budget was \$59,653,267 for all funds and anticipated revenues for all funds totaled \$32,039,943.

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

This financial report is designed to provide Derry's citizens, taxpayers, customers, 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 at the Derry, NH Finance Department at (603) 845-5427. The Chief Financial Officer may also be reached at [markfleischer@derrynh.org](mailto:markfleischer@derrynh.org).

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and short-term investments	\$ 97,709,684	\$ 263,880	\$ 97,973,564
Investments	23,106,374	749,904	23,856,278
Taxes receivable	6,266,663	-	6,266,663
Accounts receivable, net	427,118	795,218	1,222,336
Due from other governments	72,216	222,712	294,928
Internal balances	(6,453,499)	6,453,499	-
Prepaid items	28,014	1,000	29,014
Property held for resale	49,051	-	49,051
Leases receivable	<u>53,190</u>	<u>-</u>	<u>53,190</u>
Total Current Assets	121,258,811	8,486,213	129,745,024
Noncurrent Assets:			
Accounts receivable, net of allowance for uncollectible	-	90,322	90,322
Loans receivable	422,609	-	422,609
Due from other governments	-	502,176	502,176
Leases receivable, net of current portion	407,363	-	407,363
Capital assets:			
Non-depreciable capital assets	94,110,053	1,908,841	96,018,894
Depreciable capital assets, net of accumulated depreciation	<u>25,714,077</u>	<u>38,259,406</u>	<u>63,973,483</u>
Total Noncurrent Assets	<u>120,654,102</u>	<u>40,760,745</u>	<u>161,414,847</u>
Total Assets	241,912,913	49,246,958	291,159,871
<b>Deferred Outflows of Resources</b>			
Related to pension	9,883,342	419,990	10,303,332
Related to OPEB	<u>2,342,035</u>	<u>230,675</u>	<u>2,572,710</u>
Total Deferred Outflows of Resources	12,225,377	650,665	12,876,042

(continued)

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Net Position

June 30, 2023

(continued)

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	1,013,193	374,834	1,388,027
Accrued liabilities	1,317,047	20,358	1,337,405
Unearned revenue	2,952,170	-	2,952,170
Retainage payable	32,612	60,407	93,019
Tax refunds payable	400,000	-	400,000
Due to other governments	4,860	-	4,860
Other liabilities	359,823	-	359,823
Current portion of long-term liabilities:			
Bonds and loans payable	2,770,728	343,330	3,114,058
Tax increment financing bonds payable	215,000	-	215,000
Total OPEB liability	301,557	14,824	316,381
Compensated absences liability	998,756	56,686	1,055,442
Total Current Liabilities	10,365,746	870,439	11,236,185
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	28,175,512	2,884,209	31,059,721
Tax increment financing bonds payable, net of current portion	1,680,000	-	1,680,000
Net pension liability	45,113,604	1,929,583	47,043,187
Net OPEB liability, net of current portion	16,249,496	660,964	16,910,460
Compensated absences liability, net of current portion	3,165,699	179,672	3,345,371
Total Noncurrent Liabilities	94,384,311	5,654,428	100,038,739
Total Liabilities	104,750,057	6,524,867	111,274,924
<b>Deferred Inflows of Resources</b>			
Related to pension	1,200,850	51,363	1,252,213
Related to OPEB	5,351,117	520,710	5,871,827
Related to leases	460,553	-	460,553
Unavailable revenues	4,729,377	-	4,729,377
Taxes collected in advance	41,788,689	-	41,788,689
Related to refunding	36,948	49,481	86,429
Total Deferred Inflows of Resources	53,567,534	621,554	54,189,088
<b>Net Position</b>			
Net investment in capital assets	107,760,831	36,656,518	144,417,349
Restricted for:			
Grants	152,644	-	152,644
Library	212,725	-	212,725
Waste tire and transportation	662,017	-	662,017
Conservation	1,092,882	-	1,092,882
Police	210,217	-	210,217
Permanent funds:			
Nonexpendable	9,435,405	-	9,435,405
Expendable	309,104	-	309,104
Unrestricted	(24,015,126)	6,094,684	(17,920,442)
Total Net Position	\$ 95,820,699	\$ 42,751,202	\$ 138,571,901

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Activities  
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental Activities</b>					
General government	\$ 9,527,828	\$ 174,146	\$ 985,780	\$ -	\$ (8,367,902)
Public safety	20,968,792	2,291,238	1,009,612	-	(17,667,942)
Highways and streets	5,056,459	12,357	-	1,267,217	(3,776,885)
Health and welfare	411,656	32,925	22,841	-	(355,890)
Sanitation	3,018,640	918,836	-	-	(2,099,804)
Culture and recreation	3,320,637	101,290	-	-	(3,219,347)
Conservation	2,949	-	-	-	(2,949)
Economic development	693,242	-	-	10,044	(683,198)
Interest on long-term debt	<u>1,333,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,333,162)</u>
Total Governmental Activities	44,333,365	3,530,792	2,018,233	1,277,261	(37,507,079)
<b>Business-Type Activities</b>					
Water services	3,617,058	3,423,865	198,180	87,360	92,347
Sewer services	<u>2,490,090</u>	<u>2,579,300</u>	<u>105,727</u>	<u>69,472</u>	<u>264,409</u>
Total Business-Type Activities	<u>6,107,148</u>	<u>6,003,165</u>	<u>303,907</u>	<u>156,832</u>	<u>356,756</u>
Total	\$ <u>50,440,513</u>	\$ <u>9,533,957</u>	\$ <u>2,322,140</u>	\$ <u>1,434,093</u>	\$ <u>(37,150,323)</u>

(continued)

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Activities  
For the Year Ended June 30, 2023

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (37,507,079)	\$ 356,756	\$ (37,150,323)
<b>General Revenues and Transfers</b>			
Property taxes	29,457,321	-	29,457,321
Motor vehicle registration	6,925,824	-	6,925,824
Grants and contributions not restricted to specific programs	3,033,180	-	3,033,180
Investment income	2,836,476	186,082	3,022,558
Other	2,307,971	192,588	2,500,559
Transfers	<u>169,696</u>	<u>(169,696)</u>	<u>-</u>
Total General Revenues and Transfers	<u>44,730,468</u>	<u>208,974</u>	<u>44,939,442</u>
Change in Net Position	7,223,389	565,730	7,789,119
<b>Net Position</b>			
Beginning of Year	<u>88,597,310</u>	<u>42,185,472</u>	<u>130,782,782</u>
End of Year	<u>\$ 95,820,699</u>	<u>\$ 42,751,202</u>	<u>\$ 138,571,901</u>

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



**TOWN OF DERRY, NEW HAMPSHIRE**

Governmental Funds  
Balance Sheet  
June 30, 2023

	General <u>Fund</u>	Fire Station <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and short-term investments	\$ 96,324,503	\$ -	\$ 1,385,181	\$ 97,709,684
Investments	13,893,014	-	9,213,360	23,106,374
Taxes receivable	6,169,232	-	97,431	6,266,663
Accounts receivable, net	252,524	-	174,594	427,118
Due from other governments	67,931	-	4,285	72,216
Due from other funds	1,606,457	18,275,548	6,310,035	26,192,040
Prepaid items	20,994	-	7,020	28,014
Property held for resale	49,051	-	-	49,051
Loans receivable	-	-	422,609	422,609
Leases receivable	<u>460,553</u>	<u>-</u>	<u>-</u>	<u>460,553</u>
Total Assets	\$ <u>118,844,259</u>	\$ <u>18,275,548</u>	\$ <u>17,614,515</u>	\$ <u>154,734,322</u>
<b>Liabilities</b>				
Accounts payable	\$ 813,072	\$ 154,800	\$ 45,321	\$ 1,013,193
Accrued liabilities	671,238	-	1,684	672,922
Unearned revenue	2,952,170	-	-	2,952,170
Retainage payable	23,057	-	9,555	32,612
Tax refunds payable	400,000	-	-	400,000
Due to other governments	4,860	-	-	4,860
Due to other funds	32,365,134	-	280,405	32,645,539
Other liabilities	<u>359,823</u>	<u>-</u>	<u>-</u>	<u>359,823</u>
Total Liabilities	37,589,354	154,800	336,965	38,081,119
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	6,169,732	-	269,896	6,439,628
Taxes collected in advance	41,788,689	-	-	41,788,689
Related to leases	<u>460,553</u>	<u>-</u>	<u>-</u>	<u>460,553</u>
Total Deferred Inflows of Resources	48,418,974	-	269,896	48,688,870
<b>Fund Balances</b>				
Nonspendable	70,044	-	9,442,425	9,512,469
Restricted	53,923	17,426,346	5,617,318	23,097,587
Committed	16,152,886	694,402	1,947,911	18,795,199
Assigned	3,128,070	-	-	3,128,070
Unassigned	<u>13,431,008</u>	<u>-</u>	<u>-</u>	<u>13,431,008</u>
Total Fund Balances	<u>32,835,931</u>	<u>18,120,748</u>	<u>17,007,654</u>	<u>67,964,333</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>118,844,259</u>	\$ <u>18,275,548</u>	\$ <u>17,614,515</u>	\$ <u>154,734,322</u>

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

## TOWN OF DERRY, NEW HAMPSHIRE

### Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position June 30, 2023

<b>Total Governmental Fund Balances</b>	\$ 67,964,333
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	119,824,130
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	9,883,342
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	2,342,035
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,710,250
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(644,124)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in governmental funds.	
General obligation bonds and loans payable	(30,946,240)
Tax increment financing bonds payable	(1,895,000)
Net pension liability	(45,113,604)
Net OPEB liability	(16,551,053)
Compensated absences payable	(4,164,455)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,200,850)
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(5,351,117)
Deferred amount on refunding to be amortized in future periods	<u>(36,948)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 95,820,699</u></u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2023

	General <u>Fund</u>	Fire Station <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues</b>				
Property taxes	\$ 28,865,375	\$ -	\$ 306,371	\$ 29,171,746
Licenses and permits	7,420,273	-	550,367	7,970,640
Intergovernmental	6,291,137	-	37,536	6,328,673
Charges for services	2,800,207	-	233,686	3,033,893
Investment income	1,213,596	694,402	928,478	2,836,476
Other	<u>818,260</u>	<u>-</u>	<u>250,070</u>	<u>1,068,330</u>
Total Revenues	47,408,848	694,402	2,306,508	50,409,758
<b>Expenditures</b>				
Current:				
General government	7,130,461	-	510,104	7,640,565
Public safety	21,806,272	-	159,518	21,965,790
Highways and streets	4,977,048	-	283	4,977,331
Health and welfare	425,711	-	1,660	427,371
Sanitation	2,833,963	-	-	2,833,963
Culture and recreation	3,186,895	-	62,700	3,249,595
Conservation	2,926	-	-	2,926
Economic development	658,066	-	41,739	699,805
Capital outlay	1,883,331	973,654	858,222	3,715,207
Debt service:				
Principal	1,917,407	-	-	1,917,407
Interest	<u>865,231</u>	<u>-</u>	<u>-</u>	<u>865,231</u>
Total Expenditures	<u>45,687,311</u>	<u>973,654</u>	<u>1,634,226</u>	<u>48,295,191</u>
Excess (Deficiency) of Revenues Over Expenditures	1,721,537	(279,252)	672,282	2,114,567
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	16,512,300	1,422,300	17,934,600
Bond premium	-	1,887,700	177,700	2,065,400
Issuance of loans	1,684,169	-	-	1,684,169
Proceeds from sale of capital assets	718,652	-	-	718,652
Transfers in	753,167	-	914,428	1,667,595
Transfers out	<u>(880,877)</u>	<u>-</u>	<u>(617,022)</u>	<u>(1,497,899)</u>
Total Other Financing Sources (Uses)	<u>2,275,111</u>	<u>18,400,000</u>	<u>1,897,406</u>	<u>22,572,517</u>
Change in Fund Balance	3,996,648	18,120,748	2,569,688	24,687,084
Fund Balance, at Beginning of Year	<u>28,839,283</u>	<u>-</u>	<u>14,437,966</u>	<u>43,277,249</u>
Fund Balance, at End of Year	\$ <u>32,835,931</u>	\$ <u>18,120,748</u>	\$ <u>17,007,654</u>	\$ <u>67,964,333</u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2023

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 24,687,084</b>
--	----------------------

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

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

Capital asset purchases	3,750,039
Net effect from disposal of asset	(29,895)
Depreciation	(2,571,052)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	188,802
---	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Issuance of bonds	(17,934,600)
Premiums received on issuance of bonds	(2,065,400)
Issuance of loans	(1,684,169)
Repayments of bonds	740,000
Repayments of loans	1,177,407
Change in accrued interest	(467,930)
Other	126,216

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

Change in expense related to GASB 68	548,240
Change in expense related to GASB 75	729,402
Change in expense related to employee benefits	<u>29,245</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>7,223,389</u></b>
--	----------------------------

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Net Position  
June 30, 2023

	Business-Type Activities Enterprise Funds		
	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and short-term investments	\$ 152,154	\$ 111,726	\$ 263,880
Investments	57,198	692,706	749,904
Accounts receivable, net	546,145	249,073	795,218
Due from other governments	186,624	36,088	222,712
Due from other funds	3,346,249	3,107,250	6,453,499
Prepaid items	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Current Assets	4,289,370	4,196,843	8,486,213
Noncurrent Assets:			
Accounts receivable, net of allowance for uncollectible	86,603	3,719	90,322
Due from other governments	-	502,176	502,176
Non-depreciable capital assets	965,291	943,550	1,908,841
Depreciable capital assets, net of accumulated depreciation	<u>21,747,781</u>	<u>16,511,625</u>	<u>38,259,406</u>
Total Noncurrent Assets	<u>22,799,675</u>	<u>17,961,070</u>	<u>40,760,745</u>
Total Assets	27,089,045	22,157,913	49,246,958
<b>Deferred Outflows of Resources</b>			
Related to pension	197,043	222,947	419,990
Related to OPEB	<u>138,866</u>	<u>91,809</u>	<u>230,675</u>
Total Deferred Outflows of Resources	335,909	314,756	650,665
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	179,601	195,233	374,834
Accrued liabilities	12,625	7,733	20,358
Retainage payable	60,407	-	60,407
Current portion of long-term liabilities:			
Bonds and loans payable	168,887	174,443	343,330
Total OPEB liability	7,000	7,824	14,824
Compensated absences liability	<u>28,343</u>	<u>28,343</u>	<u>56,686</u>
Total Current Liabilities	456,863	413,576	870,439
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	1,550,855	1,333,354	2,884,209
Net pension liability	910,185	1,019,398	1,929,583
Net OPEB liability, net of current portion	312,091	348,873	660,964
Compensated absences liability, net of current portion	<u>89,836</u>	<u>89,836</u>	<u>179,672</u>
Total Noncurrent Liabilities	<u>2,862,967</u>	<u>2,791,461</u>	<u>5,654,428</u>
Total Liabilities	3,319,830	3,205,037	6,524,867
<b>Deferred Inflows of Resources</b>			
Related to pension	24,228	27,135	51,363
Related to OPEB	295,594	225,116	520,710
Related to refunding	<u>25,851</u>	<u>23,630</u>	<u>49,481</u>
Total Deferred Inflows of Resources	345,673	275,881	621,554
<b>Net Position</b>			
Net investment in capital assets	20,844,621	15,811,897	36,656,518
Unrestricted	<u>2,914,830</u>	<u>3,179,854</u>	<u>6,094,684</u>
Total Net Position	\$ <u>23,759,451</u>	\$ <u>18,991,751</u>	\$ <u>42,751,202</u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues</b>			
Charges for services	\$ 3,423,865	\$ 2,579,300	\$ 6,003,165
Other	<u>165,407</u>	<u>21,990</u>	<u>187,397</u>
Total Operating Revenues	3,589,272	2,601,290	6,190,562
<b>Operating Expenses</b>			
Personnel services	932,062	1,178,825	2,110,887
Repairs and maintenance	671,770	231,235	903,005
Materials and supplies	123,043	62,407	185,450
Utilities	1,181,303	307,228	1,488,531
Depreciation	456,246	551,587	1,007,833
Miscellaneous	<u>204,270</u>	<u>105,224</u>	<u>309,494</u>
Total Operating Expenses	<u>3,568,694</u>	<u>2,436,506</u>	<u>6,005,200</u>
Operating Income	20,578	164,784	185,362
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	99,896	86,186	186,082
Intergovernmental revenue	198,180	105,727	303,907
Gain on sale of asset	-	5,191	5,191
Interest expense	<u>(48,364)</u>	<u>(53,584)</u>	<u>(101,948)</u>
Total Nonoperating Revenues (Expenses), Net	<u>249,712</u>	<u>143,520</u>	<u>393,232</u>
Income Before Capital Contributions and Transfers	270,290	308,304	578,594
Capital Contributions	87,360	69,472	156,832
Transfers In	27,074	-	27,074
Transfers Out	<u>(156,030)</u>	<u>(40,740)</u>	<u>(196,770)</u>
Change in Net Position	228,694	337,036	565,730
Net Position at Beginning of Year	<u>23,530,757</u>	<u>18,654,715</u>	<u>42,185,472</u>
Net Position at End of Year	<u>\$ 23,759,451</u>	<u>\$ 18,991,751</u>	<u>\$ 42,751,202</u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 3,518,984	\$ 2,656,672	\$ 6,175,656
Receipts from other operations	165,407	21,990	187,397
Payments for interfund services	106,930	(705,936)	(599,006)
Payments to vendors	(2,090,682)	(565,055)	(2,655,737)
Payments to employees	<u>(979,412)</u>	<u>(1,121,082)</u>	<u>(2,100,494)</u>
Net Cash Provided by Operating Activities	721,227	286,589	1,007,816
<b>Cash Flows From Noncapital Financing Activities</b>			
Intergovernmental receipt	<u>198,180</u>	<u>121,899</u>	<u>320,079</u>
Net Cash Provided by Noncapital Financing Activities	198,180	121,899	320,079
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	(99,264)	69,472	(29,792)
Proceeds on sale of capital assets	-	5,191	5,191
Acquisition and construction of capital assets	(907,075)	(227,950)	(1,135,025)
Proceeds of bonds and loans	300,375	85,000	385,375
Principal payments on bonds and loans	(115,711)	(339,377)	(455,088)
Interest expense	<u>(48,364)</u>	<u>(53,584)</u>	<u>(101,948)</u>
Net Cash (Used For) Capital and Related Financing Activities	(870,039)	(461,248)	(1,331,287)
<b>Cash Flows From Investing Activities</b>			
Investment purchases (sales) proceeds	(7,026)	(48,927)	(55,953)
Investment income	<u>99,897</u>	<u>86,186</u>	<u>186,083</u>
Net Cash Provided By Investing Activities	92,871	37,259	130,130
Cash and Short-Term Investments, Beginning of Year	<u>9,915</u>	<u>127,227</u>	<u>137,142</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>152,154</u></u>	\$ <u><u>111,726</u></u>	\$ <u><u>263,880</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 20,578	\$ 164,784	\$ 185,362
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	456,246	551,587	1,007,833
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable	95,119	77,372	172,491
Due from other funds	75,371	(599,597)	(524,226)
Due to other funds	31,559	-	31,559
Prepaid items	(1,000)	-	(1,000)
Accounts payable	84,127	140,361	224,488
Accrued liabilities	6,577	678	7,255
Advances from other funds	-	(106,339)	(106,339)
Compensated absences liability	(14,882)	(14,882)	(29,764)
Net pension liability and related deferrals	26,582	62,497	89,079
Net OPEB liability and related deferrals	(56,613)	12,338	(44,275)
Deferred inflows - related to refunding	<u>(2,437)</u>	<u>(2,210)</u>	<u>(4,647)</u>
Net Cash Provided by Operating Activities	\$ <u><u>721,227</u></u>	\$ <u><u>286,589</u></u>	\$ <u><u>1,007,816</u></u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2023

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>Assets</b>		
Cash and short-term investments	\$ 110,720	\$ -
Investments:		
Corporate bonds	30,123	10,893
Corporate equities	134,149	48,510
Fixed income mutual funds	6,438	2,328
Market-linked certificates of deposit	51,864	18,755
U.S. Treasury notes	10,182	3,682
Federal agency securities	305,090	110,323
Other	<u>3,348</u>	<u>1,211</u>
Total Investments	<u>541,194</u>	<u>195,702</u>
Total Assets	651,914	195,702
<b>Net Position</b>		
Restricted for individuals, organizations, and other governments	<u>651,914</u>	<u>195,702</u>
Total Net Position	<u>\$ 651,914</u>	<u>\$ 195,702</u>

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



**TOWN OF DERRY, NEW HAMPSHIRE**

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2023

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>Additions</b>		
Taxes collected for school district	\$ -	\$ 60,415,656
Taxes collected for County of Rockingham	-	3,208,503
Fees collected for State of New Hampshire	-	2,182,058
Investment income	<u>52,440</u>	<u>2,758</u>
Total Additions	52,440	65,808,975
<b>Deductions</b>		
Payment of taxes to school district	-	60,415,656
Payment of taxes to County of Rockingham	-	3,208,503
Payment of fees to State of New Hampshire	-	2,182,058
Benefits	11,589	-
Other	<u>-</u>	<u>235</u>
Total Deductions	<u>11,589</u>	<u>65,806,452</u>
Change in Net Position	40,851	2,523
<b>Restricted Net Position</b>		
Beginning of year	<u>611,063</u>	<u>193,179</u>
End of year	\$ <u><u>651,914</u></u>	\$ <u><u>195,702</u></u>

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

## TOWN OF DERRY, NEW HAMPSHIRE

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Derry, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

##### ***Reporting Entity***

The Town is a municipal corporation governed by an elected Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year June 30, 2023, it was determined that no entities met the component unit requirements of GASB 14 (as amended). The criteria provided in Governmental Accounting Standards Codification section 2100 have also been considered.

The Town was incorporated in 1827. In March 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.

##### ***Government-Wide and Fund Financial Statements***

###### ***Government-Wide Financial Statements***

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

### *Fund Financial Statements*

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

### ***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 are 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.

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 Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Fire Station Fund* accounts for funds for the engineering, design, and construction of the new central fire station.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* accounts for all revenues and expenses pertaining to the Town's water operations.
- The *Sewer Fund* accounts for all revenues and expenses pertaining to the Town's wastewater treatment and disposal sanitation operations.

The Town reports the following fiduciary funds:

- The *Private-Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the Permanent Fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. Private purpose trust funds held by the Town include trust arrangements for the Derry Public Schools, Derry Visiting Nurse Association, East Derry Improvements Society, and Memorial Day Flowers.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments, as well as capital reserve funds held by the Town for the Derry Cooperative School District.

#### ***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, money market deposits, certificates of deposits, savings accounts, and money market accounts. Generally, 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 financial statements under the caption "cash and short-term investments".

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.

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. The Town's investments include nonnegotiable certificates of deposit which are reported at cost.

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

#### ***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".

#### ***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

#### ***Leases***

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

### ***Capital Assets***

Capital assets, which include land, infrastructure and other assets, monuments, retained tax deeded properties, construction in progress, intangibles, buildings, building improvements, machinery and equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. 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. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	15 - 50
Building improvements	10 - 50
Machinery and equipment	5 - 15
Vehicles	6 - 10
Infrastructure and other assets	20 - 50
Intangibles	1 - 7

### ***Compensated Absences***

It is the Town’s policy to permit employees to accumulate earned but unused absences. All vested absences pay is accrued when incurred in the government-wide and proprietary 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.

### ***Long-Term Obligations***

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

### ***Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

### ***Fund Balance***

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, expendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures, property held for resale, advance to other funds, and reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes General Fund library donations, various special revenue and capital project funds, and the expendable portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. This fund balance classification includes TIF district revenue to be used for future debt service payments, capital reserve funds set aside by Town Council vote for future capital acquisitions and improvements (now reported as part of the General Fund per GASB 54), and various special revenue and capital project funds. Subsequent Town Council action is necessary to modify or rescind a fund balance commitment.
- *Assigned* represents amounts that are constrained by the Town’s intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, as authorized by the Town Administrator per the Town’s Fund Balance Policy. Additionally, it includes budgeted use of fund balance for

next year's expenditures, fiscal year 2023 surplus to be transferred to capital reserve funds in fiscal year 2024, and forest management funds.

- *Unassigned* represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the General Fund.

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

#### *Net Position*

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

#### *Use of Estimates*

The preparation of basic financial statements in conformity with GAAP 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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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

#### *Budgetary Information*

General government revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. The budget represents departmental appropriations as authorized by the Town Charter with annual or special budgetary public hearings. By the same procedures, additional amounts may be appropriated during the year in emergency cases. There were two supplemental budgetary appropriations voted during the year. The Town Council adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differ somewhat from GAAP in that the focus is on the governmental unit as a whole rather than on the basis of fund types. Formal budgetary integration is employed as a management control device during the year for the General Fund. A special revenue fund budget for the Cable



Television Fund and enterprise fund budgets for the Water Fund and Sewer Fund are also adopted. Capital project funds do not have adopted budgets.

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

#### ***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.

#### ***Limitation of Budget Increases***

During 2004, the Town amended Section 9.4 of the Derry Town Charter regarding the limitation of budget increases. In accordance with this amendment, the Town Council, in establishing a municipal budget, shall be allowed to assume an estimated property tax rate only in an amount equal to the equalized tax rate established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index as published by the United States Department of Labor for the calendar year immediately preceding budget adoption. The exception to this limitation regarding the inclusion of principal and interest on municipal bonds remained unchanged. The factor is now based on the Northeast Region CPI as a result of the charter amendment approved by voters in March 2013.

### **3. Deposits and Investments**

State statutes (RSA 41:29 for and towns and 31:25 for trust funds) place certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), established pursuant to RSA 383:22, in New Hampshire banks, or banks outside the State of New Hampshire if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

RSA 35:9 limits capital reserve funds to investments in federally or state-chartered banks or associations authorized by the State of New Hampshire; in bonds or notes of the State of New Hampshire; in stocks and bonds as are legal for investment by banks and associations chartered by the State of New Hampshire to engage in a banking business; in NHPDIP established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government.

#### ***Deposits***

##### ***Custodial Credit Risk***

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, except that a Town with a population in

excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.”

As of June 30, 2023, all of the Town’s bank balance of \$97,972,571 was insured and/or collateralized. As of June 30, 2023, cash and short-term investments held by the Trustees of Trust Funds totaling \$3,509,500 were exposed to custodial credit risk as uninsured and/or uncollateralized, held by the counterparty’s agent.

### ***Investments***

The following is a summary of the Town’s investments as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 1,368,862
Corporate equities	6,096,056
Federal agency securities	13,863,988
Fixed income mutual funds	292,549
Market-linked certificates of deposit	2,356,851
Other	152,158
U.S. Treasury notes	462,710
	<u>\$ 24,593,174</u>

### ***Custodial Credit Risk***

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, the Town 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 Trustees of Trust Funds, 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 41:29).

The Town's policy for investments, under the custodianship of the Trustees of Trust Funds, follows 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 a 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 383:22).

As of June 30, 2023, \$21,791,617 was subject to custodial credit risk exposure because the related securities were uninsured, or unregistered and/or held by the Town's brokerage firm, which was also counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

#### *Credit Risk – Investments in Debt Securities*

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, and U.S. government agency securities, no more than 75% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution, unless 100% collateralized.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>	
		<u>AAA</u>	<u>Unrated</u>
Corporate bonds	\$ 1,368,862	\$ -	\$ 1,368,862
Federal agency securities	13,863,988	13,863,988	-
Fixed income mutual funds	292,549	-	292,549
Market linked certificates of deposit	2,356,851	-	2,356,851
U.S. Treasury notes	462,710	462,710	-
	<u>\$ 18,344,960</u>	<u>\$ 14,326,698</u>	<u>\$ 4,018,262</u>

### *Concentration of Credit Risk*

The Town places no limit on the amount that may be invested in any one issuer.

As of June 30, 2023, the Town did not have investments in any one issuer that exceeded 5% of total investments.

### *Interest Rate Risk – Investments in Debt Securities*

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 formal investment policies limiting 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 investments held by the Trustees of Trust Funds, 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 those for capital projects may be invested in securities exceeding one year if the maturity of such investments is made to coincide with the expected use of the funds.

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

Not more than 5% of the Town's investment portfolio, other than investments held by the Trustees of Trust Funds, is to be invested in securities with maturities greater than one year. The Town's investments also include certificates of deposits.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less</u> <u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Corporate bonds	\$ 1,368,862	\$ -	\$ 749,891	\$ 447,059	171,912
Federal agency securities	13,863,988	2,800,567	10,444,766	618,655	-
Fixed income mutual funds	292,549	-	156,528	71,401	64,620
Market-linked certificates of deposit	2,356,851	1,405,451	951,400	-	-
U.S. Treasury notes	462,710	188,393	186,234	88,083	-
	<u>\$ 18,344,960</u>	<u>\$ 4,394,411</u>	<u>\$ 12,488,819</u>	<u>\$ 1,225,198</u>	<u>\$ 236,532</u>

### *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 formal investment policies related to foreign currency risk.

At June 30, 2023, none of the Town's investments were exposed to foreign currency risk.

### *Fair Value*

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate bonds	\$ 1,368,862	\$ -	\$ 1,368,862	\$ -
Corporate equities	6,096,056	6,096,056	-	-
Federal agency securities	13,863,988	-	13,863,988	-
Fixed income mutual funds	292,549	-	292,549	-
Market-linked certificates of deposit	2,356,851	-	2,356,851	-
Other	152,158	152,158	-	-
U.S. Treasury notes	462,710	462,710	-	-
	<u>\$ 24,593,174</u>	<u>\$ 6,710,924</u>	<u>\$ 17,882,250</u>	<u>\$ -</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

#### 4. **Property 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 8% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, 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 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at June 30, 2023 consisted of the following:

Real estate taxes	\$ 4,729,377
Tax liens	1,412,608
Elderly and disabled deferred	27,076
Yield tax	171
Land use change	<u>97,431</u>
	<u>\$ 6,266,663</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 estimated allowances for doubtful accounts totaling \$1,202,149 for ambulance, welfare liens, and other accounts receivable, and an allowance of \$3,406 for user fees.

**6. Due From Other Governments**

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

**7. Leases Receivable**

The Town has adopted GASB Statement No. 87, *Leases*. This statement requires the recording of a lease receivable asset and an offsetting deferred inflow of resources by the lessor (the Town) even in the case of a lease which does not transfer ownership of the leased asset.

As of June 30, 2023, the Town's receivable, and deferred inflow of resources for lease payments was \$460,553. The Town recognized lease revenue of \$107,100 in fiscal year 2023. These leases are summarized as follows:

	<u>Lease Receivable</u>	<u>Lease Revenue</u>
American Tower	\$ -	\$ 53,914
T-Mobile	319,827	21,116
Greater Derry Chamber of Commerce	26,057	13,200
Derry Housing and Redevelopment Authority	12,377	6,270
Greater Derry Arts Council	<u>102,292</u>	<u>12,600</u>
	<u>\$ 460,553</u>	<u>\$ 107,100</u>

American Tower Lease – On August 26, 1997, the Town entered into a twenty-six-year lease agreement with UniSite, LLC for the lease of Town owned land at or near Route 102 and the Route 28 bypass. Based on the agreement, the Town received monthly payments through 2023. The renewal option has not been exercised as the Town anticipates selling the land where the tower is located in fiscal year 2025.

T-Mobile Lease – On October 22, 1997, the Town entered into a forty-five-year lease agreement with T-Mobile USA Tower LLC for the lease of a portion of Town owned land located at 39 Kendall Pond Road. Based on the agreement, the Town is receiving monthly payments through 2042.

Greater Derry Chamber of Commerce Lease – On January 1, 2016, the Town entered into an eight-year lease agreement with Greater Derry Chamber of Commerce for the lease of two rooms of the Adams Memorial Building. Based on the agreement, the Town is receiving monthly payments through 2024. This lease agreement includes an extension clause for a three-year renewal term, which is expected to be exercised.

Derry Housing and Redevelopment Authority Lease – On January 1, 2016, the Town entered into an eight-year lease agreement with Derry Housing Authority for the lease of three rooms of the Adams Memorial Building. Based on the agreement, the Town is receiving monthly payments through 2024. There are no renewal options included in this lease agreement.

Greater Derry Arts Council Lease – On January 1, 2016, the Town entered into a fifteen-year lease agreement with Greater Derry Arts Council for the lease of the entire second floor of the Adams Memorial Building. Based on the agreement, the Town is receiving monthly payments through 2031. This lease agreement includes an extension clause that has been extended.



## 8. Interfund Accounts

### *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 composition of interfund balances as of June 30, 2023 was as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,606,457	\$ 32,365,134
Fire Station Fund	18,275,548	-
Subtotal Major Governmental Funds	19,882,005	32,365,134
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Derry Public Library	191,183	-
Taylor Public Library	23,216	-
Cable Television	334,210	-
Conservation Commission	1,092,890	-
Public Safety Grants	72,855	3,885
Miscellaneous Grants	79,789	-
Waste Tire Reclamation	75,526	265,612
Police Detail	167,635	-
Police Gift	2,000	-
Rockingham Economic Development	207,656	-
Capital Project Funds:		
Rail Trail	10,234	-
Bridge Improvements	2,328,703	-
Recreational Facility	1,380,583	-
Exit 4A	296,097	-
Hood Pond Dam	37,633	-
Permanent Funds:		
Parks and Playgrounds	9,825	10,908
Subtotal Nonmajor Governmental Funds	6,310,035	280,405
Total Governmental Funds	26,192,040	32,645,539
Business-Type Activities:		
Water Fund	3,346,249	-
Sewer Fund	3,107,250	-
Total Business-Type Activities	6,453,499	-
	\$ 32,645,539	\$ 32,645,539

### ***Transfers***

Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2023.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 753,167	\$ 880,877
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Derry Public Library	413	-
Taylor Library	1,719	1,719
Cable Television	-	7,400
Public Safety Grants	56,500	-
Miscellaneous Grants	3,000	-
Waste Tire Reclamation	279,697	450,767
Police Revolving	-	56,315
Rockingham Economic Development	-	900
Capital Project Funds:		
Bridge Improvements Fund	549,946	-
Recreational Facility Fund	2,178	-
Permanent Funds:		
General Cemetery Care	20,975	50,000
Parks and Playgrounds	-	46,289
Libraries	-	2,132
Human Services	-	1,500
Subtotal Nonmajor Governmental Funds	<u>914,428</u>	<u>617,022</u>
Total Governmental Funds	1,667,595	1,497,899
Business-Type Activities:		
Water Fund	27,074	156,030
Sewer Fund	-	40,740
Total Business-Type Activities	<u>27,074</u>	<u>196,770</u>
	<u>\$ 1,694,669</u>	<u>\$ 1,694,669</u>

The majority of transfers into the General Fund reflect transfers from the Waste Tire Reclamation Fund for budgeted expenditures for hazardous waste removal. The majority of transfers out of the General Fund reflect (1) transfers into the Waste Tire Reclamation Fund for tax revenue collected for hazardous waste removal and (2) transfers into the Bridge Improvements Fund to fund the culvert portion of the project.

## 9. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,162	\$ -	\$ -	\$ 9,162
Infrastructure and other assets	78,927	-	-	78,927
Monuments	192	-	-	192
Retained tax deeded properties	216	-	(13)	203
Construction in progress	420	3,320	(1,225)	2,515
Intangibles	<u>3,111</u>	<u>-</u>	<u>-</u>	<u>3,111</u>
Total Capital Assets, Not Being Depreciated:	92,028	3,320	(1,238)	94,110
Capital Assets, Being Depreciated:				
Land improvements	6,777	529	-	7,306
Buildings	15,844	-	-	15,844
Building improvements	5,413	282	-	5,695
Machinery and equipment	11,945	272	(125)	12,092
Vehicles	10,835	502	(248)	11,089
Infrastructure and other assets	8,046	-	-	8,046
Intangibles	<u>790</u>	<u>70</u>	<u>-</u>	<u>860</u>
Total Capital Assets, Being Depreciated:	59,650	1,655	(373)	60,932
Less Accumulated Depreciation For:				
Land improvements	(5,012)	(214)	-	(5,226)
Buildings	(7,158)	(311)	-	(7,469)
Building improvements	(3,614)	(200)	-	(3,814)
Machinery and equipment	(7,581)	(797)	125	(8,253)
Vehicles	(6,575)	(869)	231	(7,213)
Infrastructure and other assets	(2,312)	(161)	-	(2,473)
Intangibles	<u>(751)</u>	<u>(19)</u>	<u>-</u>	<u>(770)</u>
Total Accumulated Depreciation	<u>(33,003)</u>	<u>(2,571)</u>	<u>356</u>	<u>(35,218)</u>
Capital Assets, Being Depreciated, Net	<u>26,647</u>	<u>(916)</u>	<u>(17)</u>	<u>25,714</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,675</u>	<u>\$ 2,404</u>	<u>\$ (1,255)</u>	<u>\$ 119,824</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 195	\$ -	\$ (4)	\$ 191
Construction in progress	349	1,023	(621)	751
Intangibles	<u>967</u>	<u>-</u>	<u>-</u>	<u>967</u>
Total Capital Assets, Not Being Depreciated:	1,511	1,023	(625)	1,909
Capital Assets, Being Depreciated:				
Land improvements	4	-	-	4
Buildings	336	-	-	336
Building improvements	56	111	-	167
Machinery and equipment	706	-	(36)	670
Vehicles	1,170	234	(96)	1,308
Infrastructure and other assets	58,350	667	(279)	58,738
Intangibles	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total Capital Assets, Being Depreciated:	60,670	1,012	(411)	61,271
Less Accumulated Depreciation For:				
Buildings	(57)	(6)	-	(63)
Building improvements	(36)	(7)	-	(43)
Machinery and equipment	(310)	(57)	36	(331)
Vehicles	(861)	(71)	81	(851)
Infrastructure and other assets	(20,860)	(867)	51	(21,676)
Intangibles	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>(48)</u>
Total Accumulated Depreciation	<u>(22,172)</u>	<u>(1,008)</u>	<u>168</u>	<u>(23,012)</u>
Capital Assets, Being Depreciated, Net	<u>38,498</u>	<u>4</u>	<u>(243)</u>	<u>38,259</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,009</u>	<u>\$ 1,027</u>	<u>\$ (868)</u>	<u>\$ 40,168</u>

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

**Governmental Activities**

General government	\$ 419
Public safety	1,069
Highway	509
Health and welfare	4
Sanitation	251
Culture and recreation	<u>319</u>
	<u>\$ 2,571</u>

**Business-Type Activities**

Water	\$ 456
Sewer	<u>552</u>
	<u>\$ 1,008</u>

**10. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

**11. Accounts Payable**

Accounts payable represent fiscal year 2023 expenditures paid after June 30, 2023.

**12. Accrued Liabilities**

Accrued liabilities are comprised primarily of fiscal year 2023 payroll and related liabilities.

**13. Unearned Revenue**

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

**14. Tax Refunds Payable**

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the State of New Hampshire Board of Tax and Land Appeals.

**15. Long-Term Debt**

***General Obligation Bonds and Loans***

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 issues loans payable (direct borrowings) to provide funds for the acquisition of equipment for various departments. Loans payable (direct borrowings) 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 \$3,400,000 in tax increment bonds issued in November 2011 to finance the road reconstruction within the Route 28 Corridor. The bonds are payable solely from the tax increment financing taxes generated by businesses in the Derry Commerce Corridor between the Londonderry town line and Tsienneto/Folsom Roads.

General obligation bonds and loans outstanding were as follows at June 30, 2023:

<b>Governmental Activities (Excluding TIF)</b>	<b>Original Issued</b>	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate(s) %</b>	<b>Amount</b>
General Obligation Bonds:					
Municipal Services Infrastructure	\$ 1,500,000	03/15/04	03/15/24	3.45 - 4.00%	\$ 75,000
Transfer Station and Rockingham Road	4,000,000	05/01/14	05/01/33	2.00 - 2.80%	2,000,000
Police Station Addition - Refunding	525,000	03/15/16	06/15/26	1.99%	142,500
General Obligation Bonds	4,019,000	05/15/19	06/30/40	2.51%	3,465,000
Culverts and Fire Station	17,934,600	07/13/22	08/15/47	4.10 - 5.10%	<u>17,934,600</u>
Total General Obligation Bonds					23,617,100
Loans Payable (Direct Borrowing):					
FY18 Police/Fire Radio Equipment	2,137,032	03/28/18	03/28/25	3.11%	492,978
FY19 Master Equipment	1,509,934	11/30/18	11/30/25	3.45%	491,192
FY20 Police Equipment	1,891,660	10/18/19	10/18/29	2.06%	1,046,357
FY21 Master Equipment	1,079,055	09/23/20	09/23/30	1.54%	876,192
FY22 Master Equipment #1	728,000	11/30/21	11/30/28	1.69%	629,140
FY22 Master Equipment #2	170,000	11/30/21	11/30/26	1.48%	136,990
FY23 Master Equipment #1	489,590	11/30/22	11/30/25	4.10%	489,590
FY23 Master Equipment #2	1,194,579	11/30/22	11/30/29	3.94%	<u>1,194,579</u>
Total Loans Payable (Direct Borrowing)					<u>5,357,018</u>
Total Governmental Activities (Excluding TIF)					<u>\$ 28,974,118</u>
<b>Governmental Activities TIF</b>	<b>Original Issued</b>	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate(s) %</b>	<b>Amount</b>
Derry Commerce Corridor	\$ 2,110,000	12/16/21	05/15/31	1.60%	\$ 1,895,000

<b>Business-Type Activities</b>	<b>Amount Issued</b>	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate(s) %</b>	<b>Amount</b>
Water Fund General Obligation Bonds:					
Woodlands and Route 28	\$ 500,000	05/01/14	05/01/33	2.00 - 2.80%	\$ 286,680
Water Expansions Route 28	1,718,500	11/01/14	06/30/34	2.00 - 3.50%	<u>1,052,855</u>
Subtotal Water Fund General Obligation Bonds					1,339,535
Water Fund Loan Payable (Direct Borrowing):					
FY22 Master Equipment #1	92,377	11/30/21	11/30/28	1.69%	79,833
FY23 Master Equipment #2	143,970	11/30/22	11/30/29	3.94%	143,969
FY23 Master Equipment #3	156,405	11/30/22	11/30/27	4.01%	<u>156,405</u>
Subtotal Water Fund Loan Payable (Direct Borrowing)					<u>380,207</u>
Total Water Fund					<u>1,719,742</u>
Sewer Fund General Obligation Bonds:					
Wastewater Extension Route 28	250,000	05/01/14	05/01/33	2.00 - 2.80%	143,320
Wastewater Expansions Route 28	1,725,500	11/01/14	06/30/34	2.00 - 3.50%	1,057,144
Wastewater Effluent Upgrade - Refunding	525,000	03/15/16	06/15/26	1.99%	<u>142,500</u>
Subtotal Sewer Fund General Obligation Bonds					1,342,964
Sewer Fund Loan Payable (Direct Borrowing):					
FY22 Master Equipment #1	92,377	11/30/21	11/30/28	1.69%	79,833
FY23 Master Equipment #2	85,000	11/30/22	11/30/27	4.01%	<u>85,000</u>
Subtotal Sewer Fund Loan Payable (Direct Borrowing)					164,833
Total Sewer Fund					<u>1,507,797</u>
Total Business-Type Activities					<u>\$ 3,227,539</u>

### ***Future Debt Service***

The annual payments to retire all bonds and loans outstanding as of June 30, 2023 were as follows:

#### **Governmental Activities (Excluding TIF)**

	<b>Bonds</b>		<b>Loan Payable (Direct Borrowing)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,337,900	\$ 1,045,351	\$ 1,339,550	\$ 147,101	\$ 3,869,902
2025	1,265,400	985,784	1,197,187	108,169	3,556,540
2026	1,267,900	929,015	782,437	74,249	3,053,601
2027	1,232,800	871,925	516,046	51,223	2,671,994
2028	1,237,800	815,107	493,189	38,559	2,584,655
2029	1,247,600	757,569	505,699	26,050	2,536,918
2030	1,252,600	699,261	407,455	13,164	2,372,480
2031	1,232,600	643,429	115,455	1,772	1,993,256
2032	1,242,600	590,046	-	-	1,832,646
2033	1,247,600	536,339	-	-	1,783,939
2034-2038	4,182,500	2,033,768	-	-	6,216,268
2039-2043	3,567,500	1,188,618	-	-	4,756,118
2044-2048	<u>3,302,300</u>	<u>421,028</u>	<u>-</u>	<u>-</u>	<u>3,723,328</u>
	<u>\$ 23,617,100</u>	<u>\$ 11,517,240</u>	<u>\$ 5,357,018</u>	<u>\$ 460,287</u>	<u>\$ 40,951,645</u>

**Governmental Activities TIF**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 215,000	\$ 29,494	\$ 244,494
2025	210,000	25,988	235,988
2026	210,000	22,523	232,523
2027	210,000	19,058	229,058
2028	210,000	15,593	225,593
2029	210,000	12,128	222,128
2030	210,000	8,663	218,663
2031	210,000	5,198	215,198
2032	210,000	1,733	211,733
	<u>\$ 1,895,000</u>	<u>\$ 140,378</u>	<u>\$ 2,035,378</u>

**Business-Type Activities**

	<u>Bonds</u>		<u>Loan Payable (Direct Borrowing)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 255,000	\$ 80,341	\$ 88,330	\$ 18,053	\$ 441,724
2025	257,503	74,421	91,268	15,115	438,307
2026	260,000	67,576	94,312	12,071	433,959
2027	220,000	60,630	97,471	8,913	387,014
2028	225,000	54,380	100,743	5,640	385,763
2029	235,000	47,910	49,888	2,249	335,047
2030	757,467	40,610	23,027	908	822,012
2031	115,203	33,103	-	-	148,306
2032	120,213	25,388	-	-	145,601
2033	124,388	16,800	-	-	141,188
2034	112,726	7,875	-	-	120,601
	<u>\$ 2,682,500</u>	<u>\$ 509,034</u>	<u>\$ 545,039</u>	<u>\$ 62,949</u>	<u>\$ 3,799,522</u>

***Changes in Long-Term Liabilities***

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning</u>			<u>Ending</u>	<u>Less</u>	<u>Equals</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>	<u>Long-Term</u>
					<u>Portion</u>	<u>Portion</u>
<b>Governmental Activities</b>						
General obligation bonds payable	\$ 6,207	\$ 17,935	\$ (525)	\$ 23,617	\$ (1,338)	\$ 22,279
Loans payable (direct borrowings)	4,851	1,684	(1,178)	5,357	(1,340)	4,017
Unamortized premium	-	2,066	(93)	1,973	(93)	1,880
Subtotal	11,058	21,685	(1,796)	30,947	(2,771)	28,176
Tax increment financing bonds payable	2,110	-	(215)	1,895	(215)	1,680
Net pension liability	35,539	9,575	-	45,114	-	45,114
Net OPEB liability	15,569	982	-	16,551	(302)	16,249
Compensated absences liability	4,193	245	(273)	4,165	(999)	3,166
	<u>\$ 68,469</u>	<u>\$ 32,487</u>	<u>\$ (2,284)</u>	<u>\$ 98,672</u>	<u>\$ (4,287)</u>	<u>\$ 94,385</u>



**Business-Type Activities**

General obligation bonds payable	\$ 3,112	\$ -	\$ (430)	\$ 2,682	\$ (255)	\$ 2,427
Loans payable (direct borrowings)	<u>185</u>	<u>385</u>	<u>(25)</u>	<u>545</u>	<u>(88)</u>	<u>457</u>
Subtotal	3,297	385	(455)	3,227	(343)	2,884
Net pension liability	1,426	504	-	1,930	-	1,930
Net OPEB liability	638	38	-	676	(15)	661
Compensated absences liability	<u>266</u>	<u>19</u>	<u>(48)</u>	<u>237</u>	<u>(57)</u>	<u>180</u>
	<u>\$ 5,627</u>	<u>\$ 946</u>	<u>\$ (503)</u>	<u>\$ 6,070</u>	<u>\$ (415)</u>	<u>\$ 5,655</u>

***Long-Term Debt Supporting Governmental and Business-Type Activities***

Bonds and loans issued by the Town for various municipal projects are approved by Town Council and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

**16. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

Deferred inflows of resources related to leases, in accordance with GASB Statement No. 87, offset the lease receivable.

Taxes collected in advance represent commitments of property taxes in fiscal year 2023 that are budgeted as fiscal year 2024 revenue.

Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

The following is a summary of deferred inflows of resources balances, not related to pension and OPEB, as of June 30, 2023:

	Entity-wide Basis		Fund Basis			
	Governmental	Business-type	Governmental Funds		Proprietary Funds	
	<u>Activities</u>	<u>Activities</u>	<u>General Fund</u>	<u>Nonmajor</u>	<u>Water</u>	<u>Sewer</u>
Taxes collected in advance	\$ 41,788,689	\$ -	\$ 41,788,689	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	4,729,377	-	6,169,732	97,431	-	-
Unavailable revenues, loans	-	-	-	172,465	-	-
Leases	460,553	-	460,553	-	-	-
Deferred amount on refunding	<u>36,948</u>	<u>49,481</u>	<u>-</u>	<u>-</u>	<u>25,851</u>	<u>23,630</u>
	<u>\$ 47,015,567</u>	<u>\$ 49,481</u>	<u>\$ 48,418,974</u>	<u>\$ 269,896</u>	<u>\$ 25,851</u>	<u>\$ 23,630</u>

## 17. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Fire Station Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid items	\$ 20,993	\$ -	\$ 7,020	\$ 28,013
Property held for resale	49,051	-	-	49,051
Permanent funds:				
General cemetery care	-	-	3,961,558	3,961,558
Parks and playgrounds	-	-	5,210,766	5,210,766
All remaining	-	-	263,081	263,081
Total Nonspendable	70,044	-	9,442,425	9,512,469
Restricted				
Library donations	53,923	-	-	53,923
Special revenue funds:				
Derry public library	-	-	189,159	189,159
Waste tire and transportation	-	-	662,017	662,017
Conservation commission	-	-	1,092,882	1,092,882
All remaining	-	-	386,427	386,427
Bonded capital projects:				
Fire station	-	17,426,346	-	17,426,346
Bridge improvements	-	-	1,397,012	1,397,012
Recreational facility	-	-	1,312,096	1,312,096
Exit 4A	-	-	268,621	268,621
Permanent funds:				
General cemetery care	-	-	76,081	76,081
Parks and playgrounds	-	-	222,295	222,295
All remaining	-	-	10,728	10,728
Total Restricted	53,923	17,426,346	5,617,318	23,097,587
Committed				
Gateway TIF	612,410	-	-	612,410
Derry Commerce Corridor TIF	164,531	-	-	164,531
Collective bargaining units	1,457,504	-	-	1,457,504
Hood Park upgrades	456,151	-	-	456,151
Land purchase	100,000	-	-	100,000
Capital reserve funds:				
Capital	11,174,939	-	-	11,174,939
Compensated absences	1,610,358	-	-	1,610,358
COVID-19 Mitigation	576,993	-	-	576,993
Special revenue funds:				
Cable television	-	-	448,917	448,917
Economic development loan - REDC	-	-	456,116	456,116
Capital project funds:				
Fire station	-	694,402	-	694,402
Bridge improvements	-	-	919,163	919,163
All remaining	-	-	123,715	123,715
Total Committed	16,152,886	694,402	1,947,911	18,795,199
Assigned				
Next year's expenditures	292,665	-	-	292,665
FY23 surplus to be transferred	850,000	-	-	850,000
Forest management	40,585	-	-	40,585
Abbott Court garage	702,771	-	-	702,771
Audit	50,000	-	-	50,000
Police vehicle	61,743	-	-	61,743
Aluminum trash trailer	91,365	-	-	91,365
Utility truck	131,444	-	-	131,444
Plow truck	244,188	-	-	244,188
Ambulance	298,500	-	-	298,500
Patrol car upfitting	84,442	-	-	84,442
Other	280,367	-	-	280,367
Total Assigned	3,128,070	-	-	3,128,070
Unassigned	13,431,008	-	-	13,431,008
	<u>\$ 32,835,931</u>	<u>\$ 18,120,748</u>	<u>\$ 17,007,654</u>	<u>\$ 67,964,333</u>

## 18. New Hampshire Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

### ***Plan Description***

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. NHRS provides 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 NHRS. 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. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

### ***Benefits Provided***

Group 1 benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced. Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not

vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

### ***Contributions***

Plan members are required to contribute a percentage of their earnable compensation to the pension plan. Contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 14.06% to 33.88% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2023 was \$4,777,365 which was equal to its annual required contribution.

### ***Summary of Significant Accounting Policies***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023, the Town reported a liability of \$47,043,187 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, utilizing procedures incorporating the actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.820%.

For the year ended June 30, 2023, the Town recognized pension expense of \$4,288,594. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 4,777,365	\$ -
Differences between expected and actual experience	882,917	180,591
Differences between projected and actual earnings on pension plan investments	1,782,876	-
Changes in assumptions	2,502,322	-
Changes in proportion	<u>357,852</u>	<u>1,071,622</u>
	<u>\$ 10,303,332</u>	<u>\$ 1,252,213</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the pension expense in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 1,574,120
2025	1,283,402
2026	(913,942)
2027	<u>2,330,174</u>
	<u>\$ 4,273,754</u>

### ***Actuarial Assumptions***

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00% per year
Wage Inflation	2.75% per year
Salary increases	5.40% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

### ***Target Allocations***

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

The following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Broad US Equity (1)	30.00 %	7.60%
Global Ex-US Equity (2)	<u>20.00</u>	7.90%
Total Public Equity	50.00	
Real Estate Equity	10.00	6.60%
Private Equity	<u>10.00</u>	8.85%
Total Private Market Equity	20.00	
Private Debt	<u>5.00</u>	7.25%
Total Private Debt	5.00	
Core U.S. Fixed Income (3)	<u>25.00</u>	3.60%
Total Fixed Income	25.00	
Inflation	<u>-</u>	2.25%
Total	<u><u>100.00</u></u> %	

### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member

contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 63,120,096	\$ 47,043,187	\$ 33,676,725

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

**19. Other Post-Employment Benefits (GASB 75)**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

***Town OPEB Plan***

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of June 30, 2023.



## *General Information about the OPEB Plan*

### Plan Description

The Town provides post-employment healthcare 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. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

### Benefits Provided

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

### Funding Policy

Retirees pay 100% of the premium in excess of the NHRS Subsidy, if any, with the following exceptions:

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

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

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

- The Town also provides for up to 3.5 years of long-term disability coverage for current Teamster-Public Works and PATE union contracts. For Teamsters disabled as of July 1, 2013, the coverage period will be four years.

- PATE employees hired after November 22, 2016 will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing shall be limited to the amount of the July 1, 2016 Medcomp premium.
- Non-represented employees hired after July 1, 2016 reaching age 65 and qualifying for retirement under the rules and regulations of NHRS will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing (January 8, 2017) shall be limited to the amount of the July 1, 2016 Medcomp premium.

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

#### Plan Membership

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	182
Active employees	<u>186</u>
Total	<u><u>368</u></u>

#### Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Group I: 14.75% decreasing over 12 years to an ultimate level of 3.25% Group II (Police): 27.75% decreasing over 8 years to an ultimate level of 4.25% Group III (Fire): 27.75% decreasing over 8 years to an ultimate level of 3.65%
Discount rate	3.65%
Healthcare cost trend rates	Health Trust: 6.20%, then 6.75% decreasing by 0.25% per year to an ultimate level of 4.50%. Allegiant Care: 4.00%, then 6.75%, then 6.50% decreasing by 0.25% per year to an ultimate level of 4.50%.
Participation rate	80% of active employees and 100% retirees over the age of 65.

Mortality rates were based on:

- Pre-Retirement: PubG-2010 Headcount-Weighted Employee General Mortality Tables for Group I and PubS-2010 Headcount-Weighted Employee Safety Mortality Tables for Group II projected generationally for males and females with Scale MP-2019.
- Healthy: PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for Group I and PubS-2010 Headcount-Weighted Healthy Retiree Safety Mortality Tables for Group II projected generationally for males and females with Scale MP-2019.
- Disabled: PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I and PubS-2010 Headcount-Weighted Safety Disabled Retiree Mortality Tables for Group II projected generationally for males and females with Scale MP-2019.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study from July 1, 2015 through June 30, 2019.

#### Discount Rate

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.54 % as of June 30, 2022 and 3.65% as of June 30, 2023).

#### Total OPEB Liability

The Town's total OPEB liability of \$13,568,021 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

#### Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

Balance, Beginning of Year	\$	12,506,607
Changes for the year:		
Service cost		380,576
Interest or other inputs		450,919
Differences between expected and actual experience		207,489
Changes in assumptions		323,746
Benefit payments		<u>(301,316)</u>
Net Changes		<u>1,061,414</u>
Balance, End of Year	\$	<u><u>13,568,021</u></u>

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease <u>(2.65%)</u>	Current Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
\$ 15,988,433	\$ 13,568,021	\$ 11,652,855

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 11,424,289	\$ 13,568,021	\$ 16,336,904

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$(367,503). At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Change in assumptions	\$ 1,823,016	\$ 5,356,415
Differences between expected and actual experience	<u>329,495</u>	<u>515,412</u>
	<u>\$ 2,152,511</u>	<u>\$ 5,871,827</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ (1,041,680)
2025	(700,724)
2026	(1,477,337)
2027	(588,115)
2028	<u>88,540</u>
	<u>\$ (3,719,316)</u>

### ***New Hampshire Retirement System Medical Subsidy Plan Description***

#### ***General Information about the OPEB Plan***

##### Plan Description

In addition to the Town OPEB Plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

##### Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 person Medicare Supplement - \$473.68

### Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of earnable compensation. The Town contributed 0.29% of gross payroll for Group I employees, 1.81% of gross payroll for Group I teachers, and 3.66% and 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

### Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same as the New Hampshire Retirement System footnote.

### Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2022 was \$3,658,820.

For the year ended June 30, 2023, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$309,208. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 410,200	\$ -
Differences between expected and actual experience	<u>9,999</u>	<u>-</u>
	<u>\$ 420,199</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ended June 30:

2024	\$ 1,662
2025	432
2026	(3,934)
2027	11,839
	<u>\$ 9,999</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
\$ 3,972,273	\$ 3,658,820	\$ 3,385,828

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

***Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows***

The following consolidates the Town's total OPEB liability and related deferred outflows and inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows and inflows at June 30, 2023:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total Pension Expense
Town OPEB Plan	\$ 13,568,021	\$ 2,152,511	\$ 5,871,827	\$ (367,503)
Proportionate share of NHRS Medical Subsidy Plan	<u>3,658,820</u>	<u>420,199</u>	<u>-</u>	<u>309,208</u>
	<u>\$ 17,226,841</u>	<u>\$ 2,572,710</u>	<u>\$ 5,871,827</u>	<u>\$ (58,295)</u>

## 20. Commitments and Contingencies

### ***Exit 4A***

On January 13, 2016, the Town entered into an agreement with the State of New Hampshire for the construction of a new exit off Interstate 93, Exit 4A. The Town agreed to pay for \$5,000,000 of expenses prior to giving the project to the State of New Hampshire to finalize. As of year-end, the Town had expended \$4,730,776 of project costs, with \$264,122 unexpended bond proceeds in a capital project fund.

### ***Outstanding Legal Issues***

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

### ***Grants***

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

### ***Abatements***

There are several cases pending before the New Hampshire Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

### ***Encumbrances***

At year-end, the Town's General Fund had \$1,934,442 in encumbrances that will be honored in the next fiscal year.

## 21. Subsequent Events

Management has evaluated subsequent events through December 12, 2023, which is the date the financial statements were made available.

### ***Debt***

Subsequent to June 30, 2023, the Town incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
Loan issuance	\$ 500,537	4.07%	7/20/2023	7/20/2028
Loan issuance	\$ 1,101,752	3.97%	7/20/2023	7/20/2030



## **22. New Pronouncement**

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 100, *Accounting Changes and Error Corrections* (an amendment of GASB Statement No. 62), effective for the Town for the fiscal year ending June 30, 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. Management is currently evaluating the impact of implementing this GASB pronouncement.

(This page intentionally left blank.)

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Other Sources (Uses) - Budget and Actual

For the Year Ended June 30, 2023

(Unaudited)

	<u>Budgeted Amounts</u>		<u>Adjusted</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 28,476,629	\$ 27,867,994	\$ 28,865,375	\$ 997,381
Licenses and permits	6,913,280	6,913,280	7,420,273	506,993
Intergovernmental	3,758,229	7,640,151	7,630,726	(9,425)
Charges for services	2,350,958	2,525,958	2,798,664	272,706
Other	<u>695,195</u>	<u>696,970</u>	<u>1,933,540</u>	<u>1,236,570</u>
Total Revenues	42,194,291	45,644,353	48,648,578	3,004,225
<b>Expenditures</b>				
Prevention and emergency services	11,779,226	11,826,041	11,801,351	24,690
Emergency management	44,256	91,840	65,119	26,721
Police and animal control	10,279,329	10,326,479	9,783,732	542,747
Executive	4,365,155	5,507,558	5,122,779	384,779
Finance	28,584,097	33,781,852	33,761,342	20,510
Town clerk and elections	258,979	258,979	240,202	18,777
Libraries	1,608,075	1,617,435	1,617,435	-
Planning	307,623	307,623	297,642	9,981
Tax increment financing district	1,307,394	2,659,714	2,593,520	66,194
Public works	<u>10,096,130</u>	<u>10,971,085</u>	<u>10,943,115</u>	<u>27,970</u>
Total Expenditures	<u>68,630,264</u>	<u>77,348,606</u>	<u>76,226,237</u>	<u>1,122,369</u>
Excess (deficiency) of revenues over expenditures	(26,435,973)	(31,704,253)	(27,577,659)	4,126,594
<b>Other Financing Sources (Uses)</b>				
Use of unassigned fund balance:				
Fire facility capital reserve	1,000,000	1,100,000	1,100,000	-
Parking garage design	-	845,250	845,250	-
Use of assigned fund balance	-	1,217,380	1,217,380	-
Use of prior year fund balance (carryforwards)	-	1,666,895	1,666,895	-
Transfers in from other funds	3,570,295	4,794,244	4,709,626	(84,618)
Issuance of loans	1,709,368	1,684,169	1,684,169	-
<sup>1</sup> Issuance of bonds	20,000,000	20,100,000	20,000,000	(100,000)
Other financing sources	<u>156,310</u>	<u>296,315</u>	<u>718,652</u>	<u>422,337</u>
Total Other Financing Sources	<u>26,435,973</u>	<u>31,704,253</u>	<u>31,941,972</u>	<u>237,719</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,364,313</u>	\$ <u>4,364,313</u>

<sup>1</sup> Issuance of bonds were reported in the Fire Station Fund (major capital project fund) on the Statement of Revenues, Expenditures, and Changes in Fund Balances; however, the Town budgeted for the issuance of bonds in the General Fund and budgeted an offsetting transfer out (reported as Finance expenditures above).

See Independent Auditors' Report and Notes to the Required Supplementary Information.

## Notes to the Required Supplementary Information for General Fund Budget

### Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

### Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from 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 to budgetary data.

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Total</u>
GAAP Basis	\$ 47,408,848	\$ 45,687,311	\$ 3,155,988	\$ 880,877	\$ 3,996,648
To reverse net down adjustment	-	-	9,087,910	9,087,910	-
To record current year encumbrances	-	1,934,442	-	-	(1,934,442)
To record current year article carryforwards	-	556,151	-	-	(556,151)
To record budgeted use of unassigned fund balance	-	-	1,945,250	-	1,945,250
To record budgeted use of assigned fund balance	-	-	1,217,380	-	1,217,380
To record budgeted use of prior year fund balance (carryforwards)	-	-	1,666,895	-	1,666,895
To reverse effects of combining General Fund and capital reserve funds (GASB 54)	(93,633)	(15,181)	(6,059,173)	(3,157,936)	(2,979,689)
To record change in unearned revenue for ARPA grant	1,261,216	-	-	-	1,261,216
To record bond proceeds presentation adjustment	-	20,000,000	20,000,000	-	-
To gross up CBA Trust Fund transfers for budgetary presentation	-	252,795	-	-	(252,795)
To reclassify transfers for budgetary presentation	-	6,810,851	-	(6,810,851)	-
To record budgetary gross up for capital reserve fund transfers	-	1,000,000	1,000,000	-	-
Other differences	<u>72,147</u>	<u>(132)</u>	<u>(72,278)</u>	<u>-</u>	<u>1</u>
Budgetary Basis	<u>\$ 48,648,578</u>	<u>\$ 76,226,237</u>	<u>\$ 31,941,972</u>	<u>\$ -</u>	<u>\$ 4,364,313</u>

**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2023	June 30, 2022	0.820%	\$47,043,187	\$ 21,360,119	220.2%	65.12%
June 30, 2022	June 30, 2021	0.834%	\$36,964,795	\$ 20,583,990	179.6%	72.22%
June 30, 2021	June 30, 2020	0.826%	\$52,840,442	\$ 20,156,888	262.1%	58.72%
June 30, 2020	June 30, 2019	0.853%	\$41,051,605	\$ 19,172,219	214.1%	65.59%
June 30, 2019	June 30, 2018	0.839%	\$40,377,753	\$ 18,454,822	218.8%	64.73%
June 30, 2018	June 30, 2017	0.873%	\$42,950,476	\$ 17,801,398	241.3%	62.66%
June 30, 2017	June 30, 2016	0.861%	\$45,795,667	\$ 17,339,518	264.1%	58.30%
June 30, 2016	June 30, 2015	0.917%	\$36,324,323	\$ 18,197,458	199.6%	65.47%
June 30, 2015	June 30, 2014	0.904%	\$33,932,627	\$ 17,235,414	196.9%	66.32%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

# **TOWN OF DERRY, NEW HAMPSHIRE**

## Required Supplementary Information Schedule of Pension Contributions (Unaudited)

### New Hampshire Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)		
June 30, 2023	June 30, 2022	\$ 4,777,365	\$ 4,777,365	\$ -	\$ 21,030,877	22.7%
June 30, 2022	June 30, 2021	\$ 4,778,226	\$ 4,778,226	\$ -	\$ 21,360,119	22.4%
June 30, 2021	June 30, 2020	\$ 3,885,967	\$ 3,885,967	\$ -	\$ 20,583,990	18.9%
June 30, 2020	June 30, 2019	\$ 3,730,644	\$ 3,730,644	\$ -	\$ 20,156,888	18.5%
June 30, 2019	June 30, 2018	\$ 3,737,431	\$ 3,737,431	\$ -	\$ 19,172,219	19.5%
June 30, 2018	June 30, 2017	\$ 3,592,009	\$ 3,592,009	\$ -	\$ 18,454,822	19.5%
June 30, 2017	June 30, 2016	\$ 3,628,738	\$ 3,628,738	\$ -	\$ 17,801,398	20.4%
June 30, 2016	June 30, 2015	\$ 3,428,607	\$ 3,428,607	\$ -	\$ 17,339,518	19.8%
June 30, 2015	June 30, 2014	\$ 3,512,182	\$ 3,512,182	\$ -	\$ 18,197,458	19.3%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information  
Schedules of Proportionate Share of the Net OPEB Liability and Contributions  
(Unaudited)

**Schedule of Proportionate Share**

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
June 30, 2023	June 30, 2022	0.9682%	\$3,658,820	\$ 21,360,119	17.13%	10.64%
June 30, 2022	June 30, 2021	0.9242%	\$3,700,869	\$ 20,583,990	17.98%	11.06%
June 30, 2021	June 30, 2020	0.9092%	\$3,979,818	\$ 20,156,888	19.74%	7.74%
June 30, 2020	June 30, 2019	1.0157%	\$4,452,765	\$ 19,172,219	23.23%	7.75%
June 30, 2019	June 30, 2018	0.9934%	\$4,548,350	\$ 18,454,822	24.65%	7.53%
June 30, 2018	June 30, 2017	0.6856%	\$3,134,883	\$ 17,801,398	17.61%	7.91%

**Schedule of Contributions**

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2023	June 30, 2022	\$410,200	\$410,200	\$ -	\$21,030,877	1.95%
June 30, 2022	June 30, 2021	\$403,847	\$403,847	\$ -	\$21,360,119	1.89%
June 30, 2021	June 30, 2020	\$448,731	\$448,731	\$ -	\$20,583,990	2.18%
June 30, 2020	June 30, 2019	\$431,606	\$431,606	\$ -	\$20,156,888	2.14%
June 30, 2019	June 30, 2018	\$465,920	\$465,920	\$ -	\$19,172,219	2.43%
June 30, 2018	June 30, 2017	\$439,421	\$439,421	\$ -	\$18,454,822	2.38%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.



**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information  
Schedule of Changes in the Total OPEB Liability  
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 380,576	\$ 645,341	\$ 880,103	\$ 579,262	\$ 672,019	\$ 767,608
Interest	450,919	402,521	511,093	605,031	710,488	654,556
Changes of benefit terms	-	(2,317,419)	-	-	-	-
Differences between expected and actual experience	207,489	-	(1,030,823)	-	939,510	-
Changes of assumptions	323,746	(4,059,931)	(4,304,505)	4,659,678	(2,985,248)	(943,898)
Benefit payments, including refunds of member contributions	<u>(301,316)</u>	<u>(305,964)</u>	<u>(318,424)</u>	<u>(293,406)</u>	<u>(339,136)</u>	<u>(273,464)</u>
Net Change in Total OPEB Liability	1,061,414	(5,635,452)	(4,262,556)	5,550,565	(1,002,367)	204,802
Total OPEB Liability - Beginning	<u>12,506,607</u>	<u>18,142,059</u>	<u>22,404,615</u>	<u>16,854,050</u>	<u>17,856,417</u>	<u>17,651,615</u>
Total OPEB Liability - Ending	\$ <u>13,568,021</u>	\$ <u>12,506,607</u>	\$ <u>18,142,059</u>	\$ <u>22,404,615</u>	\$ <u>16,854,050</u>	\$ <u>17,856,417</u>
Covered employee payroll	\$ 21,030,877	\$ 21,360,119	\$ 20,583,990	\$ 20,156,888	\$ 19,172,219	\$ 18,454,822
Total OPEB Liability as a percentage of covered employee payroll	64.51%	58.55%	88.14%	111.15%	87.91%	96.76%

Does not include New Hampshire Retirement System Medical Subsidy.

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF DERRY, NH**

Required Supplementary Information  
Modified Approach for Infrastructure Capital Assets  
(Unaudited)

**Schedule of Condition Assessment**

<u>Fiscal Year of Assessment</u>	<u>Rating</u>	<u>Condition</u>
2021	84	excellent
2018	82	excellent
2015	79	good
2012	75	good
2009	78	good

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

<u>Year Ending June 30,</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>
2023	\$ 2,010,645	\$ 1,739,822
2022	\$ 1,395,767	\$ 1,434,179
2021	\$ 1,499,755	\$ 1,168,192
2020	\$ 1,438,622	\$ 1,454,753
2019	\$ 1,450,479	\$ 1,731,581
2018	\$ 1,449,625	\$ 1,422,083
2017	\$ 1,454,273	\$ 1,186,108
2016	\$ 1,448,938	\$ 1,534,567
2015	\$ 1,456,663	\$ 1,276,827
2014	\$ 1,459,764	\$ 1,493,108

See Independent Auditors' Report and Notes to the Required Supplementary Information.

## **Notes to the Required Supplementary Information Modified Approach for Infrastructure Capital Assets**

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

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

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

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

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

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

The last four assessments effective in 2021, 2018, 2015, and 2012 reflected a good to excellent PCI rating of 84, 82, 79, 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.

The current PCI of 84 exceeds the Town 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 or above its adopted range.

The Town has expended an average of \$1,444,122 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.

**SUPPLEMENTARY STATEMENTS  
AND SCHEDULES**

(This page intentionally left blank.)

## **COMBINING FINANCIAL STATEMENTS**

## NONMAJOR 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 the public library located at 49 East Derry Road.
- Cable Television Fund: This fund is used to account for cable television franchise fees and other related miscellaneous income and expenses associated with cable television.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring and preserving conservation land. This fund receives 100% of Land Use Change Tax (current use) revenue and public donations designated for conservation purposes.
- Public Safety Grants Fund: This fund is used to account for grants and donations received and expenses for the purpose of public safety including for the enforcement of underage drinking laws, DWI saturation, seatbelt compliance, off-road vehicle patrols and funding for domestic preparedness planning, training and equipment using federal pass-through funds from Rockingham County for justice assistance and New Hampshire Department of Justice, New Hampshire Highway Safety, and New Hampshire Fish and Game.
- Miscellaneous Grants Fund: This fund is used to account for various donations or grants received and their related expenditures.
- Waste Tire and Transportation Fund: This fund has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways. The Town also adopted NH RSA 31:19A to establish the Waste Reclamation Trust (the Trust). 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 and to recycle and reclaim other types of solid waste.
- Police Revolving Fund: This fund has been established in accordance with NH RSA 31:95-h to account for revenues and expenses related to outside police detail activities.
- Police Gift Fund: This fund has been established to account for revenues and expenses related to gifts received for police activities.



- Rockingham Economic Development Corporation: This fund is used to account for loan revenue and expenditures associated with economic development for eligible small businesses. This fund is supported by Rockingham Economic Development Corporation who also acts as the Town's agent in administering the loans.

### **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:

- Rail Trail Fund: This fund is used to account for all costs associated with improving the Derry Rail Trail. Segment 1, which is currently in the engineering phase, will include paving Hood Park to North High Street. Depending on available funds, Segment 2 from North High Street to the Londonderry line will be completed at a future date.
- Bridge Improvements Fund: During fiscal year 2017, this fund was repurposed to account for the construction of bridges on North Shore Road at Beaver Lake and Island Pond. The North Shore Road at Beaver Lake project qualifies for 80% reimbursement from the State of New Hampshire for eligible costs.
- Recreational Facility Fund: This fund is used to account for capital improvements to the Town's recreational facilities.
- Exit 4A Fund: This fund is used to account for the construction of a new exit off Interstate 93.
- Hood Pond Dam Reconstruction Fund: This fund is used to account for the reconstruction costs of the Hood Pond Dam. The State of New Hampshire is requiring this work to be completed before the Town can proceed with Segment 1 of the Derry Rail Trail improvements as described in the Rail Trail Fund above.

### **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 the Town's 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.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	<u>Special Revenue Funds</u>				
	Derry Public Library <u>Fund</u>	Taylor Library <u>Fund</u>	Cable Television <u>Fund</u>	Conservation Commission <u>Fund</u>	Public Safety Grants <u>Fund</u>
<b>Assets</b>					
Cash and short-term investments	\$ 496	\$ 350	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	-	-	97,431	-
Accounts receivable, net	-	-	134,403	-	-
Due from other governments	-	-	-	-	3,885
Due from other funds	191,183	23,216	334,210	1,092,890	72,855
Prepaid items	881	-	6,139	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ <u>192,560</u>	\$ <u>23,566</u>	\$ <u>474,752</u>	\$ <u>1,190,321</u>	\$ <u>76,740</u>
<b>Liabilities</b>					
Accounts payable	\$ 2,520	\$ -	\$ 19,696	\$ 8	\$ -
Accrued liabilities	-	-	-	-	-
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	3,885
Total Liabilities	2,520	-	19,696	8	3,885
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	97,431	-
<b>Fund Balances</b>					
Nonspendable	881	-	6,139	-	-
Restricted	189,159	23,566	-	1,092,882	72,855
Committed	-	-	448,917	-	-
Total Fund Balances	<u>190,040</u>	<u>23,566</u>	<u>455,056</u>	<u>1,092,882</u>	<u>72,855</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>192,560</u>	\$ <u>23,566</u>	\$ <u>474,752</u>	\$ <u>1,190,321</u>	\$ <u>76,740</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

(continued)

	<u>Special Revenue Funds</u>				
	Miscellaneous Grants <u>Fund</u>	Waste Tire and Transportation <u>Fund</u>	Police Revolving <u>Fund</u>	Police Gift <u>Fund</u>	Rockingham Economic Development <u>Corporation</u>
<b>Assets</b>					
Cash and short-term investments	\$ -	\$ 111,307	\$ -	\$ -	\$ -
Investments	-	740,796	-	-	-
Taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	40,191	-	-
Due from other governments	-	-	400	-	-
Due from other funds	79,789	75,526	167,635	2,000	207,656
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	422,609
Total Assets	\$ <u>79,789</u>	\$ <u>927,629</u>	\$ <u>208,226</u>	\$ <u>2,000</u>	\$ <u>630,265</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 9	\$ -	\$ -
Accrued expenditures	-	-	-	-	1,684
Retainage payable	-	-	-	-	-
Due to other funds	-	265,612	-	-	-
Total Liabilities	-	265,612	9	-	1,684
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	172,465
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	79,789	662,017	208,217	2,000	-
Committed	-	-	-	-	456,116
Total Fund Balances	<u>79,789</u>	<u>662,017</u>	<u>208,217</u>	<u>2,000</u>	<u>456,116</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>79,789</u>	\$ <u>927,629</u>	\$ <u>208,226</u>	\$ <u>2,000</u>	\$ <u>630,265</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

(continued)

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>			
	Total Nonmajor Special Revenue Funds	Rail Trail Fund	Bridge Improvements Fund	Recreational Facility Fund	Exit 4A Fund
<b>Assets</b>					
Cash and short-term investments	\$ 112,153	\$ -	\$ -	\$ -	\$ -
Investments	740,796	-	-	-	-
Taxes receivable	97,431	-	-	-	-
Accounts receivable, net	174,594	-	-	-	-
Due from other governments	4,285	-	-	-	-
Due from other funds	2,246,960	10,234	2,328,703	1,380,583	296,097
Prepaid items	7,020	-	-	-	-
Loans receivable	422,609	-	-	-	-
Total Assets	\$ <u>3,805,848</u>	\$ <u>10,234</u>	\$ <u>2,328,703</u>	\$ <u>1,380,583</u>	\$ <u>296,097</u>
<b>Liabilities</b>					
Accounts payable	\$ 22,233	\$ -	\$ 12,528	\$ 5,457	\$ 5,103
Accrued liabilities	1,684	-	-	-	-
Retainage payable	-	8,303	-	-	-
Due to other funds	269,497	-	-	-	-
Total Liabilities	293,414	8,303	12,528	5,457	5,103
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	269,896	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	7,020	-	-	-	-
Restricted	2,330,485	-	1,397,012	1,312,096	268,621
Committed	905,033	1,931	919,163	63,030	22,373
Total Fund Balances	3,242,538	1,931	2,316,175	1,375,126	290,994
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>3,805,848</u>	\$ <u>10,234</u>	\$ <u>2,328,703</u>	\$ <u>1,380,583</u>	\$ <u>296,097</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

(continued)

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
	Hood Pond Dam Reconstruction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>	General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>
<b>Assets</b>					
Cash and short-term investments	\$ -	\$ -	\$ 534,495	\$ 703,038	\$ 19,293
Investments	-	-	3,503,144	4,731,106	124,624
Taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	37,633	4,053,250	-	9,825	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ <u>37,633</u>	\$ <u>4,053,250</u>	\$ <u>4,037,639</u>	\$ <u>5,443,969</u>	\$ <u>143,917</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 23,088	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Retainage payable	1,252	9,555	-	-	-
Due to other funds	-	-	-	10,908	-
Total Liabilities	1,252	32,643	-	10,908	-
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	-	-	3,961,558	5,210,766	142,995
Restricted	-	2,977,729	76,081	222,295	922
Committed	36,381	1,042,878	-	-	-
Total Fund Balances	36,381	4,020,607	4,037,639	5,433,061	143,917
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>37,633</u>	\$ <u>4,053,250</u>	\$ <u>4,037,639</u>	\$ <u>5,443,969</u>	\$ <u>143,917</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

(continued)

	Permanent Funds			Grand Total Nonmajor Governmental Funds
	Highways and Streets	Human Services	Total Nonmajor Permanent Funds	
<b>Assets</b>				
Cash and short-term investments	\$ 6,381	\$ 9,821	\$ 1,273,028	\$ 1,385,181
Investments	44,800	68,890	8,472,564	9,213,360
Taxes receivable	-	-	-	97,431
Accounts receivable, net	-	-	-	174,594
Due from other governments	-	-	-	4,285
Due from other funds	-	-	9,825	6,310,035
Prepaid items	-	-	-	7,020
Loans receivable	-	-	-	422,609
Total Assets	\$ <u>51,181</u>	\$ <u>78,711</u>	\$ <u>9,755,417</u>	\$ <u>17,614,515</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 45,321
Accrued liabilities	-	-	-	1,684
Retainage payable	-	-	-	9,555
Due to other funds	-	-	10,908	280,405
Total Liabilities	-	-	10,908	336,965
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	269,896
<b>Fund Balances</b>				
Nonspendable	47,292	72,794	9,435,405	9,442,425
Restricted	3,889	5,917	309,104	5,617,318
Committed	-	-	-	1,947,911
Total Fund Balances	<u>51,181</u>	<u>78,711</u>	<u>9,744,509</u>	<u>17,007,654</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>51,181</u>	\$ <u>78,711</u>	\$ <u>9,755,417</u>	\$ <u>17,614,515</u>

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>				
	Derry Public Library <u>Fund</u>	Taylor Library <u>Fund</u>	Cable Television <u>Fund</u>	Conservation Commission <u>Fund</u>	Public Safety Grants <u>Fund</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 306,371	\$ -
Licenses and permits	2,450	-	547,917	-	-
Intergovernmental	-	-	-	-	27,492
Charges for services	1,186	65	-	-	-
Investment income	4,828	577	-	22,961	1,083
Other	<u>24,477</u>	<u>1,114</u>	<u>82,302</u>	<u>302</u>	<u>-</u>
Total Revenues	32,941	1,756	630,219	329,634	28,575
<b>Expenditures</b>					
General government	-	-	483,449	-	-
Public safety	-	-	-	-	16,492
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	15,429	-	1,145	-	-
Economic development	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>232,774</u>	<u>-</u>	<u>67,500</u>
Total Expenditures	<u>15,429</u>	<u>-</u>	<u>717,368</u>	<u>-</u>	<u>83,992</u>
Excess (deficiency) of revenues over expenditures	17,512	1,756	(87,149)	329,634	(55,417)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Bond premiums	-	-	-	-	-
Transfers in	413	1,719	-	-	56,500
Transfers out	<u>-</u>	<u>(1,719)</u>	<u>(7,400)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>413</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>	<u>56,500</u>
Change in Fund Balance	17,925	1,756	(94,549)	329,634	1,083
Fund Balance, at Beginning of Year	<u>172,115</u>	<u>21,810</u>	<u>549,605</u>	<u>763,248</u>	<u>71,772</u>
Fund Balance, at End of Year	\$ <u><u>190,040</u></u>	\$ <u><u>23,566</u></u>	\$ <u><u>455,056</u></u>	\$ <u><u>1,092,882</u></u>	\$ <u><u>72,855</u></u>

(continued)

See Independent Auditors' Report.



**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

(continued)

	Special Revenue Funds				
	Miscellaneous Grants <u>Fund</u>	Waste Tire and Transportation <u>Fund</u>	Police Revolving <u>Fund</u>	Police Gift <u>Fund</u>	Rockingham Economic Development Corporation
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	10,044
Charges for services	-	-	232,435	-	-
Investment income	2,054	13,608	-	-	681
Other	<u>2,561</u>	<u>-</u>	<u>20,300</u>	<u>-</u>	<u>111,538</u>
Total Revenues	4,615	13,608	252,735	-	122,263
<b>Expenditures</b>					
General government	2,000	1,015	-	-	-
Public safety	-	-	143,026	-	-
Highways and streets	-	-	-	-	-
Health and welfare	1,225	-	-	-	-
Culture and recreation	14,116	-	-	-	-
Economic development	-	-	-	-	41,739
Capital outlay	<u>131</u>	<u>-</u>	<u>43,005</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>17,472</u>	<u>1,015</u>	<u>186,031</u>	<u>-</u>	<u>41,739</u>
Excess (deficiency) of revenues over expenditures	(12,857)	12,593	66,704	-	80,524
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Bond premiums	-	-	-	-	-
Transfers in	3,000	279,697	-	-	-
Transfers out	<u>-</u>	<u>(450,767)</u>	<u>(56,315)</u>	<u>-</u>	<u>(900)</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>(171,070)</u>	<u>(56,315)</u>	<u>-</u>	<u>(900)</u>
Change in Fund Balance	(9,857)	(158,477)	10,389	-	79,624
Fund Balance, at beginning of year	<u>89,646</u>	<u>820,494</u>	<u>197,828</u>	<u>2,000</u>	<u>376,492</u>
Fund Balance, at end of year	<u>\$ 79,789</u>	<u>\$ 662,017</u>	<u>\$ 208,217</u>	<u>\$ 2,000</u>	<u>\$ 456,116</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

(continued)

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>			
	Total Nonmajor Special Revenue Funds	Rail Trail Fund	Bridge Improvements Fund	Recreational Facility Fund	Exit 4A Fund
<b>Revenues</b>					
Property taxes	\$ 306,371	\$ -	\$ -	\$ -	\$ -
Licenses and permits	550,367	-	-	-	-
Intergovernmental	37,536	-	-	-	-
Charges for services	233,686	-	-	-	-
Investment income	45,792	-	55,982	28,659	7,033
Other	<u>242,594</u>	<u>-</u>	<u>7,476</u>	<u>-</u>	<u>-</u>
Total Revenues	1,416,346	-	63,458	28,659	7,033
<b>Expenditures</b>					
General government	486,464	-	-	-	-
Public safety	159,518	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	1,225	-	-	-	-
Culture and recreation	30,690	-	-	-	-
Economic development	41,739	-	-	-	-
Capital outlay	<u>343,410</u>	<u>-</u>	<u>81,290</u>	<u>428,419</u>	<u>5,103</u>
Total Expenditures	<u>1,063,046</u>	<u>-</u>	<u>81,290</u>	<u>428,419</u>	<u>5,103</u>
Excess (deficiency) of revenues over expenditures	353,300	-	(17,832)	(399,760)	1,930
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	1,422,300	-	-
Bond premiums	-	-	177,700	-	-
Transfers in	341,329	-	549,946	2,178	-
Transfers out	<u>(517,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(175,772)</u>	<u>-</u>	<u>2,149,946</u>	<u>2,178</u>	<u>-</u>
Change in Fund Balance	177,528	-	2,132,114	(397,582)	1,930
Fund Balance, at beginning of year	<u>3,065,010</u>	<u>1,931</u>	<u>184,061</u>	<u>1,772,708</u>	<u>289,064</u>
Fund Balance, at end of year	\$ <u><u>3,242,538</u></u>	\$ <u><u>1,931</u></u>	\$ <u><u>2,316,175</u></u>	\$ <u><u>1,375,126</u></u>	\$ <u><u>290,994</u></u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

(continued)

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
	Hood Pond Dam Reconstruction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>	General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	91,674	307,763	461,244	11,961
Other	-	7,476	-	-	-
	<u>-</u>	<u>99,150</u>	<u>307,763</u>	<u>461,244</u>	<u>11,961</u>
Total Revenues	-	99,150	307,763	461,244	11,961
<b>Expenditures</b>					
General government	-	-	23,640	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	31,155	855
Economic development	-	-	-	-	-
Capital outlay	-	514,812	-	-	-
	<u>-</u>	<u>514,812</u>	<u>23,640</u>	<u>31,155</u>	<u>855</u>
Total Expenditures	-	514,812	23,640	31,155	855
Excess (deficiency) of revenues over expenditures	-	(415,662)	284,123	430,089	11,106
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	1,422,300	-	-	-
Bond premiums	-	177,700	-	-	-
Transfers in	-	552,124	20,975	-	-
Transfers out	-	-	(50,000)	(46,289)	(2,132)
	<u>-</u>	<u>2,152,124</u>	<u>(29,025)</u>	<u>(46,289)</u>	<u>(2,132)</u>
Total Other Financing Sources (Uses)	-	2,152,124	(29,025)	(46,289)	(2,132)
Change in Fund Balance	-	1,736,462	255,098	383,800	8,974
Fund Balance, at beginning of year	36,381	2,284,145	3,782,541	5,049,261	134,943
Fund Balance, at end of year	\$ <u>36,381</u>	\$ <u>4,020,607</u>	\$ <u>4,037,639</u>	\$ <u>5,433,061</u>	\$ <u>143,917</u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

(continued)

	<u>Permanent Funds</u>			Grand Total Nonmajor Governmental Funds
	<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 306,371
Licenses and permits	-	-	-	550,367
Intergovernmental	-	-	-	37,536
Charges for services	-	-	-	233,686
Investment income	3,957	6,087	791,012	928,478
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,070</u>
Total Revenues	3,957	6,087	791,012	2,306,508
<b>Expenditures</b>				
General government	-	-	23,640	510,104
Public safety	-	-	-	159,518
Highways and streets	283	-	283	283
Health and welfare	-	435	435	1,660
Culture and recreation	-	-	32,010	62,700
Economic development	-	-	-	41,739
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,222</u>
Total Expenditures	<u>283</u>	<u>435</u>	<u>56,368</u>	<u>1,634,226</u>
Excess (deficiency) of revenues over expenditures	3,674	5,652	734,644	672,282
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	-	1,422,300
Bond premiums	-	-	-	177,700
Transfers in	-	-	20,975	914,428
Transfers out	<u>-</u>	<u>(1,500)</u>	<u>(99,921)</u>	<u>(617,022)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,500)</u>	<u>(78,946)</u>	<u>1,897,406</u>
Change in Fund Balance	3,674	4,152	655,698	2,569,688
Fund Balance, at beginning of year	<u>47,507</u>	<u>74,559</u>	<u>9,088,811</u>	<u>14,437,966</u>
Fund Balance, at end of year	\$ <u><u>51,181</u></u>	\$ <u><u>78,711</u></u>	\$ <u><u>9,744,509</u></u>	\$ <u><u>17,007,654</u></u>

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Cable Television Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues and Other Sources</b>				
Licenses and permits	\$ 548,000	\$ 548,000	\$ 547,917	\$ (83)
Other	25,000	25,000	82,302	57,302
Use of fund balance	109,226	109,226	109,226	-
Use of prior year fund balance (carryforwards)	<u>-</u>	<u>44,946</u>	<u>44,946</u>	<u>-</u>
Total Revenues and Other Sources	682,226	727,172	784,391	57,219
<b>Expenditures and Other Uses</b>				
Current operations:				
General government	394,874	397,765	432,132	(34,367)
Capital outlay	226,000	268,055	232,774	35,281
Transfers out	<u>61,352</u>	<u>61,352</u>	<u>59,862</u>	<u>1,490</u>
Total Expenditures and Other Uses	<u>682,226</u>	<u>727,172</u>	<u>724,768</u>	<u>2,404</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>59,623</u>	\$ <u>59,623</u>

See Independent Auditors' Report.

(This page intentionally left blank.)

## **FIDUCIARY FUNDS**

### **PRIVATE PURPOSE TRUST 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, East Derry Improvements, and Memorial Day Flowers.

<b><u>Trust Name</u></b>	<b><u>Trust Purpose</u></b>
Derry Public Schools	Support public schools in Derry
Derry Visiting Nurse Association	To care and treat elderly women and men who are 55 or more and reside in the Towns of Derry, Windham, or Londonderry
East Derry Improvements Society	East Derry Improvements
Memorial Day Flowers	To place flowers each Memorial Day upon Helen Noyes' lot in Forest Hills

### **CUSTODIAL FUNDS**

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

<b><u>Fund Name</u></b>	<b><u>Fund Purpose</u></b>
Taxes and Fees	Collection and payment of taxes and fees collected on behalf of other governments for public schools, county, and motor vehicle registrations
Derry Cooperative School Capital Reserve	Funds held by the Town of Derry, New Hampshire on behalf of the Derry Cooperative School District, an independent governmental unit

**TOWN OF DERRY, NH**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

	Private-Purpose Trust Funds				
	Derry Public <u>Schools</u>	Derry Visiting <u>Nurses</u>	East Derry Improvements <u>Society</u>	Memorial Day <u>Flowers</u>	Total Private-Purpose <u>Trust Funds</u>
<b>Assets</b>					
Cash and short-term investments	\$ 16,397	\$ 89,754	\$ 4,035	\$ 534	\$ 110,720
Investments:					
Corporate bonds	4,461	24,419	1,098	145	30,123
Corporate equities	19,867	108,746	4,889	647	134,149
Fixed income mutual funds	953	5,219	235	31	6,438
Market-linked certificates of deposit	7,681	42,043	1,890	250	51,864
U.S. Treasury notes	1,508	8,254	371	49	10,182
Federal agency securities	45,183	247,316	11,119	1,472	305,090
Other	<u>496</u>	<u>2,714</u>	<u>122</u>	<u>16</u>	<u>3,348</u>
Total Investments	<u>80,149</u>	<u>438,711</u>	<u>19,724</u>	<u>2,610</u>	<u>541,194</u>
Total Assets	96,546	528,465	23,759	3,144	651,914
<b>Net Position</b>					
Restricted for individuals, organizations, and other governments	\$ <u>96,546</u>	\$ <u>528,465</u>	\$ <u>23,759</u>	\$ <u>3,144</u>	\$ <u>651,914</u>
Total Net Position	\$ <u><u>96,546</u></u>	\$ <u><u>528,465</u></u>	\$ <u><u>23,759</u></u>	\$ <u><u>3,144</u></u>	\$ <u><u>651,914</u></u>

(continued)

See Independent Auditors' Report.



**TOWN OF DERRY, NH**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

(continued)

	<u>Custodial Funds</u>		
	<u>Taxes and Fees</u>	<u>Derry Cooperative School Capital Reserve</u>	<u>Total Custodial Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ -	\$ -	\$ -
Investments:			
Corporate bonds	-	10,893	10,893
Corporate equities	-	48,510	48,510
Fixed income mutual funds	-	2,328	2,328
Market-linked certificates of deposit	-	18,755	18,755
U.S. Treasury notes	-	3,682	3,682
Federal agency securities	-	110,323	110,323
Other	-	1,211	1,211
Total Investments	-	195,702	195,702
Total Assets	-	195,702	195,702
<b>Net Position</b>			
Restricted for individuals, organizations, and other governments	\$ -	\$ 195,702	\$ 195,702
Total Net Position	\$ -	\$ 195,702	\$ 195,702

See Independent Auditors' Report.

**TOWN OF DERRY, NH**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023

	<u>Private-Purpose Trust Funds</u>				
	<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>					
Taxes collected for school district	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes collected for County of Rockingham	-	-	-	-	-
Taxes collected for State of New Hampshire	-	-	-	-	-
Investment income	<u>6,706</u>	<u>43,921</u>	<u>1,634</u>	<u>179</u>	<u>52,440</u>
Total Additions	6,706	43,921	1,634	179	52,440
<b>Deductions</b>					
Payment of taxes to school district	-	-	-	-	-
Payment of taxes to County of Rockingham	-	-	-	-	-
Payment of fees to State of New Hampshire	-	-	-	-	-
Benefits	479	10,968	117	25	11,589
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>479</u>	<u>10,968</u>	<u>117</u>	<u>25</u>	<u>11,589</u>
Change in Net Position	6,227	32,953	1,517	154	40,851
<b>Restricted Net Position</b>					
Beginning of year	<u>90,319</u>	<u>495,512</u>	<u>22,242</u>	<u>2,990</u>	<u>611,063</u>
End of year	\$ <u><u>96,546</u></u>	\$ <u><u>528,465</u></u>	\$ <u><u>23,759</u></u>	\$ <u><u>3,144</u></u>	\$ <u><u>651,914</u></u>

(continued)

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023

(continued)

	<u>Custodial Funds</u>		
	<u>Taxes and Fees</u>	<u>Derry Cooperative School Capital Reserve</u>	<u>Total Custodial Funds</u>
<b>Additions</b>			
Taxes collected for school district	\$ 60,415,656	\$ -	\$ 60,415,656
Taxes collected for County of Rockingham	3,208,503	-	3,208,503
Taxes collected for State of New Hampshire	2,182,058	-	2,182,058
Investment income	<u>-</u>	<u>2,758</u>	<u>2,758</u>
Total Additions	65,806,217	2,758	65,808,975
<b>Deductions</b>			
Payment of taxes to school district	60,415,656	-	60,415,656
Payment of taxes to County of Rockingham	3,208,503	-	3,208,503
Payment of fees to State of New Hampshire	2,182,058	-	2,182,058
Benefits	-	-	-
Other	<u>-</u>	<u>235</u>	<u>235</u>
Total Deductions	<u>65,806,217</u>	<u>235</u>	<u>65,806,452</u>
Change in Net Position	-	2,523	2,523
<b>Restricted Net Position</b>			
Beginning of year	<u>-</u>	<u>193,179</u>	<u>193,179</u>
End of year	\$ <u><u>-</u></u>	\$ <u><u>195,702</u></u>	\$ <u><u>195,702</u></u>

See Independent Auditors' Report.

(This page intentionally left blank.)

**STATISTICAL  
SECTION**

# TOWN OF DERRY, NEW HAMPSHIRE

## STATISTICAL SECTION

The Town of Derry's Annual Comprehensive 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 Town's overall financial health.

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	125
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the Town'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 Town's current levels of outstanding debt and the Town'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 Town'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 Town's financial report relates to the service the Town provides and the activities it performs.	139

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Net Position by Components

Last Ten Fiscal Years

	<u>2014</u>	<u>2015<sup>(1)</sup></u>	<u>2016</u>	<u>2017</u>	<u>2018<sup>(2)</sup></u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$105,790,237	\$104,467,968	\$106,506,853	\$106,931,617	\$107,236,300	\$107,227,846	\$106,371,160	\$108,268,697	\$108,236,145	\$107,760,831
Restricted	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608	10,315,045	11,960,059	11,049,638	12,074,994
Unrestricted	<u>14,207,069</u>	<u>(18,553,655)</u>	<u>(21,371,346)</u>	<u>(23,122,641)</u>	<u>(33,263,272)</u>	<u>(33,706,625)</u>	<u>(35,211,778)</u>	<u>(36,686,677)</u>	<u>(30,688,473)</u>	<u>(24,015,126)</u>
Total Governmental Activities Net Position	<u>\$127,465,981</u>	<u>\$93,654,374</u>	<u>\$92,715,818</u>	<u>\$93,052,222</u>	<u>\$83,140,470</u>	<u>\$83,686,829</u>	<u>\$81,474,427</u>	<u>\$83,542,079</u>	<u>\$88,597,310</u>	<u>\$95,820,699</u>
Business-type Activities										
Net investment in capital assets	\$26,033,422	\$25,797,236	\$26,040,747	\$28,611,229	\$29,941,399	\$30,349,846	\$35,090,634	\$36,438,314	\$36,658,326	\$36,656,518
Unrestricted	<u>5,127,537</u>	<u>4,189,764</u>	<u>6,693,240</u>	<u>4,337,720</u>	<u>2,922,048</u>	<u>3,024,150</u>	<u>3,913,205</u>	<u>4,406,038</u>	<u>5,527,146</u>	<u>6,094,684</u>
Total Business-type Activities Net Position	<u>\$31,160,959</u>	<u>\$29,987,000</u>	<u>\$32,733,987</u>	<u>\$32,948,949</u>	<u>\$32,863,447</u>	<u>\$33,373,996</u>	<u>\$39,003,839</u>	<u>\$40,844,352</u>	<u>\$42,185,472</u>	<u>\$42,751,202</u>
Primary Government										
Net investment in capital assets	\$131,823,659	\$130,265,204	\$132,547,600	\$135,542,846	\$137,177,699	\$137,577,692	\$141,461,794	\$144,707,011	\$144,894,471	\$144,417,349
Restricted	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608	10,315,045	11,960,059	11,049,638	12,074,994
Unrestricted	<u>19,334,606</u>	<u>(14,363,891)</u>	<u>(14,678,106)</u>	<u>(18,784,921)</u>	<u>(30,341,224)</u>	<u>(30,682,475)</u>	<u>(31,298,573)</u>	<u>(32,280,639)</u>	<u>(25,161,327)</u>	<u>(17,920,442)</u>
Total Primary Government Net Position	<u>\$158,626,940</u>	<u>\$123,641,374</u>	<u>\$125,449,805</u>	<u>\$126,001,171</u>	<u>\$116,003,917</u>	<u>\$117,060,825</u>	<u>\$120,478,266</u>	<u>\$124,386,431</u>	<u>\$130,782,782</u>	<u>\$138,571,901</u>

<sup>(1)</sup>First year of implementation of GASB 68. Prior periods have not been restated.

<sup>(2)</sup>First year of implementation of GASB 75. Prior periods have not been restated.

Source: Statement of Net Position

**TOWN OF DERRY, NEW HAMPSHIRE**

Change in Net Position  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<u>Governmental Activities</u>										
General government	\$ 5,941,095	\$ 6,620,989	\$ 5,244,746	\$ 6,415,503	\$ 8,329,288	\$ 9,962,121	\$ 9,350,466	\$ 10,297,926	\$ 7,966,592	\$ 9,527,828
Public safety	20,004,575	19,175,876	18,972,353	20,910,725	19,421,896	19,438,482	21,556,849	21,596,933	18,464,874	20,968,792
Highway and streets	4,868,843	5,021,892	4,444,365	4,747,643	4,425,318	4,378,673	5,493,986	4,165,466	4,599,075	5,056,459
Health and welfare	812,632	777,789	687,021	601,102	631,724	365,616	418,129	389,364	395,221	411,656
Sanitation	1,620,297	1,757,139	1,963,583	2,106,923	1,827,450	2,322,789	2,526,437	2,719,921	2,450,624	3,018,640
Culture and recreation	3,301,712	3,157,056	3,136,458	3,234,986	3,115,494	3,262,128	3,069,608	3,047,814	3,191,819	3,320,637
Conservation	12,149	22,172	9,760	17,982	765,435	7,140	14,089	6,093	3,323	2,949
Economic development	179,717	656,802	615,423	708,402	667,401	1,478,417	501,836	672,733	803,170	693,242
Interest on long-term debt	411,395	373,170	330,799	267,901	263,458	330,207	477,246	440,061	432,093	1,333,162
Total Governmental Activities Expenses	37,152,415	37,562,885	35,404,508	39,011,167	39,447,464	41,545,573	43,408,646	43,336,311	38,306,791	44,333,365
<u>Business-type Activities</u>										
Water	2,423,251	2,354,975	2,374,976	2,514,734	2,628,904	2,518,606	2,602,984	3,214,549	2,463,991	3,617,058
Sewer	2,033,106	2,087,829	2,232,643	2,282,636	2,161,582	2,293,401	2,294,184	2,356,661	1,998,516	2,490,090
Total Business-type Activities Expenses	4,456,357	4,442,804	4,607,619	4,797,370	4,790,486	4,812,007	4,897,168	5,571,210	4,462,507	6,107,148
Total Primary Government Expenses	\$ 41,608,772	\$ 42,005,689	\$ 40,012,127	\$ 43,808,537	\$ 44,237,950	\$ 46,357,580	\$ 48,305,814	\$ 48,907,521	\$ 42,769,298	\$ 50,440,513
<b>Program Revenues</b>										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$ 127,748	\$ 159,877	\$ 132,818	\$ 118,916	\$ 141,615	\$ 162,632	\$ 132,370	\$ 132,663	\$ 152,410	\$ 174,146
Public safety	1,834,499	1,548,557	1,589,881	1,839,087	1,747,645	1,830,690	1,819,259	1,846,622	2,038,383	2,291,238
Highway and streets	27,958	36,364	57,285	41,611	32,655	77,400	47,710	46,101	20,698	12,357
Health and welfare	33,290	29,250	29,875	30,495	31,135	31,255	29,265	32,680	34,810	32,925
Sanitation	416,529	409,554	397,767	492,994	615,433	589,776	580,402	770,423	1,006,056	918,836
Culture and recreation	151,294	148,705	160,423	137,095	123,061	125,620	97,799	56,629	72,150	101,290
Operating grants and contributions	1,581,906	1,129,626	1,126,608	424,284	478,484	491,124	1,386,137	2,056,252	1,084,844	2,018,233
Capital grants and contributions	303,000	961,473	610,892	1,067,132	1,518,553	1,416,608	955,718	706,935	994,908	1,277,261
Total Governmental Activities Program Revenues	4,476,224	4,423,406	4,105,549	4,151,614	4,688,581	4,725,105	5,048,660	5,648,305	5,404,259	6,826,286
<u>Business-type Activities</u>										
Charges for services										
Water	2,502,674	2,535,847	2,573,530	2,664,892	2,735,457	2,623,958	2,963,421	3,193,010	3,210,037	3,423,865
Sewer	2,061,384	2,076,150	2,066,772	2,125,897	2,134,955	2,196,406	2,185,916	2,366,263	2,494,270	2,579,300
Operating grants and contributions	19,112	24,953	37,155	19,111	21,578	23,012	19,111	65,218	126,692	303,907
Capital grants and contributions	97,309	64,537	62,915	1,845,548	1,107,010	57,768	5,163,254	1,705,953	100,089	156,832
Total Business-type Activities Program Revenues	4,680,479	4,701,487	4,740,372	6,655,448	5,999,000	4,901,144	10,331,702	7,330,444	5,931,088	6,463,904
Total Primary Government Revenues	\$ 9,156,703	\$ 9,124,893	\$ 8,845,921	\$ 10,807,062	\$ 10,687,581	\$ 9,626,249	\$ 15,380,362	\$ 12,978,749	\$ 11,335,347	\$ 13,290,190
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (32,676,191)	\$ (33,139,479)	\$ (31,298,959)	\$ (34,859,553)	\$ (34,758,883)	\$ (36,820,468)	\$ (38,359,986)	\$ (37,688,006)	\$ (32,902,532)	\$ (37,507,079)
Business-type activities	224,122	258,683	132,753	1,858,078	1,208,514	89,137	5,434,534	1,759,234	1,468,581	356,756
Total Primary Government Net Expense	\$ (32,452,069)	\$ (32,880,796)	\$ (31,166,206)	\$ (33,001,475)	\$ (33,550,369)	\$ (36,731,331)	\$ (32,925,452)	\$ (35,928,772)	\$ (31,433,951)	\$ (37,150,323)
<b>General Revenues &amp; Other Changes in Net Position</b>										
<u>Governmental Activities</u>										
Property and other taxes	\$ 24,918,410	\$ 25,097,755	\$ 23,441,027	\$ 23,514,876	\$ 24,650,888	\$ 25,373,049	\$ 25,415,092	\$ 27,537,110	\$ 27,124,324	\$ 29,457,321
Motor vehicle registration & franchise fees	5,444,800	5,800,062	6,186,019	6,620,752	6,842,926	7,029,103	6,728,464	7,065,514	6,853,091	6,925,824
Grants and contributions not restricted to specific programs	1,572,865	1,687,973	1,677,543	1,703,756	1,697,627	1,692,822	1,692,563	1,689,598	2,449,572	3,033,180
Interest and investment earnings	1,022,648	552,777	618,887	755,430	987,115	1,927,208	1,062,583	1,673,181	(721,431)	2,836,476
Miscellaneous	762,126	2,225,678	932,040	816,845	778,233	1,364,706	1,193,448	1,727,566	2,078,439	2,307,971
Transfers	-	(4,020)	(2,495,113)	1,784,298	745,035	(20,061)	55,434	62,689	173,768	169,696
Total Governmental Activities	33,720,849	35,360,225	30,360,403	35,195,957	35,701,824	37,366,827	36,147,584	39,755,658	37,957,763	44,730,468
<u>Business-type Activities</u>										
Income and investment earnings	30,679	40,409	35,196	47,498	76,409	133,957	92,846	17,752	(5,986)	186,082
Miscellaneous	93,193	67,187	83,925	93,684	102,751	267,394	157,897	126,216	52,293	192,588
Transfers	-	4,020	2,495,113	(1,784,298)	(745,035)	20,061	(55,434)	(62,689)	(173,768)	(169,696)
Total Business-type Activities	123,872	111,616	2,614,234	(1,643,116)	(565,875)	421,412	195,309	81,279	(127,461)	208,974
Total Primary Government Activities	\$ 33,844,721	\$ 35,471,841	\$ 32,974,637	\$ 33,552,841	\$ 35,135,949	\$ 37,788,239	\$ 36,342,893	\$ 39,836,937	\$ 37,830,302	\$ 44,939,442
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,044,658	\$ 2,220,746	\$ (938,556)	\$ 336,404	\$ 942,941	\$ 546,359	\$ (2,212,402)	\$ 2,067,652	\$ 5,055,231	\$ 7,223,389
Business-type Activities	347,994	370,299	2,746,987	214,962	642,639	510,549	5,629,843	1,840,513	1,341,120	565,730
Total Primary Government	\$ 1,392,652	\$ 2,591,045	\$ 1,808,431	\$ 551,366	\$ 1,585,580	\$ 1,056,908	\$ 3,417,441	\$ 3,908,165	\$ 6,396,351	\$ 7,789,119

Source: Statement of Activities



**TOWN OF DERRY, NEW HAMPSHIRE**  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>										
Property taxes	\$ 24,875,060	\$ 25,819,686	\$ 23,151,016	\$ 23,494,016	\$ 24,579,220	\$ 25,388,361	\$ 25,441,266	\$ 27,571,919	\$ 27,294,577	\$ 29,171,746
Licenses & permits	5,842,408	6,126,213	6,697,822	7,082,591	6,949,520	7,453,714	7,531,040	8,034,339	7,876,393	7,970,640
Intergovernmental	3,154,771	3,527,634	2,833,415	3,195,173	3,616,291	3,600,554	4,034,418	4,452,787	4,529,324	6,328,673
Charges for services	2,193,710	2,006,157	1,856,269	2,198,361	2,424,949	2,392,762	2,245,642	2,401,435	2,885,928	3,033,893
Investment income	1,022,647	552,777	618,886	755,429	987,119	1,927,209	1,062,586	1,673,181	(721,430)	2,836,476
Other	652,176	963,616	508,585	432,764	602,033	608,258	680,444	1,116,631	1,560,248	1,068,330
<b>Total Revenues</b>	<b>37,740,772</b>	<b>38,996,083</b>	<b>35,665,993</b>	<b>37,158,334</b>	<b>39,159,132</b>	<b>41,370,858</b>	<b>40,995,396</b>	<b>45,250,292</b>	<b>43,425,040</b>	<b>50,409,758</b>
<b>Expenditures</b>										
<b>Current operations-</b>										
General government	5,008,945	5,228,059	5,199,448	5,585,350	6,326,743	7,067,858	7,376,300	6,918,943	7,334,441	7,640,565
Public safety	18,726,144	19,249,577	18,386,108	19,133,623	18,875,439	19,364,764	19,991,319	20,531,053	21,184,700	21,965,790
Highways and streets	4,350,830	4,196,320	3,984,241	4,114,218	4,164,610	4,545,890	4,217,238	3,710,898	4,749,685	4,977,331
Health and welfare	763,935	727,628	637,269	547,627	589,604	367,300	379,554	374,048	433,274	427,371
Sanitation	1,554,347	1,698,273	1,809,678	1,883,093	1,962,208	2,107,975	2,257,796	2,404,941	2,372,727	2,833,963
Culture and recreation	2,707,141	2,726,284	2,767,850	2,800,428	2,840,240	3,028,383	2,835,736	2,772,780	3,094,470	3,249,595
Conservation	12,149	22,172	9,760	17,983	7,050	7,140	14,089	6,093	3,323	2,926
Economic Development	13,153	656,803	229,424	708,402	666,349	1,483,376	501,752	661,159	822,958	699,805
Capital outlay <sup>(1)</sup>	2,005,736	2,548,866	2,982,780	3,072,016	3,217,297	2,974,297	3,130,276	4,060,087	1,887,927	3,715,207
<b>Debt service-</b>										
Principal	1,174,325	1,188,031	1,584,468	1,223,568	1,582,497	1,875,615	2,082,065	1,989,819	1,999,885	1,917,407
Interest	408,797	387,214	376,303	259,714	254,110	293,102	425,667	451,859	402,347	865,231
Intergovernmental	12,485	51,074	50,980	10,747	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>36,737,987</b>	<b>38,680,301</b>	<b>38,018,309</b>	<b>39,356,769</b>	<b>40,486,147</b>	<b>43,115,700</b>	<b>43,211,792</b>	<b>43,881,680</b>	<b>44,285,737</b>	<b>48,295,191</b>
 Excess revenues over (under) expenditures	 1,002,785	 315,782	 (2,352,316)	 (2,198,435)	 (1,327,015)	 (1,744,842)	 (2,216,396)	 1,368,612	 (860,697)	 2,114,567
<b>Other financing sources (uses):</b>										
Issuance of refinanced bond	-	-	-	-	-	-	-	-	2,110,000	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(2,110,000)	-
Issuance of long-term bonds	-	-	-	-	-	4,019,000	-	-	-	17,934,600
Bond premium	-	-	-	-	-	494,946	-	-	-	2,065,400
Issuance of refunding debt	-	-	1,475,000	-	-	-	-	-	-	-
Issuance of loans	439,023	104,403	-	1,745,365	2,394,159	1,597,534	1,891,660	1,079,055	898,000	1,684,169
Proceeds from sale of capital assets	112,979	1,163,820	350,177	401,934	165,022	230,690	194,995	95,141	87,025	718,652
Payments to refunding escrow	-	-	(1,428,151)	-	-	-	-	-	-	-
Transfers in	1,307,611	560,218	288,769	2,626,382	1,985,527	676,201	977,956	972,661	1,047,628	1,667,595
Transfers out	(1,307,611)	(567,237)	(2,783,882)	(842,084)	(1,240,492)	(696,262)	(922,522)	(909,972)	(873,860)	(1,497,899)
<b>Total other financing sources (uses)</b>	<b>552,002</b>	<b>1,261,204</b>	<b>(2,098,087)</b>	<b>3,931,597</b>	<b>3,304,216</b>	<b>6,322,109</b>	<b>2,142,089</b>	<b>1,236,885</b>	<b>1,158,793</b>	<b>22,572,517</b>
 <b>Net change in fund balances</b>	 <b>\$ 1,554,787</b>	 <b>\$ 1,576,986</b>	 <b>\$ (4,450,403)</b>	 <b>\$ 1,733,162</b>	 <b>\$ 1,977,201</b>	 <b>\$ 4,577,267</b>	 <b>\$ (74,307)</b>	 <b>\$ 2,605,497</b>	 <b>\$ 298,096</b>	 <b>\$ 24,687,084</b>
<b>Debt service as a percentage of non-capital expenditures <sup>(2)</sup></b>										
	4.6%	4.4%	5.7%	4.1%	4.9%	5.4%	6.1%	6.1%	5.7%	6.2%

<sup>(1)</sup> Certain capital expenditures from various functions have been capitalized on the Statement of Net Position

<sup>(2)</sup> Capital Outlay purchases from the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities are used to calculate this

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance

**TOWN OF DERRY, NEW HAMPSHIRE**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Local Assessed Value				Total Taxable Assessed Value <sup>(1)</sup>	Total Town Direct Tax Rate	Estimated Full Value	Total Assessed Value as a % Estimated Actual Taxable Value
	Residential	Commercial	Industrial	Less Tax-Exempt Property				
2014	\$ 1,905,452,576	\$ 405,159,727	\$ 84,415,817	\$ 28,835,371	\$ 2,366,192,749	\$ 10.39	\$ 2,517,226,329	94.00%
2015	2,025,529,201	423,374,237	85,977,274	30,265,466	2,504,615,246	9.72	2,808,357,314	89.18%
2016	2,033,365,986	427,667,634	86,088,174	31,323,700	2,515,798,094	9.16	2,764,420,315	91.01%
2017	2,438,583,950	338,874,095	97,706,000	35,094,300	2,840,069,745	8.30	3,098,756,240	91.65%
2018	2,766,028,336	378,889,103	109,708,867	29,380,766	3,225,245,540	8.44	3,512,714,295	91.82%
2019	2,799,845,173	382,588,804	112,068,773	28,732,766	3,265,769,984	7.60	3,530,698,545	92.50%
2020	2,779,146,373	412,420,965	82,286,812	28,392,766	3,245,461,384	7.72	3,674,312,197	88.33%
2021	2,956,213,825	575,535,303	143,644,304	28,074,400	3,647,319,032	7.15	3,943,498,023	92.49%
2022	2,976,149,046	617,893,595	105,796,335	26,886,500	3,672,952,476	7.22	4,719,004,641	77.83%
2023	4,041,583,212	685,352,743	166,746,099	26,529,500	4,867,152,554	5.68	5,289,742,213	92.01%

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

Notes:

<sup>(1)</sup> 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's goal is to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year. The most recent full valuation update completed in 2016 for FY17.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
*(rate per \$1,000 of assessed value)*

	<u>Town Direct Rate</u>		<u>Total Overlapping Rates</u>				
<u>Fiscal Year</u>	<u>Town Rate</u>		<u>Derry School</u>	<u>State Education</u>	<u>Total School Rate</u>	<u>County Rate</u>	<u>Total Tax Rate <sup>(1)</sup></u>
2014	\$ 10.39		\$ 17.34	\$ 2.62	\$ 19.96	\$ 1.14	\$ 31.49
2015	9.72		16.11	2.44	18.55	1.15	29.42
2016	9.16		16.37	2.61	18.98	1.09	29.23
2017	8.30		15.52	2.23	17.75	1.01	27.06
2018	8.44		17.14	2.23	19.37	1.05	28.86
2019	7.60		15.43	2.04	17.47	0.96	26.03
2020	7.72		15.36	2.06	17.42	0.98	26.12
2021	7.15		14.45	1.88	16.33	0.86	24.34
2022	7.22		14.82	1.86	16.68	0.86	24.76
2023	5.68		11.67	1.02	12.69	0.67	19.04

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

Notes:

<sup>(1)</sup>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.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Principal Property Taxpayers

Taxpayer	Type of Business	FY 2023			FY 2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Chartwell New Hampshire (Fairways)	Real Estate - Apartments.	\$125,183,596	1	2.57%	\$54,030,180	1	2.28%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	62,439,500	2	1.28%	32,081,500	2	1.36%
Public Service Company of NH (PSNH)	Utility - Electric	51,278,889	3	1.05%	21,981,200	4	0.93%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	40,617,900	4	0.83%	20,293,600	3	0.86%
Hood Commons BSD LLC (Hood Plaza)	Commercial - Retail	23,327,100	5	0.48%			
SUSO 4 Derry LP	Commercial - Retail	20,441,500	6	0.42%	15,004,100	6	0.63%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	17,846,000	7	0.37%			
EKMK Associates Ltd. Partnership	Real Estate - Apartments	16,266,400	8	0.33%			
Aladdin Village LLC	Real Estate - Apartments	14,813,800	9	0.30%	9,577,700	7	0.40%
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	14,299,800	10	0.29%	9,340,300	9	0.39%
Mariner Derry Meadows LLC	Commercial - Retail				18,716,000	5	0.79%
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Living				9,719,300	8	0.41%
Wal-Mart Realty Co (Wal-Mart Store, Manchester Road)	Commercial - Retail w/Fueling Station				13,904,000	10	0.59%
<b>Totals</b>		<b>\$386,514,485</b>		<b>7.94%</b>	<b>\$204,647,880</b>		<b>8.65%</b>
<b>Total Taxable Assessed Valuation is:</b>		<b>\$4,867,152,554</b>			<b>\$2,366,192,749</b>		

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

**TOWN OF DERRY, NEW HAMPSHIRE**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Abatement of Original Tax Levy	Total Collections and Abatements to Date	
		Tax Amount	Percentage of Levy			Amount	Percentage of Levy
2014	\$ 24,623,357	\$ 24,190,174	98.24%	\$ 386,367	\$ 41,367	\$ 24,617,908	99.98%
2015	24,385,259	24,025,628	98.53%	286,979	67,443	24,380,050	99.98%
2016	22,926,812	22,601,643	98.58%	274,038	43,848	22,919,529	99.97%
2017	23,159,016	22,891,876	98.85%	230,165	30,000	23,152,041	99.97%
2018	23,909,072	23,634,966	98.85%	236,014	33,976	23,904,956	99.98%
2019	24,359,106	24,115,815	99.00%	207,860	30,697	24,354,372	99.98%
2020	24,927,688	24,677,513	99.00%	202,421	25,160	24,905,094	99.91%
2021	25,958,148	25,717,773	99.07%	168,807	19,042	25,736,815	99.15%
2022	26,475,577	26,254,589	99.17%	93,316	29,500	26,284,089	99.28%
2023	27,594,007	27,366,378	99.18%	-	17,069	27,383,447	99.24%

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

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

**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	Total Primary Government Debt	
	Bonds and Loans Payable <sup>(1)</sup>	Bond Anticipation Note	Tax Increment Financing Bonds	Water Bonds and Loans Payable <sup>(1)</sup>	Sewer Bonds and Loans Payable <sup>(1)</sup>		As a % of Personal Income	Per Capita
2014	\$ 8,158,244	\$ -	\$ 4,920,000	\$ 2,502,772	\$ 4,274,020	\$ 19,855,036	0.16%	\$ 602
2015	7,147,766	-	4,840,000	2,406,943	4,004,444	18,399,153	0.17%	554
2016	6,136,443	-	4,285,000	2,252,518	3,691,260	16,365,221	0.19%	493
2017	7,081,382	-	3,855,000	2,095,363	3,355,335	16,387,080	0.19%	494
2018	8,223,876	-	3,420,000	1,898,631	2,984,487	16,526,994	0.19%	497
2019	12,399,795	-	2,985,000	1,742,224	2,647,776	19,774,795	0.17%	591
2020	12,640,401	-	2,540,000	1,644,046	2,323,454	19,147,901	0.18%	576
2021	11,944,638	-	2,325,000	1,543,374	1,996,626	17,809,638	0.21%	519
2022	11,057,752	-	2,110,000	1,535,078	1,762,174	16,465,004	0.23%	474
2023	30,946,240	-	1,895,000	1,719,742	1,507,797	36,068,779	0.11%	1,039

**Notes:**

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

See "Demographic & Economic Statistics" table for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year, when available.

<sup>(1)</sup>The above figures reflect bonds and loans net of related premiums and discounts.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			% of Actual Taxable Value of Property	Per Capita
	Bonds and Loans Payable	Tax Increment Financing Bonds	Total		
2014	\$ 8,158,244	\$ 4,920,000	\$ 13,078,244	0.55%	\$ 396
2015	7,147,766	4,840,000	11,987,766	0.48%	361
2016	6,136,443	4,285,000	10,421,443	0.41%	314
2017	7,081,382	3,855,000	10,936,382	0.39%	329
2018	8,223,876	3,420,000	11,643,876	0.36%	350
2019	12,399,795	2,985,000	15,384,795	0.47%	460
2020	12,640,401	2,540,000	15,180,401	0.47%	457
2021	11,944,638	2,325,000	14,269,638	0.39%	416
2022	11,057,752	2,110,000	13,167,752	0.36%	379
2023	30,946,240	1,895,000	32,841,240	0.67%	946

**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 page 136 for population data. These ratios are calculated using estimated population for the prior calendar year.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2023

<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 - Bonds and Loans	\$30,946,240	100.00%	\$30,946,240
Town of Derry - Tax Increment Financing Bonds	\$1,895,000	100.00%	<u>1,895,000</u>
Sub Total - Direct Debt			32,841,240
<b>Overlapping:</b>			
Rockingham County	\$26,705,431	6.158%	1,644,494
Derry Cooperative School District	\$8,865,588	100.00%	<u>8,865,588</u>
Sub Total - Overlapping Debt			<u>10,510,082</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$43,351,322</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 2023 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 borne 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.



**TOWN OF DERRY, NEW HAMPSHIRE**  
Legal Debt Margin Information  
Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2023**

Estimated full value	\$5,289,742,213
General Fund debit limit (3% of equalized Valuation)	158,692,266
Water Fund debit limit (10% of equalized Valuation)	528,974,221

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>General Fund</b>										
Debt Limit	\$80,561,177	\$84,250,719	\$82,932,609	\$92,962,687	\$92,962,687	\$103,868,217	\$110,229,366	\$118,304,941	\$141,570,139	\$158,692,266
Total debt applicable to limit <sup>(1)</sup>	<u>8,158,244</u>	<u>7,147,766</u>	<u>6,136,443</u>	<u>7,081,382</u>	<u>8,223,876</u>	<u>12,399,795</u>	<u>7,371,500</u>	<u>6,730,000</u>	<u>6,207,500</u>	<u>23,617,100</u>
Legal debt margin	<u>\$72,402,933</u>	<u>\$77,102,953</u>	<u>\$76,796,166</u>	<u>\$85,881,305</u>	<u>\$84,738,811</u>	<u>\$91,468,422</u>	<u>\$102,857,866</u>	<u>\$111,574,941</u>	<u>\$135,362,639</u>	<u>\$135,075,166</u>
Total debt applicable to limit as a percentage of debt limit	10.13%	8.48%	7.40%	5.68%	5.68%	11.94%	6.69%	5.69%	4.38%	14.88%
<b>Water Fund</b>										
Debt Limit	\$268,537,258	\$280,835,731	\$276,442,032	\$309,875,624	\$351,271,430	\$353,069,855	\$367,431,220	\$394,349,802	\$471,900,464	\$528,974,221
Total debt applicable to limit	<u>2,502,772</u>	<u>2,362,173</u>	<u>2,252,518</u>	<u>2,072,493</u>	<u>2,072,493</u>	<u>1,742,224</u>	<u>1,644,046</u>	<u>1,543,374</u>	<u>1,442,702</u>	<u>1,339,535</u>
Legal debt margin	<u>\$266,034,486</u>	<u>\$278,473,558</u>	<u>\$274,189,514</u>	<u>\$307,803,131</u>	<u>\$349,198,937</u>	<u>\$351,327,631</u>	<u>\$365,787,174</u>	<u>\$392,806,428</u>	<u>\$470,457,762</u>	<u>\$527,634,686</u>
Total debt applicable to limit as a percentage of debt limit	0.93%	0.84%	0.81%	0.67%	0.67%	0.49%	0.45%	0.39%	0.31%	0.25%

**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 sewer outstanding debt, because all sewer bonds are guaranteed by the State of New Hampshire.

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

<sup>(1)</sup> Per New Hampshire Revised Statutes annotated (RSA 162-K:8), Tax Increment Financing (TIF) District bonds and lease financing arrangements shall not be included when computing the municipality's net debt.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Years Ended June 30,</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2014	32,988	\$ 1,031,171,892	\$ 31,259	5,545	4.9%
2015	33,211	1,009,514,767	30,397	5,443	4.3%
2016	33,180	1,014,312,600	30,570	5,335	5.1%
2017	33,202	1,044,103,294	31,447	5,246	2.9%
2018	33,246	1,062,774,882	31,967	5,178	3.3%
2019	33,440	1,110,475,520	33,208	5,054	2.4%
2020	33,249	1,130,532,498	34,002	4,967	10.5%
2021	34,317	1,253,634,327	36,531	4,757	3.7%
2022	34,749	1,294,469,748	37,252	4,804	2.0%
2023	34,702	1,319,127,126	38,013	4,527	1.9%

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

**Notes:** Population and personal income are based on information from the prior calendar year. School population is based on the 2013-2014 school year, while the unemployment rate is the unemployment rate for the last month of the fiscal year.

2011-2019 School enrollment revised in FY20

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Principal Employers

Current Year and Nine Years Ago

Employer	Type of Business	Fiscal Year 2023			Fiscal Year 2014		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Pinkerton Academy	Education	651	1	1.87%	462	3	2.46%
Derry Cooperative School District	Education	636	2	1.56%	620	1	3.31%
HCA Health Services of NH	Healthcare/Hospital	599	3	1.73%	532	2	2.84%
Town of Derry	Municipal services	261	4	1.04%	364	4	1.94%
Wal-Mart Store	Retail chain	247	5	0.71%	265	5	1.41%
Center for Life Management	Healthcare	188	6	0.54%			
Hannaford Supermarket	Supermarket	155	7	0.45%	142	6	0.76%
DMC Primary Care	Healthcare	135	8	0.41%			
Shaw's Supermarket	Supermarket	102	9	0.29%	105	8	0.56%
Northpoint Outdoors	Landscaping Contractor	93	10	0.26%			
Fireye	Combustion Control						
	Manufacturer				115	7	0.65%
Biosan Laboratories	Vitamin, supplements & minerals				100	9	0.57%
Sanmina/Hadco	Electronics				88	10	0.47%

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

**Note:**

Fiscal Year 2023 and 2014 information is from the 2022 and 2013 calendar year Community Profiles, respectively, as well as from Town of Derry records.

**TOWN OF DERRY, NEW HAMPSHIRE**  
Full Time Town Employees by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Governmental Activities</u>										
General Government	25	26	23	22	21	21	21	21	21	21
Public Safety	149	149	148	146	146	148	149	149	150	150
Highway & Streets	27	27	27	30	30	30	31	31	31	31
Health & Welfare	4	4	2	2	2	0				
Sanitation	5	5	5	5	5	6	6	6	6	6
Culture & Recreation	8	8	8	8	8	8	8	8	8	9
Economic Development	2	2	2	2	3	3	3	3	3	4
<u>Business-Type Activities</u>										
Water	7	7	7	7	7	7	7	7	8	8
Sewer	7	7	7	7	7	7	7	7	7	7
Totals	<u>234</u>	<u>235</u>	<u>229</u>	<u>229</u>	<u>229</u>	<u>230</u>	<u>232</u>	<u>232</u>	<u>234</u>	<u>236</u>

**Source:** Annual adopted budget information.

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

**TOWN OF DERRY, NEW HAMPSHIRE**  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Number of police calls answered	26,034	22,960	23,785	26,298	30,126	29,132	23,194	22,499	22,907	23,852
Physical arrests	1,433	1,186	1,231	1,196	1,164	1,238	1,186	1,162	1,211	1,250
Traffic violations	991	627	701	919	756	706	542	555	418	344
Parking violations	866	529	382	1,070	652	697	477	434	689	516
Total offenses reported (prior calendar year basis)										
Group A	2,520	2,758	2,396	2,307	2,157	2,087	2,087	1,847	1,977	1,884
Group B	919	971	827	937	1,182	1,092	1,224	1,131	1,332	1,163
Fire & rescue calls dispatched (5 towns)	7,294	7,290	7,513	7,704	8,226	7,755	7,716	7,642	8,782	8,670
Total fire & rescue responses	4,281	4,586	4,722	4,836	5,091	5,021	4,805	4,735	5,573	5,443
Fire emergency services	1,447	1,607	1,683	1,730	1,868	1,747	1,183	1,314	1,232	1,305
False alarms	412	452	403	412	421	423	344	330	388	364
EMS/Rescue	3,081	3,302	3,321	3,298	3,516	3,553	3,622	3,091	4,341	4,138
Patients treated & transported	2,398	2,477	2,467	2,477	2,589	2,714	2,496	2,417	3,021	2,847
Patients treated only	21	18	19	21	57	47	33	52	79	94
Inspections conducted										
Fire code	862	858	969	1,213	1,114	1,867	1,731	1,524	2,051	1,411
Permits	721	689	723	770	749	897	1,022	842	1,020	844
Fire permits	1,412	1,952	2,016	1,787	1,928	2,009	1,634	1,277	940	1,294
Public safety education programs	32	51	51	35	47	135	104	30	36	25
Program attendees	819	1,267	1,780	2,823	3,090	3,067	4,205	770	6,995	8,930
Water										
Daily average water consumption	1.47 MGD	1.45 MGD	1.56 MGD	1.60 MGD	1.48 MGD	1.45 MGD	1.51 MGD	1.56 MGD	1.48 MGD	1.56 MGD
Maximum daily capacity in gallons	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD
Sewer										
Daily average treatment in gallons	1.54 MGD	1.58 MGD	1.47 MGD	1.54 MGD	1.60 MGD	1.80 MGD	1.62 MGD	1.46 MGD	1.85 MGD	1.69 MGD
Maximum daily capacity	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD

**Source:** Various Town departments

**TOWN OF DERRY, NEW HAMPSHIRE**  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire/EMS response apparatus	30	30	30	30	30	30	30	30	28	25
Highways & streets										
Miles of streets	163.2	163.74	164.57	165.39	165.39	165.39	165.39	165	165	165
Number of street lights	923	923	923	923	923	923	923	923	923	923
Miles of sidewalks	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Culture & recreation										
Community centers	6	6	6	6	6	6	6	6	6	6
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	5	5	5	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	1
										2
Water										
Miles of water mains	70.31	71.62	71.62	71.94	70.31	85.96	88.13	90	90	
Service connections	4,071	4,075	4,094	4,115	4,050	4,250	4,220	4,307	4,358	90
Fire hydrants	614	629	629	638	614	659	678	693	693	4,385
										693
Sewer										
Miles of sanitary sewers	48.9	50.44	50.44	50.44	48.9	53.12	54.68	66.30	66.30	
Miles of storm sewers	19	19.25	19.25	19.35	19.00	19.14	19.10	19.10	19.10	66.30
Treatment plants	1	1	1	1	1	1	1	1	1	19.10
Service connections	3,096	3,100	3,116	3,130	3,087	3,209	3,252	3,303	3,319	1
										3,324

**Source:** Various Town departments



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Town Council  
**Town of Derry, New Hampshire**

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 12, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses, or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Andover, MA  
December 12, 2023